

# EAST KIRKBY PARISH COUNCIL

## FINANCIAL PROCEDURES (2026)

Adapted and Modified Specifically for East Kirkby Parish Council by  
Mrs. J Mussett (Parish Clerk)  
and  
Mr. B Nowicki (Chairman of the Parish Council)  
May 2026



## **EAST KIRKBY PARISH COUNCIL**

### **Financial Procedures**

#### **Statement.**

The Parish Council is a 'precepting authority'. This means that we are able to ask the principal Council Tax authority (in our case East Lindsey District Council) to add a sum to the Council Tax bill sent to each household which they collect on our behalf and send to us in April each year. The amount of our precept is set following a budget review which usually begins in November each year. The financial year runs from 1<sup>st</sup> April to 31<sup>st</sup> March.

The Parish Clerk prepares a Financial Statement for each Parish Council meeting so that Parish Councillors may regularly review the financial position. All payments made are noted in our Minutes.

Each year the Parish Council is subject to audit. East Kirkby Parish Council carries out an annual review of its financial procedures and practices, arranges for an internal audit, by a competent person who is not connected with the Council, and completes an Annual Governance and Accountability Return (AGAR) summarising its financial activities which is checked by an external body appointed on behalf of the Government.

As part of the audit process, electors have a right to inspect and ask questions about the Parish Council's accounts. This period of inspection runs for a 30-day period each year. A notice advertising these rights is displayed on our website and on the notice board for the period which must include the first 10 working days of July.

# **EAST KIRKBY PARISH COUNCIL FINANCIAL PROCEDURES**

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## **General.**

1.1. These financial regulations govern the conduct of financial management by the Parish Council and may only be amended or varied by resolution of the Parish Council. Financial regulations are one of the Parish Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Parish Council's standing orders and any individual financial regulations relating to contracts.

1.2. The Parish Council is responsible in law for ensuring that its financial management is adequate and effective and that the Parish Council has a sound system of internal control which facilitates the effective exercise of the Parish Council's functions, including arrangements for the management of risk.

1.3. The Parish Council's accounting control systems must include measures:

- for the timely production of accounts,
- that provide for the safe and efficient safeguarding of public money,
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

1.4 These financial regulations demonstrate how the Parish Council meets these responsibilities and requirements.

1.5 At least once a year, prior to approving the Annual Governance Statement, the Parish Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.6 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.7 Members of the Parish Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Parish Councillor into disrepute.

1.8 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Parish Council. The Parish Clerk has been appointed as RFO for this Parish Council and these regulations will apply accordingly.

1.9 The RFO.

- acts under the policy direction of the Parish Council,
- administers the Parish Council's financial affairs in accordance with all Acts, Regulations, and proper practices,
- determines on behalf of the Parish Council its accounting records and accounting control systems,
- ensures the accounting control systems are observed,

- maintains the accounting records of the Parish Council up to date in accordance with proper practices,
- assists the Parish Council to secure economy, efficiency, and effectiveness in the use of its resources, and
- produces financial management information as required by the Parish Council.

1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Parish Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Parish Council from time to time comply with the Accounts and Audit Regulations.

1.11. The accounting records determined by the RFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the Parish Council and the matters to which the income and expenditure or receipts and payments account relate,
- a record of the assets and liabilities of the Parish Council, and
- wherever relevant, a record of the Parish Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.12. The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the Parish Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible,
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records,
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions,
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Parish Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records, and
- measures to ensure that risk is properly managed.

1.13. The Parish Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement),
- approving accounting statements,
- approving an annual governance statement,
- borrowing,
- writing off bad debts,
- addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.

1.14. In addition, the Parish Council must:

- determine and keep under regular review the bank mandate for all Parish Council bank accounts,
- approve any grant or a single commitment in excess of £1,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by NALC (National Association of Local Councils) in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or ‘the regulations’ shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term ‘proper practice’ or ‘proper practices’ shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners’ Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. Accounting and audit (internal and external).**

2.1. All accounting procedures and financial records of the Parish Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance, and proper practices.

2.2. On a regular basis, once in each quarter, and at each financial year end, the Parish Chairman shall verify the bank reconciliation (for all accounts) produced by the RFO. This activity shall on conclusion be reported, including any exceptions, to and noted by the full Parish Council.

2.3. The Parish Chairman shall prepare the annual statement of accounts, annual report, and any related documents of the Parish Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and the RFO, having certified the accounts, shall submit them to the Parish Council within the timescales set by the Accounts and Audit Regulations.

2.4. The Parish Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Parish Council shall make available such documents and records as appear to the Parish Council to be necessary for the purpose of the audit and shall, as directed by the Parish Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Parish Council considers necessary for that purpose.

2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Parish Council in accordance with proper practices.

2.6. The internal auditor shall:

- be competent and independent of the financial operations of the council,
- show their due diligence and approval of the Parish Council accounts via the annual report to the external auditors.

- to demonstrate competence, objectivity, and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- has no involvement in the financial decision making, management or control of the Parish Council.

2.7. Internal or external auditors may not under any circumstances:

- perform any operational duties for the Parish Council,
- initiate or approve accounting transactions, or
- direct the activities of any Parish Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

2.9. The RFO and/or Parish Chairman shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

2.10 The RFO shall, without undue delay, bring to the attention of all Parish Councillors any correspondence or report from internal or external auditors.

