**ELSING PARISH COUNCIL**

**FINANCIAL REGULATIONS**

These Regulations govern how the council conducts its financial affairs. It is the responsibility of the RFO to comply with current legislation, details of which are set out in “Governance & Accountability 2018”. These Regulations will be agreed by Elsing Parish Council and reviewed at least every third year, or sooner if the law requires.

1. **The Budget**

The budget is constructed referring to the last completed year, the present year and plans for the next 3 years. This will be approved by full council in time to submit the precept request to the District Council. The RFO reports regularly to Council on actual spending against budget highlighting significant variances.  The Council may keep reserve funds for projects. Urgent expenditure of up to £500 may be authorised by the clerk (under LG Act 1972 s 101) but 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 according to proper practises. The RFO shall be responsible for preparing the Council’s financial statements, completing the relevant sections of AGAR and submitting them to Council for approval within the statutory time limits. The Chairman and the RFO will sign the Annual Governance Statement and then the Annual Accounting Statement of AGAR.  It is the duty of the RFO to advertise Electors’ Rights and to arrange with Council’s approval for an annual Internal Audit inspection. This will be a suitably competent and independent person who must complete the relevant page in AGAR. Any reports from the Internal Auditor must be considered as an agenda item by the Council.

3. **Banking**

The Council will have a business account which pays all invoices on-line. Monies will also be banked into this account, and all cash handled should be checked by the RFO and another Councillor. The Council also runs a community account for small projects needing independent monitoring.  Bank reconciliations of all accounts should be presented to each meeting of the council.  The original bank statement at year end will be compared with the Cash book reconciliation and both will be signed by the Chairman.

Invoices for payment should be checked by the RFO and entered onto a schedule for approval by Council. On- line payments should be approved by Councillors at a Council meeting, and then the RFO should make the payment, reporting details at the next meeting. Payments may be made between meetings when that item has been included in the budget and where it will avoid an interest charge. 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. 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 RFO will run the salary bi-monthly.

5. **Payments and Receipts**

The RFO should issue invoices promptly and institute efficient collection arrangements. Invoices should bear the initials of a Parish Councillor when the payment is approved at a meeting.   Irrecoverable amounts should be written off by the Council, following a report from the RFO. An audit trail for all items of expenditure will be kept by the RFO. Residents may make requests at a Meeting for financial assistance but should do so before committing to any expenditure. VAT claims and returns should be completed promptly by the RFO, certainly every year. A written quotation should be obtained for all items under £1000. Three written quotes for items costing in excess of £1000  and up to £5000 should be obtained. Details of Contracts in excess of £5000 are contained in Standing Orders (Local Government Act 1972). 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.

6. **Assets**

Assets should be recorded on an inventory list, which should be checked periodically by the RFO. Where appropriate, assets should be properly maintained and sufficient funds included in the revenue budget to enable this to happen. Surplus assets should only be disposed of with the approval of Council and for the best possible price.

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 Schedule, and the compilation of this is part of the Annual Governance Statement of AGAR (Annual Governance and Accountability Return).  Risk can be managed through Insurance.  The Council will regularly review its Insurance Policy.

Date Approved……July 2022……………………………….

Date to be reviewed………September 2025………………………