

Financial Management Procedure

1.0 Introduction

- 1.1 The parish council's financial year commences on 1 April and ends on 31 March in each year. The parish council's financial business is managed on a day-to-day basis by the Responsible Financial Officer who is also the Parish Clerk. Oversight of activity is performed by the Finance & General Purposes committee who report to full council.
- 1.2 Financial business is governed by the Financial Regulations, which are reviewed at least annually, at the annual meeting of the council.

2.0 The Audit Regime

- 2.1 The external audit regime is overseen by the Smaller Authorities Audit Appointments body which procure external audit services on behalf of the sector. It is the responsibility of the parish council to abide by proper practices set out by the Joint Panel on Accountability and Governance (JPAG).
- 2.2 The parish council appoints an internal auditor on an annual basis. The Internal Auditor will check internal practices against the JPAG guidance.

3.0 Precept and Financial Resources

- 3.1 The parish council's financial resources are delivered by means of a small portion of the Council Tax that is levied on residents within the parish boundary. This levy is called the 'Precept'. It is collected on behalf of the parish council by Bracknell Forest Council, which also collects on behalf of itself, Thames Valley Police and Berkshire Fire & Rescue Service. The data on which the parish council calculates the effect of its precept on an average Band D property is supplied by Bracknell Forest Council. The funds are paid to the parish council in two equal instalments in April and September each year.
- 3.2 The costs of running all the services that the parish council provides for the residents of Warfield are known as the 'revenue budget'. The current annual revenue budget is the starting point for members and officers in preparing the following years annual budget. Unspent revenue funds are sometimes earmarked for future spending in an "earmarked reserve", to complement the revenue budget.
- 3.3 As well as revenue funding, consideration will be given each year to the capital funding required for one-off projects. This may be a major project such as new play equipment or equipment/machinery replacement.
- 3.4 Another type of capital funding is that produced when the parish council sells equipment or property. The funds raised by this method cannot be held against revenue

requirements. Members must first consider whether such funds should be used to repay any outstanding loans that the parish council has. Having considered this aspect, a decision can be made as to whether the funds should be set aside for capital projects.

- 3.5 This type of funding has no effect on the annual budget; it is kept in the accounts until it is allocated to a capital project.

4.0 The Budgeting Process – Revenue Funding

- 4.1 In October each year, the Parish Clerk/RFO will prepare the budget principles for the next financial year and will use Government issued inflation figures to make an informal assessment as to what increases should be included in the budget.
- 4.2 A preliminary revenue budget for the forthcoming financial year will be produced for consideration in November/December, subject to the meeting calendar.
- 4.3 At each stage of the budget setting process, the Finance & General Purposes committee will scrutinise the revenue requirements together with the projected effect on the average Band D Council Tax level. A balance will be struck between providing high quality services to the community and maintaining a reasonable level of precept. As new houses are built, this may be partially offset by increases in the “tax base”. Any reduction in the budget and precept will mean that savings will have to be made in the services provided by the parish council. Even a standstill budget may require savings to be made and making savings will mean cuts in service will be necessary.
- 4.4 Committees with income and expenditure responsibilities will be consulted through the process and will input suggestions and comments.
- 4.5 A recommendation will be put to the parish council at a meeting in January/early February on the proposed budget and precept for the forthcoming year. This will be used to inform Bracknell Forest Council of the precept required for collection for the forthcoming financial year.

5.0 The Budgeting Process – Capital Funding

- 5.1 At the same time that the revenue budget is discussed, consideration will be given to each capital budget. This budget will consist of ‘one off’ items that will not be repeated in forthcoming years. Examples of capital projects are: -
- Development of the Quelm Allotments
 - Refurbishment of a hall
 - Replacing play equipment
- 5.2 When a new capital project is identified, members will decide whether the project is to be conducted in the next financial year or in a future financial year. If the latter, then the capital requirement may be budgeted over several years, to effectively ‘save up’ to complete the project at a given point in time in the future. Other capital projects may be of a more urgent nature and the funding will be budgeted in a single financial year.

- 5.3 Any reports prepared by officers for consideration by members will always contain a resource appraisal section detailing the financial implications of the proposal. Members will aim to achieve a sensible balance between providing services for the residents of Warfield at a cost which is reasonable.

