

DARTFORD BOROUGH

COUNCIL

FINANCIAL

REGULATIONS

2017

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

A.	CONTENTS	
B.	INTRODUCTION.....	3
C.	FINANCIAL MANAGEMENT	4
C.1	ACCOUNTING	4
C.2	MANAGING EXPENDITURE – CASH LIMITING RULES.....	5
C.3	TREATMENT OF YEAR END BALANCES	6
C.4	ACCOUNTING POLICIES	6
C.5	ACCOUNTING RECORDS AND RETURNS.....	7
D.	FINANCIAL PLANNING	8
D.1	MEDIUM TERM PLANNING.....	8
D.2	BUDGETING.....	10
D.3	CAPITAL PROGRAMME.....	12
D.4	MAINTENANCE OF RESERVES	14
E.	RISK MANAGEMENT AND CONTROL OF RESOURCES	15
E.1	RISK MANAGEMENT	15
E.2	INTERNAL CONTROLS.....	17
E.3	INTERNAL AUDIT.....	19
E.4	EXTERNAL AUDIT	20
E.5	PREVENTING FRAUD AND CORRUPTION	21
E.6	ASSETS - SECURITY	22
E.7	INVENTORIES.....	24
E.8	STOCKS AND STORES	25
E.9	ASSET DISPOSAL	25
E.10	TREASURY MANAGEMENT AND BANKING	26
E.11	STAFFING	27
F.	FINANCIAL SYSTEMS AND PROCEDURES	28
F.1	CONTROL OF SYSTEMS AND PROCEDURES	28

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

F.2	INCOME.....	31
F.3	PROCURING AND PAYING FOR WORK, GOODS AND SERVICES	33
F.4	PAYMENTS TO EMPLOYEES AND MEMBERS	37
G.	TAXATION	39
H.	EXTERNAL ARRANGEMENTS.....	40
H.1	PARTNERSHIPS.....	40
H.2	EXTERNAL FUNDING.....	41
H.3	WORK FOR THIRD PARTIES.....	42

B. INTRODUCTION

Financial Regulations:

- provide the framework for managing the Council’s financial affairs and seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice;
- are an integral part of the stewardship of Council funds and adherence ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency;
- forms a significant part of the Corporate Governance of the Council.

B.1 Senior Managers are responsible for ensuring that all staff in their areas are aware of the existence and content of these Financial Regulations and other internal regulatory documents and that they comply with them. Non-compliance with these Financial Regulations by any staff, and with any accounting instruction notes and other corporate guidance issued by the Strategic Director (Internal Services)), constitutes a disciplinary matter that will be pursued, as appropriate, in accordance with the Disciplinary and Dismissal Policy and Procedure.

B.2 The Managing Director and Strategic Director (Internal Services)) may agree to waive these Financial Regulations in order to proceed in a manner most expedient to the efficient management of the Council. Reasons must be recorded in writing.

B.3 Where conflict exists between these Financial Regulations and Standing Orders (including Contract Standing Orders), the latter will take precedence.

C. FINANCIAL MANAGEMENT

Why is this important?

All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring 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.

- Senior managers shall consult the Strategic Director (Internal Services) with respect to any matter within his/her purview which is liable to affect the finances, other than provided in estimates, of the Council before any provisional or other commitment is incurred or before reporting thereon to the Cabinet.
- The Strategic Director (Internal Services) is responsible for ensuring the proper administration of the financial affairs of the Council and that financial management standards and controls are in place and are effectively monitored for compliance.

C.1 ACCOUNTING

Why is it important?

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibilities for stewardship of public resources. The Council has a statutory responsibility in preparing its annual accounts to present fairly its operations during the year. These accounting records are subject to external audit. This audit provides assurance that the accounts are prepared properly, that approved accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

- C.1.1 All accounting procedures, accounting policies, and financial records of the Council and its officers shall be as determined by the Strategic Director (Internal Services). Any financial procedures and records maintained in other Service areas are the responsibility of senior management and shall be subject to the approval of the Strategic Director (Internal Services).
- C.1.2 The Strategic Director (Internal Services) shall make proper arrangements for the preparation, publication and external audit of the Council's accounts in accordance with the most recent Accounts and Audit Regulations. The Audit Board shall approve the final version of the accounts
- C.1.3 Senior managers are required to maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements and to provide such information as required to enable the Statement of Accounts to be completed in accordance with the guidelines issued by the Strategic Director (Internal Services).

C.2 MANAGING EXPENDITURE – CASH LIMITING RULES

Why is this important?

The cash limiting rules are intended to enable the Cabinet, Senior Managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the General Assembly of the Council, and therefore to optimise the use of resources.

C.2.1 Key controls for the cash limiting rules are:

- (a) the rules are administered by the Strategic Director (Internal Services) within the rules set by the Council as part of the annual budget process.
- (b) the overall budget is approved by the General Assembly of the Council. Directors and budget managers are authorised to incur revenue expenditure in accordance with the estimates that make up the budget.
- (c) For capital projects (not merely contracts) valued at over £100,000 Cabinet approval is required before expenditure (other than preliminary work) is incurred.
- (d) virements should not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently in line with the exceptions list.

