

TOPIC NOTE 4 – FINANCE

Dealing with Public Money

The Local Audit and Accountability Act 2014 provides clarification on how councils will be scrutinised when accounting for public money. The Clerk, who is also the Responsible Financial Officer, administers the finances of the Council and collectively Councillors are responsible for ensuring the proper management of the Council's finances to avoid risk of fraud, loss or bad debts. The Council must operate a sound system of internal control in accordance with the Local Audit (Smaller Authorities) Regulations 2015.

Detailed information is set out in 'Governance and Accountability in Local Councils in England' produced and updated by representatives of the National Association of Local Councils (NAL), Society of Local Council Clerks (SLCC), Department for Communities and Local Government (DCLG) and other key stakeholders which can be downloaded by the NALC and WALC website or requested from the Clerk.

The accountability and audit framework places a duty on local councils to complete the Annual Return (its statement of accounts and governance arrangements). Larger councils are required to submit to a more rigorous testing which includes both internal and external audit. An internal auditor is appointed by the Council whilst the external auditor is appointed and is currently Moore UK.

The Act states how accounts should be kept, the form of accounts, and how and when they must be approved and published; where and how long tax payers can view the accounts and details behind them and how tax payers can exercise their rights in relation to the accounts.

The annual return is in four linked sections:

- 1 - The Annual Governance Statement
- 2 - The Statement of Accounts
- 3 - The External Auditor's Certificate and Opinion
- 4 - The Report of the Internal Auditor

Copies of the Annual Governance and Accountability Return 2021/22 and those of previous years are available on BBHPC website.

The Council's finances are controlled by checking spending against budget plans quarterly (July, October, January and April) at meetings. The Council's Financial Regulations set out how the council will manage its finances and its overall system of internal control. As part of this the Council appoints an independent auditor to conduct the internal audit which is, in turn, reported with the accounts to the council for approval and to the external auditor.

Following abolition of the Audit Commission, responsibility for appointing the external auditor was taken over by Smaller Authorities Audit Appointments (SAAA).

As a member of the Council you are responsible, with fellow Councillors, for ensuring that the Annual Return accurately presents the Council's position regarding financial management and the return will be presented at a Parish Council meeting prior to its submission.

For the purposes of day to day banking the Council banks with Co-Operative Bank and uses their electronic banking facility. A minimum of 3 Councillors will be required to register for electronic banking and the Clerk will provide guidance on how this operates and the procedure for registering.

Budget and Precept

The Council is empowered to incur expenditure in the execution of its statutory powers. The majority of its funds are obtained in the form of a 'precept' an amount set by the Council and collected by Horsham District Council from the parish council tax payers as part of the annual council tax bill.

The precept is the amount required by Council, after accounting for any other income to cover the costs it expects to incur in the financial year ahead and so it is important that an accurate budget is set for the proper carrying out of the Council's functions. The process for setting the budget normally starts in November each year and the formal request for the precept is sent to Horsham District Council in January, following the Council's agreement on the amount required.