



**Northamptonshire Commissioner**

**Fire and Rescue Authority**

**CORPORATE GOVERNANCE FRAMEWORK**

**(Including delegations)**

# NCFRA Corporate Governance Framework

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Final 0.1	07/01/2019	Updated and Embedded contract procedure rules and Decision making Framework	D Harding

References in this Governance Framework to:

- “Chief Fire Officer” means the Chief Fire Officer of Northamptonshire
- The “Commissioner or the PFCC” means the Police, Fire and Crime Commissioner for Northamptonshire.
- The PFCC also means the Northamptonshire Commissioner Fire and Rescue Authority
- the “OPFCC” means the Office of the Police Fire and Crime Commissioner for Northamptonshire
- the “Chief Executive” means the Chief Executive of the Office of Police Fire and Crime Commissioner Northamptonshire
- The “Service Area” means the fire and rescue service area of Northamptonshire.
- the “Fire and Rescue Service” means Northamptonshire Fire and Rescue Service
- the “PFCC CFO” means the Chief Financial Officer of the PFCC

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Separately available via NCFRA website

**Appendix 2 – Assurance and Accountability Framework**

**Appendix 3 – Commissioning Framework**

## 1. Statement of Corporate Governance for the Police Fire and Crime Commissioner as the NCFRA

The PFCC as a corporate sole has a statutory duty and electoral mandate to hold the Chief Fire Officer to account on behalf of the public. The PFCC is the recipient of all funding, including the government grant and precept and other sources of income related to the statutory functions of the fire and rescue service. All funding for the Service must come via the PFCC. How this money is allocated is a matter for the PFCC in consultation with the Chief Fire Officer, or in accordance with any grant terms. The Chief Fire Officer will provide professional advice and recommendations.

The Chief Fire Officer is accountable to the PFCC for the delivery of efficient and effective fire and rescue Services and management of resources and expenditure by the Fire and Rescue Service.

### 1.1 Introduction and Background

The purpose of this Scheme of Corporate Governance is to set out how the Police Fire and Crime Commissioner (PFCC) and the Chief Fire Officer conduct their functions, in accordance with the Statutory Framework, Principles of Good Governance and Governance Framework as contained in the Statement of Corporate Governance, by identifying the key enablers which underpin the seven Good Governance Core Principles<sup>1</sup> as adapted by the PFCC and the Chief Fire Officer.

### 1.2 Legislative Context

The principal statutory framework within which the corporation's sole will operate is:

- Policing and Crime Act 2017
- Police Reform and Social Responsibility Act 2011
- Policing Protocol Order
- Fire and Rescue Service Act 2004
- Regulatory Reform (Fire Safety) Order 2005
- Civil Contingencies Act 2004
- Fire and Rescue National Framework (2018)
- (Revised) Financial Management Code of Practice
- Data Protection Act 1998 and the Freedom of Information Act 2000
- Equality Act 2010

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<sup>1</sup> CIPFA/SOLACE DELIVERING GOOD GOVERNANCE 2016

- Health and Safety at work regulations and codes

### **1.3 Principles**

- Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law
- Ensure openness and comprehensive stakeholder engagement
- Define outcomes in terms of sustainable economic, social and environmental benefits
- Develop the entity's capacity, including the capability of its leadership and the individuals within it
- Manage risks and performance through robust internal control and strong public financial management
- Determine the interventions necessary to optimize the achievement of the intended outcomes
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

### **1.4 Instruments of Governance**

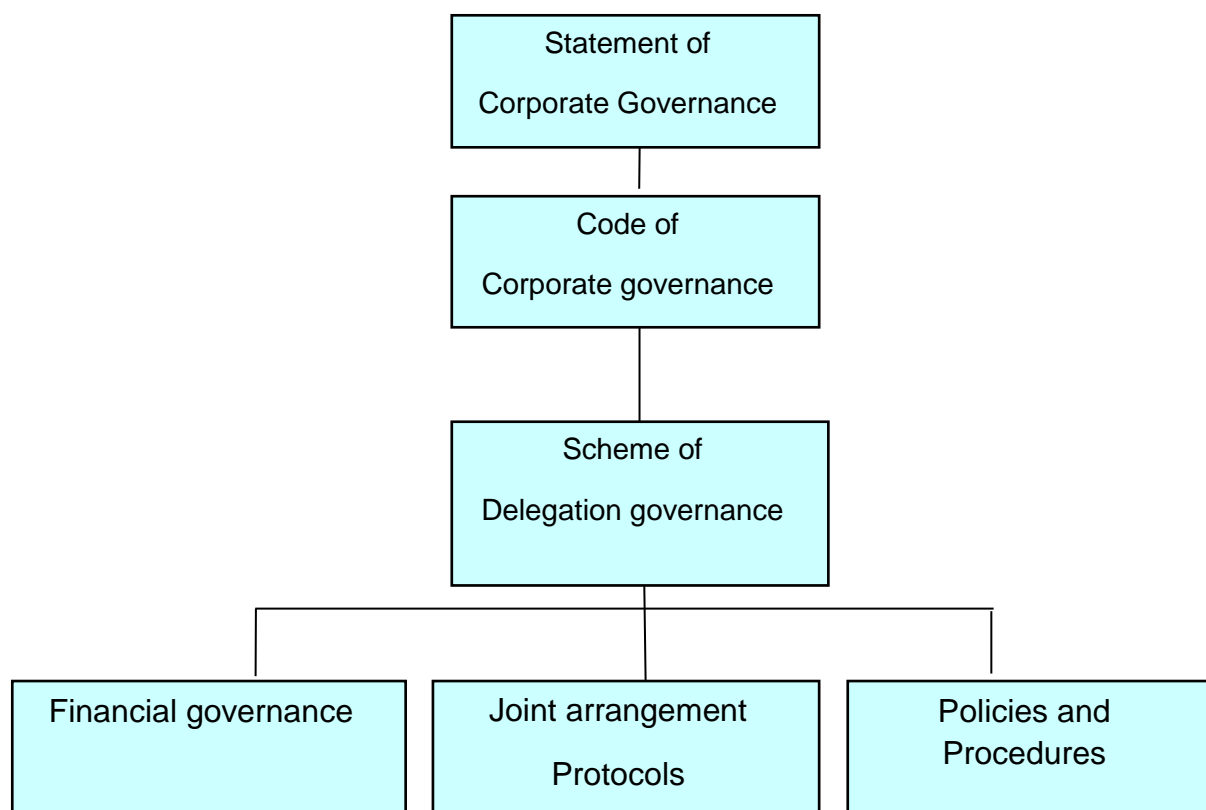
The corporate governance framework sets out how the core principles of good governance are implemented in the OPFCC and the Service and will consist of:

- Scheme of Delegation: sets out the delegation of responsibility from the PFCC to his/her staff and delegation from the Chief Fire Officer to his/her own staff in the exercise of their statutory responsibilities
- Financial Regulations
- Contract Standing Orders
- Joint arrangements protocols and policies and procedures of the OPFCC and the Service. The latter three parts (Decision Making Framework, Accountability Framework and Commissioning Framework) are published on the Authority website and set out further detail on how the relationship between the PFCC and Chief Fire Officer works in practice.

The elements of governance are set out illustratively below:



# NCFRA Corporate Governance Framework



## 1.5 Corporate Governance Framework

The Corporate Governance Framework sets out the ways in which the PFCC will implement the seven principles of good governance contained within the 2016 Delivering Good Governance in Local Authorities Framework.

1.5.1. Principle One: Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law

1.5.1.1 There is an expectation that the relationship between all parties will be based on the principles of goodwill, professionalism, openness and trust. All parties are required to abide by the seven principles of public life (the Nolan Principles) which are central to the behavior of everyone within the organisation.

1.5.1.2 The Fire and Rescue Plan outlines the PFCC's outcomes and strategic direction for the fire and rescue service within Northamptonshire and the Integrated Risk Management Plan (IRMP) sets out how the Chief Fire Officer will deliver the objectives. These plans have been developed in consultation with the local community and other key stakeholders.

1.5.1.3 The PFCC and Chief Fire Officer ensure that the good governance principles are embedded in the way organisations operate by adhering to the Financial Management Code of Practice (Home Office 2018).

1.5.1.4 Operating principles and values are demonstrated, communicated and embedded through appropriate policies and processes which are reviewed on a regular basis, for example:

- Anti-fraud and corruption procedures
- Handling of complaints arrangements
- Whistleblowing policies

1.5.1.5 Core values are embedded in the way the Service and the PFCC operate. Staff are aware of the standards expected of them.

1.5.2 Principle Two: Ensure openness and comprehensive stakeholder engagement

1.5.2.1 The PFCC is accountable to local people and draws on this mandate to set and shape the strategic objectives for the Service area in consultation with the Chief Fire Officer, taking into account the expectations within the National Framework.

1.5.2.2 The PFCC has arrangements for effective engagement with community groups, service users and other key stakeholders. Arrangements are in place to encourage individuals

from all sections of the community to engage with, contribute to and participate in the work of the PFCC including the use of website and social media.

1.5.2.3 The PFCC maintains a strong working relationship with the Police, Fire and Crime Panel, constituent local authorities and other relevant partners.

1.5.2.4 The Decision Making Framework sets out the principles behind how decisions will be taken by the PFCC to ensure that decision making is informed and transparent, and subject to scrutiny and risk management arrangements.

1.5.2.5 The OPFCC website contains the means by which the public may obtain decisions made by the OPFCC.

1.5.3 Principle Three: Defining outcomes in terms of sustainable economic, social and environmental benefits.

1.5.3.1 Under the Fire and Rescue National Framework, a police, fire and crime commissioner (PFCC) must produce a fire and rescue plan. The OPFCC and the Chief Fire Officer will have regard to the plan.

1.5.3.2 The plan will set out the fire and rescue authority's strategic vision, priorities and objectives for their fire and rescue service over the period of the document in connection with the discharge of their functions. These plans are developed in consultation with the local community and other key stakeholders.

1.5.3.3 Collaboration and partnership arrangements set out those areas of business to be jointly undertaken with other Services or local partner organisations in order to reduce costs, increase capacity and/or increase resilience to protect local people.

1.5.3.4 The Medium Term Financial Plan is jointly developed and reviewed by the PFCC and Chief Fire Officer, in consultation with the Chief Finance Officer, to support delivery of the common goals and objectives. The finance regulations ensure proper financial management.

1.5.3.5 The PFCC has developed a commissioning and award of grants framework outlining commissioning intentions and priorities.

1.5.3.6 The PFCC and Chief Fire Officer have in place a complaints protocol to provide clarity over arrangements to respond to any concerns raised by local people, whether they be allegations of organisational or individual failures/concerns. This is intended to complement other statutory arrangements.

1.5.4 Principle Four: Develop the entity's capacity, including the capability of its leadership and the individuals within it

## NCFRA Corporate Governance Framework

- 1.5.4.1 The PFCC endorses the Fire and Rescue Service's People Strategy which, in line with the expectations within the National Framework, adopts the principles within the National Fire Chief's Council's (NFCC) People Strategy
- 1.5.4.2 The OPFCC and the Service has due regard to the Guiding Principles for Organisational Leadership, as advocated by the College of Policing and the National Police Chief's Council to continuously develop the capability of its leadership.
- 1.5.4.3 The Service's Workforce Development Strategy and supporting training plans ensure that staff have the appropriate skills knowledge, resources and support to fulfill their roles.
- 1.5.5. Principle Five: Manage risks and performance through robust internal control and strong public financial management
  - 1.5.5.1 The Decision Making Framework sets out the principles behind how decisions will be taken to ensure an informed and transparent approach.
  - 1.5.5.2 The Decision Control Process as set out within the National Incident Command Guidance will be applied towards spontaneous incidents or planned operations, by officers or staff within the Service as individuals or teams and to both operational and non-operational situations.
  - 1.5.5.3 The scheme of governance highlights the parameters for decision making, including the delegations, consents, financial limits and standing orders for contracts.
  - 1.5.5.4 The risk management strategy and the Integrated Risk Management Plan (IRMP), supported by Service based Performance Framework and Risk Management policies set out how risk is managed throughout the various elements of corporate governance.
- 1.5.6 Principle Six: Determine the interventions necessary to optimise the achievement of the intended outcomes
  - 1.5.6.1 The PFCC and the Chief Fire Officer maintain a medium term financial strategy which forms the basis of annual budgets and provides a framework for evaluating future proposals.
  - 1.5.6.2 Analysis and evaluation of plans are undertaken in relation to service outcomes and benefits realisation.
  - 1.5.6.3 Processes are in place to monitor efficiency and value for money.
  - 1.5.6.4 All Fire and Rescue Service staff and staff of the OPFCC operate within:
    - OPFCC and/or Service policies and procedures

- The code of corporate governance
- NFRS Values

1.5.7 Principle Seven: Implementing good practices in transparency, reporting and audit to deliver effective accountability

1.5.7.1 The PFCC and Chief Fire Officer's functions are set out in the Police and Crime Act 2017, the Police Reform and Social Responsibility Act 2011 and the Fire and Rescue Service Act 2004.

1.5.7.2 As required by the 2011 Act, the PFCC has appointed a Chief Executive who will undertake the responsibilities of Monitoring Officer.

1.5.7.3 The Chief Fire Officer has the delegated authority of Head of Paid Service for Fire and Rescue.

1.5.7.4 The PFCC has appointed a Chief Finance Officer (PFCC CFO). The responsibilities of the PFCC CFO are clearly set out in line with the Financial Management Code of Practice (Home Office, 2018).

1.5.7.5 A joint independent audit committee (operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.

1.5.7.6 A programme of internal audit is commissioned and undertaken which reflects published guidance on standards.

### **1.6 Review**

The Scheme provides a commitment to the public of how the PFCC makes decisions. It will be kept under regular review.

The PFCC may require specific reporting arrangements to be put in place regarding any delegated powers.

## 2 ROLES AND RESPONSIBILITIES

### 2.1 Key Role of the Police Fire and Crime Commissioner

The legal powers and duties of the PFCC are established by legislation and summarised within the Policing Protocol Order 2011 and the Policing and Crime Act 2017. This Scheme does not seek to list all statutory duties of the PFCC.

#### 2.1.1 The key roles of the PFCC are:

- To hold the Chief Fire Officer to account on behalf of the public for the performance of the Fire and Rescue Service
- To be the recipient of all funding related to the Fire and Rescue Service
- Set the strategic direction and objectives of the Service through the Fire and Rescue Plan, having regard to the Fire and Rescue National Framework.
- Secure the maintenance of an efficient and effective Fire and Rescue Service for Northamptonshire
- Set the budget, determine the level of precept and allocate funds and assets (including the allocation of such assets and funds to particular functions) to the Chief Fire Officer
- Ensure that the Chief Fire Officer puts the appropriate measures and resources in place to secure strong financial management
- Appoint, suspend and if necessary remove the Chief Fire Officer
- Enter into collaboration agreements that improve the efficiency and effectiveness of fire and rescue services for one or more Fire and Rescue Authorities, in consultation with the Chief Fire Officer (where it relates to the functions of the Fire and Rescue Service, then it must be with the agreement of the Chief Fire Officer)
- Enter into collaborations, partnerships and contracts with other parties other than Fire and Rescue Services
- Hear the voice of the public
- Publish information specified by the Secretary of State and any information the PFCC considers necessary to enable the people of the Service area to assess performance
- Produce an annual report to the Police Fire and Crime Panel on delivery against the Fire and Rescue Plan

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- Monitor all complaints made against staff, having responsibility for complaints against the Chief Fire Officer
- Ensure the delivery of services within their area
- Have oversight of the delivery of community safety in the area
- Appoint a Chief Executive and Chief Finance Officer to ensure the appropriate management of staff and budgets on behalf of the PFCC
- Approve any requests for financial assistance to officers in legal proceedings.

2.1.2 The PFCC will require access to information and staff of the Chief Fire Officer within their Service area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Fire Officer and/or fetter the Chief Fire Officer's discretion and control of the Service.

2.1.3 To deliver these functions, the PFCC will, where necessary or appropriate:

- Commission services to be provided by the Service for the public, specifying clearly what functions the Service will be required to provide as part of the allocation of assets and funds to the Chief Fire Officer
- Commission other providers to provide any function required to deliver services to the public to discharge the PFCC's statutory duties
- How this operates in practice is set out in the OPFCC Commissioning Framework (as published on the PFCC website). This framework will be reviewed as appropriate in line with budget and precept considerations

## **2.2 Key Role of the Chief Fire Officer (CFO)**

2.2.1 The CFO has delegated responsibility for the delivery of statutory Fire and Rescue services and has direction and control over the Service's staff. The CFO is appointed by the PFCC.

2.2.2 The CFO is accountable to the PFCC for the delivery of an efficient and effective Fire and Rescue Service, including delegated responsibility for the management of resources and expenditure by the Service. At all times the CFO remains independent of the PFCC in the unfettered operational delivery of fire and rescue services.

2.2.3 In discharging these delegated duties, it is expected that the CFO will.

- Appoint the Service's officers and staff (after consultation with the PFCC in the case of officers above the rank of Area Manager and support staff equivalents)
- Lead the Service in a way that is consistent with the Core Values ensuring that it acts impartially
- Provide the PFCC with access to information and staff as required
- Support the PFCC in the delivery of the strategy and objectives set out in the Fire and Rescue Plan
- Have regard to the Fire and Rescue Service National Framework and the IRMP when exercising and planning their fire and rescue functions in respect of the Service's national, regional and local responsibilities
- Notify and brief the PFCC on any matter or investigation which they may need to provide public assurance either alone or with the PFCC
- Be the operational voice of fire and rescue in the Service area, and to regularly explain to the public the operational actions of officers and staff under their command
- Enter into collaboration agreements with other Chief Fire Officers, other relevant bodies and partners that improve the efficiency and effectiveness of the Service, subject to the agreement of the PFCC
- Remain politically independent of the PFCC
- Manage all complaints against the Service and its staff, except in relation to the CFO, and to ensure that the PFCC is kept informed to enable them to discharge



their statutory obligations in relation to complaints in a regular, meaningful and timely fashion.

- Exercise the power of direction and control in such a way as is reasonable to enable the PFCC to have access to all necessary information and staff within the Service.
- Oversee and be accountable for the financial management of the Service within the framework of the agreed budget allocation and levels of authorisation issued by the PFCC.

### **3. SCHEME OF DELEGATION**

#### **3.1 Introduction**

The Scheme of Delegations is a key document within the Scheme of Governance. It details the key roles of the PFCC and CFO and sets out the activities over which the CFO has delegated authority.

- 3.1.1 This Scheme of Delegation is a record of the formal delegations as required by the Home Office Financial Management Code of Practice (2018). With the exception of those matters listed in paragraph 3.2 below, the Scheme allows any person, with appropriate authority, to delegate that power further. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.
- 3.1.2 The PFCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing.
- 3.1.3 The PFCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.
- 3.1.4 The PFCC must be advised of any Fire and Rescue Service matter which may have a significant impact, as defined within the decision making framework, on the people of Northamptonshire.
- 3.1.5 The Scheme does not prevent an individual from referring a matter to the PFCC for a decision if the individual thinks this is appropriate. For example, these may be due to their novel, contentious nature or may be potentially repercussive.
- 3.1.6 The PFCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any issue which is likely to be regarded by them as novel, contentious or potentially repercussive before exercising such powers. This includes any potential financial liability.

3.1.7 In this document, all references to specific roles include those authorised by them to act on their behalf.

3.1.8 The Chief Executive (CEO) (who is the Monitoring Officer) and the Chief Finance Officer (PFCC CFO) of the PFCC have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to discharge those responsibilities.

3.1.9 Individuals are responsible for ensuring that members of staff they supervise are aware of and understand provisions and obligations of this Scheme.

3.1.10 This Scheme provides an officer with the legal power to carry out duties of the PFCC. In carrying out these duties, the officer must comply with all other statutory and regulatory requirements and relevant professional guidance, including those listed at paragraph

3.1.11 When carrying out any duties, the PFCC and any officers named in this Scheme must have regard to:

- The Fire and Rescue National Framework
- The Fire and Rescue Plan
- The Integrated Risk Management Plan (IRMP)
- Any report or recommendations made by the Police Fire and Crime Panel on the annual report for the previous financial year.

3.1.12 The following sections set out further detail on delegations including those matters not to be delegated or consented to the CFO or the CEO of the OPFCC.

### **3.2 Matters that will not be delegated by the PFCC**

3.2.1 The Police Reform and Social Responsibility Act 2011 makes provisions for the PFCC to appoint a deputy to undertake any functions of the PFCC with the exception of:

- Approving and issuing the Fire and Rescue Plan
- Appointing, suspending and removing the Chief Fire Officer
- Approving the budget requirement for the purpose of issuing a precept

3.2.2 There is no deputy PFCC and therefore there are no delegations for this role included within this Scheme. The policy in this area will be reviewed on appointment of a deputy PFCC.

3.2.3 The Police Reform and Social Responsibility Act 2011 makes provision for the PFCC to appoint other staff to carry out their functions. In addition to those functions listed at 3.2 which cannot be delegated to staff, the following are also defined in the Act as being matters that cannot be delegated:

- Determining the fire and rescue objectives in the Fire and Rescue Plan
- Attendance at the Police Fire and Crime Panel for specified duties
- Approving the annual report to the Police Fire and Crime Panel

3.2.4 In addition, the PFCC, except in exceptional and urgent circumstances, will not delegate decisions of Significant Public Interest. A full definition of decisions of Significant Public Interest is included in the Decision Making Framework.

3.2.5 Should the PFCC be unable to act for any reason, the Police Reform and Social Responsibility Act 2011 makes provisions for the Police Fire and Crime Panel to appoint an Acting PFCC and subsequently, should the PFCC be unable to return to their duties, a by-election would be triggered.

3.2.6 Should any decision be required of the PFCC whilst unable to act and prior to the Police, Fire and Crime Panel meeting to appoint an Acting PFCC, the delegated powers to the CEO and PFCC CFO within this framework are enacted.