C.2.2 The Strategic Director (Internal Services) is to prepare jointly with the Senior Manager a report to the Cabinet where a virement is over the limit whereby it is required that the Managing Director can exercise his/her authority.

C.2.3 Directors are personally responsible for maintaining expenditure within the overall cash limit for their Directorate.

C.2.4 Spending Officers are responsible to the relevant Director and not directly to the Cabinet. The Council requires Directors to ensure that all Spending Officers are aware of their responsibilities and are monitoring their budgets on a regular basis, so as to report to committee and highlight exception items, where appropriate.

C.2.5 An appropriate Director and Spending Officer will be identified for all budgets. Any change of Spending Officer will require approval by the Managing Director or his/her nominee (Financial Services Manager)

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- C.2.6 Any proposals to raise income by increasing fees and charges, or by imposing a new charge where none existed before, must be approved by the Cabinet or appropriate delegated authority before implementation. Such a request for approval must comply with any information requirements needed to satisfy Members.

C.3 TREATMENT OF YEAR END BALANCES

Why is this important?

To ensure the integrity of the budget and the medium-term financial plan, it is important that year end balances are treated in accordance with agreed policies and guidelines.

- C.3.1 The key control in this area is that the appropriate accounting procedures are in operation to ensure that balances and reserves carried forward are correct.
- C.3.2 The Managing Director is to ensure that balances and reserves are carried forward in accordance with accounting standards and general reserve guidelines issued by the Strategic Director (Internal Services) and agreed by the General Assembly of the Council.
- C.3.3 The Cabinet shall approve the process for setting up any reserves and funds.
- C.3.4 The Managing Director will be responsible for the authorisation and expenditure from reserves in consultation with the senior management.
- C.3.5 The Chief Financial Officer is to report jointly with the relevant Director over and underspending of 5% or £20,000 (whichever is the greater) to the Cabinet on service budget.
- C.3.6 Senior managers must adhere to the guidelines set by the Strategic Director (Internal Services) when providing information for the finalising of the end of year accounts and provide any information required by the Strategic Director (Internal Services) to report any budget variances to Cabinet.

C.4 ACCOUNTING POLICIES

Why is this important?

The Strategic Director (Internal Services) is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- C.4.1 The key controls for accounting policies are:
- (a) systems of internal control are in place that ensure financial transactions are lawful.
 - (b) suitable accounting policies are selected and applied consistently
 - (c) proper accounting records are maintained
 - (d) financial statements are prepared which present fairly the financial position of the Council and its expenditure and income
- C.4.2 The Strategic Director (Internal Services) is to select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31 March each year.

C.5 ACCOUNTING RECORDS AND RETURNS

Why is this important?

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to 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 the Council's resources.

- C.5.1 The key controls for accounting records and returns are:
- (a) all finance staff and budget managers operate within the required accounting standards and timetables
 - (b) all the Council's transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis
 - (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
 - (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
 - (e) prime documents are retained in accordance with legislative and other requirements

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- C.5.2 The Strategic Director (Internal Services) is to determine accounting procedures and records for the Council. Where these are maintained outside Financial Services, the Strategic Director (Internal Services) should consult the Director concerned.
- C.5.3 The Strategic Director (Internal Services) is to arrange for the compilation of all accounts and accounting records under his/her direction and to comply as far as is practical, with the following principles when allocating accounting duties:
- (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
 - (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions
- C.5.4 Senior Managers must:
- (a) ensure that all claims for funds including grants are made by the due date.
 - (b) ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention policy.
 - (c) consult and obtain the approval of the Strategic Director (Internal Services) before making any changes to accounting records and procedures.
 - (d) comply with the principles outlined above when allocating accounting duties and maintain adequate records to provide a managerial trail leading from the source of income/expenditure through to the accounting statements.
 - (e) Senior managers will supply information required to enable the statement of accounts to be completed in accordance with guidelines by the Strategic Director (Internal Services).

D. FINANCIAL PLANNING

D.1 MEDIUM TERM PLANNING

Why is this important?

Medium term planning involves a planning cycle in which managers and Members develop plans over a period longer than one year. As each year passes, another future

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

year will be added to the medium term plan. This ensures that the Council is always preparing for events in advance.

D.1.1 The key controls for medium term planning are:

- (a) specific budget approval for all expenditure
- (b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered
- (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

D.1.2 The Strategic Director (Internal Services) will:

- (a) advise members on budget prospects, including resource constraints set by the Government. Reports should take account of the budget assumptions.
- (b) advise on the medium term implications of spending decisions and encourage the best use of resources and value for money by working with Senior Managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice on conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- (c) advise the General Assembly of the Council in accordance with his/her responsibilities under section 151 of the Local Government Act 1972.

D.1.3 Senior Managers will in consultation with the Strategic Director (Internal Services) and in accordance with the laid-down guidance and timetable prepare detailed draft revenue and capital budgets.

When drawing up draft budget requirements, to have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process
- (b) legal requirements
- (c) policy requirements as defined by the General Assembly of the Council in the approved policy framework
- (d) initiatives already under way

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- (e) working within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- (f) Identifying opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

D.2 BUDGETING

Why is this important?

