



*Finance Committee Terms of Reference – version 2*

Document Configuration Management & Control

Version	Description	Originated	Reviewed	Approved
Version 1	Annual Review	29/03/21	13/05/2024	13/05/2024
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Version 2		06/05/2026		

# Finance Committee Terms of Reference

The Finance Committee is constituted as a Standing Committee of Hilton Parish Council.

## 1. Purpose

The Finance Committee is established to support the Parish Council in ensuring **sound financial management, effective budget planning, robust internal controls, and transparent reporting**. The Committee advises the full Council but does not replace the Council's statutory financial responsibilities.

## 2. Authority

- The Committee is appointed by, and reports to, the full Parish Council.
- It may make **recommendations**, but all decisions involving expenditure, budget approval, or policy adoption must be resolved by the full Council.
- The Committee may request information from the Clerk/RFO and external auditors as required.

## 3. Membership

- Membership shall consist of a minimum of **5 councillors** appointed annually at the Council's Annual Meeting to include the Chair and Vice Chair of Council.
- The **Chair** of the Committee shall be elected at the first meeting after the Annual Parish Council Meeting..
- The **Clerk/RFO** will attend all meetings in an advisory and administrative capacity.
- The Committee may invite non-councillors (e.g., internal auditor) to attend for specific items, without voting rights.

## 4. Quorum

- A quorum shall be **three members or one-third of the Committee**, whichever is greater.
- If the meeting is not quorate, it shall be adjourned and no decisions or recommendations may be made.

## 5. Meetings

- The Committee will meet as the workload requires with a minimum of 3 clear days' notice given.
- Meetings will be convened by the Clerk/RFO in consultation with the Chair.
- Agendas and minutes will follow the Parish Council's standing orders and be published accordingly.

- In the event of an equal vote, the Chair shall have a second, or casting, vote

## **6. Responsibilities**

### **6.1 Budgeting**

- Prepare the **annual budget** for recommendation to the full Council.
- Review budget assumptions, inflation, reserves, and forward planning.
- Monitor income and expenditure against budget throughout the year.

### **6.2 Financial Monitoring & Reporting**

- Review quarterly financial statements, bank reconciliations, and variance reports.
- Review reserves to ensure they have been managed in line with the Council's Financial Regulations and General Reserves Policy.
- Ensure adequate financial controls are in place and operating effectively.
- Review and recommend the annual **Precept** requirement.

### **6.3 Internal Controls & Audit**

- Oversee the **internal and external audit** processes, including appointment of the internal and external auditors.
- Review internal and external audit reports and ensure implementation of recommendations.
- Review and recommend approval of the **Annual Governance and Accountability Return (AGAR)**.

### **6.4 Policies & Risk Management**

- Review and recommend updates to financial policies, including:
  - Financial Regulations
  - Risk Management Policy
  - Reserves Policy
  - Investment Strategy (if applicable)
  - Procurement and Contract Management
- Maintain oversight of the Council's risk register.

### **6.5 Contracts & Expenditure**

- Review significant contracts, tenders, and procurement proposals.
- Make recommendations to the full Council on major financial commitments.
- Monitor grants awarded by the Council and ensure compliance with conditions.

### **6.6 Asset & Insurance Oversight**

- Review the Council's **asset register** annually.
- Ensure adequate insurance cover is maintained and reviewed annually.

### **7. Reporting**

- The Committee will report to the full Council after each meeting.
- Minutes will be circulated to all councillors and published in accordance with statutory requirements.

### **8. Interests**

If a Member has a personal interest as defined by the Code of Conduct adopted by the Parish Council, then he/she shall declare such interest as soon as it becomes apparent, disclosing the nature and extent of the interest as required. N.B. If a Member who has declared an interest, then considers the interest to be prejudicial, he/she must withdraw from the room during consideration of the agenda item to which the interest relate

### **9. Review of Terms of Reference**

These Terms of Reference shall be reviewed **annually** at the Council's Annual Meeting or sooner if required.