

**FINANCE COMMITTEE**  
**DRAFT TERMS OF REFERENCE**  
**of**  
**HECKINGTON PARISH COUNCIL**

**1 Role**

- 1.1 The role of the Finance Committee is to oversee all aspects of: Financial Administration; Planning, Audit and Governance including recommendations to Council for the precept amount.
- 1.2 The committee is NOT empowered to make decisions, and acts as an advisory committee only.

**2 Objectives**

- 2.1 The purpose of the committee is to bring matters relating to Finance, Audit and Governance to the attention of the Parish council.
- 2.2 To make recommendations to the Parish council where necessary.
- 2.3 To report to Council any issues or areas of concern for corrective action.
- 2.4 To create and maintain a Financial Plan in liaison with other Committees and make recommendations regarding priorities.

**3 Membership**

- 3.1 The Committee shall consist of 5 members of the Parish Council and shall be agreed annual in May at the Annual Parish Council Meeting. The chair of the Finance Committee will be elected at their first meeting and until the Annual Parish Council Meeting in May.
- 3.2 The Committee may not appoint anyone other than Parish Councillors.
- 3.3 The quorum for a meeting will be a minimum of three councillor members. If the chair is absent a chair for that meeting will be selected by attending members.

**4 Meetings**

- 4.1 The committee is required to hold meetings at least four times per year.
- 4.2 The committee meetings are formal and therefore the agenda will be displayed publicly, minutes taken and standing orders will apply.
- 4.3 The Responsible Financial Officer shall attend all Committee meetings.

**5 Purpose**

- 5.1 The committee will meet to undertake the tasks set out in Section 6 (Scope and Remit) and to promote best practice and make recommendations to the Parish Council regarding matters relating to Finance, Planning, the financial aspects of HR, Audit and Governance.

**6 Scope and Remit**

- 6.1 Develop and recommend policies and procedures for the financial management of the Council.
- 6.2 Create and maintain the Council's Financial Plan.
- 6.3 Monitor reserves to ensure that surpluses are not built up other than for working capital or for earmarked projects and known liabilities set out in the Council's Financial Plan, ensuring that sufficient reserves are retained for future maintenance, replacement or upgrading of items for which the Council is responsible.
- 6.4 Prepare an annual budget with the assistance of the Responsible Finance Officer for the Council and recommend an annual precept.
- 6.5 Monitor performance against budget and report significant variances to Council with recommendations for appropriate action.
- 6.6 To review any lease or legal arrangement and make recommendations to the Parish Council.
- 6.7 Undertake a financial risk analysis annually and review the Council's insurance arrangements to ensure that property and identified risks are adequately insured.
- 6.8 Review on an annual basis the list of all Parish Council assets, liabilities, financial obligations and property.
- 6.9 Review the policy of insurance to ensure that there is in place an adequate policy of insurance and assist the RFO to obtain three quotes in April of each year.
- 6.10 Receive and review Audit Reports and ensure the implementation of any recommendations.
- 6.11 Consider and determine requests for community and other grants within agreed annual budgets.
- 6.12 Keep up to date on financial rules and regulations in liaison with the clerk and LALC. Recommend appropriate changes to practice and standing orders as necessary. Make recommendations for training on financial matters where appropriate.

## **7 Audit and Governance**

- 7.1 Carry out an annual review of the Standing Orders, Financial Regulations and Terms of Reference for the finance committee and present them to the Parish Council at the annual meeting of the Parish Council for acceptance.
- 7.2 To review on a regular basis, the financial governance of the Parish Council and recommend any actions as appropriate.
- 7.3 Ensure that the Parish Council's financial practices and annual governance reviews comply with the Financial Regulations set out by the Audit Commission, Central Government and Council's adopted Financial Regulations.
- 7.4 Review and monitor the Council's Financial Management Risk Register and recommend appropriate action to the Parish Council.
- 7.5 Receive the report of the Auditor and recommend to the Parish council any action necessary.
- 7.6 Consider the financial implications of the Council's responsibilities arising from any non-budgeted recommendations of its committees and make appropriate recommendations to the Finance Committee.

## **8 Rules and Regulations**

- 8.1 The councillor's code of conduct will apply to all members of the committee.
- 8.2 The conduct of the meeting (declaration of interests, debate, voting etc) will be governed by the Council's Standing Orders.