### **3.3. Delegations to the Chief Fire Officer**

#### 3.3.1 Delegations

3.3.1.1 To undertake the role as Head of Paid Service for the Fire and Rescue Service

3.3.1.2 To carry out the functions conferred on the Fire Authority under the Fire and Rescue services act 2004, the Civil Contingencies Act 2004 and other enactments.

3.3.1.3 Preparation and publication of an Integrated Risk Management Plan in accordance with the National Framework

3.3.1.4 To provide the function of Scheme Manager for the Fire Pensions Scheme

3.3.1.5 To prepare and publish an Annual Assurance Statement as required by the Fire and Rescue Services National Framework

#### 3.3.2 Ownership, Acquiring and Disposing of Assets

3.3.2.1 The PFCC will own and fund all assets, regardless of whether they are used by the Fire and Rescue Service, the OPFCC or by both.

3.3.2.2 The CFO does not have delegated authority to purchase or lease land and buildings in his/her own name.

3.3.2.3 The CFO may dispose of surplus vehicles or items of equipment, within delegated levels, without prior approval from the PFCC.

3.3.2.4 The PFCC has delegated responsibility for the CFO or his/her delegate to undertake the responsibility for the day to day management of all assets used by the Service and the administration of property owned or leased by the Office of the PFCC.

#### 3.3.3 Entering into Contracts

3.3.3.1 The CFO may enter into contracts for supplies or services for any matter required to facilitate the running of the Fire and Rescue Service and provided such contracts falls within the delegated levels and overall cash limit of the CFO:

3.3.3.2 The CFO may not enter into contracts that result in ownership/lease of fixed assets.

3.3.3.3 Collaboration Agreements which must be agreed by both the CFO and the PFCC

#### 3.3.4 Management and Direction of the Fire and Rescue Service

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- 3.3.4.1 To approve the retirement of employees and to report to the PFCC on this issue each year.
- 3.3.4.2 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the PFCC for a decision.
- 3.3.4.3 To facilitate local pay negotiations for those staff not subject to nationally negotiated settlements for PFCC authorisation.
- 3.3.4.4 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. Any significant agreements must be reported to the PFCC.
- 3.3.4.5 To provide the functions detailed by the PFCC as part of the annual budget settlement for the Service, delivering them within cash limits and meeting any conditions of the funding imposed by the PFCC.
- 3.3.4.6 The numbers and locations of officers and staff to deliver the requirements set out by the PFCC in the Fire and Rescue Plan and specific objectives to the Service, subject to any conditions attached to the cash limit set for the Service by the PFCC.
- 3.3.4.7 Detailed financial management delegations are set out in Financial Regulations within this framework.

### **3.4 Functions delegated to the Chief Executive of the Office of the PFCC**

The Chief Executive (CEO) is the most senior officer of the OPFCC. This statutory appointment is made under Schedule 1 to the Police Reform and Social Responsibility Act 2011. For the purposes of section 5(1) of the Local Government and Housing Act 1989 (as amended by Reform and Social Responsibility Act 2011) the CEO is designated as the body's Monitoring Officer with responsibility for ensuring the legality of the actions of the Fire and Rescue Service and its staff.

3.4.1 The formal delegations are as follows:

3.4.1.1 Take day to day action to ensure the efficient and effective management of the Office of the PFCC, including the appointment or dismissal of all staff and volunteers with the exception of the Deputy PFCC

3.4.1.2 Ensure the discharge of the PFCC's functions, with the exception of those matters within Section 3.2 of this Scheme, giving effect to the decisions and direction of the PFCC.

3.4.1.3 Prepare the Fire and Rescue Plan, consulting with the Chief Fire Officer, for submission to the PFCC.

3.4.1.4 Prepare an Annual Report for submission to the PFCC, to fulfil his statutory duty to report annually on progress against the Fire and Rescue Plan to the Police Fire and Crime Panel

3.4.1.5 Provide information to the Police Fire and Crime Panel as lawfully and reasonably required to enable the Panel to carry out its functions

3.4.1.6 To sign all contracts on behalf of the PFCC in accordance with the delegated limits specified in the Contract Standing Orders within this Scheme.

3.4.1.7 To affix the common seal of the PFCC to all contracts, where any of the following applies:

- Agreements or transactions in respect of which there is no consideration
- That relate to the provision of goods and services by the PFCC to another body
- That are £181,302 (upper threshold of EU Procurement limit) or above in value over the life of the contract
- Which grant or convey an interest in land
- Which are grants that are £100,000 or above

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- When it is determined by the PFCC that there is a particular need for the seal to be attached
  - Where any of the contracting parties require it
- 3.4.1.8 To consider, in consultation with the PFCC CFO, whether to provide indemnity to the PFCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- 3.4.1.9 To consider and approve, in consultation with the PFCC CFO, provision of indemnity and/or insurance to individual staff of the PFCC in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.
- 3.4.1.10 To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.
- 3.4.1.11 To oversee the way that complaints against officers and staff within NFRS are managed so this is efficient and effective and to advise the PFCC on this basis.
- 3.4.1.12 To fix fees for chargeable services as detailed within the NFRS Publications Scheme.
- 3.4.1.13 To make recommendations to the PFCC with regard to staff terms and conditions of service in respect of the PFCC's staff in consultation with the PFCC CFO
- 3.4.1.14 To obtain legal or other expert advice in matters pertaining to the OPFCC.
- 3.4.1.16 To commence, defend, withdraw or agree financial settlements of all claim or legal proceedings where required, on the PFCC's behalf in consultation with the PFCC CFO.
- 3.4.1.17 To facilitate the management of appeals made staff against the Chief Fire Officer's decision to require retirement due to ill health and to implement the subsequent awards made, in line with the provisions of the Fire Pensions Schemes or Local Government Pensions Schemes Regulations
- 3.4.1.18 To consider, with the PFCC, any complaint made against the CFO, and where appropriate, to make arrangements for investigating the complaint
- 3.4.1.19 To respond to consultations on proposals affecting the PFCC.
- 3.4.1.20 To ensure that appropriate arrangements are in place to gather community's views on fire and rescue services in Northamptonshire.



- 3.4.1.20 To ensure compliance with the requirements for publication of all aspects of the Local Authority Transparency Code 2015.
- 3.4.1.20 To decide on whether any information to support a decision taken by the PFCC and published by Decision Record should be exempt from being published under the exemptions contained within the Local Government Act 1972 – Schedule 12A.
- 3.4.1.21 In the event of the PFCC being unable to act for any reason, and if there is a need and before the Police Fire and Crime Panel are able to meet to appoint an Acting PFCC, to take urgent decisions of significant public interest, other than those precluded under paragraph 3.2 of this Scheme. Where decisions are taken under this provision, the CEO will inform the PFCC at the earliest opportunity.
- 3.4.1.22 To ensure compliance with the responsibilities of the PFCC as the Pension Supervising Authority for the Firefighters Pensions Scheme.
- 3.4.1.23 Specific financial delegations to the Chief Executive include:
- To sign all contracts on behalf of the PFCC in accordance to the financial regulations and contract standing order
  - To approve exceptional cases in the provision of fire and rescue advice and assistance to international agencies because the total cost is £4,000 or more (including air flights, accommodation and salary costs of the fire officer or member staff) or it is a sensitive case involving travel to a politically sensitive country

### **3.5 Functions delegated to the Chief Finance Officer of the PFCC**

3.5.1 The Chief Finance Officer (PFCC CFO) is the financial advisor to the PFCC and has statutory responsibilities as set out in Section 151 of the Local Government Act 1972, sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011. He/she must ensure that the financial affairs of the PFCC are properly administered having regard to probity, legality and relevant standards

3.5.2 The Financial Regulations at Section 4 in this Scheme set out the responsibilities of the Chief Finance Officer.

3.5.3 The PFCC CFO must:

- Be a key member of the PFCC's Leadership Team, working closely with the CEO.
- Be actively involved in and able to bring influence to bear on, all strategic business decisions of the PFCC
- Lead the promotion and delivery by the PFCC of good financial management so that public money is safeguarded at all times and used appropriately
- Ensure that the finance function is fit for purpose

3.5.4 Functions delegated to the PFCC CFO of the PFCC include:

- To approve the arrangements for the Treasury management function including the day to day management, production of Treasury management strategy and supporting policies and procedures
- To approve the arrangement and preparing the PFCC's accounts and annual governance statement (AGS)
- To approve the opening of all bank accounts
- To undertake financial management of the PFCC's budget in accordance with the Financial Regulations
- To commit expenditure within the approved budget to meet the policies and objectives agreed with the PFCC and reflected in the Fire and Rescue Plan and IRMP
- To manage grants awarded to the PFCC
- To prepare, from time to time, draft financial and contract regulations, in consultation with, and having due regards to the view of the Service, for approval by the PFCC.

3.5.5 In the event of the PFCC being unable to act for any reason, and before the Police Fire and Crime Panel are able to meet to appoint an Acting PFCC, to take urgent

decisions of significant public interest, other than those precluded under paragraph 3.2 of this Scheme. This will be undertaken normally following consultation with the Chief Executive. Where decisions are taken under this provision, the PFCC CFO will inform the PFCC at the earliest opportunity.

3.5.6 To ensure that the financial affairs of Northamptonshire Fire and Rescue Authority are properly administered having regards to probity, legality, financial regulations and appropriate standards.

3.5.7 To plan the Service's budget in conjunction with the PFCC and the CFO

3.5.8 To approve arrangements for securing and preparing the financial accounts for the Service, including preparation of the Annual Governance Statement (AGS)

### **3.6 Delegation to the Head of Legal Services**

3.6.1 The delegations below are granted to the Head of Legal Services or his/her Deputy:

- Institute, defend or participate in legal actions to protect the interests of the Service
- Provide advice, institute and defend legal proceedings on behalf of the PFCC when requested to do so
- To review and approve settlement of claims brought against the PFCC with a settlement value up to £10,000

### **3. Financial Regulations**

The Financial Regulations explains the working relationship between the PFCC, and the CFO in relation to financial matters.

### **4. Contract Standing Orders**

Contract Standing Orders are part of this Framework and relate to how the PFCC enters in to contracts.

### **5. The Commissioning Framework**

The Commissioning Framework explains how the PFCC determines the provision of services. The framework is subject to review and the latest version is kept available on the PFCC website.



**Northamptonshire Commissioner Fire and Rescue  
Authority**

**4. FINANCIAL REGULATIONS**

December 2018

## 4.1 INTRODUCTION

### OVERVIEW

1 Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:

- The Local Government Act 1972
- The Local Government Finance Act 1988
- The Accounts and Audit Regulations 2003, 2006 and 2011

In addition, the Home Office has issued a Financial Management Code of Practice (FMCOP) under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police Fire and Crime Commissioners

2. The Policing and Crime Act 2017 amended the Fire and Rescue Services Act 2004 to enable a PCC to become a fire and rescue authority where a local case is made (the 'Governance' model), as well as to take the additional step to put in place a single employer for police and fire personnel (the 'Single Employer' model). (FMCOP Home Office)

3. Where the Home Secretary approves a PCC's proposal to take responsibility for the fire and rescue service(s) in their area, they will make an order (under section 4A of the Fire and Rescue Services Act 2004) which creates a new fire and rescue authority, abolishing the existing one. The new fire and rescue authority is referred to in the FMCP as a section 4A fire and rescue authority (s.4A FRA).

4. The PCC and s.4A FRA are separate corporations sole and therefore have separate legal identities. Both corporation soles, however, are occupied by the same person, who is directly elected by the electorate in the local area and is known as the Police, Fire and Crime Commissioner (PFCC).

5. The s.4A FRA is required to establish and hold a separate Fire Fund under section 4E of the Fire and Rescue Services Act 2004. This mirrors the existing arrangements for PCCs in relation to their Police Fund. There is no budget flexibility between the Police and Fire Funds.

6. All receipts and expenditure of the s.4A FRA must be paid into and out of that fund, and accounts of payments into and out of the fund must be kept.
7. The s.4A FRA is the recipient of fire and rescue funding, including government grants, business rates, precept and other sources of income. Details of the local arrangements relating to income, such as that from charging under section 18A of the Fire and Rescue Services Act 2004, should be set out in local schemes of governance. How this money is allocated is a matter for the s.4A FRA, in accordance with any grant terms. The statutory officers of the s.4A FRA will provide professional advice and recommendations.
8. Under section 4D(4) of the Fire and Rescue Services Act 2004, the s.4A FRA is required to appoint a person to be responsible for the proper administration of their financial affairs, referred to as the Chief Finance Officer (PFCC CFO).
9. Under the S4A Governance Model, the public accountability for the delivery and performance of the fire and rescue service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of their fire and rescue service area in consultation with the Chief Fire Officer (CFO). The PFCC is accountable to the electorate; the CFO is accountable to their PFCC. The Police Fire and Crime Panel is empowered to maintain a regular check on the performance of the Commissioner in that context.
10. The PFCC within each fire and rescue service area has a statutory duty and electoral mandate to hold the fire and rescue service to account on behalf of the public.
11. To conduct its business effectively, any organisation needs to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters are conducted properly and in compliance with necessary requirements.
12. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PFCC and those for whom they are responsible and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.

13. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

### STATUS

14. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the Policing Protocol and Fire and Rescue National Framework, codes of governance, codes of conduct, scheme of consent, scheme of delegation and Contract Standing Orders
15. The PFCC and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. Financial Regulations explain the working financial relationship between the PFCC and the CFO and the PFCC CFO, having regard also to the role played by the PFCC's Chief Executive (CEO).
16. These regulations include responsibilities for Statutory Officers and it is the responsibility for each of the Statutory Officers to fulfil these requirements individually and by working together.
17. The PFCC is responsible for approving or amending Financial Regulations. The PFCC CFO is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner, after consulting with the Chief Executive.
18. Senior Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with. A copy of the regulations will be electronically available on the Authority's website.
19. Any case of potential non-compliance with these regulations or Standing Orders should be reported immediately and directly to the PFCC CFO. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action.
20. The PFCC and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.



### 4.2 CONTENT AND DELEGATED LIMITS

1. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are made. Section F contains the appropriate cross-reference to the regulation in question
  - Section A - Financial management framework
  - Section B - Financial planning and Control
  - Section C - Management of risk and resources
  - Section D - Systems and procedures
  - Section E - External arrangements
  - Section F - Summary of delegated limits

### DEFINITIONS WITHIN THE REGULATIONS

1. The 'Office of the Police Fire and Crime Commissioner for Northamptonshire (OPFCC) when used as a generic term shall refer to the PFCC, the CEO, the PFCC CFO, and staff under the PFCC direction.
2. The 'Service' shall refer to the Chief Fire Officer (CFO), Operational and non-operational, staff under his/her direction.
3. Within these Regulations, references have been made to the responsibilities of the CFO since the responsibility for financial management of the funds delegated to the Service is delegated to the CFO. Where responsibility for financial management has not been delegated to the CFO, the duties, rights and powers as detailed for the CFO shall remain with the PFCC.
4. The terms CFO, PFCC, PFCC CFO and PFCC Monitoring Officer include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
5. The Statutory Officers referred to relate to the CFO, the CEO and the PFCC CFO.
6. The CEO also fulfils the monitoring officer role of the OPFCC.

7. “Senior officers” is a generic term relating to all officers with managerial responsibility for resources and their use.
8. ‘Employees’ when referred to as a generic term shall refer to fire officers, fire staff and other members of the wider fire family. The expression ‘authorised officer’ refers to employees authorised by a chief officer.
9. The expression ‘contract’ refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Commissioner, the Service or their affiliated bodies.
10. The expression ‘best value for money’ shall mean the most economic, efficient and effective means of meeting the need and takes account of whole life costs.
11. The expression ‘he’ shall refer to both male and female.
12. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure.

## **SECTION A FINANCIAL MANAGEMENT FRAMEWORK**

### **INTRODUCTION**

1. The Home Office advises on the roles and responsibilities of the PFCC, the Service and statutory officers. The PFCC CFO has certain statutory obligations and the PFCC Monitoring Officer a specific monitoring role.
2. As far as possible, financial management should be delegated to the PFCC CFO acting on behalf of the Commissioner and the CFO respectively. The CFO should actively encourage devolution of financial budgets within the Service, provided that the financial information used to support this devolution is reliable, accurate, timely and complete.
3. Devolved budget monitoring responsibilities will ensure greater accountability within the Service.
4. The PFCC has responsibility for the Fire Fund with the specific responsibilities of the PFCC and CFO being defined in the Home Office FMCOP. The professional responsibilities of the PFCC CFO are defined in the FMCOP and in a CIPFA Statement.

### **A1 THE ROLE OF THE PFCC**

The role and responsibilities of the PFCC include to:

5. Ensure an efficient and effective Fire and Rescue Service and to hold the Chief Fire Officer to account on behalf of the public. The PFCC is the recipient of funding relating to fire and rescue, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the PFCC in consultation with the CFO, or in accordance with any grant terms. The statutory officers of the PFCC will provide professional advice and recommendations.
6. Prepare, revise and update a Fire and Rescue Plan.
7. Appoint a Chief Financial Officer (PFCC CFO) to be responsible for the proper administration of the Commissioner's financial affairs. The PFCC shall provide his PFCC CFO with such staff, accommodation and other resources that are sufficient to allow the duties under this section to be performed. He shall also appoint a Chief Executive (CEO) who will act as the PFCC's monitoring officer.
8. Agree a budget requirement and capital programme and set the precept following advice from the PFCC CFO in consultation with the Police Fire and Crime Panel (PFCP).

## NCFRA Corporate Governance Framework

9. Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans. The PFCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
10. Identify and agree the medium term financial strategy of the PFCC and any long term spending commitments.
11. Agree the Treasury and Capital Management Strategies and policies, including the annual investment strategy.
12. Participate in inspections and audits of the Service and the PFCC.
13. Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
14. Approve Financial Regulations and any amendments to them, as drawn up between the CEO, the CFO and the PFCC CFO.
15. Ensure that the internal control environment meets proper requirements including a Risk Management Strategy and recommendations from internal and external audit are actioned.
16. Be responsible for the ownership of property including the Asset Management Strategy.
17. Delegate financial management of the Service budget to the CFO and PFCC CFO so that the PFCC CFO has as much day to day responsibility for financial management of the Service as possible within the framework of the agreed budget and rules of virement.
18. Be responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.

19. Where appropriate draw up financial procedures (subject to these Financial Regulations) to apply specifically to the OPFCC.

## **A2 THE ROLE OF THE CFO**

The role and responsibilities of the CFO in relation to financial management include to:

20. Ensure overall financial management of the Service and report financial management issues and implications to the PFCC.
21. The CFO shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.
22. Comply with financial policies and procedures for use by the Service including the Scheme of Delegation, ensuring that officers and staff comply with them.
23. Draw up financial policies and financial instructions in consultation with the PFCC CFO, who must be satisfied that they provide for effective managerial control and review.
24. Exercise delegated financial responsibilities and assume, with his/her staff, as much day-to-day responsibility for financial management of the Service as possible within the framework of the agreed budget and rules of virement.
25. Seek approval from the PFCC when he/she intends to make significant change of policy or seeks to move significant sums, in accordance with agreed virement rules, of their budget.
26. Ensure the provision of professional advice to the PFCC.
27. Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
28. Where consented by the PFCC, responsible for the management of property and contracts.
29. Advise the PFCC on financial propriety for areas under his/her control.

### **A3 THE ROLE OF THE JOINT INDEPENDENT AUDIT COMMITTEE (JIAC)**

30. The Home Office Financial Management Code of Practice states that the Commissioner should establish an independent audit committee. This committee will advise the PFCC according to good governance principles and will embrace appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Panel the PFCC shall have regard to CIPFA Guidance on Audit Committees.
31. The JIAC shall comprise of no fewer than three and no more than five members who are independent of the PFCC, the Chief Constable (CC) and the Fire and Rescue Service.
32. The JIAC shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
33. The PFCC, CC and CFO shall be represented at all meetings of the Audit Committee.
34. The terms of reference for the JIAC cover requirements in relation to Internal and External Audit appointments, plans and reports, HMIC reports, risk management, VFM, governance, annual accounts and related reports.

### **A4 THE ROLE OF STATUTORY OFFICERS:**

#### **PFCC CHIEF FINANCE OFFICER (PFCC CFO)**

1. The PFCC CFO has responsibility for proper financial administration and stewardship, which includes a personal fiduciary responsibility to the local council taxpayers.
2. These roles have statutory responsibilities specified by:
  - Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011. (PFCC CFO)
  - Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 (CC CFO)
  - Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the PFCC's financial affairs.
  - Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the PFCC if the PFCC or the CFO or one of their staff:

- 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,
  - is about to make an unlawful entry in the PFCC's accounts.
  - The Accounts and Audit Regulations 2015.
3. The PFCC CFO is the principal professional adviser on financial matters to the PFCC. To enable him/her to fulfil these duties and to ensure the PFCC is provided with adequate financial advice the PFCC CFO:
- Must be a key member of the respective organisation's Leadership Team, (working closely with the Chief Executive), helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
  - Must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PFCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategies;
  - Must lead the promotion and delivery by the PFCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
  - Must ensure that the finance function is resourced to be fit for purpose.
4. It must be recognised that Financial Regulations cannot foresee every eventuality. The PFCC CFO shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.
5. The role and responsibilities of the PFCC CFO, which are undertaken in consultation with the PFCC Monitoring Officer, are to:
- Ensure that the financial affairs of the PFCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently.
  - Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
  - Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges.

