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## Storrington & Sullington Parish Council - Working for our Community with Financial Prudence and Transparency

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### Storrington & Sullington Parish Council Financial Policy

Adopted By Full Council: [03.09.25]

Review Date: Annual Review Date - Sept 2026

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#### 1. Introduction and Purpose

This Financial Policy explains how Storrington & Sullington Parish Council manages its money. Our aim is to be transparent, responsible, and accountable to the residents of Storrington & Sullington parish, ensuring that public funds are used wisely and effectively to deliver services and maintain assets for our community.

This policy outlines the rules and procedures we follow to control our finances, from setting the annual budget to managing day-to-day spending and making necessary adjustments.

#### 2. Legal Framework and Responsibilities

The Parish Council operates under various laws (e.g., Local Government Act 1972, NALC Financial Regulations model) and the SAPPP Practitioners Guide (guidance for local councils) to ensure financial integrity.

- **The Full Council:** Is ultimately responsible for all financial decisions, including setting the budget, approving significant expenditure, and reviewing financial reports. All major financial decisions are approved by a formal resolution at a public council meeting and recorded in the minutes.
- **The Responsible Financial Officer (RFO):** This is the Clerk, or another designated officer, who is responsible for the proper administration of the Council's financial affairs. The RFO ensures that all financial transactions are recorded accurately, financial reports are prepared, and that the Council complies with all financial regulations and legal requirements.
- **Councillors:** As elected representatives, councillors are responsible for scrutinising financial reports, approving expenditure, and ensuring that the Council achieves value for money in all its activities.

#### 3. Annual Budget Setting

Each year, the Parish Council sets an annual budget for the upcoming financial year (1st April to 31st March). This is a public process:

- **Identifying Needs:** Councillors and the RFO consider the community's needs, planned projects, and ongoing service costs (e.g., street lighting, park maintenance, grants to local groups).
- **Draft Budget:** The RFO prepares a detailed draft budget, estimating all anticipated income and expenditure.
- **Public Consultation (if applicable):** For significant changes, the Council may consult with residents.

- **Approval:** The draft budget is debated and formally approved by the full Council at a public meeting. This approved budget determines the "Precept" – the amount requested from local council tax-payers to fund the Council's activities.
- **Transparency:** The approved budget summary is made available to the public, usually on the Council's website.

#### 4. Managing Expenditure

- **Approved Budget:** All spending must generally be within the limits of the approved annual budget for each specific item (called a 'cost code' or 'budget heading').
- **Value for Money:** The Council is committed to obtaining good value for money in all its spending. This involves seeking competitive quotes or tenders for goods and services as set out in our separate Procurement Policy and Financial Regulations.
- **Authorisation:** Payments are only made if they are for a lawful purpose, properly documented (e.g., with an invoice), and authorised by the RFO and at least one authorised Councillor.
- **Regular Reports:** The RFO provides regular financial reports (e.g., monthly or quarterly) to the Council at public meetings, showing how much has been spent against the budget for each item. This allows councillors to monitor progress and identify any potential overspends or underspends early.

#### 5. Virements (Budget Re-allocation - Moving Money Between Budget Items)

Sometimes, during the financial year, unforeseen circumstances or changing priorities mean that money needs to be moved from one budget item to another. This process is called a 'Virement'.

- **Purpose:** Virements allow the Council to adjust its spending plans within the *overall* approved budget, ensuring funds are available where they are most needed, without increasing the total amount requested from taxpayers.
- **Approval Process:**
  1. **Identification:** The need for a virement is identified by a Councillor or the RFO (e.g., an unexpected repair cost on one asset, an underspend on another).
  2. **Justification:** A clear reason for the proposed virement, including the amounts involved and the specific budget lines affected, is presented to the full Council.
  3. **Council Resolution:** The full Council must formally discuss and approve the virement by a resolution at a public meeting. This decision, and the reasons for it, are recorded in the Council minutes.
  4. **Limits:** Our Financial Regulations set out any limits on the size of virements that can be made. Significant virements always require full Council approval.
- **Transparency and Tracking:**
  - **Public Minutes:** The original budget, the proposed virement, and the resulting adjusted budget figures are clearly noted in the Council minutes.
  - **Financial Reports:** Subsequent financial reports will show the actual spending against the *revised* budget figures.
  - **Audit Trail:** The RFO maintains detailed records of all virements, ensuring an auditable trail that can be

examined by internal and external auditors.

- **Budget Notes:** Our accounting software allows notes to be added to each budget item, explaining any adjustments made due to virements.