- D.2.1 The format of the budget determines the level of detail to which financial control and management will be exercised. Budget management ensures that once the budget has been approved by the General Assembly of the Council, resources allocated are used for their intended purposes, in line with the Corporate Plan, and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year.
- D.2.2 The key controls for the budget format are:
 - (a) the format complies with all legal requirements
 - (b) the format complies with CIPFA's Service Reporting Accounting – Code of Practice (SeRCOP)
 - (c) the format reflects the accountabilities of service delivery
- D.2.3 The key controls for the budget management are:
 - (a) budget managers should be responsible only for income and expenditure that they can influence
 - (b) there is a nominated budget manager for each budget heading
 - (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
 - (d) budget managers follow an approved certification process for all expenditure
 - (e) income and expenditure are properly recorded and accounted for
 - (f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- D.2.4 The Strategic Director (Internal Services) will ensure budget management is exercised within annual cash limits unless the General Assembly of the Council agrees otherwise.
- D.2.5 The Strategic Director (Internal Services) will establish an appropriate framework of budgetary management and control that ensures that:
- (a) each Senior Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
 - (b) all officers responsible for committing expenditure will comply with relevant guidance, and the Financial Regulations
 - (c) each budget head will have a single named manager, determined by the relevant Director or Senior Manager. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
 - (d) significant variances from approved budgets are investigated and reported by budget managers regularly.
- D.2.6 The Strategic Director (Internal Services) will:
- (a) administer the Council's cash limiting rules.
 - (b) submit reports to the Cabinet, in consultation with the relevant Senior Manager/s, where a Senior Manager is unable to balance expenditure and resources within existing approved budgets under his/her control.
 - (c) The Strategic Director (Internal Services) will prepare and submit reports on the Council's projected income and expenditure compared with the budget on a regular basis.
 - (d) The Strategic Director (Internal Services) will ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- D.2.7 Directors will ensure:
- (a) that an accountable budget manager is identified for each item of income and expenditure under the control of the Director (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
 - (b) spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

D.2.8 Senior Managers will ensure prior approval by the General Assembly of the Council or Cabinet (as appropriate) for new proposals of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce the Council's services

D.2.9 Senior Managers will maintain budgetary control within their services to ensure that all income and expenditure are properly recorded and accounted for.

D.3 CAPITAL PROGRAMME

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Council, 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 can create financial commitments for the future in the form of financing costs and revenue running costs.

The Council is restricted in its ability to fund capital expenditure. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of resources.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

D.3.1 The key controls for capital programmes are:

- (a) specific approval by the General Assembly of the Council for the capital expenditure budget
- (b) expenditure on capital schemes is subject to the approval of the Strategic Director (Internal Services)
- (c) a process for approving capital projects and monitoring their progress
- (d) schedules of schemes within the overall budget approved by the General Assembly of the Council must be submitted to the Cabinet for approval.
- (e) the development and implementation of an asset management plan
- (f) accountability for each proposal is accepted by a named manager
- (g) monitoring of progress in conjunction with expenditure and comparison with approved budget

D.3.2 The Strategic Director (Internal Services):

- (a) shall prepare capital estimates jointly with Senior Managers and to report them for recommendation with the associated financing requirements to the General Assembly of the Council.
- (b) shall prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- (c) will issue guidance concerning capital schemes and controls, e.g. on project appraisal techniques. The definition of 'capital' will be determined by the Strategic Director (Internal Services) having regard to government regulations and accounting requirements.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

D.3.3 Senior Managers will:

- (a) obtain, jointly with the relevant Director, authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than £50,000 or 10% (whichever is the greater).
- (b) ensure that all capital proposals, above a defined cost level, have undergone a project appraisal in accordance with any guidance issued by the Strategic Director (Internal Services).
- (c) comply with guidance concerning capital schemes and controls issued by the Strategic Director (Internal Services).
- (d) prepare regular reports reviewing the capital programme for their services. They should also prepare a monthly return of schemes in the approved capital programme for submission to the Strategic Director (Internal Services).
- (e) ensure that adequate records are maintained for all capital contracts.
- (f) proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Strategic Director (Internal Services), where required.
- (g) will prepare and submit reports, jointly with the Strategic Director (Internal Services), to the Cabinet, of any variation in contract costs greater than the approved limits. The Cabinet has unlimited power of virement within the capital programme.
- (h) prepare and submit reports, jointly with the Strategic Director (Internal Services), to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.
- (i) ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Strategic Director (Internal Services) and, if applicable, approval of the scheme through the capital programme.

D.4 MAINTENANCE OF RESERVES

Why is this important?

The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the Identified Initiative Reserve.

D.4.1 The key controls for reserves are:

- (a) To maintain reserves in accordance with the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.
- (b) For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- (c) Authorisation of expenditure from reserves by the Managing Director.

D.4.2 The Strategic Director (Internal Services) will advise the Cabinet and/or the General Assembly of the Council on prudent levels of reserves for the Council, and to take account of the advice of the external auditor in this matter.

D.4.3 Senior Managers will ensure that resources are used only for the purposes for which they were intended.

E. RISK MANAGEMENT AND CONTROL OF RESOURCES

E.1 RISK MANAGEMENT

Why is this important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to manage the barriers that might prevent achievement of the key objectives and to secure the assets of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

It is the overall responsibility of the Cabinet to approve the Council's risk management strategy, and to promote a culture of risk management awareness throughout the

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

Council. The Audit Board reviews and monitors the Council's arrangements for risk management.