## NCFRA Corporate Governance Framework

- Report to the PFCC, the PCP and to the external auditor:
  - Any unlawful, or potentially unlawful, expenditure by the PFCC or staff of the PFCC.
  - When it appears that expenditure is likely to exceed the resources available to meet that expenditure.
  - Advise the PFCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves.
  - Advise the PFCC in respect of the Treasury Management Strategy and policies prepared in respect of the Fire Authority.
  - Ensure production of the statements of accounts of the PFCC.
  - Ensure receipt and scrutiny of the statements of accounts and ensuring production of the group accounts.
  - Liaise with the external auditor.
  - Advise the PFCC on the application of Value for Money principles by the Service to support the PFCC in holding the Chief Fire Officer to account for efficient and effective financial management.
  - Advise, in consultation with the PFCC Monitoring Officer, on the safeguarding of assets, including risk management and insurance.
  - Ensure that accurate, complete and timely financial management information is provided to the PFCC.
  - Arrange for the determination, issue and payment of the precept.
  - Assist the PFCC to monitor the revenue and capital budgets.
  - Secure the provision of an effective internal audit service. Ensure there is a safe and efficient financial arrangement including a system of effective internal control.
  - Be responsible for all banking arrangements and authorise the creation and closure of any account
6. The PFCC CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PFCC's accounts, including group accounts incorporating the accounts of the CC..
7. In the absence of the PFCC CFO his/her roles and responsibilities may be fully exercised by the Deputy PFCC CFO.



8. The PFCC CFO, in consultation with the PFCC Monitoring Officer, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPFCC.

### PFCC MONITORING OFFICER (PFCC MO)

1. The Chief Executive (CEO) is also the Commissioner's designated monitoring officer (PFCC MO), appointed under the Police Reform and Social Responsibility Act 2011, and is responsible for the leadership and general administration of the PFCC's office.
2. The role and responsibilities of the PFCC MO in relation to financial management are to;
  - Enable the PFCC to fulfil his/her statutory responsibilities.
  - Ensure the legality of the actions of the PFCC and his officers.
  - Ensure that procedures for recording and reporting PFCC decisions are operating effectively.
  - Advise the PFCC and CFO about who has authority to take a particular decision.
  - Advise the PFCC and CFO about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
  - Ensure the provision of information and reports required by the PFCCP.
  - Ensure the PFCC meets his/her obligations in relation to statutory publications including the Fire and Rescue Plan, Annual Report and Council Tax Leaflet.
  - Develop a strong partnership with the PFCC and CFO ensuring the provision of effective and efficient fire and rescue services.
  - Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration.
  - Advising the PFCC on matters relating to standards of conduct.

## A5 FINANCIAL MANAGEMENT STANDARDS

### Overview & Control

1. All staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that

everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

2. The PFCC shall receive updates on the financial performance by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and External Audit.

### Key Controls

3. The key controls and objectives for financial management standards are:
  - Their promotion throughout the organisation. The PFCC and the CFO shall ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
  - A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators with benchmark standards that are reported to the Audit Committee.
  - All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively. The PFCC and the CFO shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.
  - Systems of internal control are in place that ensures financial transactions are lawful.
  - Suitable accounting policies are selected and applied.
  - Proper accounting records are maintained.
  - Financial statements are prepared, which present fairly the financial position of the PFCC and the CFO, including expenditure and income.

### Responsibilities of the Statutory Officers

4. The responsibilities of Statutory Officers for financial management are:
  - To ensure the proper administration of the financial affairs of both legal entities.
  - To ensure that proper practices are adhered to.
  - To ensure financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

## NCFRA Corporate Governance Framework

- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that all staff are aware of, and comply with, proper financial management standards including these Financial Regulations.
- To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- To report any actual or potential breaches of the law or maladministration to the PFCC CFO or the Monitoring Officer.

## **A6 ACCOUNTING RECORDS AND RETURNS**

### Overview and Control

1. Maintaining proper accounting records is one of the ways in which the Commissioner will discharge his/her responsibilities for stewardship of public resources. The Commissioner has a responsibility to prepare annual accounts that present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.
2. The PFCC CFO is responsible for determining the accounting policies of the PFCC, in accordance with recognised accounting practices, and for approving strategic accounting systems and procedures. All officers and staff are to operate within the required accounting policies and published timetables.
3. Financial systems are used to record the financial transactions of the PFCC. With possible minor exceptions, these are electronic systems.

### Key Controls

4. The key controls for accounting records and returns are:
  - Finance staff and those authorised to make expenditure operate within the required accounting standards and timetables.
  - All of the organisation's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
  - Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
  - Reconciliation procedures are carried out to ensure transactions are correctly recorded.
  - Prime documents are retained in accordance with legislative and other requirements.
  - Proper system of internal control such that:

- staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions
- the duties of providing information about sums due to or from the PFCC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them

### Responsibilities of the Statutory Officers

#### 5. The PFCC CFO shall:

- Determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures in place.
- Ensure that the CFO is consulted before making any fundamental changes to accounting records and procedures or accounting systems.
- Ensure that all employees operate within the required accounting policies and timetables.
- Make proper arrangements for the audit of the PFCC's accounts in accordance with the Accounts and Audit Regulations 2015.
- Ensure that all claims for funds, including grants are made by the due date.
- Prepare and publish the audited accounts in accordance with the statutory timetable.
- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis. Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- Ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.
- Ensure that Financial Instructions provide details of retention periods.
- The format of such documents shall satisfy the requirements of internal and external audit, and appropriate staff are provided with a detailed schedule of requirements.

## **A7 THE ANNUAL STATEMENT OF ACCOUNTS**

### Overview and Control

1. The PFCC has a statutory responsibility to prepare accounts to present fairly their operations during the year. The PFCC CFO is responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit Regulations 2003, 2006, 2011 and 2015.
- 2 The PFCC has a statutory responsibility to prepare the accounts relating to the OPFCC and also the Group Accounts for all entities. These must present fairly the financial position of organisation's and be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.
- 3 The PFCC is responsible for approving these annual accounts.

### Key Controls

- The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.
- The PFCC is required to make arrangements for the proper administration of its financial affairs. The PFCC statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

### Responsibilities of the Statutory Officers

4. The PFCC CFO shall:
  - Ensure that there is a timetable for final accounts preparation, in consultation with the PFCC, JIAC and external auditor.
  - Select suitable accounting policies within the overall agreed approach and apply them consistently.
  - Make judgements and estimates that are reasonable and prudent.
  - Comply with the Code.

## NCFRA Corporate Governance Framework

- Prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable and to produce summary accounts for publication on the website.
- The PFCC shall consider for approval the annual accounts in accordance with the statutory timetable.

## **SECTION B FINANCIAL PLANNING AND CONTROL**

### **B1 FINANCIAL PLANNING**

#### Overview and Control

1. The PFCC and the Service are complex organisations. Systems are needed to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if the PFCC and the Service are to function effectively.
2. The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
3. The planning process will be continuous and the planning period will cover at least four years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the PFCC and the CFO to plan, monitor and manage the way funds are allocated and spent. This should be used to support the Fire and Rescue Plan and the alignment of business and financial planning.
4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

#### Medium Term Financial Planning Responsibilities of the Statutory Officers

5. The PFCC CFO is responsible for ensuring that a medium term financial plan for at least four years ahead is prepared. The Plan should be submitted to the PFCC and be subject to review during the Financial Year. The Plan should be informed by:
  - The Fire and Rescue Plan
  - The Integrated Risk Management Plan (IRMP)
  - policy requirements approved by the PFCC as part of the policy framework
  - the risk management policy ensuring that risk appraisals are embedded throughout the forecast

#### The Plan should set out:

- the forecast
- unavoidable future commitments, including legislative requirements
- initiatives already underway
- spending patterns and pressures revealed through the budget monitoring process



## NCFRA Corporate Governance Framework

- efficiency and savings requirements
  - proposed service developments and plans
  - revenue consequences of capital spending proposals
  - taxation or other constraints
  - public and partner consultation
6. The PFCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
  7. A gap may be identified between available resources and required resources Requirements should be prioritised carefully by the PFCC and CFO to enable best informed judgements as to future funding levels and planning the use of resources.
  8. The PFCC and CFO shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non -financial performance measures.
  9. The PFCC is responsible for agreeing, in consultation with the CFO, collaborative agreements and other operational arrangements between Services i.e. Section 13/16 agreements and to keep under consideration the ways in which the collaboration functions could improve:
    - (a) The efficiency or effectiveness of:
      - (i) the Fire and Rescue Authority,
      - (ii) the Service which the Fire and Rescue Authority is responsible for maintaining and
    - (b) The efficiency or effectiveness of one or more other Fire and Rescue Authorities and Services

Both the PFCC and CFO will sign these agreements.

### Annual Revenue Budget Preparation Overview and Control

10. The revenue budget provides an estimate of the annual income and expenditure requirements for the fire and rescue service and sets out the financial implications of the Commissioner's strategic policies. It provides Chief Officers with the authority to incur expenditure and a basis on which to monitor the financial performance of both the OPFCC and the Service. As such, preparation of the annual budget should be based on sound financial management principles of probity, efficiency and value for money.
11. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined in accordance with the limits
12. The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate (see section B2 Budgetary Control), the operation of cash limits and sets the level at which funds may be reallocated within budgets.
13. The PFCC will consult with the CFO and other relevant partners and stakeholders in planning the overall annual budget, which will include a separate Service budget. This will also take into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirement to achieve a balanced budget (Police Reform and Social Responsibility Act 2011 and Local Government Act) and which is completed in accordance with the statutory timeframe. The PFCC will set out each year how he/she expects the funds provided to the CFO for fire and rescue services will be applied

### Key Controls

14. The key controls for the budget are:
  - The format complies with all legal requirements.
  - The format complies with CIPFA's Code of Practice.
  - The format reflects the accountabilities of service delivery
  - Budgeting process should be based on evidence and operational demand

### Responsibilities of the Statutory Officers

15. The PFCC should agree the budget planning timetable with the CFO.
16. To obtain the views of the local community on proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates (Police Reform and Social Responsibility Act 2011 and Local Government Act)
17. To present the proposed council tax implications and precept requirement with the budget to the Police Fire and Crime Panel at their meeting in early February
18. The impact of the annual budget on the priorities and funding of future years as set out in the Fire and Rescue Plan and the medium term financial plan should be clearly identified.
19. The format of the budget is to comply with all legal requirements and with the latest guidance issued by CIPFA and approved by the PFCC CFO
20. The PFCC CFO to ensure timely and accurate information is to be obtained from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
21. The PFCC CFO is to advise the PFCC on the appropriate level of general balances, earmarked reserves and provisions to be held.
22. The PFCC CFO to the PFCC is to submit a report to the PFCC on:
  - The robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves.
  - The prudential and treasury management indicators for the next three years.
23. Upon approval of the annual budget, the PFCC CFO is to submit the council tax requirement form to central government and precept notifications to appropriate
24. The PFCC CFO to produce, in accordance with statutory requirements, the council tax information leaflet.

## **B2 BUDGETARY CONTROL**

### Overview and Control

1. Budget management ensures that once the PFCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PFCC to review and adjust budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

### Key Controls

2. There is a nominated budget manager for each cost centre or account code heading who is accountable for the budgets under his direct control.
3. Budget Managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.
4. Management of budgets must not be seen in isolation. It should be undertaken in conjunction with service outcomes and performance measures.
5. For strategic monitoring and management purposes, the budget shall identify operational and other policing costs, PFCC costs, financing items and transfers to and from general balances and earmarked reserves.

### Revenue Budget and Capital Programme Monitoring Overview and Control

6. By continuously identifying and explaining variances against budgetary targets, changes in trends and resource requirements can be identified at the earliest opportunity.
7. To ensure sound financial management, each Budget Manager is required to manage expenditure within their budget allocation. All budget officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

### Key Controls

8. The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence.
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure are properly recorded and accounted for.
- Performance levels are monitored in conjunction with the budget and necessary action is taken to align outputs and budget.

### Responsibilities of the Statutory Officers

9. To provide appropriate financial information in a form determined by the PFCC CFO, to enable budgets to be monitored and reported effectively.
10. To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits the expenditure – usually at cost centre level. The PFCC CFO shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.
11. It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PFCC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the PFCC CFO to any problems.
12. The PFCC CFO shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.
13. The CFO shall ensure as far as possible that total spending for operational fire and rescue services remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are forecasted. Where total projected expenditure is likely to exceed the allocation of resources, the PFCC CFO shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the CEO and PFCC CFO for their budgets.

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14. The PFCC CFO shall submit a budget monitoring report monthly to the PFCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations. The reports shall be in an agreed format.
15. The PFCC CFO to co-ordinate a budget monitoring report for presentation to the Police, Fire & Crime Panel, as necessary, containing the most recently available financial information.

### Resource Allocation Overview and Control

16. Available financial resources are inevitably limited. It is therefore imperative that spending is rigorously prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

### Key Controls

17. The key controls for resource allocation are;
  - Resources are acquired in accordance with the law and using an approved authorisation process
  - Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for.
  - Resources are securely held for use when required.
  - Resources are used with the minimum level of waste, inefficiency or loss for other reasons

### Virement

#### Overview and Control

18. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure. A budget head is considered to be a line in the approved budget report. For clarity these are defined as the budget lines immediately below the Service and OPFCC headings which are reported on in both the Budget and monitoring reports. The scheme of virement is intended to enable senior officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PFCC

and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

19. The overall budget is agreed by the PFCC and budget managers are expected to incur expenditure in accordance with the estimates that make up their budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement should not be allowed to create additional overall budget liability. Senior officers are expected to exercise discretion in managing budgets responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PFCC CFO.
20. Overall, the rules on virement are designed to allow the CFO greater flexibility to meet operational requirements and to facilitate the decision making process. The CFO shall still be held to account by the PFCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.
21. The PFCC can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

### Key Controls

22. The key controls for the scheme of virement are:
  - The PFCC is responsible for any transfers to and from PFCC balances.
  - It is administered by senior officers within delegated powers given by the Commissioner. Any variation from this scheme requires approval of the Commissioner.
  - The overall budget is agreed by the PFCC. Budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget
  - Virement does not create additional overall budget liability.
  - By definition all virement is a net nil
  - Each senior officer shall ensure that virement is undertaken to maintain the accuracy of budget monitoring.

### Responsibilities of the Statutory Officers

23. Subject to approved limits as set out in Section F Delegated Limits, it is a requirement that the PFCC CFO approves virement requirements of the CFO and the PFCC.
24. Each budget monitoring report reported to the PFCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget. However any virement over £100,000 that is identified between reports should be reported to the PFCC CFO immediately. Each budget monitoring report should include any virement requests for approval by the PFCC CFO or PFCC as necessary
25. The approval of the Commissioner shall be required:
  - As part of updating the budget through the budget monitoring process
  - If an approved change of policy results in a virement requirement.
  - If the virement results in a significant addition to commitments in future years

### Treatment of Year End Balances Overview and Control

26. A year-end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified at devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year. All carry forwards recommended by the PFCC CFO will be presented to the PFCC for approval at year end for each financial year.
27. As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.
28. There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances but full discussion will take place between the PFCC, Chief Fire Officer and their respective officers.

### Key Controls



29. Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PFCC.
30. As a default position, any underspends against budgets will be taken to reserves. For the Service any exception to this policy must be proposed by the CFO in consultation with the PFCC CFO and determined by the PFCC. For the PFCC any exception to this policy must be proposed by the PFCC CFO and determined by the PFCC

### **B3 CAPITAL PROGRAMME**

#### Overview and Control

1. Capital expenditure involves acquiring or enhancing fixed assets with a long- term value to the PFCC, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.
2. The PFCC is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
3. The capital programme should be linked to capital strategies including the Estates Strategy, the ICT strategy and the Transport Strategy.
4. A report should be addressed to the PFCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of treasury and budget monitoring reports on compliance with the prudential indicators.

#### Key Controls

5. Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategies. The PFCC CFO shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.

6. The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case / option appraisal.
7. Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PFCC in accordance with the limits shown in Section F.
8. Each individual scheme will have a nominated budget manager who will be accountable for that project. The budget manager's responsibilities include the monitoring of progress in conjunction with expenditure and comparison with approved budget

### Responsibilities of the Statutory Officers

9. The PFCC CFO shall prepare at least a four year rolling programme of proposed capital expenditure for submission to the PFCC and the PFCP. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project, any additional revenue commitments and a named budget manager who is responsible for the project and will report on progress. On recommendations from the CFO, the PFCC will determine the capital programme and will also determine the overall monitoring arrangements of the delivery of the capital programme.
10. The PFCC CFO shall identify funding for the capital programme, including the identification of potential capital receipts. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
11. A gap may be identified between available resources and required resources. In these instances requirements of the Service should be prioritised carefully by the PFCC CFO to enable the PFCC to make the best informed judgements as to future funding levels and planning the use of resources.
12. No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PFCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement programme and ICT replacement programme shall each be regarded as one scheme.
13. Schemes within the Capital Programme will be required to pass through the capital expenditure approval process before any expenditure is committed. Requests for capital expenditure must be made in the format of a business case. Businesses cases for property related capital expenditure are presented to the Estates Programme Board

for Property Investments; any other capital expenditure proposals are approved by the Procurement Board to be submitted for PFCC approval. The process is as follows:

- Stage 1 – Business case is reviewed and approved by the Procurement Board or the Estates Programme Board for Property Investments
  - Stage 2 – Recommendation is made by the PFCC s151 Officer
  - Stage 3 – Business case is reviewed and approved by Accountability Board.
  - Stage 4- Review and approval by the PFCC.
14. Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the PFCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section F.
  15. Arrangements covering variations in contract conditions and prices are covered to be managed in accordance with the scheme of consent.
  16. Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the PFCC and sufficient revenue resources must be available to meet the repayments.
  17. The CFO shall submit capital monitoring reports to the PFCC monthly containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PFCC CFO. It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the PFCC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the CFO and the PFCC including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the PFCC to any problems.
  18. The PFCC CFO shall report to the PFCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.
  19. The PFCC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PFCC as part of the closure of accounts arrangements.

20. The PFCC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.
21. Where there is a requirement such as the adherence to the Accounting Standards that requires budget or expenditure to be interchanged between capital and revenue, the PFCC CFO or their delegate can affect such accounting adjustments.

### **B4 MAINTENANCE OF BALANCES AND RESERVES**

#### Overview and Control

1. General fund balances are maintained as a matter of prudence. They enable the PFCC to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. They provide mitigation against adverse financial implications. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future. The PFCC will approve the policy on reserves and balances and their planned use as part of the annual budget setting process.

#### Key Controls

2. The key controls for maintaining reserves are:
  - To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA) and agreed accounting policies.
  - For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
  - Authorisation and expenditure from reserves by the PFCC CFO

#### Responsibilities of the Statutory Officers

The PFCC CFO shall advise the PFCC on reasonable levels of general fund balances and earmarked reserves and take account of professional best practice.

3. When the annual budget and capital programme are submitted to the PFCC for approval and for consultation with the PCP, the PFCC CFO is required to advise on the adequacy of the PFCC's balances and reserves.

The PFCC shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established

## **SECTION C MANAGEMENT OF RISK AND RESOURCES**

### **C1 RISK MANAGEMENT**

#### Overview and Control

1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PFCC. This should include the proactive participation of all those associated with planning and delivering services.
2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the threat or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial wellbeing of the organisation. In essence it is, therefore, an integral part of good business practice.
3. Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

#### Key Controls

4. The key controls for risk management are:
  - A Risk Management Policy is in place and has been promoted throughout the organisation.
  - The Policy identifies the Risk Appetite of the organisation.
  - Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation.
  - 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.
  - Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.

- Provision is made for losses that might result from the risks that remain.
- Procedures are in place to investigate insurance claims within required timescales.
- Acceptable levels of risk are determined and insured against where appropriate.
- The organisation has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

### Responsibilities of the Statutory Officers

#### 5. The PFCC is responsible for:

- Ensuring a Risk Management Policy is prepared within the Commission. He/she is responsible for promoting a culture of risk management awareness, reviewing risk management as an ongoing process and reporting on a half yearly basis, a corporate risk register.
- Implementing procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of the risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.
- Ensuring that appropriate business continuity plans are developed, implemented and tested on a regular basis.
- Approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.

#### 6. The PFCC CFO, is responsible for

- Advising the PFCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- Ensuring that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate ensure that claims made by the CFO against insurance policies are made promptly
- Negotiating all claims in consultation with other officers where necessary
- Notifying the PFCC promptly of all new risks that require insurance and of any alterations affecting existing insurance

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- Making all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives be responsible for risk management.
  - Ensuring there are regular reviews of risk across the service.
  - Ensuring that staff, or anyone covered by the PFCC's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
  - Ensuring all appropriate staff are aware of their responsibilities to notify the CFO immediately of any loss, liability or damage that may lead to a claim against the PFCC together with the information required
  - Approving, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PFCC chooses to provide insurance cover itself.
7. The PFCC CFO shall be authorised to settle insurance liability claims up to the value shown in Section F. Beyond this value, claims must be referred to the PFCC for approval.
8. Settlement of employment tribunal cases and grievances of staff under his/her direction and control will remain with the CFO, within the delegated limits in Section F, with the exception of those cases felt to be sensitive because;-
- They involve a high profile claimant
  - There is a public interest in the case
  - There is a real risk that the PFCC or the Service will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures to be revealed
9. The PFCC CFO shall present an annual written claims report to the PFCC summarising activity for the year.
10. The CEO shall evaluate and authorise any terms of indemnity that the PFCC is requested to give by external parties.

## C2 INTERNAL CONTROLS

### Overview and Control

1. Internal control refers to the systems of control devised by management to help ensure PFCC objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
2. The PFCC requires internal controls to manage and monitor progress towards strategic objectives. The PFCC also has statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
3. The PFCC faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
  - Efficient and effective operations.
  - Reliable financial information and reporting.
  - Compliance with laws and regulations.
  - Risk management.

### Key Controls

4. The key controls for internal control systems are:
  - Managerial, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
  - Financial and operational procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
  - An effective internal audit function, which operates in accordance with CIPFA's Code of Practice for Internal Audit and with any other relevant statutory obligations and regulations. Key controls should be reviewed on a regular basis and the PFCC should make formal statements annually to the effect that they are satisfied that the system of internal control operates effectively.



