

## PURTON PARISH COUNCIL

### FINANCIAL PROCEDURES MANUAL

#### OVERVIEW

The Council operates its finances within established national best practice guidelines and subjects its procedures to both internal and external audit. Standing Orders and Financial Regulations, to national models, have been adopted.

#### REPORTING

A detailed list of all transactions passing through the Lloyds bank current account and petty cash for the preceding month is reported to each Council meeting, together with a summary of the monthly bank reconciliation.

The Council receives reports detailing expenditure and income against budget at November and December Finance meetings, and a final out-turn report at its June meeting of the following year.

A list of payments greater than £500 is published quarterly on the Parish Council website in order to meet the requirements of the Local Government Transparency Code 2015.

#### BANKING

The Council holds a current account with Lloyds Bank, through which day to day transactions are processed, either by cheque, direct debit, standing order or faster payment. The account also has a debit card which is used to purchase goods and services when required.

The Council takes advantage of internet banking, with both the Clerk and Finance Officer having full delegate access to view and process transactions online.

The Council holds a business instant saver account with Nationwide Building Society, into which the precept is paid in April and October each year. This account pays a small amount of monthly interest. Each month Council approve an amount to be transferred into Lloyds Bank in order to cover its transactions.

Monthly bank reconciliations are carried out with supporting printouts taken from the cashbook on Omega. The Chair of Finance & General Purposes periodically checks and initials these reconciliations.

Surplus funds are invested in short-term investments to earn more interest. The Council currently holds a one year fixed-term bond with **the Hampshire Trust Bank**.

Additionally, the Council holds a petty cash float of £200 for small day to day purchases. A manual record is kept for this with all transactions then being entered into the accounting system on a monthly basis.

#### ACCOUNTS

Accounts are maintained on Omega, a ledger-based accounting system provided and supported by RBS Software Solutions, based in Swindon. The system incorporates a cashbook, purchase ledger and sales ledger.

Approved budgets are entered on to Omega for 1<sup>st</sup> April each year. Each budget item is allocated an appropriate ledger code, comprising a cost centre (Committee/service area) and nominal account code (expenditure type).

All transactions are then entered into Omega using these ledger codes, with the code used also written on the invoice.

Journals are used to transfer sums to/from reserves, re-allocate costs or to correct mis-codings. The system keeps a log of all journals entered during the year.

## **BUDGET**

The annual budget is agreed by the Council at a series of Finance meetings commencing in November each year. Subsequent meetings refine a draft budget and full Council approval for the agreed budget/precept is obtained in early January. The precept decision is notified to Wiltshire Council on [financialplanning@wiltshire.gov.uk](mailto:financialplanning@wiltshire.gov.uk) by their specified January deadline. As the Council's precept is greater than £140,000, the Council is also required to provide Wiltshire Council with a breakdown of its income/expenditure for inclusion on their website/Council Tax literature.

## **RESERVES**

The Council maintains its Reserves in the form of funds held on deposit with Nationwide Building Society and Hampshire Trust Bank. The main reserves in the Council's accounts are as follows -

**GENERAL RESERVE** – used to build a resilient and sustainable reserve to mitigate future threats or provide funds for windfall opportunities that arise, subject to in year or next year replenishment. The Council's policy is to maintain this at between £50,000 and £60,000, which equates to approximately 3 months expenditure. It includes funds received from the Estate of Mrs Proud in 1957 for the improvement of facilities in Purton.

**DESIGNATED RESERVES** - used to build up funds for specific future costs, such as replacement of vehicles/machinery or project costs.

**RESTRICTED RESERVES** – used to hold set-aside contributions received for specific purposes, such as grant funding or **CIL monies**.