6.0 Completion of the Budget Process

- 6.1 The Finance & General Purposes committee will scrutinise the proposals and a recommendation on a level of precept will be formed. This recommendation will be put to a meeting of the full council in January to agree the annual budget and set the precept. Careful consideration will be given by all members to the effect of the proposed budget on the precept levels for an average Band D property in Warfield.

7.0 Monitoring and Reporting

- 7.1 Once the budget is set for the forthcoming financial year, the Parish Clerk/RFO may amend allocations within the overall budget and report these to the relevant committee.
- 7.2 Spending will be closely monitored throughout the year and monitoring reports for each committee will be provided at every meeting of that committee.
- 7.3 Any overspends, with reasons, on individual budget cost headings will be reported to the committee, which will consider whether any action is required to mitigate the over-spend.
- 7.4 Any under-spend identified at the financial year end will usually be automatically decanted into the general reserves. However, the Parish Clerk/RFO may consider that certain items should be 'rolled over' to the next financial year on the same cost heading. A list of this type of underspend will be prepared by the Parish Clerk/RFO and will be discussed by the council as part of end of year accounts.

8.0 General Reserves

- 8.1 It is accepted that the parish council should set aside no less than the value of three months expenditure each year, as general reserves, to cover unexpected and unforeseen events. An example of the type of event that may occur is the borough council facing a delay in collecting its council tax and is unable to pay the parish council when it should, therefore jeopardising the ability for the parish council to pay its bills.
- 8.2 General reserves may also be used to cover expenditure on opportunities that may be presented during the financial year.
- 8.3 The council has produced a Reserves Policy that sets out how reserves are allocated, and the general reserve required level calculated.

9.0 Investments

- 9.1 Any surplus funds and earmarked reserves held by the parish council will be invested in line with its Investment Strategy.

10.0 Assets

- 10.1 The Asset Register will be updated as and when new items are purchased, or items disposed of. Assets will be re-valued as required. This valuation will form the basis for the insurance cover required.
- 10.2 No depreciation of assets occurs under proper practices.

- 10.3 A Building Maintenance Schedule (BMS) will detail all the regular building maintenance required each financial year. As part of the budget process each year, the BMS will be scrutinised and estimated expenditure requirements assessed. An amount will then be included in the budget of the Amenities committee for that purpose. The BMS will be reviewed on an annual basis to ensure it is kept up to date.
- 10.4 There is an inventory of equipment for each location. This is for insurance purposes, but also to control the replacement of items at an appropriate time. The annual budget will include an amount for replacement and repair of equipment under the relevant committee's control. The inventory will be updated on an ongoing basis as old equipment is disposed of and new equipment purchased. It will also be subject to an annual review before the end of the financial year.

11.0 Insurance

- 11.1 The council will take all reasonable precautions to ensure that there is adequate insurance in place and that all areas of risk are considered. An annual review of assets will be undertaken and used to update the annual insurance premium.
- 11.2 The Insurance Act 2015 has an obligation that the council has a duty to make 'fair presentation' when arranging insurance where there is now an obligation in place to disclose all material matters.
- 11.3 The Parish Clerk will present cover options to the Finance & General Purposes committee, which may include multi-year arrangements. The committee will make recommendations to full council for approval.
- 11.4 Insurance arrangements are regularly reviewed to ensure the council has appropriate cover.

12.0 Banking

- 12.1 The parish council banks with reputable financial institutions. The council will have a main current account for day-to-day financial obligations and other accounts to hold other balances.
- 12.2 The council will set an annual investment strategy in accordance with government guidelines and will place security of its investments above returns.
- 12.3 The Investment Strategy will also include account management arrangements which will set the minimum and maximum investment levels for accounts.

13.0 Risk Management

- 13.1 The Parish Clerk will ensure that a robust and proportionate method of risk assessment and management of all the parish council's activities is in place.
- 13.2 The council approves the measures taken to mitigate financial risks and reviews the effectiveness of internal control on an annual basis.

14.0 Review of Financial Management Procedure

- 14.1 This Financial Management Procedure will ideally be reviewed every two years. However, members or the Parish Clerk/RFO may request an intermediate review at any other time as circumstances dictate.

Version Control

- 1.0 Document created April 2021
- 1.1 Updated January 2024