### Responsibilities of the Statutory Officers

5. The PFCC is responsible for implementing effective systems of internal control and the PFCC CFO, for advising on such. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
6. The PFCC shall ensure that internal controls exist for managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
7. The PFCC shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
8. The PFCC shall agree and sign an Annual Governance Statement following a review of systems of internal control. This statement will be included in the Group Accounts. The Accounts and Audit Regulations 2003, 2006 and 2011 require the PFCC to review Internal Control arrangements at least annually.
9. The PFCC shall have an Audit Committee (section A3 refers) which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee should include the following key requirements:
  - to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management by all PFCC staff and all CFO officers and staff;
  - to be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, VFM, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised;
  - to examine and consider a draft Annual Governance Statement, and to make any recommendations to the PFCC in this respect.
10. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PFCC and CC. The duties of the external auditor are governed by Section 15 of the

Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

11. The PFCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

## C3 AUDIT REQUIREMENTS

### Internal Audit Overview and Control

1. The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2011 more specifically require that a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.
2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
3. Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
4. The work of the Internal Audit function provides overall assurances to:
  - The PFCC, the CFO and JIAC that effective internal control systems are in place.
  - External Audit on financial systems and internal control are effective and external auditors may use the work of internal audit when carrying out their functions.

### Key Controls

5. The key controls for internal audit are:
  - That it is independent in its planning and operation.
  - That Internal audit has direct access to the PFCC, the CEO, PFCC CFO, CFO, and all levels of management.
  - The internal auditors comply with the Code of Practice for Internal Audit issued by CIPFA.

### Responsibilities of the Statutory Officers

6. The PFCC CFO shall ensure the provision of an effective internal audit service.
7. The PFCC and CFO shall ensure that internal auditors have the authority to;
  - Access premises at all reasonable times.
  - Access all assets, records, documents, correspondence, control systems and appropriate personnel.
  - Receive any information and explanation considered necessary concerning any matter under consideration.
  - Require any staff to account for cash, stores or any other asset under their control.
  - Access records belonging to third parties, such as contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
8. Any instances where the CFO considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the CEO and PFCC CFO.
9. The PFCC CFO, taking advice from internal audit and after consulting with the PFCC and CFO and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.
10. The PFCC CFO shall submit the annual internal audit plan to the Audit Committee for consideration prior to the start of the forthcoming financial year.
11. The PFCC and PFCC CFO shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

12. The PFCC and PFCC CFO shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by internal audit prior to implementation.
13. Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.
14. The PFCC CFO shall be notified immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, PFCC CFO and senior managers should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall be conducted as detailed below:
  - PFCC CFO shall agree any further investigative process. This may include disciplinary, criminal proceedings and/or dismissal.

### SERVICE

Investigations will normally be carried out in accordance with NFRS Policy A23 (Disciplinary Procedure) wherein the Service Investigations Officer (SIO) shall consult with the Internal Audit Manager as appropriate and keep him/her informed of progress. The operation of this Regulation shall be in accordance with agreed protocol between the SIO and Internal Audit and as authorised by the PFCC CFO

The PFCC CFO will keep the chair of the JIAC informed of the suspected fraud. At the conclusion of the investigation, the Internal Audit Manager shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure the risk of recurrence is minimized.

15. Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.

### External Audit Overview and Control

16. The Secretary of State for Communities and Local Government has delegated statutory functions from the Audit Commission 1998 to Public Sector Appointments Limited (PSAA) on a transitional basis by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014. Under these arrangements, the company is responsible for appointing auditors to the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA). The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Local Government Act 1999 and the Local Audit and Accountability Act 2014. Under the Act, the Controller and Auditor General is responsible for preparing and maintaining the Code of Audit Practice, which sets out what local auditors are required to do to fulfill their responsibilities under the Act. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:
- The audited body's financial statements
  - Whether the expenditure and income recorded in the financial statements have applied to the purpose intended by Parliament and the financial transactions recorded in the financial statements conforms to the authorities which govern them (regularity);
  - Aspects of the audited body's arrangements to secure value for money.
17. In auditing the accounts the external auditor must be satisfied that:
- The accounts are prepared in accordance with the relevant regulations.
  - They comply with the requirements of all other statutory provisions applicable to the accounts.
  - They "present fairly" the financial position of the organisation.
  - Proper practices have been observed in the compilation of the accounts.
  - The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

### Key Controls

18. The key controls for external auditors are

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- External auditors are appointed by Public Sector Audit Appointments Ltd, which prepares a code of audit practice, which external auditors follow when carrying out their duties.
- External auditors are independent in their operation.

### Responsibilities of the Statutory Officers

19. The PFCC CFO shall liaise with the external auditor and advise the PFCC and CFO on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit; to ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
20. To provide the Audit Committee with :
  - The external audit Annual Governance Report for consideration.
  - The external audit annual work plan and fee are reported for approval.
  - The Annual Audit Letter.

## **C4 PREVENTING FRAUD AND CORRUPTION**

### Overview and Control

1. The PFCC and the CFO will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.
2. There is an expectation of propriety and accountability on officers, staff, volunteers and members at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
3. The PFCC and the CFO also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PFCC with integrity and without thought or actions involving fraud or corruption.

### Key Controls

4. The key controls regarding the prevention of financial irregularities are that:
  - There is an effective system of internal control.
  - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
  - All officers, staff, volunteers and members will act with integrity and lead by example
  - Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
  - High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
  - There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
  - Whistle blowing policy and procedures are in place and operate effectively.
  - Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

### Responsibilities of the Statutory Officers

5. To ensure all staff act with integrity and lead by example.
6. The PFCC is responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
7. The PFCC will prepare a policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. The policy is published as appropriate on its website and the Service's website. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PFCC.
8. The PFCC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not



malicious and that appropriate action is taken to address any concerns identified. The PFCC shall ensure that all staff are aware of any approved whistle blowing policy.

9. To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
10. The PFCC and the CFO shall notify the PFCC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PFCC, the CFO the PFCC CFO shall agree any further investigative process. Pending investigation and reporting, the PFCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
11. The PFCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

### **C5 MONEY LAUNDERING AND PROCEEDS OF CRIME**

#### Overview and Control

1. The PFCC will adopt an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy will be developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
2. The PFCC has nominated the PFCC CFO to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
3. The PFCC is responsible for ensuring that:
  - All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the OPFCC and Chief Fire Officer and themselves by the legislation.
  - Those officers and staff considered most likely to encounter money laundering will be given appropriate training. The appropriate managers within the section will periodically identify and deliver training to all appropriate staff.
  - Procedures are established to help forestall and prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.
  - Periodic and regular assessments are undertaken of the risks of money laundering.

### C6 ASSETS

#### Overview and Control

1. The PFCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register/inventory is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register alongside an asset management plan is to provide the PFCC with information about fixed assets so that they are:
  - Safeguarded.
  - Used efficiently and effectively.
  - Adequately maintained.
  - Valued in accordance with statutory and management requirements.
2. Intellectual property is a generic term that includes inventions and writing. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PFCC, not the officer or member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the PFCC or the CFO may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the PFCC decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.
3. The PFCC will own and fund all assets.
4. The CFO is responsible for the direction and control of the Service and should therefore have day-to-day management of all assets used by the Service.
5. The PFCC should consult the CFO in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

#### Key Controls

The key controls for the security of resources and assets are:

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- Resources are used only for approved purposes and properly accounted for.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and regulations so as to maximise benefits.
- An asset register is maintained for the organisation. Assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset.
- All staff are aware of their responsibilities with regard to safeguarding the organisations assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- All staff are aware of their responsibilities with regard to safeguarding the security of the organisations computer systems, including maintaining restricted access to the information held on them and compliance with the organisations computer and internet security policies.

### Security

#### Responsibilities of the Statutory Officers

6. To ensure that an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory management requirements.
7. The PFCC CFO shall ensure that assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
8. To ensure that title deeds to property are held securely.
9. To ensure that no asset is subject to personal use by an employee without proper authority.

## NCFRA Corporate Governance Framework

10. Attractive and portable items such as computers, cameras and recording devices should be identified with appropriate security markings.
11. To ensure that all staff are aware of their responsibilities with regard to safeguarding the PFCC's assets, information and IT systems, including the requirements of the Data Protection Act, software copyright legislation and compliance with the information and security policies.
12. The CC shall ensure that title deeds to the PFCC's property are held securely.
13. Lessees and other prospective occupiers of PFCC land are not allowed to take possession of the land until a lease or agreement in a form approved by the CFO is in place.
14. To ensure that assets no longer required are disposed of in accordance with the law and the regulations of the PFCC.

### Valuation

#### Responsibilities of the Statutory Officers

15. To maintain an asset register for all fixed assets in accordance with the Accounting Policies shown in the annual Statement of Accounts, in a form approved by the PFCC CFO. Assets are to be recorded when they are acquired by the PFCC and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: (The Code) for insurance purposes.
16. Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.
17. To arrange for the valuation of assets for accounting purposes.

### Inventories

#### Responsibilities of the Statutory Officers

18. To maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section F.

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19. There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.
20. To make sure that property is only used in the course of the business, unless specific approval has been given.

### Stocks and Stores

#### Responsibilities of the Statutory Officers

21. To make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the PFCC CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
22. A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
23. Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
24. Discrepancies between the actual level of stock and the book value of stock for the Service may be written off by the PFCC CFO up to the level shown in Section F. Amounts for write off by the PFCC CFO above this value must be referred to the PFCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

### Intellectual Property

#### Responsibilities of the Statutory and Key Officers

25. The PFCC is responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.
26. The PFCC is responsible for approving an intellectual property policy.

## NCFRA Corporate Governance Framework

### Asset Disposal

#### Responsibilities of the Statutory Officers

27. Assets shall be disposed of provided they meet the following criteria:
  - Have been declared surplus to requirements
  - When in the best interests of the PFCC,
  - In accordance with the Fire and Rescue Plan
  - In accordance with the approved Estate Strategy.
  - At the most advantageous price.
28. The CFO may dispose of surplus vehicles and items of equipment up to the estimated value shown in Section F. Where this is not the highest offer, the PFCC CFO shall prepare a report for the PFCC outlining the reasons.
29. Disposals above the value detailed in Section F are to be reported to the PFCC for prior approval and will generally be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PFCC.
30. All asset disposals shall be recorded in the asset register or inventory as appropriate.
31. The CC CFO shall inform the PFCC CFO of any disposals that may have a significant impact upon the balance sheet.
32. To ensure that appropriate accounting entries are made to remove the value of the disposed assets from the Commissioner's records.

## **C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### Overview and Control

1. The NCFRA is a large organisation. It is important that PFCC money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of all monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

### Key Controls

2. The key controls for treasury management are:
  - That the PFCC borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and the Prudential Indicators and with the PFCC treasury management strategy statement.
  - Suitable Treasury Management Practices (TMP) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

### Responsibilities of the Statutory Officers and Committees

3. To adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 of that Code.
4. Accordingly to ensure the adoption, the PFCC shall create and maintain, as the cornerstone for effective treasury management, a Treasury Management Strategy statement, stating the policies and objectives of its treasury management activities suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The content of the policy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the PFCC. Such amendments will not result in the PFCC deviating materially from the Code's key recommendations.
5. The PFCC shall receive reports on his treasury management strategies, practices and activities, including as a minimum, an annual strategy and plan in advance of each year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PFCC, by the PFCC CFO, as part of the financial monitoring information and included within Budget monitoring reports.

6. The PFCC is responsible for the implementation of its treasury management strategies and practices and delegates responsibility for the execution and administration of treasury management decisions to the PFCC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.
7. The Joint Independent Audit Committee (JIAC) is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
8. The PFCC shall adopt the following Treasury Management Strategy Statement.

The PFCC:

- Defines its treasury management activities as "the management of the PFCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
  - Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PFCC.
  - Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.
9. All investments shall be in the name of the PFCC.
  10. The PFCC CFO shall have overall responsibility for banking arrangements. The PFCC CFO, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PFCC unless authorised by the PFCC CFO and CEO. The opening and closing of other bank accounts requires the authorisation of the PFCC CFO.
  11. The PFCC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The PFCC CFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
  12. The PFCC CFO shall prepare detailed Financial Instructions for dealing with petty cash, and these shall be issued to all appropriate staff.



13. The use of purchase cards shall be allowed for undertaking OPFCC business. The PFCC CFO shall determine a policy for the secure operations of such purchase cards.
14. All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.
15. To comply with the requirements of the Money Laundering Regulations 2003.

### **C8 STAFFING**

#### Overview and Control

1. Staffing costs form a significant element of the annual revenue budget. In order to provide the highest level of service and ensure effective use of resources, it is crucial to recruit and retain high caliber, knowledgeable officers and staff, qualified to an appropriate level.

#### Key Controls

2. The key controls for staffing are
  - An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
  - Procedures are in place for forecasting staffing requirements and cost.
  - Controls are implemented that ensure staff time is used efficiently and to the benefit of the organisation.
  - Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

#### Responsibilities of the Statutory Officers

3. To ensure that employees are appointed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PFCC.
4. To advise the PFCC on the budget necessary in any given year to cover estimated staffing levels.
5. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints to meet changing operational needs.

6. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
7. To approve, in consultation with the CEO and PFCC CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

### **C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY**

#### Trust Funds and other Voluntary Unofficial Funds Overview and Control

- These are deemed to be funds, other than those of the PFCC which are controlled wholly or partly by staff by reason of their employment.
- Trust Funds have a formal legal status governed by a Deed of Trust.

Employees and officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.

- These funds should be kept separate from all PFCC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

#### Key Controls

1. The key controls for Trust Funds and other Voluntary Unofficial Funds are:
  - No employee shall open a trust fund without the specific approval of the CEO and PFCC CFO
  - These financial regulations should be seen as best practice which need to be followed whenever possible

### Responsibilities of the Statutory Officers

1. Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the PFCC, and arrange for the annual audited accounts to be received by the appropriate management body.
2. The PFCC shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.
3. The PFCC shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

## **SECTION D SYSTEMS AND PROCEDURES**

### **D1 GENERAL**

#### Overview and Control

1. There are many systems and procedures relating to the control of the PFCC's assets, including purchasing, costing and management systems. The PFCC is reliant on electronic systems for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The PFCC CFO has a statutory and professional responsibility to ensure that the organisation's financial systems are sound and should therefore be notified of any new developments or changes.

2. It is imperative that operating systems and procedures are secure and that basic data exists to enable the PFCC objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

#### Key Controls

3. The key controls for systems and procedures are:
  - o Basic data exists to enable the organisation's objectives, targets, budgets and plans to be formulated.

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- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems and procedures are secure and up-to-date.

### Responsibilities of the Statutory Officers

4. The PFCC CFO, is responsible for determining the overall accounting systems and procedures including to.
  - Issue advice, guidance and procedures for officers and others acting on behalf of the organisation. Determine the accounting systems, form of accounts and supporting financial records
  - Establish arrangements for the audit of the organisation's financial affairs
  - Approve any new system to be introduced
  - Approve any changes to existing financial systems
  - Approve any changes to service delivery in relation to the finance function
5. To ensure, in respect of systems and processes, that
  - Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
  - Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously
  - A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
  - Systems are documented and staff trained in operations.
6. The CFO shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.
7. The CFO shall ensure compliance with copyright legislation around software being used.
8. To ensure that there is a documented and tested business continuity plan to allow system processing to resume quickly in the event of an interruption. Effective

contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

9. To establish a Scheme of Governance and Delegations, identifying officers and staff authorised to act upon the PFCC's behalf in respect of income collection, placing orders, making payments and employing staff. A schedule of officers and staff, their specimen signatures and the delegated limits of their authority shall be maintained

### **D2 INCOME**

#### Overview and Control

1. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly in the name of the PFCC. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.
2. The PFCC and Chief Fire Officer should have regard to section 18 of the Fire and Rescue services Act 2004 when applying charges for chargeable services. The purpose of charging for special services is to ensure that, whenever appropriate, those using the services pay for them.
3. The PFCC should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels, the PFCC should ensure that ongoing resource requirements are not dependent on a significant number of uncertain or volatile income sources and should have due regards to sustainable and future years' service delivery.
4. When specifying resource requirements the Chief Fire Officer will identify the expected income from charging. The Chief Fire Officer should develop policy with the PFCC in respect of charging for mutual aid.

#### Key Controls

5. The key controls for income are:
  - There are arrangements for the collections of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.

- That relevant employees are supplied with receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- All income is paid fully and promptly into the designated Income Bank Account in the name of the PFCC. Appropriate details should be recorded onto paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
- Income is not used to cash personal cheques or make other payments.
- That an effective debt collection procedure is in operation. This is to include debt recovery procedures, and when necessary, legal action to recover monies dues to the PFCC and the Service.
- That income is written off, in line with corporate policies and delegated limit as specified in Section F.

### Responsibilities of the Statutory Officers

6. To have regard to section 18 of the Fire and Rescue services Act 2004 when applying charges for chargeable services.996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.
7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PFCC.
8. To prepare detailed Financial Instructions for dealing with income to be agreed with the PFCC CFO and to issue them to all appropriate employees.

### **D3 ORDERING OF GOODS AND SERVICES**

#### Overview and Control

1. Public money should be spent with demonstrable probity and in accordance with PFCC policies. The statutory officers have a statutory duty to achieve best value, in part through economy and efficiency. Procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

#### Key Controls

2. The key controls for ordering work goods and services are:
  - All goods and services are ordered only by appropriate persons and are correctly recorded.
  - All goods and services shall be ordered in accordance with the PFCC's standing orders.
  - A computer-generated order should always be issued and authorised.

This control should only be set-aside in exceptional circumstances.

- All orders should be raised at the time of placing the order and not on receipt of the goods/services or invoice.
- Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.

#### Responsibilities of the Statutory Officers

3. The PFCC is responsible for approving the Contract Standing Orders
4. To ensure all officers and staff are made aware of the responsibility they have to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions.
5. All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Purchase orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PFCC CFO. All purchase

orders must be generated through the approved system unless expressly authorised by PFCC CFO. The PFCC operates a “No P.O. – No Pay” policy.

6. To ensure that purchase orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, purchasing card purchases, imprest purchases or other exceptions specified by the PFCC CFO.
7. To ensure authorisation of requisitions / orders are in accordance with the limits shown in section F. Only authorised officers and staff can raise requisitions / orders and therefore an authorised signatory list will be maintained. Purchasing Cards may be used in compliance with the requirements and guidance.
8. Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of PFCC contracts.
9. Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
10. Tenders and quotations shall be obtained in accordance with Contract Standing Orders within the limits shown in Section F.
11. Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
12. Where possible, a different person should authorise the payment from the person who signed the requisition / order.

### **D4 PAYMENTS OF GOODS AND SERVICES**

#### Overview and Control

1. Apart from petty cash the normal method of payment from the PFCC shall be by BACs payment, or other instrument or approved method, drawn on the PFCC bank account. The use of direct debit shall require the prior agreement of the PFCC CFO.

#### Key Controls

2. The key controls for paying for work goods and services are:
  - Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.
  - Payments are not made unless goods have been received and to the correct price, quantity and quality standards.



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- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically

### Responsibilities of the Statutory Officers

3. All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.
4. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.
5. Segregation will exist between the person ordering and the person approving the order. The receipting of goods confirms the invoice is suitable for payment. In the case of a manual invoice the 2 members of staff need to be involved in the ordering/receipting/authorising process.
6. Authorisation of invoices shall be in accordance with the limits shown in section F.
7. Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.
8. Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
9. All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.

## **D5 PAYMENTS TO EMPLOYEES AND MEMBERS**

### Overview and Control

1. Employee costs are the largest item of expenditure for most organisations. Therefore, it is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.
2. All overtime claims and other claims for remuneration, travel and expenses should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

### Key Controls

3. The key controls for payments to employees and members are:
  - Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
    - Starters
    - Leavers
    - Variations
    - Enhancements

And that claims for payments are made on the approved and appropriate documentation

- Regular reconciliation of the HR system to the Payroll system.
- Frequent reconciliation of payroll expenditure against approved budget and bank account.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- The HM Revenue & Customs regulations are complied with.
  - Recovery of overpayment
  - Responsibility of adhering to time lines

Responsibilities of the Statutory Officers

4. To ensure appointments are made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the correct format and to the timescales required.
5. The PFCC shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers and staff. Adequate and effective systems are to be in place and procedures operated so that payments are only authorised to bona fide officers, staff and pensioners payments are only made where there is a valid entitlement conditions and contracts of employment are applied correctly officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
6. The CEO shall make arrangements for the payment of all PFCC travel and expenses claims. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with Section F Delegated Limits.
7. Payroll transactions are to be processed only through the payroll system. Payments to individuals engaged on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs requirements. The HM Revenue and Customs applies a tight definition of employment status, and in cases of doubt, advice should be sought.
8. To ensure that full records are maintained of benefits in kind and that they are properly accounted for in any returns to the HM Revenue and Customs.
9. To ensure compliance with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of income tax and national insurance. To ensure compliance with regulations regarding the pay over of pension deductions and other statutory or voluntary deductions from pay. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self-assessment system.

### **D6 TAXATION**

#### Overview and Control

1. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.
2. It is important that all relevant officers and staff are kept up to date on tax issues and instructed on required record keeping.

#### Key Controls

3. The key controls for taxation are:
  - Relevant staff are provided with relevant information and kept up to date on tax issues.
  - Accurate record keeping.
  - All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
  - Records are maintained in accordance with instructions.
  - Returns are made to the appropriate authorities within the stipulated timescale.

#### Responsibilities of the Statutory Officers

4. To ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
5. To ensure that the correct VAT liability is attached to all income due and that all VAT reclaimed on purchases complies with HM Revenue and Customs regulations. The PFCC CFO shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
6. Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The PFCC CFO shall provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.
7. To ensure up to date guidance is given to officers and staff on organisational taxation issues (e.g. VAT and CIS).

## **D7 EX GRATIA PAYMENTS**

### Overview and Control

1. An ex gratia payment is a payment made where no legal obligation exists. An example may be to recompense staff for damage to personal property in the execution of duty.

