



APPENDIX 2

**FINANCIAL GUIDELINES
FOR
COMMUNITY COUNCILS**

1. Introduction

The purpose of these guidelines is to give Community Councils some advice on book keeping good practice and preparation of accounts.

It is not intended that these guidelines are prescriptive but should be used to highlight areas of good practice and recommended procedures.

The guidelines should be read in conjunction with The Good Practice Agreement between Fife Council and Fife Community Councils as well as the Scheme for the Establishment of Community Councils in Fife.

2. Funding and Bank Accounts

Each Community Council is entitled to claim an annual grant from Fife Council. The grant is calculated using a formula.

In order to claim the annual grant Community Councils will be issued with a claim form (an example is attached as Appendix 1). This form should be completed and returned with the appropriate supporting information to Finance and Corporate Services by the end of December in the financial year to which the grant relates. The supporting information includes a set of examined accounts for the previous year.

Community Councils are entitled to use the annual grant to fund administration and running costs. They may also award grants to Local Community Groups whose purposes reflect those of the Community Council, when surplus funds are available.

It should also be recognised that the Community Council grant is not the only source of funding available to Community Councils. You can also apply for funding from some of Fife Council's Community Grants Schemes, which includes grants for Environmental projects and Floral Enhancement amongst others, or from the Local Community Planning Budget for assistance with specific projects. Further advice on this can be sought from the relevant Council Service or the Community Grants Scheme Booklet.

Each Community Council should open a bank account in the name of the Community Council. It is recommended that for the most up to date information and advice on the opening of bank accounts, Community Councils should contact the local branch of the bank. They will be able to provide advice on the procedures for organisations opening and operating bank accounts. They will also be able to recommend the best type of account for the Community Council.

Good Practice Points

Open an interest-bearing current account

Community Councils should identify 3 individuals who can be authorised signatories (one of whom is the Treasurer)

Two signatories to be required for each cheque

The signatories **must not** sign blank cheques. The cheques should be prepared and presented to the authorised signatory with evidence of what the payment is for.

3. Receipts and Payments

The secret of good bookkeeping is to record all transactions as quickly as possible and to maintain adequate records.

All income and expenditure transactions should be recorded; the simplest format being a cash book layout, an example is detailed in Appendix 2.

All payments made must be supported by a source document, for example, a till receipt or an invoice. These documents should be numbered and filed in order. The document number should be recorded on the cash book for reference.

Where a till receipt or invoice is not available, the Treasurer should issue a receipt, detailing what the payment was for and signed by the person receiving the payment – this would become the source document and evidence that a payment was made.

As with payments, all receipts should also have a source document, for example, the Fife Council Grant will have a remittance advice, again these documents should be numbered and filed. The number should be recorded on the cashbook.

Good Practice Points

Record all transactions quickly.

Use cashbook layout to record all transactions

Number and file all source documents

4. Annual Accounts

The Annual Accounts period must be for the financial year 01 April 20XX to 31 March 20XY. An example of the recommended layout is shown as Appendix 3.

The Annual Accounts contain the Income & Expenditure Account and the Statement of Funds. They should summarise the Income and Expenditure for the year on the left and for comparison purposes show the previous year on the right-hand side. The annual accounts should be prepared from the detailed cash book which has been used to record all transactions, for example the cash book at Appendix 2 shows 4 expenditure items for Floral Decorations, these are added together and grouped as “Floral” on the Income and Expenditure statement.

It would be helpful for the reader of the accounts if a breakdown of larger items of expenditure could be provided as a note. For example, Appendix 3 shows expenditure on grants and donations, this could be expanded as a note to the accounts to show how that figure was arrived at.

The Annual Accounts must also show the Statement of Funds. This details the funds held by the Community Council at the start of the financial year, the surplus or deficit for the year, then the balance of funds held at the end of the financial year. As above for comparison purposes the previous year should also be shown. This figure should agree with and be supported by the Bank Statements.

In order to claim annual grant from Fife Council, an independent examiner must examine the Annual Accounts. The key issues to be considered when appointing an independent examiner are:

- Independence (someone who is not on the Community Council)
- Ability and Experience

Those who can act as an Independent Examiner can include:

- Accountants (including retired)
- People with accountancy/financial experience
- Experienced Treasurers i.e. those who act as Treasurers with other organisations e.g. Charities
- The examiner must be a person not a firm or organisation.

The independent examiner must confirm that the bank and cash balances agree with the relevant bank statements. They must also examine all documents they deem necessary to check and verify the annual accounts.

The accounts must be signed and dated with the following statement:

“I certify that I have examined the accounts of “*Anywhere Community Council*”. To the best of my knowledge and belief, and in accordance with the information and explanations given to me, the Accounts have been properly prepared from the records of the Community Council and are in agreement with these records”.

The name, address and contact details of the independent examiner should also be detailed on the Annual accounts.

When Community Councils are making the claim for the annual grant, examined accounts must be submitted. In addition, a list of meetings for the financial year, along with a copy of the relevant bank statements must be submitted to allow confirmation of the closing balances held.

Some Community Councils have additional funds for specific events such as Christmas lights or environmental funds. Any income and expenditure statements in relation to these events should be submitted along with the examined annual accounts.