## 6. Reserves (Savings)

The Council maintains financial reserves (savings) for specific purposes and unforeseen events.

- **General Reserve:** This is like a contingency fund for unexpected costs or to help manage cash flow. It helps the Council deal with emergencies without having to raise the precept immediately.
- **Earmarked Reserves:** These are savings set aside for specific, planned future projects (e.g., replacing play park equipment, major building repairs). Each earmarked reserve has a clear purpose.
- **Approval:** The use of any reserve funds must be formally approved by the full Council at a public meeting and recorded in the minutes.
- **Review:** The level and purpose of all reserves are reviewed annually to ensure they are appropriate and justified.

## 7. Emergency Expenditure

In rare circumstances, a genuine emergency (e.g., immediate health and safety risk) might require spending before a full Council meeting can be convened.

- **Delegated Authority:** Our Financial Regulations allow the Clerk/RFO to authorise limited emergency expenditure, up to a set amount (e.g., £500 or £1,000), if waiting for a full Council meeting would cause significant risk or harm.
- **Reporting:** Any such emergency expenditure must be reported to the next available Council meeting for formal ratification and public record.

## 8. Audit and Accountability

- **Internal Audit:** The Council appoints an independent internal auditor who regularly reviews the Council's financial records and procedures to ensure they are robust and followed correctly. Their reports are presented to the Council and are public documents.
- **External Audit:** Each year, an independent external auditor reviews the Council's Annual Governance and Accountability Return (AGAR), which summarises the Council's financial position and its governance arrangements. This is also a public process, and the final audited accounts are published.
- **Public Inspection:** Residents have a legal right to inspect the Council's accounts and supporting documents during a specific period each year.

## 9. Banking Arrangements and Cash Management

The Parish Council is committed to managing its banking arrangements to ensure the security of public funds, maintain sufficient liquidity for operational needs, and achieve the best possible return on investments commensurate with minimal risk. This approach balances necessary financial diligence with practical considerations for Council staff.

### 9.1. Bank Accounts

The Council will maintain bank accounts as necessary to manage its financial resources effectively. These may include:

- **Current Account(s):** For day-to-day operational expenses and income.

- **Interest-Bearing/Deposit Account(s):** For holding reserves and surplus funds not immediately required, to generate interest income.

## 9.2. Principles of Cash Management

- **Security of Funds:** The primary objective is the security of public funds. The Council will only use financial institutions regulated by the appropriate authorities (e.g., the Financial Conduct Authority in the UK) and will adhere to any limits for insured deposits.
- **Liquidity:** Sufficient funds will be held in accessible accounts to meet the Council's immediate and short-term liabilities and operational needs, as identified in the annual budget and cash flow forecasts.
- **Return on Investment:** Where funds are not immediately required, the Council will seek to maximise interest earned on deposits, taking into account the need for security and liquidity. This will involve regular review of interest rates offered by approved financial institutions for suitable low-risk deposit accounts.
- **Diversification:** Where practical and beneficial, the Council may consider holding funds across a small number of different approved financial institutions to further mitigate risk, provided this does not create undue administrative burden.

## 9.3. Management of Bank Accounts

- **Authorised Signatories:** All bank accounts will require at least two authorised signatories for all transactions, as defined in the Council's Financial Regulations. Signatories will typically include the Responsible Financial Officer (RFO) and a designated Councillor(s).
- **Regular Reconciliation:** The RFO will perform regular bank reconciliations (e.g., monthly) to ensure that all transactions are accurately recorded and to identify any discrepancies promptly. These reconciliations will be reviewed by Councillors as part of regular financial reporting.
- **Monitoring Interest Rates:** The RFO will periodically review interest rates available from reputable financial institutions to ensure the Council's funds are earning a competitive, yet secure, return. Any recommendations for transferring significant funds between accounts or institutions for better returns will be presented to the Full Council for approval.
- **Online Banking:** The Council may utilise online banking facilities for efficiency, provided that robust security measures are in place, including multi-factor authentication and clear internal controls over access and authorisation, in line with the Council's Financial Regulations.
- **Reporting:** The status of all bank accounts, including balances and interest earned, will be included in the regular financial reports presented to the Council at public meetings.
- **Annual Review:** Banking arrangements, including the institutions used and the types of accounts held, will be reviewed as part of the annual Financial Policy review or sooner if market conditions or Council needs change significantly.

## 10. Policy Review

This Financial Policy will be reviewed by the Council annually, or sooner if there are significant changes in legislation or Council practice, to ensure it remains fit for purpose and clearly understood.