### Responsibilities of the Statutory Officers

2. The PFCC and the CFO may make ex gratia payments to members of the public up to the level shown in section F in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of fire service action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PFCC. The PFCC CFO shall maintain details of such payments in a register.
3. The PFCC and CFO may make ex gratia payments up the level shown in section F in any individual instance, for damage or loss of property or for personal injury to staff in the execution of duty or to staff in relation to employment errors. The PFCC and the CFO shall maintain details of such payments in a register.

## **D8 PENSIONS**

### Overview and Control

As a responsible public body the PFCC will ensure that the Pension Schemes are made easily available to all eligible staff. The recent changes which have introduced auto enrolment into the pension scheme enforces this concept.

### Key Controls

1. The key controls relating to pensions are:
  - Relevant staff are provided with relevant information and kept up to date on pension issues.
  - Accurate record keeping
  - Good communication with the County Council Pension Administrator
  - Compliance with acts and regulations
  - Records are maintained in accordance with instructions

### Responsibilities of the Statutory Officers

2. To ensure that there are adequate arrangements for administering police pension and Local Government Pension Scheme (LGPS) matters on a day-to-day basis.
3. To record and make arrangements for the accurate and timely payment of pensions and police pensions to the scheme administrators
4. The appointment of a Pension Administrator to administer the LGPS and to appoint a Scheme Manager for Firefighter Pensions Schemes on behalf of the PFCC.
5. The Home Office are responsible for the Firefighter Pension schemes and the organisation acts as a “holding account” although the transactions are shown in the PFCC statement of accounts.
6. To ensure Pension Boards are established to administer the schemes in accordance with current legislation and regulations.
7. To ensure that timely and accurate information is supplied to the Home Office for the Top Up arrangements.
8. To ensure that timely information is supplied to the actuaries.
9. To refer internal disputes relating to pensions to the Scheme Manager in the first stage, with second stage disputes being referred to the PFCC CFO
10. The PFCC CFO is responsible for the governance arrangements.

## **D9 GOVERNMENT PROCUREMENT CARDS**

### Overview and Control

1. Government Procurement Cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties. They provide an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.

### Key Controls

2. The key controls for Government Procurement Cards are
  - Detailed instructions to all authorised card holders and users
  - A procedure which controls the issue of cards and limits on each card.

### Responsibilities of the Statutory Officers

3. That the PFCC CFO undertakes periodic reviews of the register of individuals and limits assigned to each card.
4. To ensure that all card holders are aware of the financial instructions relating to the use of cards.
5. To ensure that all purchases are checked to ensure compliance with approved policies (e.g. Gifts, Gratuities and Hospitality, Catering).
6. To ensure that the process requires receipted details of payments, particularly VAT receipts and all requirements of the providers electronic receipting and payments processes are adhered to.

## SECTION E EXTERNAL ARRANGEMENTS

### E1 PARTNERSHIPS

#### Overview and Control

1. Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. A partner may be defined as:
  - an organisation joining to undertake, part fund or participate as a beneficiary in a joint project, or
  - a body whose nature or status give it a right or obligation to support a joint project

Partnerships typically fall into three main categories:

- **Statutory based** - These are partnerships that are governed by statute.

They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs).

- **Strategic** - These are partnerships set up to deliver core policing objectives. They can either be Service-wide or local.
  - **Ad Hoc** - These are typically locally based informal arrangements agreed by the PFCC
2. The main reasons for entering into a partnership with others are:
    - to provide new and better ways of delivering services
    - to comply with statutory requirements
    - the ability to access new resources
    - the desire to find new ways to share risk
    - to forge new relationships
    - mitigate costs when looking to achieve shared goals
  3. Partners undertaking a joint venture have common responsibilities:
    - to act in good faith at all times and in the best interests of the partnership's aims and objectives
    - to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
    - to be open about any conflicts that might arise to encourage joint working and promote the sharing of information, resources and skills
    - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
    - to promote the project
  4. The PFCC and CFO should welcome the opportunity for forming partnerships with other local organisations to address local needs. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, Commissioners are free to pool funding as they and their local partners see fit. Commissioners can enter into any local contract for services, individually or collectively with other local partners, including non- fire service bodies.
  5. When the PFCC acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Commissioner is able to make grants in support of



local priorities. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

6. The PFCC may also make grants under Community Empowerment in support of new or local priorities. Such grants will not exceed the limit detailed in Section F.

### Key Controls

7. The key controls for partnerships are:
  - If appropriate, to be aware of their responsibilities under the PFCC financial regulations.
  - To ensure that risk management processes are in place to identify and assess all known risks.
  - To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
  - To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.
  - Information sharing agreements should be incorporated for compliance with Management of Police Information and Data Protection Act.
  - To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
  - Exit strategies should be included from the start.

### Responsibilities of the Statutory Officers

8. The CEO is responsible for preparing a policy statement on partnership arrangements. The PFCC is responsible for approving the policy.
9. The PFCC shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
10. The PFCC and CFO are responsible for undertaking the partnership funding arrangements, in accordance with the agreed policy. The PFCC and CFO shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.

11. The PFCC and CFO shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
12. The PFCC CFO should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
13. The PFCC and CFO, upon taking appropriate advice, shall ensure that:
  - before entering into the agreement, a risk management appraisal has been prepared
  - such agreements do not impact adversely upon the services provided by the PFCC and CFO
  - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
  - all arrangements are properly documented
  - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
  - audit, security and control requirements are satisfied accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements
14. The CEO shall maintain a register of all partnership arrangements.
15. The PFCC and CFO shall ensure that all officers and staff involved in partnership arrangements have access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non-compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the PFCC following the agreement of the PFCC CFO should be sought.

### **E2 EXTERNAL FUNDING**

#### Overview and Control

1. External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PFCC should agree a fees and charges policy and review this on a regular basis.
2. Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

### Key Controls

3. The key controls for external funding are:
  - To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
  - To ensure that funds are acquired only to meet the priorities approved in the Fire and Rescue Plan.
  - To ensure that any match-funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

### Responsibilities of the Statutory Officers

4. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the PFCC. In such cases, shall ensure compliance with the key conditions determined by the funding body and any statutory requirements. If there is a conflict, this needs to be taken to the PFCC for resolution.
5. To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.
6. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the PFCC.
7. All bids for external funding and the proper recording of grant income shall be coordinated through the CC and subject to the approval of the PFCC.
8. To ensure that all funding notified by external bodies is received and properly recorded in the accounts, that all claims for funds are made by the due date and that audit requirements are met

### **E3 WORK FOR THIRD PARTIES**

#### Overview and Control

1. Current legislation enables the PFCC to provide services to other bodies. Such work may enable economies of scale and existing expertise to be maintained. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

#### Key Controls

2. The key controls for working for third parties are:
  - To ensure that proposals are costed properly in accordance with guidance provided by the Home Office, or the PFCC.
  - To ensure that contracts are drawn up using guidance provided by the Home Office, or the PFCC.
  - To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

#### Responsibilities of the Statutory Officers

3. To ensure that :
  - proposals for assistance are costed,
  - that contracts are drawn up where appropriate,
  - that no contract is subsidised by the organisation
  - that contracts do not impact adversely on the services provided.
  - that charges are made in accordance with the PFCC policy
  - that, where possible, payment is received in advance of the delivery of the service
  - that the PFCC is not put at risk from any bad debts.
4. The CC shall ensure that appropriate insurance arrangements are in place

## **E4 COLLABORATED ACTIVITIES AND CONSORTIUM ARRANGEMENTS**

### Overview and Control

1. Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements. All collaboration activities involving functions under the direction of the CFO shall be financially appraised by the PFCC CFO. Such collaboration may take the form of MOU, or section 13/16 agreements. Final approval of all collaborative arrangements rests with the PFCC.
2. The PFCC and CFO may enter into Consortium (Shared Services) arrangements.  
  
Such an arrangement is a long term joint working arrangement with other PFCCs/Services operating within a formal legal structure approved by the PFCC. Prior to entering into any consortium arrangement the proposal shall be financially appraised by the PFCC CFO. The CEO will sign the Memorandum of understanding (setting out the governance arrangements of the project) on behalf of the PFCC/Service.

### Responsibilities of the Statutory Officers

To ensure that each activity covered by collaborated arrangements is subject to the financial regulations of one of the PFCC's involved. The particular PFCC's financial regulations should be selected having regard to the staffing, activity and location of the collaborated activity.

3. To contact the PFCC Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
4. To consult, as early as possible, the PFCC CFO to ensure the correct treatment of taxation and other accounting arrangements.
5. To produce a business case to show the full economic benefits to be obtained from participation in the collaboration/consortium.
6. To produce a Memorandum of Understanding (MOU) or a s22 agreement setting out the appropriate governance arrangements

## E5 COMMISSIONING

### Overview and Control

1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PFCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PFCC to pool funding as they and their local partners deem appropriate. In accordance with the Commissioning Framework, the PFCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Fire and Rescue Plan. They may do this individually or collectively with other local partners including non-policing bodies. The PFCC must have regard to the relevant priorities of each responsible authority.
2. It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.
3. The Chief Fire Officer may not undertake commissioning or grant arrangements without agreement of the PFCC.

### Key Controls

4. The key controls for commissioning are:
  - Agreements with clear priorities and outcomes
  - Grant conditions and outcomes

### Responsibilities of the Statutory Officers

5. To have regard to relevant priorities of local partners when considering and setting the Fire and Rescue Plan.
6. To work effectively with other local leaders who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.
7. To consult with victims and witnesses of crime about policing and the proposed Fire and Rescue Plan. To commission the victim and witnesses support services in Northamptonshire.

## NCFRA Corporate Governance Framework

8. To make appropriate robust arrangements to commission services from the Service or external providers.
9. To award grants as approved by the PFCC.
10. Authorisation of grants shall be in accordance with the limits shown in section F.
11. To develop a commissioning framework that will support the objectives as set out in the Fire and Rescue Plan. The framework should encourage a mixed economy of provider options and where necessary
12. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.
13. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.
14. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Fire and Rescue Plan.

## SECTION F DELEGATED LIMITS

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

For the purpose of this document, “Sensitive” contracts are those that are above EU Procurement Limit threshold level (currently £181,302), or are novel, contentious, in the public interest or politically repercussive.

### F1 Financial Planning

#### Annual Revenue Budget Preparation

1. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below.

£250,000

2. Major projects need not be referred back to the PFCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown below:

By lesser of 5% or £5,000

3. Business Case Approval

Business case for provision of new service, or change to the way services are provided which results in an expenditure of up to £100,000 may be approved by the PFCC CFO/CEO. Approval of business cases in such categories over this are to be approved by the PFCC.

Approval of business case for capital expenditure requires the PFCC or his delegated officer approval in all circumstances.

### F2 Budgetary Control

Virement is defined to be the transfer of budget between budget heads within a financial year and will always be a net nil, whereas a budget adjustment is defined as a budget movement at the time budgets are prepared for the forthcoming financial year.

1. Revenue Virement/ Revenue Budgetary Movement Limits

It is the responsibility of the Budget Manager to request approval to virement and budgetary movement subject to the following limits



## NCFRA Corporate Governance Framework

### Service Budget

Up to £100,000 CFO

Over £100,000 PFCC CFO in conjunction with PFCC

#### 2. PFCC's own budget

Up to £100,000 PFCC CFO

Over £100,000 PFCC

#### 3. The following virement also requires the PFCC approval:

- That which involves a substantial change of policy of service delivery
- That which results in a significant addition to commitment in future years
- Transfer to and from capital expenditure
- Additional budget funded from reserves

#### 5. Budgetary Authorisation Limits

£0 - £24,999	Budget Holder
£25,000 - £99,999	CFO/ACFO
£100,000 +	PFCC CFO/CEO/PFCC

#### 6. Treatment of Year End Balances

As a default position, all carry forward underspends shall be transferred to reserves. Requirements should be prioritised carefully by the PFCC and CFO to enable best informed judgements as to future funding levels and planning the use of resources.

### **F3 Capital Programme**

1. Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made.
2. There may be instances where a capital requirement is identified in year, in addition to and outside of the agreed annual budget. In such cases, the bidding manager must raise a bid for the scheme.
  - A bid for capital scheme in year up to £50,000; fully funded/with no future years commitment requires joint approval from the PFCC CFO.

## NCFRA Corporate Governance Framework

- A bid for a capital scheme which are more than £50,000; unfunded and with future year's commitment requires the PFCC's approval.
3. The delegated limits for approval of investment in capital programme are as follows:  
£100,000 over life time of investment: PFCC CFO  
Over £100,000 over the life time of investment: PFCC
  4. All variations to the Capital Programme is approved by the Commissioner and reported to him/her or delegated staff quarterly. All capital overspend, when identified, will require PFCC approval as they have borrowing implications.

### F4 Financial Risk

1. The CFO shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the PFCC, for approval.  
£20,000 excluding legal costs
2. The CFO shall be authorised to settle civil claims settlements, including Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PFCC, for approval.  
Up to £10,000  
Head of Legal Services: From £10,001 up to £20,000 excluding legal costs  
There are exceptions in employment tribunal cases. These occur when cases are felt to be sensitive for the reason below;
  - They involve high profile claimants
  - There is a particular public interest in the case
  - *There is a real risk that the PFCC will be exposed to serious public criticism or serious weaknesses in the organization or police and procedures will be revealed.* Such cases will be referred to the CEO for consideration by the PFCC.
3. The PFCC must approve all requests for financial assistance to officers and staff involved in legal proceedings.
4. PFCC CFO is responsible for the day to day management of the insurance functions.

## F5 Assets

### Land & Buildings

1. The CFO may not acquire any freeholds/leaseholds without clear, prior written approval of the PFCC. However, the CFO may recommend purchases of Land & Buildings to the PFCC, which is in keeping with the operational requirements.
2. The PFCC CFO and CFO shall maintain an asset register for all Land and Buildings assets, the CFO will maintain an asset register for all fixed assets with a value in excess of the limits shown below:

Vehicles – £20,000

Computer Equipment – £20,000

Plant and Equipment - £20,000

### Inventories

3. The CFO shall ensure inventories are maintained that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

Above £250

### Stocks and Stores

5. Discrepancies between the actual level of stock and the book value of stock may be written off by the CFO up to the level shown below. Amounts for write off above this value must be referred to the PFCC for approval.

Individual items £15,000

Overall annual limit for financial year £15,000

6. Obsolete stock may be written off by the PFCC CFO up to the level shown below.

Individual items £15,000

Overall annual limit on all stock £15,000

Amounts for write off above this value must be referred to the PFCC for approval.

### Asset Disposal

7. The CFO may dispose of surplus vehicles, leases and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PFCC for prior approval.

Equipment £10,000

Individual vehicles £10,000

8. Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value.

Land & Buildings £250,000

Equipment £15,000

### F6 Banking Arrangements

1. All imprest cheques shall be signed at an appropriate level in accordance with an approved list and up to the level shown below

Up to £1,000, one signatory

### F7 Income

2. Where the monetary value of a sponsorship proposal is over the limit shown below or is perceived to be of a sensitive and controversial nature, this must be approved:

Up to £15,000 PFCC CFO

Over £15,000 PFCC

3. Individual debtor amounts may be written off by the PFCC CFO up to the level shown below. Amounts for write off above this value must be referred to the PFCC for approval.

Limit		PFCC CFO	PFCC
Individual Limit	< £10,000	✓	
	>£10,000		✓
Aggregate Limit	< £50,000	✓	
	>£50,000		✓

4. Salary Overpayment Write Off

To ensure the responsible stewardship of its resources, the OPFCC reserves the right to recover all overpayment of salary, expenses or other emoluments in excess of the employee’s contractual entitlement. Finance should take all reasonable measures to pursue recovery of the overpayment, and this includes arranging a payment plan to recover the funds.

In exceptional circumstances, overpayments can be written off, in part or in full:

- Write offs for individual salary overpayment of £500 may be written off by the PFCC CFO.
- PFCC CFO may write off salary overpayments up to the maximum of £5,000 in a financial year
- Salary overpayments over the above limit (individually or in a financial year) may only be approved by the PFCC.

All cases of overpayment will be dealt with on an individual basis to ensure minimum hardship for the employee.

All write-offs must be recorded and reported to the PFCC when the total exceeds £20,000 in any given financial year.

**F8 Procurement of Goods and Services**

1. Authorisation of orders shall be in accordance with the limits shown below:

## NCFRA Corporate Governance Framework

(i) Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder
£25,000 to £99,999	Signature / Purchase Order	EMSCU Commercial Director or delegate (PO = local arrangements)
£99,999 to EU's Upper limit (currently £181,302)	Signature / Purchase Order if a Framework call-off or Written Contract	PFCC CFO (in discussion with PFCC)
In excess of EU Public Procurement thresholds	Signature / Purchase Order if a Framework call-off or Written Contract	PFCC

ii. Approval of exemption to contract standing order (Single Tender Action)*, authorisation of such purchases are in line with the contract	Any value (subject to iii below)	PFCC CFO
iii. Approval of all sensitive contracts.		PFCC
iv. Approval of non-sensitive contract variation	Is in line with procurement delegated limits	Should a variation result in a delegated limit being exceeded, approval should be sought from the next level
v. Approval of non-sensitive contract extension, where there was no option to extend	Max of 6 months, as long as it is within delegated limits	PFCC CFO
vi. Approve all variations, termination and extensions of sensitive contracts		PFCC
vii. Termination of non-sensitive contracts	Up to EU Public Procurement threshold (currently £181,302)	PFCC CFO
	In excess of EU Public Procurement threshold (£181,302)	PFCC

2. Written quotations shall be obtained in accordance with Contract Standing Orders as detailed below:

One written quotation

Supplier identified as providing best value up to £10, 000

At least 3 written quotations (unless exemption granted by the Procurement Advisor) £10, 000 to £25, 000

Over £25, 000 formal tender process undertaken in conjunction with the Engagement Partner and complying with the special conditions for tenders over EU threshold

Note: Any contract in excess of £25,000 can only be awarded following consultation with the Procurement Advisor.

### **F9 Legislative Payments**

- 9.1. Authorisation of legislative (e.g. HMRC tax liabilities, apprenticeship levy and third party payments) may be approved by the PFCC CFO

### **F10 Ex Gratia Payments**

Gifts, Loans and Sponsorships

1. The CFO may only enter into sponsorship arrangements after the approval of the PFCC.
2. The CFO may make ex gratia payments to members of the public or recompense to a member of staff, up to the level shown below in any individual instance, for damage or loss of property or for personal injury or costs incurred as a result of fire and rescue service action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any functions of the Service. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules in the execution of duty or to a member of the public assisting the Service. Advice should be obtained from subject matter experts and these may include HR and Legal Services. Amounts greater than those specified must be referred to the PFCC for approval.

£10, 000





**F11 Grants**

4. Authorisation of grants should be made in accordance with the limits detailed below:

Only the PFCC and his staff as set out in the consent of scheme and delegation may authorize grants

**F12 External Funding**

5. The CFO is authorised to identify and pursue external funding up to £250,000 and which is part of the agreed budget. Any external funding in excess of this limit and/or not within the agreed budget requires PFCC prior approval.



**NCFRA**  
**Contract Procedure Rules and**  
**Standing Orders**

December 2018

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## 1. Introduction

- 1.1 These Contract Procedure Rules and Standing Orders for the PFCC (the Fire Authority) and NFRS (the Service) are intended as a guide for our suppliers and staff to help those engaged in buying or providing goods and services.

Public procurement is a complex process governed by rules and regulations. They aim to ensure the freedom of opportunity to trade with us as an organisation and that we are open and transparent in the way we do business. This also helps to ensure we achieve value for money, the right balance between quality, performance and price, when we buy goods and services. In doing so we ensure we make the best use of scarce public resources.

It is important to note that wherever there is a relationship between the PFCC or the Service and another organisation that can be defined as “a binding agreement for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration”, this constitutes a Contract. Even if the arrangement has historically been called something else, such as a Grant, it is actually a Contract, and is therefore subject to these Contract Procedure Rules and Standing Orders. These rules ensure that a competitive procurement exercise, resulting in value for money, is undertaken, or that in exceptional cases appropriate approvals, based on sound reasoning, are gained for not competing the Contract opportunity.

These Contract Procedure Rules and Standing Orders relate to PFCC, and the Service. The PFCC has given a range of formal delegations to the Chief Fire Officer (CFO) and similarly delegation to undertake the associated procurement activity on behalf of the Service and to authorise the CFO to accept any tenders and sign contracts in accordance with contracts which relate to the Service.

## 2. Business Code of Conduct

### 2.1 Purpose

This is the Business Code of Conduct for the PFCC (the Fire Authority) and NFRS (the Service). The purpose of this section is to advise the minimum standards expected of all staff and agents employed by the PFCC and also to ensure fairness and consistency of approach in line with sound commercial practice.

### 2.2 Application

All staff and agents employed by the PFCC must abide by this code in the conduct of the business of the office.

Staff should regard the code as the basis of best conduct. Staff should raise any matter of concern of an ethical nature with their line manager, PFCC CFO or the CEO, irrespective of whether it is addressed in this Code. Staff should also ensure that they comply with the Anti- Fraud and Corruption requirements in respect of gifts, gratuities and hospitality as set out within the financial regulations. Any matters arising which are outside the bounds of this Code should be referred immediately to line management.

### 2.3 Conduct

2.3.1 Staff shall always seek to uphold and enhance the reputation of the organisation and always act professionally by:

- 2.3.1.1 maintaining the highest possible standard of probity in all commercial relationships, inside and outside the organisation;
- 2.3.1.2 rejecting and reporting any business practice which might reasonably be deemed illegal or improper and never using authority for personal gain;
- 2.3.1.3 enhancing the proficiency and stature of the organisation by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour;
- 2.3.1.4 ensuring the highest possible standards of professional competence including technical and commercial knowledge
- 2.3.1.5 optimising the use of resources to provide the maximum benefit to the organisation

Complying both with the letter and the spirit of:

- (i) the law and all legislation governing their procurement activity; this code, procurement policy and procedure, contract standing orders and financial regulations;
- (ii) guidance on professional advice; and
- (iii) contractual obligations

### 2.3.2 Staff must never allow themselves to be deflected from this code of conduct.

Failure to do so may result in disciplinary action. In abiding by this code, the rules set out below must be followed:

### 2.3.3 Declaration of Interest

Any personal interest which may affect or be seen by others to affect your impartiality in any matter relevant to your duties must be declared.