E.1.1 The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council
- (b) 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 continuous basis
- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- (d) provision is made for losses that might result from the risks that remain
- (e) acceptable levels of risk are determined and insured against where appropriate
- (f) the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

E.1.2 The Strategic Director (Internal Services) is responsible for:

- (a) preparing and promote the Council's risk management strategy and to effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- (b) The Strategic Director (Internal Services) is responsible for developing risk management controls in conjunction with other Senior managers who must also take responsibility for risk management, having regard to advice from the Strategic Director (Internal Services) and other specialist officers.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- E.1.3 Directors must ensure there are regular reviews of risk within their directorates in accordance with the risk management strategy and they must notify the Strategic Director (Internal Services) promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- E.1.4 Senior Managers:
- (a) will notify the Strategic Director (Internal Services) immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Strategic Director (Internal Services) or the Council's insurers.
 - (b) must notify the Strategic Director (Internal Services) and the Head of Legal Services on the terms of any indemnity that the Council is requested to give, and not to enter into such indemnity without specific approval.
 - (c) Senior Managers must ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

E.2 INTERNAL CONTROLS

Why is this important?

The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives and statutory obligations.

The Council 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 the risks.

The system of internal controls is established in order to provide measurable achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) risk management

Key controls

The key controls and control objectives for internal control system are:

- (a) key controls should be reviewed on a regular basis and the Council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
 - (b) managerial control systems, 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
 - (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
 - (d) an effective internal audit function that is properly resourced. It should operate in accordance with Public Sector Internal Audit Standards and the principles contained in the CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.
- E.2.1 The Strategic Director (Internal Services) will assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- E.2.2 Directors will manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- E.2.3 Senior Managers will:
- (a) review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Strategic Director (Internal Services). Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective – e.g. because of duplication.
 - (b) ensure staff have a clear understanding of the consequences of lack of control.

E.3 INTERNAL AUDIT

Why is this important?

The requirement for an internal audit function for local authorities 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 2015, regulation 5, more specifically require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Accordingly, internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

E.3.1 The key controls for internal audit are:

- (a) that it is independent in its planning and operation
- (b) the Chief Audit Executive has direct access to the Head of Paid Service, all levels of management and directly to elected Members
- (c) internal auditors comply with the CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom.

E.3.2 The Strategic Director (Internal Services) will ensure that internal auditors have the authority to:

- (a) access Council premises at reasonable times
- (b) access all assets, records, documents, correspondence and control systems.
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the Council to account for cash, stores or any other Council asset under his/her control.
- (e) access records belonging to third parties, such as contractors, when required
- (f) directly access the Head of Paid Service, the Cabinet and Audit Board

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- E.3.3 The Strategic Director (Internal Services) will also:
- (a) recommend the strategic and annual audits plans, prepared by the head of internal audit, take account of the characteristics and relative risks of the activities involved, for approval by the Audit Board as appropriate.
 - (b) ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
- E.3.4 Senior Managers will:
- (a) ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
 - (b) ensure that auditors are provided with any information and explanations that they seek in the course of their work.
 - (c) consider and respond promptly to recommendations in audit reports in accordance with the audit protocol.
 - (d) ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
 - (e) notify the Strategic Director (Internal Services) immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Manager should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
 - (f) ensure that new systems for maintaining financial records, or records of assets, or changes to systems, are discussed with and agreed by the Strategic Director (Internal Services) prior to implementation.

E.4 EXTERNAL AUDIT

Why is this important?

The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

- E.4.1 Our current external auditors were appointed by the Audit Commission however future auditors will be appointed by the Council in line with the procedures specified in the Local Audit and Accountability Act 2014.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- E.4.2 The Strategic Director (Internal Services) will:
- (a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
 - (b) To ensure there is effective liaison between external and internal audit.
 - (c) To work with the external auditor and advise the General Assembly of the Council, Audit Board, Cabinet and Directors on their responsibilities in relation to external audit.
- E.4.3 Senior managers will ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- E.4.4 Senior managers will ensure that all records and systems are up to date and available for inspection.

E.5 PREVENTING FRAUD AND CORRUPTION

Why is this important?

The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

- E.5.1 The key controls regarding the prevention of financial irregularities are that:
- (a) the Council has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption
 - (b) all Members and staff act with integrity and lead by example
 - (c) high standards of conduct are promoted amongst Members by the Audit Board
 - (d) the maintenance of registers of hospitality (Members and Officers) in which any hospitality or gifts accepted must be recorded

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- (e) the maintenance of registers of interest (Members and Officers)
- (f) whistle-blowing procedures are in place and operate effectively

E.5.2 The Strategic Director (Internal Services) will:

- (a) develop and maintain an Anti-fraud and Corruption Policy and Whistleblowing Policy.
- (b) Be responsible for anti-money laundering policies and practices as the anti-money laundering officer
- (c) maintain adequate and effective internal control arrangements.
- (d) ensure that all suspected irregularities are reported to the Audit Manager and the Head of Paid Service, as appropriate.

