

Hordley Parish Council

ACCOUNTING PROCEDURES FINANCIAL REGULATIONS

• BUDGET

In December of each year members are asked to give consideration to the following Financial Year's budget, projects, schemes, running costs etc.

In January of each year members agree the budget for the Council and this is duly minuted. A copy of the agreed budget is distributed to all members; a copy is kept in the Minute File and taken to all Council meetings.

Expenditure is agreed in accordance with the budget remit and is duly recorded and minuted.

The Clerk periodically produces details showing all expenditure against the budget to ensure that the Council are 'on-track' with spending.

• PROCEDURE FOR CONTRACTS

Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of [£2,500] shall be procured on the basis of a formal tender as summarised below.

Any formal tender process shall comprise the following steps:

- i) a public notice of intention to place a contract to be placed in a local newspaper;
- ii) a specification of the goods, materials, services and the execution of works shall be drawn up;
- iii) tenders are to be sent, in a sealed marked envelope, to the Clerk by a stated date and time;
- iv) tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one member of Council;
- v) tenders are then to be assessed and reported to the appropriate meeting of Council.

The Council, nor any Committee, is not bound to accept the lowest tender, estimate or quote.

• PAYMENT OF ACCOUNTS

Accounts are paid once a month, at Council meetings, cheques are not signed outside the Parish Council meetings, unless in an emergency as outlined below. Every account to be paid is itemised on the agenda with a brief description of the payment and amount to be paid. Members are aware, from their copy of the agenda, what payments are to be authorised. Copies of the agenda are publicly displayed prior to each meeting and also handed to members of the Public who attend the Parish Council Meeting, therefore, electorates are clearly aware of what happens to the precept.

At the meeting the Clerk takes the account file so that members can see every bill received. The Clerk prepares all the cheques for signature at the meeting these are then signed by two of the Council members, **NEVER THE CLERK**. The amounts on the cheques are checked against the amount shown on the agenda/bills the Councillors, if in agreement, will then sign the cheque, and initial the cheque stub. All payments made are included in the minutes for the relevant month and approved by the Council in the usual 'confirmation of minutes' procedure.

In an emergency the Council delegates the Clerk and Chairman together, to authorise payments not exceeding £500. Any such payment to receive retrospective agreement at the next Council meeting.

• DONATIONS TO GROUPS/ORGANISATIONS

Requests for donations are considered in April of each year. The Council set aside a specific amount in the budget under donations (Section 137 of the Local Government Act, 1972). The Council operates a set procedure for awarding donations and gives priority to requests from groups/organisations within the Parish. A copy of the procedure is sent out to every group/organisation who is awarded a donation.

In special circumstances the Council will consider the merits of granting a donation to a **local** group/organisation who request an award before the April meeting.

• RECORDING OF ACCOUNTS – CLERK'S PROCEDURE

For every payment made the Clerk has a sheet stating the date of meeting, to whom payable, description of payment, net payment, VAT and gross payment. A copy of the bill is filed, plus any receipt for the payment that is received back. The sheets are filed in number order. In the same way the Clerk records Receipts received.

All payments and receipts are entered on to a computerised Payment and Receipts record every month.

• BANK PROCEDURES

Bank statements for the current account is received monthly and the Clerk does bank reconciliation every three months. **N.B.** It is important to do reconciliation within the year as this highlights matters such as missing bank statements, abnormal bank charges, non-presentation of cheques etc.

The Clerk ensure receipts are paid into the bank as quickly as possible to maximise Interest payable.

- **VAT**

All VAT paid is entered every month this shows the meeting date, brief details of the payment, VAT claimed. The accumulative total of VAT should balance with the VAT on the computerised payment record; this provides a double check that the correct VAT is being claimed. At the end of the financial year a copy of the details of VAT claimed should be sent with the Customs and Excise Claim form and should balance with the total VAT on the computer record.

- **CLERK'S SALARY**

The Clerk's Salary is reviewed in December every year at the same time as the budget review. The Salary increase is retrospective to the previous year's recommendations laid out by NALC for Part Time Clerks. The Clerk's Salary is based on hours of work undertaken together with incremental points for attaining the Clerk's Qualifications, in this case the AQA Certificate. The details of the agreed Salary are recorded in the appropriate minutes of the Council. The Clerk is responsible for implementing PAYE procedures on behalf of the Council.

- **TRAVEL EXPENSES**

Mileage is paid in accordance with rates set out by NALC, a copy of these rates are kept in the Accounts file for reference. The Mileage will be recorded on a computerised sheet and all claims will be agreed and signed by the Chairman on behalf of the Council.

- **PETTY CASH**

The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly. Details of these are entered onto a computerised expenses sheet and all claims will be agreed and signed by the Chairman on behalf of the Council.

- **INSURANCE**

The Council will have the following Insurance cover:

Public Liability (5 million pounds)

Employers Liability

Loss of Money

Fidelity Guarantee

Loss or Damage to Property (To cover all assets)

Insurance is renewed in May and is applicable from 1st June to 31st May.

• END OF FINANCIAL YEAR ACCOUNTS

As soon as the Bank statements are received, up to and including 31 March transactions, the Clerk finalises the end of year Financial accounts. The Clerk will produce the accounts in the format outlined, before the commencement of the 'Lighter Touch' Audit; this includes a Profit and Loss account and Balance sheet.

The completed accounts are presented, at the earliest opportunity after 31st March, for approval by the Council. The Chairman of the Council signs the Balance sheet, which will be duly recorded in the relevant minutes. The new Annual Return, which is sent to the external auditors, will be signed both by the Chairman and the Clerk.

• AUDIT

When the External Auditors declare the date of the Audit the relevant notice is posted on the Council's notice board. Equally, on conclusion of the audit of the accounts a Notice of Conclusion of Audit and Right to Inspect the Annual Return notice is placed on the Notice Board in accordance with **Audit Commission Act 1998 and the Accounts and Audit Regulations 1996 (SI 1996/590)**

• INTERNAL AUDITOR

In March 2004 the Council appointed an Internal Auditor: -

Mr Bernard Townson,
Kelvindale
Chapel Lane
Knockin Heath
SY10 8E

Mr Townson is not related in any way to any Council Member or the Clerk.

His duties will be:

1. To verify that the Accounting Procedure adopted by the Parish Council and operated by the Clerk is efficient.
2. To test check that the system of internal control is working correctly.
3. To record findings and report to the Council.
4. To complete an Annual Report for the External Auditor.
5. To complete a Statement of Assurance.

• EXTERNAL AUDITOR

Mazars LLP
Regency House, 3 Grosvenor Square,
Southampton, Hampshire SO15 2BE

• REVIEW OF FINANCIAL REGULATIONS

These Financial Regulations shall be subject to regular review and at least once every four years.