## Managing Conflicts of Interests

The PFCC must not award a contract where conflicts or potential conflicts exist between the interests involved in commissioning such services and the interests involved in providing them affect, or appear to affect, the integrity of the award of that contract.

Examples of conflicts of interest include:

- Having a financial interest (e.g. holding shares or options) in a Potential Bidder or any entity involved in any bidding consortium including where such entity is a provider of the Goods or Services or any employee or officer thereof (Bidder Party);
- Having a financial or any other personal interest in the outcome of the Evaluation Process;
- Being employed by or providing services to any Bidder Party;
- Receiving any kind of monetary or non-monetary payment or incentive (including hospitality) from any bidder party or its representatives
- Canvassing or negotiating with any person with a view to entering into any of the arrangements outlined above;
- Having a close family member who falls into any of the categories outlined above;
- Having any other close relationship (current or historical) with any Bidder Party.

Examples of potential conflicts of interest include:



- There is a real possibility that an outside interest will lead an individual to act in a way that is not impartial and independent in carrying out their duties on behalf of PFCC
- There is a real possibility that an outside interest held by a close personal relation, business associate or other person known to an individual will lead an individual to act in a way that is not impartial and independent in carrying out their duties on behalf of PFCC;
- A fair minded and informed observer would conclude that one of the above interests exists and that there was a real possibility that the interest could lead the individual to act in a way that is not impartial or independent in carrying out their duties on behalf of PFCC.
- A conflict of interest arises where an individual's ability to exercise judgement or act in one role is or could be impaired or otherwise influenced by his or her involvement in another role or relationship. The individual does not need to exploit his or her position or obtain an actual benefit (financial or otherwise). A potential for competing interests and/or a perception of impaired judgment or undue influence can also be a conflict of interest.
- The management of conflicts of interest is vitally important in the procurement of goods or services and managing them appropriately is paramount to the probity and accountability of PFCC and the Service's decision making and will ensure that the principles of transparency, fairness and non-discrimination are upheld.

### 2.3.4 Confidentiality and Accuracy of Information

The confidentiality of information received in the course of duty must be respected and must never be used for personal gain. Information given in the course of duty should be honest and clear.

### 2.3.5 Competition

The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

### 2.3.6 Business gifts

Gifts from suppliers other than items of very small or no intrinsic value, such as business diaries or calendars, should not be accepted but should be declined courteously.

### 2.3.7 Hospitality

The recipient should not allow themselves to be influenced, or be perceived by others to have been influenced, in making a business decision as a consequence of hospitality. The frequency and scale of hospitality accepted should be recorded and managed openly with care. It should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a good use of public funds.

## 3 Policy and Procedures

### 3.1. Introduction

Procurement policy and procedures are determined and owned by the PFCC. It aims to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the PFCC and the Service.

### 3.2. Responsibilities

EMSCU is responsible to the PFCC CFO for ensuring that procurement policy, procedures and contract standing orders are maintained. The day to day activity of procuring goods, services and works is undertaken by Authorised Officers and EMSCU based on the value, and must be conducted in accordance with the principles and rules of this document and the PFCC Financial Regulations and Scheme of Delegation.

### 3.3. Scope

All staff and Police Officers employed by the PFCC must abide by procurement policy and procedure in the conduct of the business of the office. Failure to comply may result in disciplinary action.

#### **4. Procurement Policy**

4.1 The procurement policy of the PFCC is that:

- i. All procurement activity will be undertaken in a transparent, fair and consistent, manner, ensuring the highest standards of probity and accountability.
- ii. All staff will adhere to the Procurement Policy and procurement procedures and seek to ensure acceptance and operation of it among colleagues and stakeholders.
- iii. All procurement will be compliant with good commercial practice and open to continuous improvement and development to ensure value for money.
- iv. All staff involved in procurement activities will familiarise themselves with the Business Code of Conduct and consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- v. All procurement activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.
- vi. All procurement activity will also comply with Contract Procedure Rules and Standing Orders; Financial Regulations, and Scheme of Delegation.
- vii. All procurement activity will be ethically, environmentally and socially responsible with due consideration being given to any economic benefits and regeneration opportunities.
- viii. PFCC and the Service will ensure, when applying this Policy that they comply with their duties under the Equality Act 2010 and does not discriminate directly or indirectly against staff or potential service providers on grounds of race, colour, age, nationality, ethnicity, gender, sexual orientation, marital status, religious belief or disability.

## 5. Procurement Procedures

### 5.1. Introduction

Procurement procedures provide information on how to procure goods, services and works on behalf of PFCC and the Service. They also define the minimum processes expected of staff engaged in a procurement process and when and where to get further professional advice. Before undertaking any procurement staff are required to read through these procedures and the associated business code of conduct and procurement policy.

### 5.2. Procedures

5.2.1 There are a number of routes through which goods, services and works can be procured. These include using existing contracts that have already been negotiated locally and running a new competitive procurement, for which the process is dependent on the value of spend. Procurement can also be carried out through framework agreements. These are National, Regional or local agreements that can be used to buy directly from a supplier or by conducting a further competition exercise where there is more than one supplier.

5.2.2 These procedures cover all of these procurement routes and set out the rules that apply and the staff that have to be involved in the process. They also cover how to deal with exceptions. This is when the rules may not apply.

5.2.3 Once procurement has begun, these procedures will also set out rules for how to manage the process including dealing with late Tenders, evaluation of Tenders, variations to contracts and the documents and records that need to be maintained.

5.2.4 Should these procedures not appear to provide the appropriate mechanisms at any stage of the procurement process, advice must be sought from line management or the Procurement Advisor before proceeding further. Information contained within the procedures refers to both procurement activity involving a Tender process and to PFCC contracts regardless of how they were entered into.

5.2.5 Further advice on these procedures and any aspects of the procurement process can also be provided by EMSCU

## 6 Procurement Routes

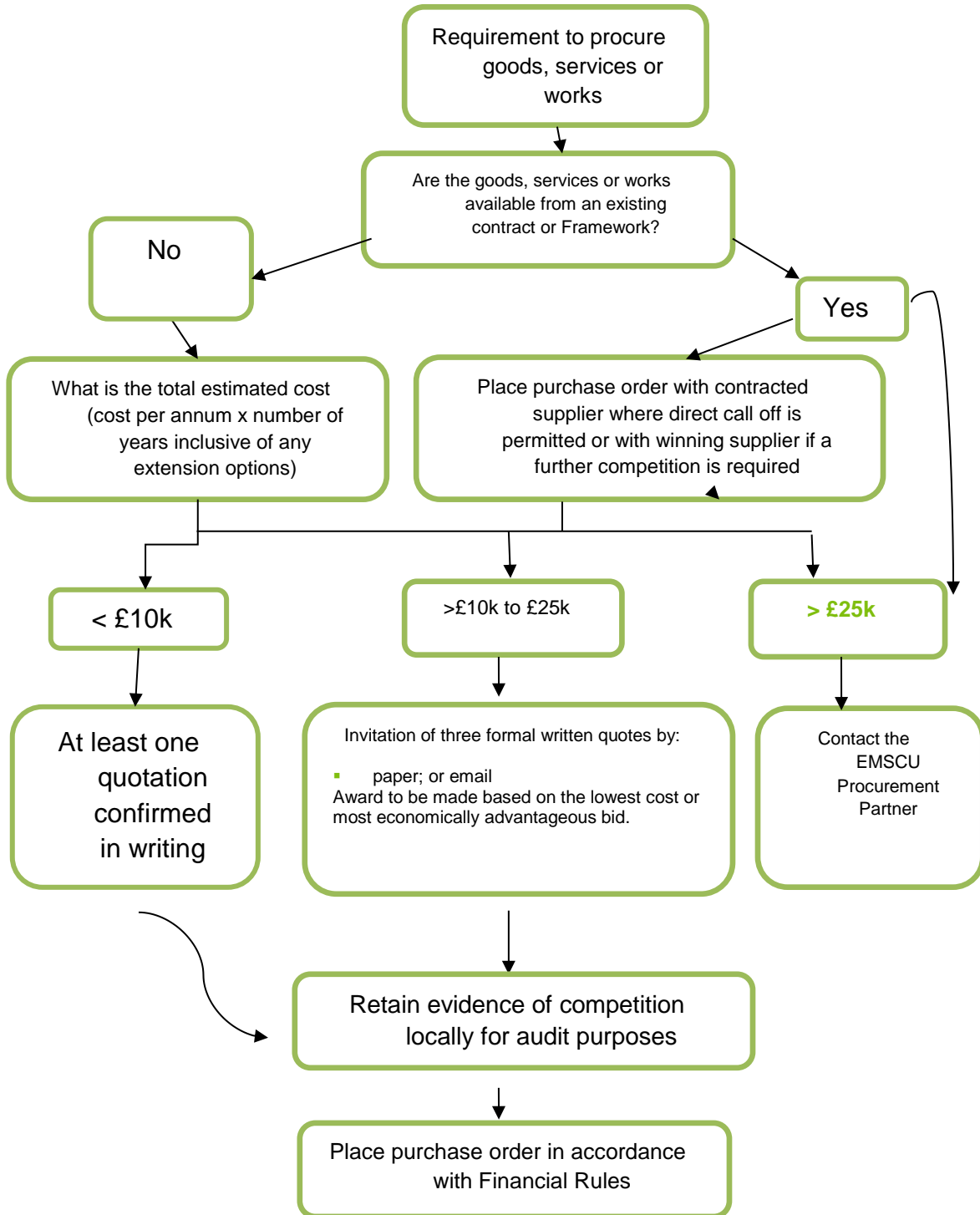
### 6.1 Introduction

There are a number of different routes through which procurement may take place. This section of the procedures provides instruction on how to identify the most appropriate procurement route. A procurement procedure flow chart is set out below. This has been developed to identify which procurement route should be followed based on the framework agreements/collaborative contracts available and accessible, together with the estimated total contract value. Once the most appropriate procurement route has been identified, the relevant section of this document will explain the detailed procurement procedure.

The key principles of good procurement are:-

- **Transparency:** Making commissioning intent clear to the market place. Including the use of sufficient and appropriate advertising of tenders, transparency in making decisions not to tender, and the declaration and separation of conflicts of interest;
- **Proportionality:** Making procurement processes proportionate to the value, complexity and risk of the services contracted, and critically not excluding potential providers through overly bureaucratic or burdensome procedures;
- **Non-discrimination:** Having specifications that do not favour one or more providers. Ensuring consistency of procurement rules, transparency on timescale and criteria for shortlist and award; and
- **Equality of treatment:** Ensuring that all providers and sectors have equal opportunity to compete where appropriate; that financial and due diligence checks apply equally and are proportionate; and that pricing and payment regimes are transparent and fair.

6.2 PROCUREMENT PROCEDURE FLOWCHART



If the goods, services or works are available under an existing contract and represents value for money, that contract must be used. An existing contract includes those contracts where PFCC are not the lead organisation but where we have committed to use the contract. This can include Regional and National Framework arrangements. For some goods, works and services, national arrangements are mandated by Central Government. The procuring officer must consult with the EMSCU Partner to ascertain whether an existing contract or framework should be used.

6.3.1. Existing contracts offer many benefits. The contract will already be compliant with EU legislation and Contract Standing Orders and there is no requirement to run a further procurement process. Through the whole organisation using the same contract we minimise the administrative costs associated with the use of multiple suppliers and achieve better value for money by being able to offer suppliers more business. In using existing contracts we also have assurance that the supplier has met numerous rigorous standards including financial stability, health & safety, insurance, ethical and environmental standards etc. and robust contract terms will be in place.

6.3.2. When purchasing through an existing contract the only requirement is to place a purchase order with the contracted supplier, referencing the contract number, which is then approved by the Authorising Officer in accordance with these Contract Procedure Rules and Standing Orders. The EMSCU Partner can provide advice on whether a contract exists.

### **6.4 Competitive Procurement**

Where there is no existing contract available it will be necessary to go through a new procurement process. The rules to follow depend on the amount of money that is likely to be spent and this must be based on the Total Estimated Value of the contract for the whole duration of the contract, including any extension options.

### **6.5 Procurement under £10,000**

A minimum of one written quotation must be obtained either by e-mail or from a catalogue or price list. A quotation may be initially requested by telephone but the supplier must then be asked to follow this up in writing by either of the above methods prior to a purchase order being authorised and issued. Should the minimum of one quotation be used particular care should be given to ensure compliance with Procurement Policy and the Business Code of Conduct. The issue of an official purchase order to the supplier ensures the purchase is made against the Commissioners Standard Terms and Conditions of Order.

## **6.6 Procurement over £10,000 TO £25,000**

- 6.6.1. The Procuring Officer must seek a minimum of three formal written quotations in writing either on paper or by email. The number of organisations invited to submit quotes or otherwise offer to supply must be sufficient to demonstrate that genuine market forces are employed to maximise value for money. This should either be on the basis of lowest cost or the most economically advantageous Tender, after taking in to account any quality criteria.
- 6.6.2. Care must be taken to ensure all potential suppliers are treated fairly and each supplier is assessed using a pre-determined evaluation model. The evaluation should assess the quality and whole life cost of the offer if possible against the specification. An official PFCC purchase order number must be issued to the supplier to authorise the purchase and ensure the procurement is in accordance with the PFCC Standard Terms and Conditions of Order. If in doubt, contact your Procurement Partner.
- 6.6.3. The quotations should be retained locally for audit purposes together with a record of the details of the quotation exercise, in accordance with the PFCC or the Service's requirements. The details recorded should include the number and details of quotations received together with a summary of the evaluation and award decision made.
- 6.6.4. EMSCU Partner can offer advice and guidance on specifying your requirements, invitation to quote documents, evaluation models, award procedures and protocol involved in debriefing suppliers.

## **6.7 Procurement over £25,000 to under EU Threshold: Undertaken by EMSCU**

- 6.7.1. Where the total value of contract is estimated to exceed £25,000 over the whole duration, the procurement process must be managed by EMSCU on behalf of the PFCC or the Service. Tenders may be invited in a number of ways including using a single stage or two stage procedure, select list, using a framework arrangement for a direct call-off or conducting a further competition and exploiting any existing contractual arrangements. Whichever process is used, EMSCU will formulate a Procurement Strategy for the procurement which will be based on a Statement of Requirement (SOR) obtained from the originator or budget holder. The evaluation models, matrices and other tools used to assess and compare the Tenders will be determined and agreed with stakeholders or project members as part of the Procurement Strategy, prior to receipt of Tenders and quotes.
- 6.7.2. Where a **Single Stage Invitation to Tender** is being used an Advertisement will be placed by the Procuring Officer in accordance with Clause 7.6.1 and expressions of



interest invited from organisations who wish to receive Tender documents. All organisations expressing an interest are sent an Invitation to Tender within the time scales set out. Such Tenders shall include elements to assess their ability to meet financial requirements in addition to specific areas of technical ability relevant to the contract.

- 6.7.3. **Two Stage Tenders** require that **expressions of interest** are invited from the market through advertisement in accordance with Clause 7.6.1. On receipt of expressions of interest a **Selection Questionnaire** will be forwarded to the interested organisations and these, when completed, shall be assessed to determine the most appropriate organisations from whom Tenders shall be invited. Tenders will be invited from those organisations who meet the minimum selection criteria. The selection process shall always be predetermined.
- 6.7.4. Select Tender lists may be drawn up where it can be satisfactorily demonstrated that the number of competitive Tenders that could be received is limited. Such lists will be formulated and maintained by the EMSCU and reviewed on an ongoing basis. However, there is a mandate to comply with the spirit of EU Legislation and Contract Standing Orders regarding open competition which must be duly regarded.
- 6.7.5. Having identified the organisations from whom Tenders would be considered, the organisations shall be invited to express their desire to receive a Tender by requiring them to respond to an appropriate brief.
- 6.7.6. The use of further competition exercises will be adopted where pre-tendered Framework arrangements exist, such as National or Regional Frameworks, for example Government Procurement Service (GPS) or other consortia frameworks e.g. ESPO/Pro5. This involves identifying organisations that are able to meet the requirement from those who have been pre-tendered and pre-qualified. The further competition exercise is a leaner process due to the supplier already having gone through a Tender process to be awarded a place on the framework, and the evaluation criteria is dictated by the framework call off mechanism which concentrate on the price and service delivery elements of the requirement.
- 6.7.7. EMSCU will maintain a database of all available frameworks which will include an on-going assessment of the overall value for money of each framework. EMSCU will utilise a suitable framework if it is considered to offer value for money, prior to undertaking an independent procurement exercise.

### 6.8 Procurement above EU Threshold

- 6.8.1. In accordance with clauses 6.7.6 and 6.7.7, a Framework will be utilised in the first instance, if considered to be commercially suitable, ahead of undertaking any other EU procurement procedure. When procuring goods or services, the PFCC and the Service will ensure that it complies with EU procurement law and the UK's implementing Regulations to the extent that these are applicable to the services being procured.
- 6.8.2. When letting contracts above the EU threshold, the Public Contracts Regulations 2015 must be followed and adhered to by the Procurement Advisor. When undertaking procurement in accordance with EU Procurement Directives there are different types of procurement procedures that can be selected such as the Open Procedure and Restricted Procedures. In addition it is open to undertake a Negotiated Procedure or Competitive Dialogue. Competitive Dialogue may be used and is permitted under EU Legislation within strict guidelines. Negotiated Procedure or Competitive Dialogue are suitable in exceptionally complex procurements, e.g. Private Finance Initiative (PFI) and are only to be undertaken after approvals have been granted based on tests being satisfied. Whichever, of these routes is utilised will depend on the type and complexity of the procurement and will be agreed between the Procurement Officer and the Procurement Advisor as part of the strategy for that particular project.
- 6.8.3. Concerning all EU procurement the EU Directives require that consideration is given to "aggregation of demand" and that this is calculated as the total estimated annual expenditure multiplied by the total number of years for which a contract would be in place, including any extension options. If the value derived is over the EU threshold for the goods, service or works, then an EU Tender must be conducted. The EU Directives are clear that deliberate attempts to reduce, avoid or misrepresent the total value of the contract are a breach of the legislation.
- 6.8.4. The timescales for tendering under the EU Directives are prescriptive and may generally be longer than a non EU Tender. Failure to leave sufficient time to complete the tendering process is legislatively not an acceptable reason for avoidance of the regulations.
- 6.8.5. A project team will be assembled to undertake the project and will involve all the relevant stakeholders for that type of procurement. This will usually include the CEO and/or CFO (or delegates), Chief Procurement Partner, PFCC CFO, Finance, Legal and other relevant representatives.

## 7 Procurement Process

### Introduction

This section of the procedures sets out the different processes involved in undertaking procurement once the procurement route has been determined. It also sets out how to manage the process when procedures have not been followed, for example dealing with late Tenders or missing information.

#### 7.1 Steps Prior to Purchase

7.1.1 No contract for the execution of works or for the supply of goods or services shall be made unless budgetary provision has been made in annual revenue or capital estimates approved by the PFCC or unless an estimate is reported to and approved in accordance with the Standing Order.

7.1.2 The Procuring Partner must assess the requirement, in a manner commensurate with its complexity and value, by:

7.1.2.1 appraising the need for the expenditure and its priority

7.1.2.2 defining the objectives of the purchase

7.1.2.3 confirming that there is delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation.

7.1.2.4 if the total value of the proposed expenditure is estimated to exceed £25,000 then contact the Procurement Partner to enable a SOR to be completed and forwarded to EMSCU for action

7.1.2.5 for contracts that exceed £25,000, the Procurement Partner will ensure that budgetary provisions exists prior to submitting the SOR to EMSCU for action

## NCFRA Corporate Governance Framework

### 7.2 Pre-Tender Market Research and Consultation

#### 7.2.1 The Procuring Officer responsible for the purchase:

- 7.2.1.1 may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, indicative prices, contract packaging and other relevant matters, provided this does not prejudice any potential Applicant/Tenderer.
- 7.2.1.2 may seek or accept advice on the preparation of an Invitation to Tender or Quotation from anyone, but not if the advice given may prejudice the equal treatment of all potential suppliers or distort competition, and
- 7.2.1.3 should seek advice from the Supplier Services Team

### 7.4 Statement of Requirement

- 7.4.1. Specifications and standards are used to describe the requirement – goods, services and/or works – for which the procurement process is being conducted. They are included within the documents inviting suppliers to Tender. This information will be obtained when an SOR is agreed between the Procurement Partner and the budget holder.
- 7.4.2. The Procurement Partner will provide as much assistance as possible to budget holder to enable them to identify and express their requirements so that the market can respond appropriately.
- 7.4.3. Although the budget holder is responsible for identifying and owning the specification, the Procurement Partner will utilise their skills, knowledge of the market and experience in assisting compiling the specification to aid identification and expression of the requirement.
- 7.4.4. The completed SOR will then be entered into Crystal for procurement action including the formulation of a procurement strategy if appropriate
- 7.4.5. Standards adopted to identify minimum, maximum or equivalent shall be in accordance with all current legislation and will ensure equal and fair treatment for all prospective suppliers.

### 7.5 Exceptions to normal procedures/single tender action

- 7.5.1. ALL exceptions that exceed £10,000 in value must be authorised prior to the procurement of goods, services or works. For such contracts the budget holder must

complete a Single Tender Approval Request form as detailed at Appendix E and submit it to the Procurement Partner to be approved.

