

LONGWORTH PARISH COUNCIL FINANCIAL PROCEDURES 2024/2025

1.0 GENERAL

- 1.1** These financial regulations govern the conduct of financial management by the Parish Council ("PC") and may only be amended or varied by resolution of the PC. The PC is responsible in law for ensuring that its financial management is adequate and effective and that the PC has a sound system of financial control which facilitates the effective exercise of the PC's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the PC meets these responsibilities.
- 1.2** The Responsible Financial Officer (RFO) is a statutory office (normally the clerk) and shall be appointed by the PC. The Clerk in the role of RFO, acting under the policy direction of the PC, shall administer the PC's financial affairs in accordance with proper practices. They shall determine on behalf of the PC its accounting records, and accounting control systems. The Clerk shall ensure that the accounting control systems are observed and that the accounting records of the PC are maintained and kept up to date in accordance with proper practices.
- 1.3** The Clerk shall produce financial management information as required by the PC.
- 1.4** Once a year, prior to approving the annual return which is due no later than 30th June 2023 in this year, the PCPC shall appoint an independent internal auditor to conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices. The internal auditor shall be competent and independent of the PC and shall be responsible for filling in the internal audit section of the annual return. The internal auditor appointed for 2023-2024 was Christopher Lethbridge.

2.0 ANNUAL BUDGET/ BUDGETARY CONTROL

- 2.1** Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the Clerk in the form of a budget to be considered by the PC.
- 2.2** The PC shall review the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3** The annual budgets shall form the basis of financial control for the ensuing year.
- 2.4** Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget. Plus against any designated reserves held in the bank from previous years.
- 2.5** During the budget year and with the approval of the PC, 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.
- 2.6** The Clerk shall regularly provide the PC with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 2.7** The Clerk may incur expenditure on behalf of the PC which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The clerk may also have delegated responsibility to incur expenditure for amounts not exceeding £50 and pay invoices for £50 and under. The Clerk shall report the action to the PC at the next PC meeting.

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2.8 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the PC is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

3.0 ACCOUNTING AND AUDIT

3.1 The Clerk shall complete the annual financial statements of the PC, including the PC's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the PC.

3.2 The Clerk shall complete the Accounts of the PC contained in the Annual Return and shall submit the Annual Return for approval and authorisation by the PC within the timescales set by the Accounts and Audit Regulations.

3.3 The Clerk shall make arrangements for the opportunity for inspection of the accounts and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

3.4 The Clerk shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

4.0 BANKING ARRANGEMENTS AND CHEQUES

4.1 The PC's banking arrangements, including the Bank Mandate, shall be made by the Clerk and approved by the PC.

4.2 All invoices for payment by bank transfer shall be authorised by two Councillors, and any cheque payments shall be signed by the Chairman and one other Councillors.

4.3 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil. Authorisation records will be kept with invoices.

4.4 The Clerk and Councillor responsible for the allotments shall each have the use of a debit card linked to the PC's main account. The limit on expenditure of the debit cards without the need to seek prior authorisation from the PC is £20 and £200 respectively for the Clerk and the Councillor responsible for the allotments. The PC will be notified of expenditure using the debit cards at each PC meeting.

5.0 PAYMENT OF ACCOUNTS

5.1 All payments shall be effected by cheque or bank transfer.

5.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall be satisfied that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

5.3 The Clerk shall examine invoices in relation to arithmetic accuracy and shall allocate them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, in a timely manner.

5.4 The PC 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 on a regular basis, at least quarterly.

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- 5.5** If thought appropriate by the PC, payments may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to PC as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the PC at least every two years
- 6.0 PAYMENT OF SALARIES**
- 6.1** As an employer, the PC shall plan to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by PC.
- 6.2** Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available PC meeting.
- 7.0 LOANS AND INVESTMENTS**
- 7.1** All loans and investments shall be negotiated in the name of the PC and shall be for a set period in accordance with PC policy.
- 7.2** All investments of money under the control of the PC shall be in the name of the PC.
- 7.3** All borrowings shall be effected in the name of the PC, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by PC as to terms and purpose.
- 7.4** All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.
- 8.0 INCOME**
- 8.1** The collection of all sums due to the PC shall be the responsibility of and under the supervision of the Clerk
- 8.2** All sums received on behalf of the PC shall be banked intact by the Clerk. In all cases, all receipts shall be deposited with the PC's bankers with such frequency as the Clerk considers necessary.
- 8.3** The origin of each receipt shall be entered on the electronic accounting system and receipt notes retained where available.
- 9.0 CONTRACTS**
- 9.1** Three quotes to be obtained wherever possible for any capital expenditure unless it is minimal. Where it is intended to enter into a contract exceeding £1,000.00 in value for the supply of goods, materials or services the PC shall usually invite tenders from at least three firms. Such quotes should be sought in respect of all expenditure in excess of £500 but are mandatory for those in excess of £1,000.
- 9.2** When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the PC.
- 9.3** The PC shall not be obliged to accept the lowest or any tender, quote or estimate.

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10.0 ASSETS, PROPERTIES AND ESTATES

- 10.1** The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the PC. The Clerk shall ensure a record is maintained of all properties owned by the PC, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 10.2** No property shall be sold, leased or otherwise disposed of without the authority of the PC, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.
- 10.3** The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

11.0 INSURANCE

- 11.1** The Clerk shall effect all insurances and negotiate all claims on the PC's insurers.
- 11.2** The Clerk shall keep a record of all insurances effected by the PC and the property and risks covered thereby and annually review it.
- 11.3** The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to PC at the next available meeting.