

DARLEY DALE TOWN COUNCIL 2023-24

FINANCIAL REGULATIONS 2023-2024

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FINANCIAL REGULATIONS

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1. General

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the key governing policy documents providing procedural guidance for members and officers.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
 - for the timely production of accounts.
 - that provide for the safe and efficient safeguarding of public money.
 - to prevent and detect inaccuracy and fraud and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.5. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.6. The Responsible Financial Officer (RFO) holds a statutory office. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO:
 - acts under the policy direction of the Council and administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices.
 - determines on behalf of the Council its accounting records and accounting control systems.
 - ensures the accounting control systems are observed.
 - maintains the accounting records of the Council up to date in accordance with proper practices.
 - assists the Council to secure economy, efficiency and effectiveness in the use of its resources and
 - produces financial management information as required by the Council.
- 1.7. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances or record of receipts and payments and additional information or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations.
- 1.8. The accounting records determined by the RFO shall contain:
 - entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate.
 - a record of the assets and liabilities of the Council and

- wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.9. The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately as possible.
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
- measures to ensure that risk is properly managed.

1.10. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement).
- approving accounting statements.
- approving an annual governance statement.
- Borrowing.
- writing off bad debts.
- declaring eligibility for the General Power of Competence and
- addressing recommendations in any report from the internal or external auditors shall be a matter for the full Council only.

1.11. In addition, the Council must:

- determine and keep under review the bank mandate for all Council bank accounts.
- approve any grant or a single commitment in excess of £750 and

1.12. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified. Also the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Local Councils - a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group.

2. Accounting and audit (internal and external)

2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

2.2. Oversight on financial processes is delegated to the Finance Advisory Committee which meets as required. The FAC has no delegated decision-making authority but instead makes recommendations on budget monitoring and budget setting to the full Council.

2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
- be competent and independent of the financial operations of the Council.
 - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year.
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - is not involved in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:
- perform any operational duties for the Council.
 - initiate or approve accounting transactions or
 - direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. The RFO shall arrange for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.9. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

3. Annual estimates and forward planning

- 3.1. The RFO, must each year, as soon as is practical to meet the District Council's precept deadline, prepare detailed estimates of funding requirements for the following financial year in the form of a budget to be considered by the Council.
- 3.2. An initial proposal will be considered by the Finance Advisory Committee and submitted to the full Council with any recommended amendments for approval.
- 3.3. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the deadline date set by the billing authority each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4. Budgetary control and authority to spend

- 4.1. The Council will retain authority to approve all items over **£750** regardless of the class of expenditure.
- 4.2. For all budget allocations agreed by full Council, the Council will be invited to delegate authority to incur expenditure, up to **£750**; to one of the following:
 - a duly delegated councillor
 - a working group or committee
 - the chair of a working group or committee
 - the Clerk for routine service or running costs or designated projects.
- 4.2. Such authority is to be evidenced by a minute. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.3. No authority to incur expenditure may exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council, having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.4. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.5. The salary budgets are to be reviewed at least annually for the following financial year when national pay scale changes are announced.
- 4.6. In cases of extreme risk to the delivery of Council services, the Clerk may authorise on behalf of the Council the incurring of revenue expenditure which in the Clerk's judgement is necessary. Such expenditure includes repair, replacement or other work, whether there is any budgetary provision for the expenditure, subject to a limit of **£1,000**. The Clerk shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 4.7. No expenditure shall be authorised in relation to any capital project and no contract entered or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.8. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.9. The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to that planned in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of any variances.
- 4.10. Changes in earmarked reserves must be approved by Council as part of the budgetary control process.

5. Banking arrangements and authorisation of payments

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for a Meeting and, together with the relevant invoices, present the schedule to Council. The Council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by a resolution of the Council. A detailed list of all payments shall be shown within, or as an attachment to, the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to have all invoices submitted, and which are in order, to the next available Council meeting.
- 5.5. The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
 - If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
 - An expenditure item authorised under 5.6 below (continuing contracts and obligations), provided that a list of such payments shall be submitted to the next appropriate meeting of Council or
 - Fund transfers within the Council's banking arrangements, provided that a list of such payments shall be submitted to the next meeting of the Finance Advisory Committee.
- 5.6. For each financial year the RFO may, if felt appropriate, draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as, but not exclusively, salaries, PAYE and NI, superannuation and regular maintenance contracts) for which Council may, having reviewed the list, authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Control) are adhered to.
- 5.7. All grants will be subject to ratification by resolution of the Council.
- 5.8. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest unless a dispensation has been granted.