## **TRANSACTIONS**

Payments -

Upon receipt of a demand for payment the Finance Officer takes the following action:

- 1 The invoice is checked for correctness – goods or service received, correctly drawn VAT etc, and conforms with the Council's original procurement requirement;
- 2 Invoice details are entered into Omega and the ledger code used is written on the invoice;
- 3 All payments made through the bank require approval of 2 Councillors, as follows -
  - i) Payment by Cheque – cheques must be signed by any 2 Councillors who are approved bank signatories. Councillors are also required to initial the cheque stub and invoice to show they have been checked.
  - ii) Payment by Faster Payment - a weekly list is made of all payments requiring approval and the invoices are attached. 2 Councillors, who are approved bank signatories, must initial the list to approve payment and additionally initial the invoices to show they have examined/agreed them.  
Following Councillor approval, payments are actioned online by the Clerk or Finance Officer who both have full delegate access with Lloyds Bank.
  - iii) Payment by Direct Debit – direct debit mandates are signed by 2 Councillors, who are approved bank signatories. A list of all direct debits set up is reported annually to Council.
  - iv) Payment from Petty Cash – A manual record is kept of all transactions and these are entered into Omega on a monthly basis.
  - v) Payment by Debit Card – The card is held in the safe and issued only to the Clerk and office staff for occasional payment where invoicing is not available. Prior approval of the Clerk is required for spend in excess of £200. (record held on file to support this)
  - vi) Payment by Trade Card – The Council holds 2 such cards. The first is an Allstar fuel card allowing petrol/diesel to be purchased on account. This is held in the safe and issued to the Groundsmen for fuelling the van, mowers and machinery. Receipts are passed to the Finance Officer when the card is returned and these are matched to invoices sent by

Allstar. Prior approval of the Clerk is required for spend in excess of £200. (record held on file to support this)

The second card is a Trade UK card which allows purchases on account from B&Q and Screwfix Direct. Again, this is held in the safe and issued to those requiring it. In practice this is either the Groundsmen or Councillors carrying out minor repairs at the Council's premises. On return of the card, receipts are passed to the Finance Officer who matches them against Trade UK invoices. Additionally, there is a Tradepoint card which can give the Council up to a 10% discount on purchases at B&Q and Screwfix. This is normally issued at the same time. Prior approval of the Clerk is required for spend in excess of £100. (record held on file to support this)

All payments listed from i) to vi) above are reported to Council on a monthly basis

All paid invoices are consecutively numbered and stored in ring binders kept in the Institute office. Archive records are held in the store below the Village Hall stage.

Income -

The Council's main source of income is the annual precept, but it also receives various grants, burial fees, licence fees and miscellaneous sales income. Receipts are normally issued for all income other than the precept/grants. Sales invoices are normally raised for licence fees.

Cheques and cash received are banked approximately monthly (depending on the amount received and subject to insurance limits). A cash sheet detailing amounts received/receipt nos etc. is produced to support all bankings.

All income is entered into Omega through either the cashbook or sales ledger.

A detailed breakdown of income received is reported to Council each month.

### **VAT**

The Council is not, and does not require to be, registered for VAT. It is an exempt body, and as such can reclaim VAT paid to providers of goods or services. Vat reports are produced from Omega two/three times a year and reconciled back to the ledger. A Claim Form VAT 126 is completed and submitted to HMRC for refund.

### **FIXED ASSETS**

The Council has a number of fixed assets, which are listed in a Register that is held on an excel spreadsheet. Accounting guidance dictates that depreciation is not used, and all values are stated either at known net purchase cost or at the same value as the previous year. The Register is also used as the means for establishing insurance values, with a separate column showing the insured value (usually net cost plus annual inflationary increase)

### **PAYROLL**

All timesheets and mileage claims are passed to the Clerk each month for checking, authorisation and processing.

The Council manages its payroll requirement through SAGE Payroll. This meets all HMRC (including RTI) reporting requirements. Employees are paid monthly by Faster Payment into their bank accounts through Lloyds Bank online. Payment for deductions such as PAYE and NI, pensions and AVCs are all processed in the same way as ordinary invoices, requiring 2 Councillor signatures. Monthly returns are sent to Wiltshire Council detailing pension contributions due.

*Financial Procedures Manual*

*Last approved at F&GP meeting 5<sup>th</sup> November 2018*