



# Transparency Forum

## 'Money ma££ers' quiz

TEAM NAME:

Questions based on good practice details within NALC's 'The Good Councillor's Guide to Finance and Transparency'

		Marks
1	<p>When does the financial accounting year for a town or parish council run from and to?</p> <p>The financial accounting year for a town or parish council runs from <b>1 April to 31 March</b>, in line with the government and other public authorities' financial year</p>	1
2	<p>Are town and parish councils subject to income, corporation or capital gains tax?</p> <p>No</p>	1
3	<p>Why should every town and parish council adopt a set of 'Financial Regulations'?</p> <p>Financial Regulations govern, set out and details how the council conducts, controls and manages its financial affairs.</p> <p>They give instruction to the Responsible Financial Officer on how to conduct the financial administration of the council (eg. making and approving payments, the procedure for purchasing goods and services above a certain value and may delegate certain expenditure within limits to the clerk/RFO).</p>	1 1
4	<p>What financial guidelines are contained within a town or parish council's Standing Orders?</p> <p>Guidelines for the purchasing and procurement of goods and services, including how tenders are invited and management of capital projects.</p>	1
5	<p>How many councillors should be authorised signatories of town or parish council cheques?</p> <p>A bank mandate should require <b>at least 2 councillors</b> to sign all cheques and payments – the clerk/RFO should only be a signatory in conjunction with 2 other councillors.</p>	1
6	<p>The annual budget is an essential tool for controlling the town or parish council's finances and demonstrates that the council will have sufficient income to meet its objectives and carry out its activities. Can you list at least 4 of the six key stages in the budgeting process?</p> <ul style="list-style-type: none"> <li>• Review of current year budget and spending</li> <li>• Determine the cost of future spending plans</li> <li>• Assess levels of anticipated income</li> <li>• Provide for contingencies and the need for reserves</li> <li>• Approve the budget</li> <li>• Set the budget</li> </ul>	4

7	<p>What happens to unspent balances within the budget at the end of the financial year? They are transferred to the council's general reserve</p>	1
8	<p>How much financial reserve should a town or parish council hold? A council should hold <b>between 3 and 12 months expenditure</b> as a general rule – so if the annual precept/expenditure budget is £10,000, the corresponding general reserve should sit between £2,499 minimum and £10,000 maximum.</p> <p>NB: If the amount of reserves at the year-end are above a certain level in relation to the annual precept then the council must advise the external auditor why this level of reserve is required</p> <p>BUT...If general reserve is too low, then it will not be sufficient to cover unexpected expenditure/emergencies. If general reserve is too high, then local electors have paid a tax which is not being used for the benefit of the community. Councils have no power to hold revenue reserves but can earmark money for a specific project eg. renovation of a building owned by the council</p>	1
9	<p>What is the precept? The precept is the amount of local tax required from local electors to meet the town or parish council's budget needs.</p> <p>NB: It is actually the difference between the council' estimated income and estimated expenditure for the year and once the precept amount has been notified to the billing authority (EDC), it cannot be increased for that year</p>	1
10	<p>What is Section 137 expenditure? The name refers to Section 137 of the Local Gov. Act 1972 which enables councils to incur expenditure which is "<i>in the interests of and will directly benefit its area or any part of it and some or all of the inhabitants</i>" – so not for the benefit of individuals but payments possible for village history plaques, allotment show prizes, flood relief, landscaping</p>	1 1
11	<p>Does a town or parish council need to pay VAT? <b>Yes but the VAT paid out for non-business activities can be recovered at the year-end from HMRC.</b> For most town and parish councils, it is simply a matter of submitting a VAT reclaim form.</p> <p>NB: Where problems arise is if a council agrees to purchase items on behalf of another organisation like a village hall or youth club to avoid the other organisation paying VAT– that is tax fraud!</p>	1
12	<p>What is a disclosable pecuniary interest? Any relevant or business interest that a councillor should be open about in relation to council business – these include employment, trade, contracts, ownership of land or assets or business interests in the town or parish council area.</p> <p>NB: A councillor should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends</p>	1

13	<p>It is important that every council is adequately insured through a reputable company. Can you name at least 3 key areas of risk that a council should cover through insurance?</p> <ul style="list-style-type: none"> <li>• <b>Public liability</b> (injury to people and/or damage to council-owned property or land)</li> <li>• <b>Employers liability</b> (compulsory insurance if the council has employees who may sustain injury or illness while undertaking council business)</li> <li>• <b>Property</b> (on a reinstatement basis for council owned property or assets)</li> <li>• <b>Business interruption</b> (against flood/fire damage and for use of alternative accommodation while repairs are completed)</li> <li>• <b>Libel and slander</b> (protects against inappropriate verbal or written comments made by a local council/councillors)</li> <li>• <b>Motor insurance</b> (if the council owns any vehicles incl. ride on mowers)</li> <li>• <b>Fidelity guarantee</b> (covers against fraud or dishonesty by a council official incl. loss of property)</li> </ul>	3
14	<p>Why must every council undertake an independent &amp; objective internal audit? To review, evaluate and report to the council on the effectiveness of the council's system of internal control, risk management and governance procedures and improve the operations of the council.</p>	1 1
15	<p>Can you identify at least two key reasons why it is important for town and parish councils to adhere to the financial rules and regulations as set out in "Governance and accountability for smaller authorities in England"?</p> <p>They are designed to protect the council They ensure the council takes no unacceptable risks with public money They protect public assets They encourage councils to make best use of public money</p>	2
16	<p>When did the Transparency Code come into force for town and parish councils and what is its purpose? 1 April 2015 – nearly 5 years ago! To give more power to citizens and increase democratic accountability by giving local electors the information they may need to hold councils to account</p>	1 1

**TOTAL**

**/26**