### **3.0. MTFP (Medium Term Financial Plan)/Forward planning.**

3.1. Each January, the Parish Council shall consider the MTFP in relation to the Parish Council's five-year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.2. Similarly, in January the Parish Council shall set the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority.

### **4.0. Budgetary control and authority to spend.**

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by the Parish Council for all items,

All expenditure is evidenced by a minute reference in the appropriate Parish Council meeting.

4.2. The salary budgets are to be reviewed at least annually in November for the following financial year, and such review shall be evidenced and minuted at the next appropriate full Parish Council meeting and be signed by the Chairman of the Parish Council. The RFO will inform the Parish Council of any changes impacting on the MTFP.

4.3. In cases of extreme risk to the delivery of Parish Council services, the Parish Clerk may authorise revenue expenditure on behalf of the Parish Council which in the Parish Clerk's

judgement it is necessary to carry out. The Parish Clerk shall report such action to the Parish Council at the next meeting.

- 4.4. All capital works shall be administered in accordance with the Parish Council's standing orders and financial regulations relating to contracts.
- 4.5. The RFO shall regularly provide the Parish Council with a statement of receipts and payments to date.

## **5. Banking arrangements and authorisation of payments.**

- 5.1. The Parish Council's banking arrangements, including the bank mandate, shall be made by the RFO, and approved by the Parish Council; banking arrangements shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Parish Council. The Parish Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Parish Council. Personal payments (including salaries, wages, expenses, and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified, and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Parish Council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Parish Council meeting.
- 5.5. The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
  - a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Parish Council, where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the Parish Council.
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate Parish Council meeting or
- 5.6. Parish Councillors are subject to the Code of Conduct that has been adopted by the Parish Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest unless a dispensation has been granted.

## **6. Instructions for the making of payments.**

- 6.1. The Parish Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the Parish Council or, if so delegated, the RFO shall give instruction that a payment shall be made.
- 6.3. Cheques in accordance with the schedule as presented to Parish Council shall be signed by two members of council in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances be a signatory.
- 6.4. Where internet banking arrangements are made with any bank, the Parish Clerk shall be appointed as the Service Administrator.
- 6.5. The Parish Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Parish Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7. Payment of salaries**

- 7.1. As an employer, the Parish Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by the Parish Council, or duly delegated committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Parish Council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Parish Council.
- 7.4. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.5. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by the Parish Council at a full Parish Council meeting.
- 7.6. Before employing interim staff, the Parish Council must consider a full business case.

## **8. Income**

- 8.1. The collection of all sums due to the Parish Council shall be the responsibility of and under the supervision of the RFO.
- 8.2. Particulars of all charges to be made for work done, services rendered, or goods supplied shall be agreed annually by the Parish Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Parish Council.
- 8.3. The Parish Council will review all fees and charges at least annually, following a report from the Parish Clerk.
- 8.4. Any sums found to be irrecoverable, and any bad debts shall be reported to the Parish Council and shall be written off in the year.
- 8.5. All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Parish Council's bankers with such frequency as the RFO considers necessary.
- 8.6. The origin of each receipt shall be entered on the paying-in slip.
- 8.7. Personal cheques shall not be cashed out of money held on behalf of the Parish Council.
- 8.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

## **9. Orders for work, goods and services**

- 9.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared, or an official order would be inappropriate. Copies of orders shall be retained.
- 9.2. The RFO is responsible for obtaining value for money at all times and issuing an official order ensuring as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers.
- 9.3. A Parish Councillor may not issue an official order or make any contract on behalf of the Parish Council.
- 9.4. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

## **10. Assets, properties and estates**

- 10.1. The Parish Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Parish Council. The RFO shall ensure a record is maintained of all properties held by the Parish Council, recording the location, extent, plan,

reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

- 10.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased, or otherwise disposed of, without the authority of the Parish Council, together with any other consents required by law.
- 10.3. No real property (interests in land) shall be sold, leased, or otherwise disposed of without the authority of the Parish Council, together with any other consents required by law. In each case a report in writing shall be provided to Parish Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 10.4. No real property (interests in land) shall be purchased or acquired without the authority of the full Parish Council. In each case a report in writing shall be provided to the Parish Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 10.5. Subject only to the limit set in Regulation 10.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Parish Council. In each case a report in writing shall be provided to the Parish Council with a full business case.
- 10.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

## **11. Insurance**

- 11.1. Following the annual risk assessment (per 12. Risk management), the RFO shall procure the necessary insurance and negotiate all claims on the Parish Council's insurers.
- 11.2. The RFO shall keep a record of all insurances procured by the Parish Council and the property and risks covered thereby and annually review it.
- 11.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these at the next available Parish Council meeting.
- 11.4. All appropriate Parish Councillors and employees of the Parish Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Parish Council.

## **12. Risk management.**

- 12.1. The Parish Council is responsible for putting in place arrangements for the management of risk. The Parish Clerk shall prepare, for approval by the Parish Council, risk management policy statements in respect of all activities of the Parish Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Parish Council at least annually.

12.2. When considering any new activity, the Parish Chairman and/or Parish Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Parish Council.

### **13. Suspension and revision of Financial Regulations.**

13.1. It shall be the duty of the Parish Council to review the Financial Regulations of the Parish Council from time to time. The Parish Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Parish Council of any requirement for a consequential amendment to these Financial Regulations.

13.2. The Parish Council may, by resolution of the Parish Council duly notified prior to the relevant meeting of the Parish Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of the Parish Council.