- 7.5.2. Any proposed extension to a contract, where there is no extension option provided for in the terms of the current contract, must be treated as an exception to normal procedures, requiring the completion of an Exception to Contract Procedure Rules / Single Tender Approval Request form (Appendix D). The value of such an extension is the total value of the proposed contract and consists of the total value of the current contract plus the value of the proposed extension.
- 7.5.3. Single Tender Approval Requests shall be agreed and authorised in accordance with the STA thresholds detailed within the Standing Orders of this document.
- 7.5.4. Exceptions made for the reasons outlined below, but without prior single tender approval may expose the PFCC to commercial and legal risk and will be treated as breaches of Standing Orders, and may be subject to disciplinary action. Requests for exceptions to normal procedures will only be considered under the following circumstances:
- i. urgency reasons - the contract is required as a matter of extreme urgency and this is due to circumstances outside the control of the PFCC. This does not include circumstances brought about by the lack of internal planning.
  - ii. product reasons – where there are strong compatibility issues relating to the goods or the service that the PFCC or the Service already use and it would be uneconomic to consider alternative solutions.
  - iii. limited supplier – where there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.
- 7.5.5. A report of all exceptions approved is provided for the PFCC CFO to scrutinise on a quarterly basis.

### **7.6 Advertising and Assessing Potential Applicants**

- 7.6.1. Procuring Officers shall ensure that proposed contracts with an estimated value that exceed £25,000 are advertised to the widest possible audience of proposed Applicants. The method of advertising will depend on the type of procurement and the procurement strategy and contracts will be advertised using at least one or more of the following examples:
- i. EMSCU's e-procurement portal (Crystal)

- ii. The PFCC and/or NFRS website
  - iii. Bluelight
  - iv. Portal websites specifically created for contract advertisements e.g. Source East Midlands
  - v. Contracts Finder (Business Link)
  - vi. National official journals, trade magazines as appropriate or
  - vii. The Official Journal of the European Union (OJEU)/ Tenders Electronic Daily (TED) (if the procurement is subject to EU Procurement Directives).
- 7.6.2. Procuring Officers are responsible for ensuring that all applicants for a Contract are suitably evaluated. For contracts above £25,000, where a formal process undertaken by EMSCU shall take place and following the contract being advertised as 7.6.1, the assessment process shall establish that the potential Applicants adequately meet selection criteria in the following areas :
- i. The Legal capacity to contract
  - ii. The required level of financial standing
  - iii. The technical ability and capacity to fulfil the requirements of the PFCC or NFRS
- 7.6.3. Tenders/Quotations will also be obtained in respect of proposed contracts that are expected to exceed £25,000 by selecting organisations using the following Procurement routes, where the suppliers have already been satisfactorily evaluated against selection criteria using a formal procurement process :
- i. National or Regional Framework with single or multiple suppliers
  - ii. Approved Lists of providers, maintained by EMSCU on behalf of the PFCC, and compiled following responses to a public advertisement and after undergoing a formal procurement process. A suitable Framework should be used in preference to an Approved or Select Tender List.
- 7.6.4. Where an Applicant is a subsidiary within a group, the soundness of the group will be considered together with the appropriateness of obtaining a bond or a 'guarantee' from the parent company.
- 7.6.5. Where a contract is advertised or a select Tender list is used then invitations to tender will be sent to not less than four of the applicants who meet the selection criteria or if less than four applicants meet the selection criteria, then the Tender will be sent to all the Applicants who do meet the selection criteria.

### **7.7. Framework Agreements**

- 7.7.1. EMSCU will maintain a database of Framework Agreements that are available to utilise. Each Framework Agreement will be assessed for the value for money it offers and suitability in terms of service delivery.
- 7.7.2. EMSCU will utilise a Framework in the first instance, if judged to be suitable, prior to conducting any Tender process for a contract that exceeds a value of £25,000.
- 7.7.3. For procurements of less than £25,000, budget holders should seek advice from the Engagement Partner prior to utilising a Framework Agreement.
- 7.7.4. Contracts based on Framework Agreements may be awarded directly if the terms laid down in the Framework Agreement permit direct call-off. Where the terms stipulate a further competition should be held then these will be conducted in accordance with the following procedure:
- i. inviting all the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written offers
  - ii. fixing a time limit which is sufficiently long to allow offers for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
  - iii. awarding each contract to the supplier who has submitted the best offer on the basis of the Award Criteria set out in the terms and conditions of the Framework Agreement

### **7.8. Approved or Select Tender Lists**

- 7.8.1. Approved Lists cannot be used where the EU Procedure applies. EMSCU may draw up, manage and maintain:
- i. Approved Lists of suppliers able to perform contracts for the provision of services or supply of goods
  - ii. Apply set criteria for selecting from the lists

- 7.8.2. No supplier may be entered on an Approved List until there has been an adequate investigation into legal, financial and technical ability to perform the contract, unless such matters are to be investigated each time Tenders are invited from that list.
- 7.8.3. Approved Lists must be drawn up following the opportunity being advertised as per Clause 7.6.1. Suppliers may be entered on a list between the initial advertisement and re-advertisement provided they meet the criteria above.
- 7.8.4. Suppliers on the list will be reviewed at least annually against the criteria and the list re-advertised at least every three years. Review means:
- i. The reassessment of the legal, financial and technical ability and performance of those persons on the list, unless such matters are to be investigated each time Tenders are invited from suppliers on that list.
  - ii. The deletion of those suppliers who no longer meet the criteria
- 7.8.5. All Approved Lists shall be maintained in an open, fair and transparent manner and be open to public inspection.

### **7.9. Collaborative contracts**

Where Tenders are invited by other Authorities through collaboration, the invitation, submission, opening and acceptance of those Tenders shall comply with the provisions of the Contract Standing Orders of that Commissioner or Authority unless these provisions are considerably inconsistent with the method by which Tenders are dealt with by the Northamptonshire OPFCC.

### **7.10 Invitations to Tender / Quotation**

- 7.10.1. The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered other than in accordance with the rules for submission of Tenders.
- 7.10.2. All Invitations to Tender shall include the following:
- a) a specification that describes the PFCC or the Service requirements in sufficient detail to enable the submission of competitive offers.
  - b) a price schedule with the facility for the Tenderer to submit prices and/or variant Tenders for consideration if appropriate.
  - c) a requirement for Tenderers to declare that the Tender content including price has not been disclosed by the Tenderer to any other party (except where such a



disclosure is made in confidence for a necessary purpose, for example a Tender submitted by a Consortium).

- d) a requirement for Tenderers to complete fully and sign all Tender documents including a Form of Tender and certificates relating to canvassing and non-collusion
- e) notification that Tenders are submitted to the PFCC or the Service on the basis that they are compiled at the Tenderer's expense.
- f) a definition of the Selection and Award Criteria being applied that details all weightings for criteria.
- g) notification that no Tender will be considered unless it is in accordance with the "Instructions to Tenderer".
- h) a stipulation that any Tender submitted must be made electronically using the approved electronic Tender system and no other means will be considered, unless they comply with the rules on Tender submission.
- i) the method by which any areas requiring clarification in the submitted Tenders are to be dealt with, as defined in Clause 7.15.
- j) the Terms and Conditions that will apply to any subsequent contract
- k) a stipulation that the PFCC is not bound to accept any Tender
- l) a statement stating that all Applicants invited to Tender or quote will be issued with the same information at the same time and subject to the same conditions. Any supplementary information will be given on the same basis.

### **7.11 Receipt, custody and opening of Tenders**

7.11.1. Tenderers must be given an adequate period in which to prepare and submit their Quotation or Tender, consistent with the complexity of the contract requirement. This should normally be no less than 15 days. For contracts valued above the EU threshold and being conducted using an EU Tender procedure, specific minimum time periods for the receipt of Tenders must be adhered to.

7.11.2. Tenders shall be submitted electronically using the National Police approved electronic Tender portal called Bluelight or any subsequent e-tendering system utilised by the EMSCU. Tenderers shall be notified accordingly. No Tender will be considered unless it is submitted electronically by the requested route, unless a failure of the system prohibits its use.

7.11.3. EMSCU shall be responsible for the safekeeping of Tenders which will be held in the electronic tender system, until the appointed time of opening. The electronic tendering system as part of its functionality will :

- i. suitably record and verify the date and precise time it was received
- ii. adequately protect immediately on receipt and guard against amendment of its contents

7.11.4. The electronic tendering system does not permit the Tenders to be viewed or amended until they have been opened and verified electronically by a nominated Officer from EMSCU. Verification cannot take place until after the closing date and time.

## **7.12 Late Tenders**

7.12.1. Tenders that have been received following the closing time and date may only be considered under the following circumstances; where it can be proven beyond any reasonable doubt that, if received:

- i. electronically, the Tender was uploaded before the closing date and time and that due to technical difficulties was unavailable; or
- ii. there is evidence that the Tenderer has made appropriate arrangements for the electronic delivery of the Tender before the closing date and time and had a justifiable technical reason for not submitting their response electronically before the deadline.

7.12.2. Any late Tender received that satisfies the conditions above will be treated as a 'late Tender' and shall be accepted and opened in accordance with 7.12.3

7.12.3. The electronic tender system will mark the Tender as technically late but its lateness must be recorded by EMSCU. The decision to accept or reject a late Tender will be taken by EMSCU.

## **7.13 Alteration to Tenders**

7.13.1. No alteration to Tenders may be made after the closing deadline unless in accordance with this Clause or Clause 7.15

7.13.2. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender, discussions may take place with Tenderers in order to :

- i. ensure that the Tender is constructed correctly; or

- ii. ensure that the Tenderer has fully understood the specification; or
- iii. seek clarification from Tenderers of cost, quality and performance indicators

7.13.3. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

7.13.4. Any changes which alter the final costs must be supported by documentation confirming the change from the organisation who submitted the Tender.

#### **7.14** Evaluation of Tenders and quotations

7.14.1. The Procuring Partner must ascertain the relevant British, European or international standards which apply to the subject matter of the contract. If applicable, the Officer must include those standards or equivalents which are necessary to define the required quality, allowing for equivalent standards.

7.14.2. For contracts below £25,000 in value, the Procuring Officer must define award methodology and evaluation criteria that are appropriate to the purchase to secure an outcome giving Value for Money for the PFCC. The basic criteria shall be:

- i. 'lowest price' where payment is to be made by the PFCC or the Service
- ii. 'higher price' if payment is to be received, or
- iii. 'most economically advantageous', where criteria other than price also apply for example, quality

7.14.3. For contracts that exceed £25,000 in value, the Procurement Partner will define the award methodology and evaluation criteria as part of the procurement strategy. These will be stipulated in the Invitation to Tender document issued to suppliers and will include all relevant weightings that will apply.

7.14.4. Where criteria other than price apply, all relevant evaluation criteria will be set to achieve the Most Economically Advantageous Tender (MEAT) whilst satisfying the requirement and will be a combination of price and service delivery factors. All offers received will be evaluated against the defined Award Criteria

7.14.5. MEAT evaluation criteria considers a range of whole life factors and will be defined and some examples of factors are:

- i. price;
- ii. delivery time;
- iii. training;

- iv. service delivery considerations;
- v. support and maintenance;
- vi. methodology, experience;
- vii. skill;
- viii. sustainability
- ix. implementation

7.14.6. The Tender evaluation team will have an appropriate governance structure with chair and be convened from members of the project team to encompass appropriate stakeholders with skills to consider Tenders meaningfully. Evaluation teams will generally consist of at least the following representatives:

- i. procurement;
- ii. technical; and/or
- iii. specialist(s) e.g. Commissioning Manager

7.14.7. All members of the evaluation panel should participate in all evaluation activity except where an expert adviser is only required to evaluate a particular part of the Tenders. Panel members should familiarise themselves with the Code of Conduct for procurers of Goods and Services, in particular declarations of interest.

### **7.15 Discussions and Post Tender Negotiations**

7.15.1. In the case where the Estimated Contract Value is below the EU Threshold, and following the closing date for receipt of Tenders but before acceptance of any Tender, the Procuring Officer may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:

- i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
- ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
- iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
- iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other

Tenders, or than stipulated for and this defect appears capable of being remedied by Post Tender Negotiations.

7.15.2. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Contract Value is £25,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Clause 7.14) may be invited to participate in Post Tender Negotiations.

7.15.3. When conducting Post Tender Negotiations, the following additional rules shall apply:

- i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
- ii. During negotiations in person there must always be present at least one Officer of the Procurement Advisor.
- iii. A note of the negotiations will be made by one of the Procuring Officers present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
- iv. Post Tender Negotiation shall not enable any material departure from the published specification. The Procurement Advisor shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.

7.15.4. Post Tender Negotiations are not allowed in the case of contracts with an Estimated Contract Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Clause 7.13.

### **7.16 Award of Contract and Debriefing Tenderers**

7.16.1. The confidentiality of Quotations, Tenders and the identity of Tenderers must be preserved at all times and information about one Tenderers response must not be given to another Tenderer.

7.16.2. Tenders must be evaluated and Contracts awarded in accordance with the Selection and Award Criteria. The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the Tenderer, who should be requested to confirm or withdraw their Tender.

- 7.16.3. Procuring Officers may accept Quotations and Tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules.
- 7.16.4. Where provision has been made within the annual budget or formally approved capital programme, a Tender may be accepted if it is within the estimate. Where a Tender exceeds the estimated amount then the PFCC CFO must be consulted.
- 7.16.5. Where the Total Value exceeds £25,000 the Procurement Partner will notify and debrief all Tenderers simultaneously and as soon as possible of the intention to award the contract to the successful Tenderer. For Two Stage Tenders all Applicants will be notified and debriefed simultaneously following completion of the pre-qualifying stage.
- 7.16.6. For all contracts subject to EU Procurement Regulations, the Procurement Partner will ensure compliance with enhanced notice requirements under Alcatel standstill rules. Failure to comply with the EU procedures can result in various penalties including those defined in the Remedies Directive.
- 7.16.7. There is now a requirement to issue an “Award Decision Notice” to all unsuccessful Applicants. This has to be done as soon as possible after making the decision and by the most rapid means possible. The notice must contain:
- i. the score of the recipient against the Award Criteria used
  - ii. the name of the winner and their score
  - iii. reasons for the decision, including the characteristics and relative advantages of the successful Tender
  - iv. if the Tender was not held to be compliant with any technical specification, the reasons for that decision
  - v. a precise statement of when the standstill period starts and ends, including how it may be affected by any “contingencies” e.g. clarification requests from Tenderers or formal legal challenges
  - vi. the date after which the contract may be entered into.
- 7.16.8. If the decision is formally challenged by an unsuccessful Tenderer then the Procuring Officer shall not award the contract and shall immediately seek the advice of the Procurement Advisor and Legal Services.
- 7.16.9. For all contracts where the total value exceeds £25,000 a formal Tender Award Report shall be prepared for the attention of the Authorising Officer. The report should detail the scoring methodology used, the Tender scores, identify the winning Tenderer, and

the justification for the winning Tender (lowest price or most economically advantageous Tender).

- 7.16.10. No formal award will be made to the successful Tenderer until written authorisation has been obtained for the total value of the contract in accordance with the Contract Authorisation Limits stipulated in the Standing Orders
- 7.16.11. Under no circumstances, must a letter of intent be communicated to any Tenderer prior to the formal award of contract.
- 7.16.12. For NFRS tenders the PFCC gives delegated authority to the CFO to award all tenders for which the Service are responsible, within the limits defined in the Corporate Governance Framework.

### **7.17 Cancellations, variations, extensions or termination of contracts**

- 7.17.1. Other than at the expiry of an agreed term, no contracts shall be terminated or cancelled without considering as to whether such action is in accordance with contractual terms and conditions. Any cancellation or termination must be made formally in writing and any requirement for a period of notice must be observed and acted on.
- 7.17.2. Where there is a wish to cancel or terminate contracts prior to their “natural” expiry or to utilise a contract term which allows for early termination other than by way of breach, advice must be taken from the Procurement Advisor who may in turn take appropriate legal advice depending on the reason for the request. Under no circumstances should employees verbally instruct suppliers or others engaged on behalf of contracted suppliers that their services or goods are no longer required. Inappropriate cancellation or termination of contracts may result in legal action and subsequent costs being borne by the PFCC. All cancellations or terminations shall be made by the Procurement Advisor in writing. Approval of variation, extension and termination of contracts are in accordance with clause 8.10 of this document.
- 7.17.3. If a request is made for a variation to contract, the value of the variation must be considered in line with the total contract value specified in the Advertisement (especially any OJEU notice) and/or if a material change, whether this changes the scope specified in the Advertisement. If the aggregated value exceeds the authority level of the original contract signatory, then appropriate authorisation should be sought prior to issue of the variation to contract. All variations to contract must be made formally in writing by the Procurement Advisor and written agreement received from the supplier. Approvals of variations in contracts must be given in accordance with the delegated limits within Clause 8.10 within this document.

- 7.17.4. The Procurement Partner will conduct a formal review with the budget holder at an appropriate time prior to the expiry of any contract. If there are options within the terms to extend the contract, then subject to satisfactory performance by the supplier and agreement from the budget holder, the contract will be extended with the supplier after exploring any cost reduction opportunities. Where there are no further extension options available then the contract may be terminated and any subsequent contract will be let in accordance with these Contract Procedure Rules and Standing Orders, unless extended as per Clause 7.17.5.
- 7.17.5. Where an extension to a contract is beyond the extension period allowed in the contract, the exceptions to normal procedures (clause 7.5) must be followed. However, this is not permitted if the contract was advertised in OJEU. The total value of the contract must be considered which is the total current contract value plus the value of the proposed extension.

### **7.18 Document retention and record keeping**

- 7.18.1. All documentation relating to contracts should be retained in accordance with the PFCC's requirements.
- 7.18.2. All amounts quoted throughout this document are exclusive of VAT. Where the Contract Value is less than £25,000 it is advisable to keep basic records. As a minimum, records must be maintained of any quotations received and the award made.
- 7.18.3. Where the Total Value is between £25,000 and £50,000, the following records must be kept in accordance with Clause 7.18.5:
- i. invitation to quote and quotations from the successful and unsuccessful Applicants
  - ii. any exceptions and the reason for them
  - iii. the evaluation criteria and methodology applied to the award decision.
  - iv. Written records of communications with the successful supplier or an electronic record if a written record of the transaction would normally not be produced.
- 7.18.4. Where the Contract Value exceeds £25,000 the Procurement Partner will manage and conduct the full procurement process on behalf of the PFCC and will take responsibility for formally recording and retaining all documents relating to the process in accordance with PFCC's requirements
- 7.18.5. Records must be kept for six years after the end of the contract and for contracts signed under seal, records must be kept for twelve years after the end of the contract. Pre-Qualification Questionnaires and Invitation to Tender documents which relate to



unsuccessful Applicants will be retained for 12 months from the commencement date of contract.

- 7.18.6. EMSCU shall maintain a register of all contracts, let on behalf of the PFCC and will provide reports for the PFCC/Service as appropriate.
- 7.18.7. The content and frequency of the reports referenced in clause 7.18.6 will be agreed with the CEO.

### **7.19** Freedom of Information

- 7.19.1. Information may be requested at any time on any process managed by the Procurement Advisor. Where information, for example, Tender responses must be retained, they should be kept in a manner that ensures they are secure and accessible at a later date.
- 7.19.2. Generally almost all of the content of a Tender will be considered commercially sensitive by a prospective supplier. This does not ensure that all the information the supplier would rather have kept in confidence, is not ultimately released.
- 7.19.3. Appropriate steps will be taken to enquire with prospective suppliers, as to the information they feel should be exempt from release and the FOI legislation allows for certain exemptions, although the decision as to potential release rests with the PFCC and the FOI team.
- 7.19.4. If in doubt as to whether information should be released, the Officer should seek advice from their line manager.

## **8 Contract Standing Orders**

### **8.1 Introduction and Purpose**

These Contract Standing Orders set out the rules by which the PFCC/Service spends money on supplies, services and works in order to deliver its services. They apply to any contracts that result in a payment being made by, or to, the PFCC. Contract standing orders aim to ensure that we:

- i. achieve Value for Money for public money spent
- ii. be consistent with the highest standards of integrity
- iii. ensure fairness in allocating public contracts
- iv. comply with all legal requirements, particularly in relation to the Public Contract Regulations
- v. support the corporate aims and policies of the PFCC
- vi. comply with Procurement policy and procedures of the PFCC

### **8.2 Responsibilities**

8.2.1 All staff employed by the PFCC must abide by contract standing orders in the conduct of the business of the office unless an exception is granted by the PFCC CFO. Failure to comply may result in disciplinary action. All those engaged in procurement and contracting activity must also ensure that any Agents, Consultants and contractual partners acting on their behalf also comply.

8.2.2 Prior to undertaking a procurement exercise, Procuring Officers must:

8.2.2.1 check with EMSCU whether a suitable Corporate Contract or Framework exists before seeking to let another contract. Where a suitable Corporate Contract exists, this must be used unless there is an auditable reason not to keep the records required under these rules as per Clause 7.18.

8.2.2.2 ensure that the TUPE (Transfer of Undertaking Protection of Employment) issues are considered and obtain legal advice before proceeding with inviting Tenders when an employee of the PFCC, or of a service provider may be affected by any transfer arrangement

8.2.2.2 take proportionate account of all relevant risks, particularly relating to the Public Contracts Regulations\*

## NCFRA Corporate Governance Framework

\*Note: Any public sector or utilities contract awarded in breach of certain fundamental Public Contract Regulations can be declared “ineffective” by the Courts. Depending on the circumstances of the breach, the Courts may order the setting aside of the decision concerned; order the contracting authority to amend any document; make an award of damages to an economic operator, and order the contracting body to pay a fine.

### 8.3 Responsibilities of the Chief Executive and EMSCU

8.3.1 The responsibilities of the Chief Executive are to :

8.3.1.1 Ensure that their respective staff comply with these orders

8.3.2 The responsibilities of EMSCU are to :

8.3.2.1 act on behalf of the PFCC and the Service where referenced within these contract standing orders and comply with the requirements of the scheme of delegation ensuring the necessary authorisations are given.