6. Instructions for the making of payments

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the Council, a duly delegated committee or, if so delegated, the Clerk shall give instruction that a payment shall be made.
- 6.3. All payments shall be affected by internet banking (or, exceptionally, by cheque or other instructions to the Council's bankers), or otherwise in accordance with a resolution of Council. Payments by debit- or credit-card (see 6.13) should be avoided except where there is no practical alternative.
- 6.4. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify at least two councillors who will be authorised to approve transactions on those accounts.
- 6.5. Access to any internet banking accounts will be through the main login page (which may be saved under "favourites"). Remembered or saved passwords facilities must not be used on any computer used for Council banking work.
- 6.6. Each electronic payment shall be authorised online (and any cheque or order drawn on the bank account shall be signed) by a designated member of the Council in accordance with the schedule presented to Council and with a resolution instructing that payment. A member so authorising payments, having a connection through family or business relationships with the beneficiary of a payment, should not under normal circumstances authorise the payment in question.
- 6.7. If payment is by cheque, to indicate agreement of the details shown on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.8. No employee or councillor shall disclose any password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or a duly delegated committee.
- 6.9. The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded via expenses claims.

7. Payment of salaries

- 7.1. As an employer, the Council shall meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries and any deductions shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salary rates, and associated terms and conditions shall be as agreed by Council.
- 7.2. Payment of salaries must be made on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the first available Council meeting, as set out in these regulations.

- 7.3. Annual nationally agreed increments and increases will be automatically applied by the RFO once agreed and published by NALC and reported to Council under “Payments to be made”. Discretionally rises or payments must be authorised by the full Council, unless delegated authority to do so has been given to an individual Councillor or Committee.
- 7.4. Records of payments to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall not be open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- by any councillor who can demonstrate a need to know;
 - by the internal or external auditor; or
 - by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. Any termination payments shall be supported by a clear business case, which must be presented to Council. Only Council may authorise a termination payment.

8. Loans and investments

- 8.1. All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval must be approved by Council as to terms and purpose.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as hire-purchase or leasing of tangible assets) shall be subject to approval by Council. In each case a report in writing shall be provided to Council in respect of value for money of the proposed transaction.
- 8.3. All investments shall be effected in the name of the Council and shall be for a period set in accordance with Council policy.
- 8.4. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

9. Income

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

- 9.3. All sums received on behalf of the Council shall be banked intact as directed by the RFO. All receipts shall be deposited with the council's bankers with such frequency as the RFO considers appropriate.
- 9.4. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.5. The RFO shall complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually.
- 9.6. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for work, goods and services

- 10.1. All members and officers are responsible for always obtaining value for money. For all orders **over £750**, an officer shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, by obtaining three quotations or estimates from appropriate suppliers.
- 10.2. Where this is not practical or where attempts to obtain multiple quotes are unsuccessful, an order may be placed directly with a single provider, though the officer should satisfy themselves that the contract represents reasonable value for money.
- 10.3. For orders **below £750**, the officer can use preferred local suppliers with whom the Council hold accounts or established and trusted local traders to support and promote local business. They should be able to demonstrate that any charges were at a competitive level. The RFO should periodically assess local prices to ensure that they remain competitive.
- 10.4. A member may not issue an official order or make any contract on behalf of the council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. Exceptions

- 11.1. Occasionally there will be instances where a specialist service or single provider is required. These might include:
- urgent or emergency situations where a speedy resolution is the single most important factor;
 - securing specialist services including legal or expert professionals where local knowledge and availability are important factors;
 - for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;

- for additional audit work of the external auditor up to an estimated value of £750 (in excess of this sum the Clerk shall act after consultation with the Chair and Vice Chair of Council); and
- for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

12. Stores and equipment

12.1. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

12.2. Stocks shall be kept at the minimum levels consistent with operational requirements.

13. Assets

13.1. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments with a current value of at least **£50**, is kept up to date and presented to Council annually.

14. Insurance

14.1. Following the annual risk assessment (per Regulation 16), the RFO shall affect all insurances and negotiate all claims on the Council's insurers.

14.2. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

14.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to Council at the next available meeting.

14.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council.

15. Risk management

15.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

15.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

16. Suspension and revision of Financial Regulations

16.1. It shall be the duty of the Council to review these Financial Regulations annually. The Clerk will monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.

16.2. The council may, by resolution of the Council suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.