

**LONGHAM PARISH COUNCIL**  
**FINANCIAL REGULATIONS**

These regulations govern how the parish council conducts its financial affairs. They set out how all money matters are dealt with (with reference to Governance & Accountability 2017) and should be complied with at all times. They are approved by full council and can only be amended by full council as an agenda item with proper notice.

**1. The Budget**

The Budget is constructed referring to the last completed year, the present year and plans for the following years. This will be approved each year by full council in time to submit the precept request to the District Council in January. The RFO reports regularly to Council on actual spending against budget highlighting significant variances. Unspent balances at the year-end are transferred into reserves. Urgent expenditure of up to £1,000 may be authorised by the clerk, notwithstanding any budgetary provision. Such spending should be reported to Council as soon as possible and the budget should be amended accordingly.

**2. Accounting and Audit**

Accounting procedures and financial records shall be determined by the RFO.

The RFO shall be responsible for preparing the council's financial statements, completing the relevant sections of the Annual Governance and Accountability Return (AGAR) required by proper practices, and submitting them Council in accordance with the statutory time limits.

The RFO will advertise Electors Rights and the AGAR (Pages 2,3, and 5) and other relevant financial documents. A suitably competent and independent person shall be appointed by the council as its internal auditor, to undertake an annual review of the council's internal control systems and report thereon to the Council. The appointed person should complete the relevant section of the AGAR. (Page 5)

All reports by the Internal Auditor shall be considered by Council. Any recommendations should be implemented or reasons why they are not, recorded in the minutes.

The Council should review the effectiveness of its internal audit arrangements and internal control on an annual basis. The use of any form of corporate credit card is not permitted.

**3. Banking**

Monies received should be banked on a regular basis by the RFO. Wherever possible arrangements for handling cash should involve at least two people.

Bank reconciliations of all accounts should be presented to each ordinary meeting of the council, including the original bank statement at year end.

Invoices for payment should be checked by the Clerk and entered onto a schedule for approval by council. Payments will be made by cheque, signed by two authorised members. Where electronic banking is used, arrangements, approved by council, must ensure that at least two members should authorise any transaction. Payments may be made between council meetings subject to members being advised of the detail of the payment. These must be reported to the next meeting, with appropriate explanations.

Direct debit or standing order payments may be permitted, with the approval of council, for regular items such as utility bills or payroll. Amounts so paid should be reported to council along with the normal payment schedule.

The RFO may move money between bank accounts without prior approval by the council.

#### **4. Salaries**

The RFO must ensure that all salary and other relevant payments comply with PAYE and other rules issued by HMRC and are approved by council. The Clerk must keep a time sheet.

#### **5. Payments and Receipts**

The RFO should issue invoices promptly and arrange efficient collection arrangements. Irrecoverable amounts should be written off by the council, following a report from the RFO.

VAT claims and returns should be completed promptly by the RFO.

Before placing an order, two quotes for items costing in excess of £1000 should be sought. Before committing to expenditure, the RFO should check that funds are available within the budget and that the council has the necessary power to incur the expenditure.

For capital projects and other contracts estimated to cost in excess of £10,000, the council's contract standing orders should be followed.

#### **6. Assets**

Assets should be recorded on an asset register, which should be checked periodically by the RFO. Where appropriate, assets should be properly maintained and sufficient funds should be included in the revenue budget to enable this to happen. Surplus assets should be disposed of, with the approval of council, for the best possible price. The asset register must be maintained, and reasonable valuation must be recorded on this and included in Box 8 of the Annual Return. "reasonable" is either purchase cost, insurance valuation or replacement valuation.

#### **7. Risk Management**

The council needs to be aware of the significant risks that it faces and decide how to manage them. The risks will be assessed and action taken to minimise the risk. This will be recorded in a Risk Management Document. Risk can be managed through Insurance, risk assessments, policies all of which must be reviewed regularly.

Date Adopted: 16<sup>th</sup> July 2018

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Date of Review: 2021

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