It is considered good practice to prepare monthly reports for consideration at the meetings of the Community Council. These would be in a similar format to the annual accounts and would show a summary of transactions for the month.

Good Practice Points

Monthly reports can also be prepared.
 Prepare the Income and Expenditure statement using detailed cash book
 The accounts should be prepared for the year 01 April to 31 March
 Consider providing additional information as a note to the accounts
 Independent Examiner must examine the accounts

5. Contact Details

Should you require advice on financial record keeping and compiling accounts please contact:

Financial Services
Finance and Corporate Services
Fife House
North Street
Glenrothes
KY7 5LT

Email: Financial.services@fife.gov.uk

ANNUAL GRANT APPLICATION FORM

Annual Grant Application Forms have been issued to Community Councils – please contact the Community Council Liaison Officer if you require a replacement – community.councils@fife.gov.uk

Anywhere Community Council							
Cash Book							
Year Ended 31 March 20XX							
Income				Expenditure			
Date	Doc Ref	Narrative	Amount	Doc Ref	Date	Narrative	Amount
01/04/XX		Opening Balance	150.00	1	XX/XX/XX	Floral Decoration	30.00
XX/XX/XX	1	Community Council Grant	250.00	2	XX/XX/XX	Rainbow Club Grant	100.00
XX/XX/XX	2	Grant	100.00	3	XX/XX/XX	Newsletter	15.00
XX/XX/XX	3	Newsletter	35.00	4	XX/XX/XX	Travel	10.00
XX/XX/XX	4	Bus Hire	30.00	5	XX/XX/XX	Hall Hire	10.00
XX/XX/XX	5	Newsletter	35.00	6	XX/XX/XX	Newsletter	20.00
XX/XX/XX	6	Bank Interest	10.00	7	XX/XX/XX	Guides Grant	125.00
XX/XX/XX	7	Misc Income	60.00	8	XX/XX/XX	Floral Decoration	30.00
XX/XX/XX	8	Grant	50.00	9	XX/XX/XX	Competitions	25.00
XX/XX/XX	9	Newsletter	35.00	10	XX/XX/XX	Hospitality	5.00
XX/XX/XX	10	Calendar	50.00	11	XX/XX/XX	Newsletter	20.00
XX/XX/XX	11	Bus Hire	60.00	12	XX/XX/XX	Floral Decoration	30.00
XX/XX/XX	12	Donations	90.00	13	XX/XX/XX	Xmas Parcel Donation	75.00
XX/XX/XX	13	Newsletter	35.00	14	XX/XX/XX	Hall Hire	10.00
XX/XX/XX	14	Misc Income	50.00	15	XX/XX/XX	Charity Appeals	25.00
				16	XX/XX/XX	Calendar	25.00
				17	XX/XX/XX	Travel	35.00
				18	XX/XX/XX	Hospitality	10.00
				19	XX/XX/XX	Floral Decoration	30.00
				20	XX/XX/XX	Newsletter	20.00
				21	XX/XX/XX	Travel	40.00
				22	XX/XX/XX	Competitions	25.00
				23	XX/XX/XX	Hospitality	5.00
				24	XX/XX/XX	Misc Expenses	20.00
				25	XX/XX/XX	Administration	30.00
				26	XX/XX/XX	Data Protection Fee	35.00
					31/03/XX	Balance Carried Forward	235.00
Total			1040.00			Total	1040.00
<u>Start of Next Year</u>							
Income				Expenditure			
Date	Doc Ref	Narrative	Amount	Date	Doc Ref	Narrative	Amount
01/04/XX		Balance brought forward	235.00				

Anywhere Community Council						
Income & Expenditure Account						
Year Ending 31 March 20XX						
	Notes	31/03/XX			31/03/XW	
Income						
Community Council Grant		250			250	
Other Grants		150			120	
Newsletter		140			100	
Calendar		50			50	
Bus Hire		90			60	
Donations		90			95	
Bank Interest		10			10	
Miscellaneous		110	£890		100	£785
Expenditure						
Grants & Donations	1.	325			275	
Floral		120			120	
Newsletter		75			75	
Calendar		25			25	
Administration		30			30	
Hall Hire		20			20	
Travel		85			75	
Competitions		50			40	
Hospitality		20			20	
Data Protection Fee		35			35	
Miscellaneous		20	£805		20	£735
Income Over Expenditure			£85			£50
Statement of Funds						
		31/03/XX			31/03/XW	
Accumulated Fund		150			100	
Income over Expenditure		85			50	
Fund at 31.03.XX		235			150	
Represented By						
"Bank Name" Current Account		235			150	
Notes						
1. Grants & Donations						
Rainbow Club Grant	100					
Guides Grant	125					
Xmas Parcel Donation	75					
Charity Appeals	25					
	325					
Signature	(Treasurer)					
Date						
I certify that I have examined the accounts of "Anywhere Community Council". To the best of my knowledge and belief, and in accordance with the information and explanations given to me, the Accounts have been properly prepared from the records of the Community Council and are in agreement with these records						
Signature	(Independent Examiner)					
Date						
					IE Name	
					IE Address	
					IE Contact Number	