E.5.3 Senior Managers will:

- (a) ensure that all suspected irregularities are reported to the Audit Manager and the Head of Paid Service, as appropriate.
- (b) instigate the Council's disciplinary procedures or reference to the Strategic Director (Internal Services) and Monitoring Officer (for breaches of the Member Code of Conduct) where the outcome of an audit investigation indicates improper behaviour.
- (c) ensure that where financial impropriety is discovered, the Strategic Director (Internal Services) is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- (d) maintain any specific registers of hospitality, where relevant.

E.6 ASSETS - SECURITY

Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- E.6.1 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:
- (a) resources are used only for the purposes of the Council and are properly accounted for
 - (b) resources are available for use when required
 - (c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits
 - (d) an asset register is maintained for the Council and assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset
 - (e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act 1998 and software copyright legislation.
 - (f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer e-mail and internet security policies.
- E.6.2 The Strategic Director (Internal Services) will ensure that an asset register is maintained in accordance with good practice for all fixed assets. The function of the asset register is to provide the Council with information about fixed assets so that they are:
- (a) Safeguarded
 - (b) used efficiently and effectively
 - (c) adequately maintained
- E.6.3 The Strategic Director (Internal Services) will also receive the information for accounting, costing and financial records from each Director and ensure that assets are valued in accordance with the CIPFA Code of Practice on Local Authority Accounting.
- E.6.4 The responsible director shall maintain a property database in a form approved by the Strategic Director (Internal Services) for all land and property currently owned or used by the Council.
- E.6.5 Where land or buildings are surplus to requirements, a recommendation for sale should be made to the Strategic Director (Internal Services).

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

E.6.6 Senior managers are responsible:

- a) To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement has been established.
- b) To ensure the proper security of all buildings and other assets under their control.
- c) To ensure that any health and safety issues arising from Council owned property are brought to the attention of the Health and Safety Officer and the Housing Maintenance Manager.
- d) To ensure that no Council asset is subject to a personal use by an employee without proper authority.
- e) To ensure the safe custody of vehicles, equipment, furniture, stock stores and other property belonging to the Council.
- f) To ensure that the section maintains a register (inventory) of moveable assets in accordance with arrangements defined by the Strategic Director (Internal Services).
- g) To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- h) To ensure cash holdings on premises are kept to a minimum.
- i) To ensure that keys to safes and similar receptacles are kept secure at all times; loss of any such keys must be reported to the Strategic Director (Internal Services) as soon as possible.
- j) To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless the Strategic Director (Internal Services) agrees otherwise.
- k) To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Strategic Director (Internal Services).
- l) To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

E.7 INVENTORIES

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

E.7.1 Senior managers will:

- a) Maintain inventories of moveable assets and record an adequate description of furniture, fittings, equipment, plant and machinery above the value of £1,000. See Financial Guidance for further details.
- b) Carry out an annual check of all items on the inventory in order to verify location, review conditions and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.
- c) Make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

E.8 STOCKS AND STORES

E.8.1 Senior managers will:

- a) Make arrangements for the care and custody of stocks and stores in the directorate.
- b) Ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- c) Investigate and recommend removal from the Council's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval in line with delegation regarding the writing off of debt.
- d) Seek Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

E.9 ASSEST DISPOSAL

Why is this important?

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Council.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- E.9.1 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- E.9.2 These procedures protect staff involved in the disposal from accusations of personal gain.
- E.9.3 The Strategic Director (Internal Services) will issue guidelines representing best practice for disposal of assets and ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds, if appropriate.
- E.9.4 Senior Managers will arrange for the disposal of surplus or obsolete materials, stores or equipment, in accordance with agreed procedures and will ensure that income received for the disposal of an asset is properly banked and coded.

E.10 TREASURY MANAGEMENT AND BANKING

Why is this important?

Many millions of pounds pass through the Council's books each year. This led to the establishment of codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

Key controls

- E.10.1 The key controls for Treasury Management are that the Council's borrowings and investments comply with the Treasury Management in the Public Services: Code of Practice and with the Council's Treasury Management Strategy as approved by the Council.
- E.10.2 The Council's Treasury Management Panel must oversee the Treasury Management Function in accordance with its terms of reference.
- E.10.3 The Managing Director or his nominee (the Strategic Director (Internal Services)) will:
 - a) Arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's treasury management policy statement and strategy.
 - b) Report (at least) two times a year on treasury management activities to the Cabinet including a year-end report.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- c) Operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Strategic Director (Internal Services) and Managing Director.
- d) Ensure that all investments of money are made in the name of the Council or in the name of approved nominees.
- e) Ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership, are held in the appropriate custody.
- f) Effect all borrowings in the name of the Council.
- g) Act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

E.10.4 Maximum limits for cash holdings and guidance around record keeping shall be agreed with the Managing Director. Limits shall not be exceeded without his/her express permission.

E.10.5 Senior Managers will:

- a) ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Managing Director.
- b) Only use cash for transactions when approved by the Strategic Director (Internal Services).

E.11 STAFFING

Why is this important?