8.3.2.2 keep a register of contracts and arrange their safekeeping

8.3.2.3 keep a register of contract exceptions

### 8.4 Relevant Contracts

8.4.1 All Relevant Contracts must comply with these Contract Standing Orders. A Relevant Contract is any arrangement made by, or on behalf of, the PFCC/Service for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

8.4.1.1 the supply or disposal of goods

8.4.1.2 the hire, rental or lease of goods or equipment

8.4.1.3 the execution of works

8.4.1.4 the provision of services

8.4.2 Relevant Contracts do not include:

8.4.2.1 Contracts of employment which make an individual a direct employee of the PFCC

8.4.2.2 Instruction of counsel and external legal advisors

8.4.2.3 Partnership Agreements.

### 8.5 Purchasing – Competition Requirements

## NCFRA Corporate Governance Framework

8.5.1 Where the Total Contract Value for a purchase is within the values in the first column of the table below, the Procurement Process in the second column must be followed.

Total Contract Value	Procurement Process	Procurement Lead
Up to £10,000	One Quotation confirmed in writing	Officer
Over £10,000 and below £25,000	At least three written Quotations	Officer
Above £25,000 and below EU Threshold	Use of Framework or Invitation to Tender.	Procurement Partner
Above EU Threshold See Appendix C	Apply EU Procurement Directive	Procurement Partner

8.5.2 A Procuring Officer must not disaggregate a requirement nor select a method of calculating the Total Contract Value in order to minimize the robustness of the procurement process.

### 8.6 Assets for Disposal

Unless there are compelling reasons to do otherwise, assets for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations and Tenders. These may be invited by advertising on the PFCC internet site, or in an appropriate journal. In the case of the latter, the method of disposal of surplus or obsolete stocks / stores or assets other than land must be formally agreed by the PFCC CFO in accordance with the PFCC Scheme of Delegation. The basis upon which obsolete stocks / stores are declared surplus to requirements shall be in accordance with the PFCC Financial Regulations.

### 8.7 Collaborative and Partnership Arrangements

Collaborative arrangements are subject to UK and EU procurement legislation and case law. They must follow these Contract Procedure Rules. In the case of private finance initiatives (PFI) and other public/private sector partnerships, such contracts must be approved and authorised in accordance with the scheme of delegation. If in doubt, Officers must first seek the advice of the Chief Executive.

### 8.8 The Appointment of Consultants to Provide Services

Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with these Contract Procedure Rules.

### 8.9 Contract Documents

8.9.1 A PFCC Purchase Order must be used and include :

- a description of what is to be supplied (i.e. the product, materials, works, services)
- the provisions for payment (i.e. the price to be paid and when, including any milestones)
- the time, or times, within which the contract is to be performed
- the Standard Terms and Conditions of Order or the terms and conditions of the Framework being used.

8.9.2 All Relevant Contracts that exceed £25,000, and excluding direct call-offs using Purchase Orders against Frameworks, shall be in writing and will clearly specify :

8.9.2.1 Contract Title

8.9.2.2 Contract Duration

8.9.2.3 The Invitation to Tender

8.9.2.4 Full details of the specification agreed between both parties

8.9.2.5 Pricing Details

8.9.2.6 Insurance levels of the supplier

8.9.2.7 Contract Terms and Conditions including any Special Conditions

8.9.2.8 The Data Handling Schedule that will apply

8.9.2.9 Performance Schedules

8.9.2.10 Change Control mechanism and a record of any Changes agreed

8.9.3 All written contracts that exceed £200,000 as per clause 8.10.2 are to be signed under seal

**8.10 Contract Authorisation Levels**

i. Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder
£25,000 to £99,999	Signature / Purchase Order if a Framework call-off or Written Contract	CFO/DCFO/ACFO
£100,000 to Upper Limit of EU Procurement threshold (currently £181,302)		PFCC CFO
In excess of EU Procurement threshold ( currently £181,302)		CEO/PFCC
ii. Approval of exemption to contract standing order (Single Tender Action)*,authorisation of such purchases are in line with the contract standing order as above in i.	Up to £10,000 1 quote , local approvals apply Any value (subject to iii below)	PFCC CFO
		iii. Approval of all sensitive contracts.
iv. Approval of non-sensitive contract variation	Cum. Total of 5% of contract total or £5,000 whichever is higher	PFCC CFO
v. Approval of non-sensitive contract extension, where there was no option to extend	Max of 6 months, as long as it is within his delegated limits	PFCC CFO

## NCFRA Corporate Governance Framework

vi. Approve all variations, termination and extensions of sensitive contracts		PFCC
vii. Termination of non-sensitive contracts	Up to EU Public Procurement threshold ( currently £181,302)	PFCC CFO
	In excess of EU Public Procurement threshold (£181,302)	PFCC

8.10.1. The following Contract Authorisation Limits shall apply:

- 8.10.2. All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written authorisation as per the above authorisation levels. An award letter is insufficient. The Procuring Officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

### **8.11 Bond and Parent Company Guarantees**

The Procuring Officer must consult the PFCC CFO about whether a Parent Company Guarantee is necessary when an Applicant is a subsidiary of a larger group/company and:

- i. the Total Value exceeds £250,000, or
- ii. award is based on evaluation of the parent company, or
- iii. there is some concern about the stability of the Applicant.

### **8.12 Prevention of Fraud and Corruption**

- 8.12.1. The Officer must comply with the PFCC Business Code of Conduct and Anti-Fraud and Corruption Policy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour may lead to dismissal and is a crime.
- 8.12.2. The following clause must be included in every written PFCC contract: “The PFCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:
- i. offer, give or agree to give to anyone any inducement or reward in respect of this or any other PFCC contract (even if the Supplier does not know what has been done), or
  - ii. commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or
  - iii. commit any fraud in connection with this or any other PFCC contract whether alone or in conjunction with PFCC members, suppliers or employees.
- 8.12.3. The PFCC could be liable where someone who performs services for it, such as an employee or agent, pays a bribe specifically to gain business, keep business, or gain a business advantage for a particular organisation. The Officer should perform a risk assessment regarding the bribery risks that the organisation might face, and exercise due diligence before engaging others to represent the PFCC in business dealings.



Written contracts shall also refer to and highlight whistle blowing arrangements as set out in the Anti-Fraud and Corruption policy documents.

### 8.13 Declaration of Interests

- 8.13.1. If it comes to the knowledge of an Officer or an employee of the PFCC or anyone acting on behalf of the PFCC that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the PFCC, he or she shall immediately give written notice to the CEO. The CEO shall report such declarations to the PFCC.
- 8.13.2. Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.
- 8.13.3. The CEO as the monitoring Officer shall maintain a record of all declarations of interests notified to him by any Officer.

## APPENDIX A

### Terms and Definitions

**“Advertisement”** is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the Public contract Regulations 2006.

**“Applicant”** means an organisation that applies to be a supplier of goods and/or services to the PFCC, usually by responding to an advertisement issued by the PFCC for a specific contract requirement

**“Authorised Officer”** means any member of staff authorised to undertake procurement activity on behalf of the PFCC.

**“Award Criteria”** means the evaluation criteria applied to select the successful tenderer in a single stage process, or for two stage tenders, the evaluation criteria applied to the second stage of the process to evaluate offers from Tenderers. In a two stage process, Award Criteria is specific to the delivery of the contract and can be solely based on the proposed cost of the contract or used to select the most economically advantageous Tender which evaluates the proposed cost and all the service delivery factors of the contract.

**“Best Value”** means the duty of the PFCC, and the Procurement Advisor to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

**“CFO”** means the Chief Fire Officer of Northamptonshire Fire and Rescue Service

**“DCFO”** means the Deputy Chief Fire Officer of Northamptonshire Fire and rescue Service

**“ACFO”** means the Assistant Chief Fire Officer of Northamptonshire Fire and Rescue Service

**“CEO”** – means the Chief Executive to the Northamptonshire Police Fire and Crime Commissioner

**"Contract"** means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

**"Contract Extension"** means an extension to the duration of the contract, but not including any alteration to the scope of the contract.

**"Contract Variation"** means an alteration to the scope of the contract, but not the extension of the duration of the contract.

**“Corporate Contract”** means any Contract or Framework Agreement or other arrangement put in place by the Procurement Advisor itself, or any other Public Sector Organisation (including other Local Authorities) or Consortium in which the Procurement Advisor on behalf of the PFCC is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.

**"Estimated Contract Value”** or **“Estimated Value”** means the total estimated value of the contract. Where the contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the contract. If the contract period is unknown, a nominal period of 48 months shall be applied to the calculation.

**“EU Directives”** as implemented in to the Public Contracts Regulations (see separate definition)

**"EU Threshold"** means the respective threshold for Supplies, Works or Part A services contracts referred to in the Public Contract Regulations 2006.

**“FOI Team”** means the team that receives and processes Freedom of Information requests on behalf of the PFCC

**“Framework Agreement”** is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a contract to which the EU procurement directives apply.

A "**Further Competition**" is undertaken where not all the terms of a proposed contract are laid down in a Framework Agreement. It involves re-opening competition between the organisations which are parties to the Framework Agreement and which are capable of performing the proposed contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the contract documents based on the Framework Agreement.

A public sector "**Grant**" involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit. A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.

"**Invitation to Tender**" means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.

"**OPFCC**" means the Office of the Police Fire and Crime Commissioner

"**NFRS**" means Northamptonshire Fire and Rescue Service

"**Officer(s)**" means any member of Staff employed by the PFCC, other than named references to specific posts.

"**OJEU**" means Official Journal of the European Union

"**PFCC**" means the Northamptonshire Police Fire and Crime Commissioner and the Northamptonshire Commissioner Fire and Rescue Authority

"**PFCC CFO**" means the Chief Financial Officer of the Police Fire and Crime Commissioner (or in his/her absence the nominated Deputy Chief Finance Officer of the PFCC)

"**Post Tender Negotiations**" means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

"**Procurement Advisor**" means the body appointed by the PFCC to provide advice and support on all procurement matters

"**Procurement Exercise**" means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes.

**“Procuring Officer”** means any Officer, acting under the delegated powers of the PFCC, who is responsible for the procurement of goods and services. **“Public Contracts Regulations 2015”** means the Public Contracts Regulations 2015 as amended, modified, consolidated, extended, re-enacted or replaced, including the Public Contracts (Amendment) Regulations 2009. These Regulations implement the EU Consolidated Directive on Public Procurement into UK law and reflect the principles of the EU Treaty of Rome.

**“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written. **“Selection Criteria”** means the evaluation criteria used to assess Applicants/Tenderers regarding their legal status, economic and financial standing and technical capacity and capability to deliver a specific contract for goods and/or services to the PFCC. In a two stage process successful Applicants that pass the evaluation criteria progress to the tender stage of the process

**“Standard Terms and Conditions of Order”** means the standard contractual terms used by the PFCC, including those attached to Purchase Orders or Purchase Orders generated by the Purchase Order System and those included in Request for Quotation templates.

**“Tender”** means the formal offer from a Tenderer, which is capable of acceptance by the PFCC, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.

**“Tenderer”** or **“Tenderers”** means the organisations invited to participate in a Procurement Exercise.

**“Variation”** – see “Contract Variation”

## APPENDIX B

### List of relevant legislation

(to be continually updated)

- Fire and Rescue Services Act 2004
- Local Government Act 1974
- Police Reform and Social Responsibility Act 2011
- Public Contracts Regulations 2015
- Public Contracts (Amendment) Regulations 2009
- Public Procurement (Miscellaneous Amendments) Regulations 2011 – in Service from 01 October 2011
- The Bribery Act 2010 – in force from 01 July 2011
- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000
- Construction Act 2011 – in force from 01 October 2011
- Health and Safety at Work Act 1974
- Equality Act 2010
- Welsh Language Act 1993
- TUPE Regulations 1981 and 2006
- The Waste Electrical and Electronic Equipment Regulations 2006 (the WEEE Regulations”)
- Public Service (Social Value) Act 2012
- EU Procurement Thresholds

## NCFRA Corporate Governance Framework

### 1.1.1.1.5 APPENDIX C

Thresholds applicable from 1 January 2018 until further notice are given below.

Thresholds are exclusive of VAT.

#### PUBLIC CONTRACTS REGULATIONS 2006 – THRESHOLDS FROM 01 JANUARY 2018

	SUPPLIES	SERVICES	WORKS
Contract Notices	£181,302	£181,302	£4,551,413
	€205,500	€205,500	€5,158,400

# NCFRA Corporate Governance Framework

## APPENDIX D – EXCEPTION TO CONTRACT PROCEDURE RULES / SINGLE

### TENDER APPROVAL REQUEST (WAIVER)

The single tender form should be completed by individual Services for contracts valued over £10,000 excluding VAT that are not supported by a competitive procurement process.

Section 1 - Originating Department Details	
Name of Originating Service	
Name of Originating Department	
Name of Originator	
Protective marking classification (if applicable)	
Date request submitted	

Section 2 - Contractor Details / Type of Award	
Name of Contractor	
Is this a direct award without competition?	YES <input type="checkbox"/> NO <input type="checkbox"/>
Is this an extension to an existing contract where no option is provided for in the contract?	YES <input type="checkbox"/> NO <input type="checkbox"/>

Section 3 - Approval is requested on the grounds of :		
Urgency reasons YES <input type="checkbox"/> NO <input type="checkbox"/> If it This is a matter of extreme urgency and this is due to circumstances <b>outside</b> the control of the Service. This does <b>not</b> include circumstances brought about by lack of internal planning.	Product reasons YES <input type="checkbox"/> NO <input type="checkbox"/> If There are strong <b>compatibility</b> issues relating to good or services that the Service already uses and it would be uneconomic to replace.	Limited Supplier YES <input type="checkbox"/> NO <input type="checkbox"/> If t There is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.
PLEASE ATTACH A BRIEF EXPLANATION OF THE RATIONALE BEHIND THE REASON SELECTED		

Section 4 – Requirement details	
Proposed contract start date	
Proposed contract end date	

# NCFRA Corporate Governance Framework

<b>Section 5 - Supporting information</b>	
Background to requirement (please limit to 100 words)	
Risks related to the requirement (please limit to 100 words)	

<b>Section 6 - Total value of the contract</b>					
Net		Vat		Gross	

<b>Section 7 – Procurement Services</b>			
Date Received :		Document Ref No:	
Procurement comments			
STA supported by Procurement		YES NO	
Signature		Date	

<b>Section 8 – Head of Department / Budget Holder comments</b>			
STA supported by Head of Department		YES NO	
Signature		Date	

<b>Section 9 – PFCC CFO and comments</b> (please consult Financial Regulations for relevant Authorisation levels and Scheme of Delegation )			
STA supported by PFCC CFO		YES NO	
Signature		Date	

<b>Section 10 – The PFCC and comments</b> (please consult current OPFCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation)			
STA supported by PFCC		YES <input type="checkbox"/> NO	
Signature		Date	



## **Governance Framework APPENDIX 1: DECISION MAKING FRAMEWORK**

### **2.1 Approach to Decision Making**

- 2.1.1 Decisions taken by the PFCC will arise from the discharge of their statutory functions. The PFCC will demonstrate probity and regularity in their decision making and will therefore take decisions in accordance with the Good Governance Standards for Public Service (the Nolan Principles).
- 2.1.2 The PFCC and the Office of the PFCC will apply good governance principles to all decisions regardless of significance and impact.

### **2.2 Principles of Decision Making**

- 2.1.3 Decision-making will be transparent and well informed.
  - 2.2.1.1 The PFCC will give proper consideration to all relevant parties. Arrangements will be made for obtaining the views of people in the local area about matters related to policing, community safety and criminal justice. These views will be used to inform decision making.
  - 2.2.1.2 The principle means of public consultation will be on the Fire and Rescue Plan. This is a statutory requirement as defined in the Police Reform and Social Responsibility Act 2011 and the Fire and Rescue Service national Framework. The Plan will seek to include all key policy initiatives that the PFCC will seek to execute.
  - 2.2.1.3 The PFCC will also consider specific consultation where the Fire and Rescue Plan is insufficient consultation on specific decisions. The CEO will be responsible for deciding when additional consultation is required on a decision.
  - 2.2.1.4 Consultation will take a variety of forms to ensure the most appropriate method and audience (e.g. the public, the CFO or other stakeholders including the Police Fire and Crime Panel (PFCP)) is sought for each decision.

2.2.1.5 At times, some information will not be appropriate to be published due to confidentiality reasons. The potential reasons (as described in Local Government Act 1972 – Schedule 12A) are:

- Information relating to any individual
- Information which is likely to reveal the identity of an individual
- Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the PFCC or a Minister of the Crown and employees of, or office holders under, the authority
- Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
- Information which reveals that the authority proposes
- to give under any enactment a notice under or by virtue of which requirements are imposed on a person; b) to make an order or direction under any enactment
- Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

2.2.2 Decisions will make use of good quality information, advice and support.

2.2.2.1 Decisions will be taken based on quality information and clear advice in order to reduce the risk of taking decisions that fail to achieve the PFCC's objectives or have unintended consequences.

2.2.2.2 Advice will include that taken from the CFO as well as statutory and other officers of the PFCC.

2.2.2.3 Any decisions taken will be accompanied by an officer report detailing material information relied upon in making the decision. The report template is available at the end of this section. Such reports will be published in conjunction with the final decision.

2.2.3 Decisions will make use of risk management information.

2.2.3.1 Risk registers of the PFCC will be regularly reviewed by the officers and the Audit Committee to inform decision making.

2.2.3.2 Risks specific to the decision will be identified, together with any mitigation that is in place.

2.2.4 Decisions will be lawful, reasonable, fair and proportionate.

2.2.4.1 The PFCC will make use of their professional advisers in decision making and will take into consideration the impact of any decisions of all those who live and work in Northamptonshire.

2.2.4.2 The PFCC will take decisions with a view to achieving value for money.

2.2.4.3 The PFCC will consider equality and human rights issues when taking decisions, as required by the Equality Act 2010. Decisions of significant public interest will be accompanied by an Equality Impact Assessment which will be used to inform the decision making.

2.2.5 Decisions will be recorded and published.

2.2.5.1 The PFCC has a statutory duty under the Police Reform and Social Responsibility Act 2011 to publish decisions of 'significant public interest'. These will be published as Decision Records on the PFCC website.

2.2.5.2 The PFCC will inform the Host Authority (Northamptonshire County Council) of the Police Fire and Crime Panel once each Decision record is agreed and published. Upon receiving this, the Host Authority will disseminate the Decision Record to all members of the Police Fire and Crime Panel. Should the Host Authority receive any questions or requests for further information from members of the Panel, they will liaise with the PFCC to ensure such enquiries are responded to as appropriate.

2.2.5.3 The PFCC will provide each meeting of the Police, Fire and Crime Panel with a summary of the decisions that have been taken and published in the period since the previous meeting.

2.2.5.4 Other decisions taken by the PFCC or by statutory officers under the delegations outlined in this Scheme will also be recorded on a decision record that will be available for inspection as required.

## **2.3 Decisions of Significant Public Interest or are sensitive**

2.3.1 The following will be considered Decisions of Significant Public Interest:

- Decisions that result in expenditure or savings of the upper limit of EU Public Procurement threshold or more
- Any decision to issue or vary the Fire and Rescue Plan
- Any decision to consult the public on specific matters
- Any decision to appoint, remove or suspend the CFO
- Any decision to appoint a Deputy PFCC, CEO or PFCC CFO
- Any decision to approve or amend the Corporate Governance Framework of the PFCC

2.3.2 All decisions of Significant Public Interest will require the PFCC to sign a Decision Record, which will be published on the PFCC website within 5 working days of the decision. Alongside the publication of the Decision Record, all material information used to make the decisions will be published, including an officer report to the PFCC in the format specified in the “Supporting Report Template to the Police Fire and Crime Commissioner”, as attached to this appendix.

2.3.3 The PFCC will take other decisions that are not classed as being of significant public interest. These will typically be decisions that have been referred by the CEO on grounds that further decisions that would be of significant public interest will be required or where the delegated officer considers it to be sufficiently novel, contentious or repercussive to require the PFCC to decide. These decisions will be taken following written advice from officers and a decision record will be recorded and held for inspection if required.

2.3.4 Sensitive decisions are defined as those that are novel, contentious, and politically repercussive, above the EU Procurement Public Threshold or in the public interest.

## **2.4 Decisions of an Urgent Nature**

2.4.1 Should the PFCC be unable to act and an urgent decision is required, the CEO and/or the PFCC CFO is able to take decisions on the PFCC’s behalf. In these circumstances it would be normally the case that the two statutory officers would confer and agree on the action proposed. Such decisions would only be taken in circumstances where paragraph 3.4.17 is invoked.

- 2.4.2 Where either statutory officer takes an urgent decision that would otherwise require the approval from the PFCC, the reason for the decision, including the reasons precluding the PFCC taking the decision, and the decision itself should be recorded and the PFCC informed of the decision at the earliest opportunity. If a Decision Record would normally have been required, the PFCC will be asked to retrospectively agree an appropriate Decision Record to ensure that all significant public decisions are published as required.



**Northamptonshire Police Fire and Crime Commission**

**Supporting Report to the Police Fire and Crime Commissioner**

Date of Report	
Subject	
Report Author	

1. Purpose of Report
1.1
2. Decision(s) Recommended:
2.1
3. Relevant background / Chronology of Key Events:
3.1
4. Consultation:

4.1

5. Compliance Issues:

5.1 Is this a decision of 'significant public interest?'

5.1.1

5.2 Is the recommended decision consistent with the priorities set out in the Northamptonshire Fire and Rescue Plan?

5.3 What are the financial and procurement implications of this decision?

5.4 Will further decisions be required?

5.5 Legal Implications

5.6 Risk Management

5.7 Has an Equality Impact Assessment been undertaken?

6. Evaluation of alternative option(s):

7. List of background reports used to compile this report:

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8. List of appendices accompanying this report (if any):

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9. Approvals

Date

Has this report been approved by the author's line manager?

Has this report been approved by the Chief Executive?