**Core Funding From Local Authorities**

Resourcing Community Councils is an issue where local authorities undertake arrangements to suit local circumstances. Some local authorities may provide Community Councils in their area with office space, administration budgets and administrative support, but this may not be the case everywhere.

**Grants - Acceptable Areas of Expenditure**

When a Community Council is established it may be awarded a start-up grant to cover initial administrative expenditure. In addition to this a Community Council, once established, will receive an annual administrative grant. Once the Community Council has been established the administration grant is paid annually, on submission of audited annual accounts covering all income and expenditure of the Community Council for the previous financial year, minutes and current bank statements.

The purpose of the administrative grant is to cover the costs in administering Community Council business. Examples of such costs are detailed below:

• Insurance

• Auditors' fees

• Production and circulation of minutes, agenda and annual reports

• Stationery

• Photocopying

• Postage

• Travel costs

• Telephone costs

• Accommodation lets

• Affiliation fees

• Subscriptions

• Bank charges

• Advertising

• General publicity and promotional activities.

• Consultation with the community.

Community Councils may generate income from sources other than the local authority. This income may also be applied towards expenditure not affecting the grants awarded by the local authority. The accounts of the Community Council will however disclose all income from whatever source it is obtained and will show all expenditure even where it is not simply the expenditure of the local authority grants. Where an application is made to the local authority for grant assistance, the whole financial circumstances of the Community Council will be considered to establish free and committed funds before the application for grant assistance is dealt with by the local authority.

**Accounting Procedures – Cash**

• Each Community Council should have a physical or electronic record of all income and expenditure. The date, description, amount and receipt number should also be recorded.

• The Community Council should nominate three unrelated office bearers to act as signatories to the Community Council bank accounts. All cheques and withdrawals should require two from three signatures. Any changes to authorised signatories should be approved by the Community Council. Where a Community Council uses online banking, it may not always be possible for two or three people to authorise payments, so permission should be noted alongside the record of the payment itself or in the minutes of the meeting where it was discussed and agreed.

• The level of cash held should not be excessive and should be in proportion to the monthly expenditure

• All income received should be banked and should not be used to directly meet expenditure. If funds are required for incurred expenditure, they should either be paid by cheque or bank transfer or alternatively cash should be withdrawn from the bank.

• Once a banking has been made the stamped bank pay-in slip should be retained and checked against the bank statement or bank book to ensure that the income has been credited correctly. If using online banking, a screenshot of the payment or an electronic copy of the statement should be generated to act as a check and record.

**Accounting Procedures – Expenditure**

• All expenditure must be approved and minuted in advance by the Community Council.

• All expenditure must be accompanied by proof of purchase, either an expenditure voucher or receipted invoice.

• Receipts should be given a sequential number and filed accordingly.

• Details of the expenditure should be recorded in the cash book as soon as the expenditure is incurred. Where a receipt is not available, the person making the purchase should complete a form stating the nature of the expenditure. The form should be authorised by a member of the Community Council committee.

• A current account will normally be used for day to day transactions with a further deposit and/or saving account, as required, so that interest may be attracted on accumulated funds.

• The treasurer should await the bank statements and once received should carry out a bank reconciliation to ensure that the bank balance agrees with the balance recorded in the cash book. All bank statements should be retained.

• Where petty cash is issued all petty cash vouchers should be signed by the person requesting the money and countersigned by the treasurer or other authorised signatory - this must not be the person who is requesting the expenditure. All receipts for items of expenditure should be retained and attached to the appropriate petty cash voucher.

• Reimbursement of travel expenses should only be available to persons on official Community Council business. Claimants should submit a detailed record of dates, times, destination, reason for travel and mode of transport. Reimbursement of travel expenses (for example bus, taxi, train, parking fees etc) should only be awarded if accompanied by an appropriate receipt.

• If the Community Council requires telephone calls to be made, reimbursement of expenses can be made at the discretion of the Community Council. The person making the claim should submit the itemised telephone statement highlighting the calls claimed. Reimbursement will be authorised by the Community Council.

**Accounting Procedures - Annual Accounts**

The following paragraphs merely reinforce income and expenditure matters dealt with earlier in this guideline.

• An annual income and expenditure statement of all accounts including all income and expenditure must be prepared at the end of the Community Councils' financial year and must be examined by a person unconnected with the fund.

• The independently examined accounts must be presented to the Community Council and in course a copy passed to the local authority officer.

• An example of an annual income and expenditure statement is detailed in the word version of this document. All of the information within the account is fictitious and used only as a guide on how to prepare accounts.

**Accounting Procedures – Inventory**

The Community Council must maintain an inventory detailing all the assets of the Community Council. The inventory should be updated on an ongoing basis for additions and deletions, and an example of an inventory is included in the word version of this document.