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

E.11.1 The key controls for staffing are:

- a) an appropriate workforce strategy
- b) procedures are in place for forecasting staffing requirements and cost
- c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the Council
- d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- e) Controls are in place to ensure that only properly authorised appointments are made

E.11.2 The Strategic Director (Internal Services) will:

- a) Ensure that budget provision exists for approved staffing levels.
- b) Act as an advisor to Senior Managers on areas such as national insurance and pension contributions, as appropriate.

E.11.3 Senior Managers will:

- a) ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- b) monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- c) ensure that the staffing budget is not exceeded and that it is managed to enable the agreed level of service to be provided.
- d) ensure that the Financial Services Manager and the Strategic Director (Internal Services) are immediately informed if the staffing budget is likely to be materially overspent.

F. FINANCIAL SYSTEMS AND PROCEDURES

F.1 CONTROL OF SYSTEMS AND PROCEDURES

Why is this important?

Directorates have many systems and procedures relating to the control of the Council's assets, including procurement, costing and management systems. Directorates are predominantly reliant on computers for their financial management information. The information must therefore 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 Strategic Director (Internal Services) has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

F.1.1 The key controls for systems and procedures are:

- a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated
- b) performance is communicated to the appropriate managers on an accurate, complete and timely basis
- c) early warning is provided of deviations from target, plans and budgets that require management attention
- d) operating systems and procedures are secure

F.1.2 The Strategic Director (Internal Services) will:

- a) issue advice, guidance and procedures for officers and others acting on the Council's behalf
- b) determine the accounting systems, form of accounts and supporting financial records
- c) establish arrangements for audit of the Council's financial affairs
- d) approve any new financial systems to be introduced
- e) approve any changes to be made to existing financial systems.

F.1.3 Directors will:

- a) establish a scheme of delegation identifying officers authorised to act upon the Director's behalf in respect of payments, income collection and procurement, including variations, and showing the limits of their authorisation.
- b) supply lists of authorised officers, with specimen signatures and delegated limits, to the Strategic Director (Internal Services), together with any subsequent variations.
- c) ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fire proof location, preferably off site or at an alternative location within the building.
- d) To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

F.1.4 Senior Managers will:

- a) ensure that accounting records are properly maintained and held securely.
- b) ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Strategic Director (Internal Services).
- c) ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- d) To incorporate appropriate controls to ensure that, where relevant:
 - all input is genuine, complete, accurate, timely and not previously processed
 - all processing is carried out in an accurate, complete and timely manner
 - output from the system is complete, accurate and timely.
- e) To ensure that, where practical, the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- f) To ensure that systems are documented and staff trained in operations.
- g) To consult with the Strategic Director (Internal Services) before changing any existing system or introducing new systems.
- h) To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- i) To ensure that relevant standards and guidelines for computer systems issued by the relevant Director are observed.
- j) To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- k) To comply with the copyright designs and patents legislation and, in particular, to ensure that:
 - only software legally acquired and installed by the Council is used on its computers

- staff are aware of legislative provisions

F.2 INCOME

Why is this important?

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and also avoids the time and cost of administering debts.

F.2.1 The key controls for income are:

- a) all income due to the Council is identified and charged correctly
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate recording equipment.
- c) all money received by an employee on behalf of the Council is paid without delay to the Strategic Director (Internal Services) or, as he/she directs, to the Council's bank account, and properly recorded. The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales
- e) formal approval for debt write-off is obtained
- f) appropriate write-off action is taken within defined timescales
- g) appropriate accounting adjustments are made following write-off action
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- i) money not allocated and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

F.2.2 The Strategic Director (Internal Services) will:

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- a) agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- b) ensure that appropriate accounting adjustments are made following write-off action.

F.2.3 The Managing Director or Strategic Director (Internal Services) will:

- a) agree the write-off of bad debts up to £5,000 in each case and to refer larger sums to the Cabinet.
- b) obtain the approval of the Cabinet in consultation with the relevant Director for writing off debts in excess of £5,000.

F.2.4 Senior managers will:

- a) establish charges for the supply of goods or services, including the appropriate charging of VAT.
- b) separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- c) establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- d) issue official receipts or to maintain other documentation for income collection.
- e) hold securely receipts, tickets and other records of income for the appropriate period.
- f) lock away all income to safeguard against loss or theft, and to ensure the security of cash handling. Cash handling should be minimised and the Strategic Director (Internal Services) must approve any new arrangements.
- g) ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- h) raise accounts promptly for work done, goods supplied, services rendered or other amounts due.
- i) ensure that sums due to the Council are recorded correctly, monitor recovery of income and flag up areas of concern to the Strategic Director (Internal Services). Directors have a responsibility to assist the Strategic Director (Internal Services) in collecting debts that they have originated,

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

- j) recommend to the Strategic Director (Internal Services)/ Managing Director all debts to be written off up to £5,000 and to keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- k) obtain the approval of the Strategic Director (Internal Services) /Managing Director and where appropriate Cabinet, when writing off debts in excess of £5,000.
- l) notify the Strategic Director (Internal Services) of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Strategic Director (Internal Services).

F.3 PROCURING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

- F.3.1 Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- F.3.2 Official orders must be in a form approved by the Strategic Director (Internal Services). Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Strategic Director (Internal Services).
- F.3.3 The normal method of payment to suppliers will be by BACS transfer. Payment by cheque will only be agreed in exceptional circumstances. The use of direct debit requires the prior agreement of the Strategic Director (Internal Services).
- F.3.4 The key controls for ordering and paying for work, goods and services are:

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- a) all goods and services are ordered only by appropriate persons and are correctly recorded
- b) all goods and services shall be ordered in accordance with the Council's standing orders and contract procedures
- c) goods and services received are checked to ensure they are in accordance with the order
- d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards
- e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- h) in addition, processes must be in place to ensure the security and integrity of data transferred in e-business/e-commerce and electronic purchasing transactions

F.3.5 The Strategic Director (Internal Services) will:

- a) ensure that all the Council's financial systems and procedures are sound and properly administered.
- b) approve any changes to existing financial systems and to approve any new systems before they are introduced.
- c) approve the form of official orders and associated terms and conditions.
- d) To make payments from the Council's funds on the budget holder's authorisation that the expenditure had been duly incurred in accordance with Financial Regulations and Standing Orders.
- e) To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- f) To make payments to contractors on authorisation of a contract certificate, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- g) To provide advice and guidance on making payments by the most economical means.
- h) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

F.3.6 Senior Managers will:

- a) ensure that goods and services are procured in accordance with Financial Regulations and Standing Orders using systems and procedures approved by the Strategic Director (Internal Services).
- b) ensure that orders are only used for goods and services for the Council. Individuals must not use official orders to obtain goods or services for their private use.
- c) ensure that only those staff authorised by him/her originate orders and to maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case their authorised limits. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- d) ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- e) ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the document retention schedule.
- f) ensure that a two stage process as below is adopted to authorise any invoice for payment and that the two stages are authorised by separate officers.

Stage 1

The first stage of the authorisation process, either online or by signing the "Goods received" or "checked and coded" boxes on the relevant form, means confirmation that:

- the goods works or services have been received and are of the required quantity and quality and fit for the purpose intended
- that the invoice has not previously been paid

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- that expenditure has been charged against the correct budget
- that prices are arithmetically correct and accord with quotations, tenders, contracts or catalogue prices, or are otherwise reasonable
- where VAT is included, it is correct and in the required format
- that discounts have been taken where available
- that if the invoice is in payment for non-consumable moveable assets valued at over £500, an entry has been made on the relevant inventory

Stage 2

The second stage of the authorisation process, either online or by signing the “certified by” box on the relevant form, means confirmation that:

- The invoice has passed through the stage 1 process
- That any Standing Order or Financial Regulation relevant to the purchase of the goods or services has been complied with e.g. rules for quotations and/or tenders
- The expenditure has been correctly authorised and budget provision exists.
- ensure that payments are only made following receipt of a formal invoice, and that no payment is made on a photocopy or statement.
- ensure that the directorate obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, having regard to the Procurement Guide. The financial thresholds for procurement are specified in Contract Standing Order 7.

F.3.7 Whilst there is a general presumption in favour of open competition, there will be some circumstances where it may not be appropriate. In such circumstances the requirements of Contract Standing Order 13 should be followed

F.3.8 If a contractor or consultant is responsible for procuring goods or services on behalf of the Council then they must abide by the Council’s Contracts Standing Orders and Procurement Guide. Directors and Spending Officers responsible for the appointment of contractors or consultants are required to bring this to their attention where relevant.

F.3.9 Directors will:

- a) Provide lists to the Strategic Director (Internal Services) in order for the organisation to retain a list of staff approved to authorise invoices. This will include names of authorising officers together with specimen signatures and details of expenditure limits.

F.4 PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is important that all payments are accurately recorded and accounted for, and that Members' allowances are authorised in accordance with the Members' Allowances Scheme adopted by the General Assembly of the Council.

F.4.1 The key controls for payments to employees and Members are:

- a) proper authorisation procedures are in place and that there is adherence to corporate timetables for:
 - starters
 - leavers
 - variations
 - additional payments
- b) frequent reconciliation of payroll expenditure against approved budget and bank account
- c) all appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule
- d) Inland Revenue regulations are complied with.

F.4.2 The Strategic Director (Internal Services) will:

- a) Arrange for the secure and reliable payment of salaries wages, or other emoluments to employees, in accordance with procedures prescribed by him/her, on the due date.
- b) record and make arrangements for the accurate and timely payment of tax, pension and other deductions.
- c) make arrangements for payment of all travel and subsistence and other claims.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- d) make arrangements for paying Members' allowances in accordance with the scheme approved by the Council.
- e) ensure that there are adequate arrangements to meet any pension administration timescales set by Kent County Council.
- f) ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- g) To ensure that adequate and effective systems and procedures are operated, so that:
 - payments are only authorised to bona fide employees
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are correctly applied
 - employees' names on the payroll are checked at regular intervals to verify accuracy and completeness

F.4.3 Senior Manager will:

- a) send an up-to-date list of names and officers authorised to sign payroll records to the Financial Services Manager, together with specimen signatures.
- b) ensure that payroll transactions are processed only through the payroll system. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from Financial Services (payroll).
- c) certify travel and subsistence claims, overtime and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Strategic Director (Internal Services) is informed, where appropriate.

F.4.4 Members should:

- a) submit claims for any allowances, that require the completion of a claim form e.g. travel and subsistence allowances, on a monthly basis and, in any event, within one month of the year end.

G. TAXATION

Why is this important?

Like all organisations the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

G.1 Key controls for taxation are:

- a) budget managers are provided with relevant information and kept up to date on tax issues
- b) budget managers are instructed on required record keeping
- c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- d) records are maintained in accordance with instructions
- e) returns are made to the appropriate authorities within the stipulated timescale.

G.2 The Strategic Director (Internal Services) will:

- a) Complete all HMRC returns regarding PAYE.
- b) Complete a monthly return of VAT inputs and outputs to HMRC.
- c) Provide details to the HMRC regarding the construction industry tax deduction scheme.
- d) Maintain up-to-date information for Council employees on taxation issues in the Financial Guidance Manual

G.3 Senior Managers will:

- a) ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations, seeking advice when necessary.
- b) ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- c) ensure that all employment appointments are carried out using the approved procedures.

- d) follow the guidance on taxation issued in the Financial Guidance Manual.
- e) Obtain the approval of the Managing Director before the appointment of anyone classed as self-employed or someone from an agency.

H. EXTERNAL ARRANGEMENTS

H.1 PARTNERSHIPS

Why is this important?

Increasingly local authorities are working in partnership to deliver services. With the Localism Act this will extend further with many voluntary and other organisations taking over assets and services previously run by the Council. It is important that the financial arrangements around partnerships are clearly defined and liabilities and risks are made explicit.

- H.1.1 Financial matters relating to arrangements whereby one Council administers funds jointly on behalf of itself and others shall be subject to the Financial Standing Orders and Regulations of the administering council, subject to the Strategic Director (Internal Services) considering the rules to be satisfactory.
- H.1.2 The Strategic Director (Internal Services) will ensure that the accounting arrangements are satisfactory.
- H.1.3 Senior Managers will ensure that they follow the guidance within the Council's Code of Practice for Effective Partnership Working when entering into any partnership arrangement.
- H.1.4 Senior managers will maintain a record of all contracts entered into with external bodies in accordance with procedures specified by the Strategic Director (Internal Services).
- H.1.5 Senior managers will ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Management Team and Cabinet as appropriate.
- H.1.6 Senior managers will ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- H.1.7 Senior managers will ensure that all agreements and arrangements are properly documented and that the appropriate governance arrangements have been approved by the relevant Director.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- H.1.8 Senior managers will provide appropriate information to the Financial Services Manager to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- H.1.9 Senior Managers are responsible for ensuring that appropriate approvals are obtained from a Director before any negotiations are concluded in relation to partnership arrangements with external bodies.

H.2 EXTERNAL FUNDING

Why is this important?

Funding from external agencies will remain an important potential source of funding for the Council. Such opportunities need to be maximised whilst ensuring that the Council can meet any financial obligations which may be placed on it.

H.2.1 The Key controls for external funding are:

- a) 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.
- b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the General Assembly of the Council and the Corporate Plan.
- c) 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.
- d) to ensure that when external funding is provided for a limited period only, that the implications of losing the funding is disclosed to Members.

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

- H.2.2 The appropriate senior manager will ensure that any decisions are made by Strategic Management Team and Cabinet within the appropriate governance framework.
- H.2.3 The Strategic Director (Internal Services) will ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- H.2.4 The Strategic Director (Internal Services) will ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- H.2.5 The Strategic Director (Internal Services) will ensure that all specified audit requirements are met.
- H.2.6 The appropriate senior manager will ensure that all claims for funds are made by the due date.
- H.2.7 The appropriate senior manager will ensure that the project progresses in accordance with the agreed project timetable and that all expenditure is properly incurred and recorded.
- H.2.8 Terms and conditions for external funding must be agreed by the relevant Director, in consultation with the Head of Legal Services and the Strategic Director (Internal Services).
- H.3 WORK FOR THIRD PARTIES

Why is this important?

Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

The key controls for working with third parties are:

- (a) To ensure that proposals are costed properly in accordance with guidance provided by the Strategic Director (Internal Services)
- (b) To ensure that contracts are drawn up using guidance provided by the Strategic Director (Internal Services) and Head of Legal Services and that the formal approvals processes are adhered to
- (c) To ensure guidance is issued for the financial aspects of third party contracts

DARTFORD BOROUGH COUNCIL - FINANCIAL REGULATIONS

H.3.1 The Strategic Director (Internal Services) will issue guidance with regard to the financial aspects of third party contracts.

H.3.2 Senior managers will:

- a) ensure that the approval of the Cabinet or Officers under delegated authority is obtained before any negotiations are concluded to work for third parties.
- b) maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Strategic Director (Internal Services).
- c) ensure that appropriate insurance arrangements are made.
- d) ensure that the Council is not put at risk from bad debts arising from the arrangements.
- e) ensure that no contract is subsidised by the Council.
- f) ensure that, wherever possible, payment is received in advance of the delivery of the service.
- g) ensure that the unit has the appropriate expertise to undertake the contract.
- h) ensure that such contracts do not impact adversely upon the services provided for the Council.
- i) ensure that all contracts are properly documented and monitored.
- j) provide appropriate information to the Strategic Director (Internal Services) to enable a note to be entered into the statement of accounts.