

# **GODALMING TOWN COUNCIL**

Tel: 01483 523575  
Fax: 01483 523077  
E-Mail: office@godalming-tc.gov.uk  
Website: www.godalming-tc.gov.uk

Municipal Buildings  
Bridge Street  
Godalming  
Surrey GU7 1HT

13 September 2019

I HEREBY SUMMON YOU to attend the **AUDIT COMMITTEE** Meeting to be held in the Council Chamber, Municipal Buildings, Godalming on THURSDAY, 19 SEPTEMBER 2019 at 7.00 pm.

Andy Jeffery  
Town Clerk

Committee Members: Councillor Boyle  
Councillor Crooks – Vice-Chair  
Councillor Heagin – Chair  
Councillor Steel  
Councillor Welland

## **AGENDA**

### 1. MINUTES

To approve as a correct record the minutes of the meeting held on the 4 July 2019, a copy of which has been circulated previously.

### 2. APOLOGIES FOR ABSENCE

### 3. DISCLOSABLE PECUNIARY INTERESTS AND NON-PECUNIARY INTERESTS

To receive from Members any declarations of interests in relation to any items included on the Agenda for this meeting required to be disclosed by the Localism Act 2011 and the Godalming Members' Code of Conduct.

### 4. PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC

The Chair to invite members of the public to make representations, ask or answer questions and give evidence in respect of the business on the agenda or other matters not on the agenda. This forum to be conducted in accordance with Standing Order 5.

### 5. QUESTIONS BY MEMBERS

To consider any questions from Councillors in accordance with Standing Order 6.

### 6. WORK PROGRAMME

Members to consider the Committee's Work Programme and to note progress on the items therein (copy attached for the information of Members).

### 7. BANK RECONCILIATION

The Responsible Finance Officer (RFO) to table the current Bank Reconciliation for the information of Members.

Members to agree that the Chair should sign the bank reconciliation tabled.

Members of the Public have the right to attend all meetings of the Town Council and its Committees and are welcome.

8. EXTERNAL AUDITOR'S REPORT

Members to note the Report from the External Auditor stating that there were no issues that came to their attention during the audit (copy of report attached for the information of Members).

9. ASSET CONTROL

Members to consider the Fixed Asset Policy (attached for the information of Members).

Members to consider the Town Council's Asset Register (attached for the information of Members) and to note that it has been updated to reflect the purchase of a van and the High Street lease.

10. REVIEW OF ONGOING SUPPLIERS

The RFO to give an oral update on an issue with an existing supplier.

11. REVIEW OF FINANCIAL REGULATIONS

The RFO compared the Council's current Financial Regulations against NALC's Model Financial Regulations (2019) and identified areas of difference with proposed recommendations. Other recommendations are also incorporated into the review for Members consideration.

Members to review attached report and agree or amend recommendations.

12. BUDGETARY CONTROLS

Members to consider a report on budgetary controls (attached for the information of Members).

13. DATE OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to be held on Thursday, 23 January 2020 at 7.00pm in the Council Chamber.

14. ANNOUNCEMENTS

Brought forward by permission of the Chair. Requests to be submitted prior to commencement of the meeting.

## AUDIT COMMITTEE WORK PROGRAMME

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
Bank Reconciliation	Cllr Heagin/RFO	4 July 2019	Latest Bank recs reviewed at each Meeting of Audit Committee	Chair to review and sign at each meeting of the Audit Committee.	Ongoing
Internal Control – Meeting 1					
Income Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Annual review to be completed by July 2020	
Payment Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019– one invoice not found, presumed misfiled. If not located, a copy invoice to be sought and placed on file for completeness.	Annual review to be completed by July 2020	
Payroll Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified.	Annual review to be completed by July 2020	
Petty Cash	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Annual review to be completed by July 2020	
Proper Book-keeping	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Annual review to be completed by July 2020	
VAT Controls	Cllr Michael Steel	4 July 2019	Conducted 4 July 2019 – no issues identified	Annual review to be completed by July 2020	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Miscellaneous – Meeting 2					
External Auditor's Report	RFO	20 September 2018	Annual report received 20 September 2018. Onward Recommendation to Full Council on 10 January 2019	On this agenda	
Asset Control	Cllr Boyle/RFO	20 September 2018	Conducted 20 September 2018 - to be reviewed in 12 months	On this Agenda	
Review of Ongoing Suppliers	RFO /Facilities Supervisor/TC	Ongoing	Recently reviewed: - Insurance providers reviewed March 2018 (GTC), October 2018 (Museum) & March 2019 (JBC) - Christmas Light provider reviewed March 2019	On this agenda	
Financial Regulations	RFO	20 September 2018	Review of Financial Regulations completed at by this Committee 20 Sept 2018 and agreed by Full Council on 15 Nov 2018	On this agenda	
Procedures	Cllr Welland	Ongoing	Financial procedures as updated agreed by this Committee on 6 October 2016  Other key processes agreed by the Committee on 16 March 2017	Creating an Standard Operating procedures file for each position – aimed completion March 2020	
Budgetary Controls	Cllr Welland	24 January 2019	Conducted 24 January 2019 - to be reviewed in 12 months	On this agenda	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Risk Management – Meeting 3					
Risk Assessment – Business Continuity	Cllr Heagin /RFO	24 January 2019	Needs a risk assessment performed and Scheme of Delegation incorporated	Outstanding	To complete a risk assessment and incorporate Scheme of Delegation - bring to next meeting on 18 April 2019  Deferred until next meeting on 4 July 2019
Risk Assessment – Environmental	Cllr Crooks/RFO	24 January 2019	An Environment Sustainability Policy needs to be developed	Outstanding	An Environment Sustainability Policy needs to be developed - bring to next meeting on 18 April 2019  Deferred until next meeting on 4 July 2019
Risk Assessment – Legal	Cllr Boyle/RFO	24 January 2019	To be reviewed annually	Annual review to be completed by January 2020	
Risk Assessment – Physical & Information Security	Cllr Welland/RFO	18 April 2019	Cllr Follows & Wainwright to provide RFO with information required from IT providers	Annual review to be completed by January 2020	
Risk Assessment – Reputation	Cllr Heagin /RFO	24 January 2019	To be reviewed annually	Annual review to be completed by January 2020	
Risk Assessment – Health & Safety	Cllr Heagin /RFO	24 January 2019	To be reviewed annually	Annual review to be completed by January 2020	RFO to organise Workplace Assessments for full time staff
Risk Assessment – Financial	Cllr Crooks /RFO	24 January 2019	To be reviewed annually	Annual review to be completed by January 2020	
Insurance	Town Clerk/RFO/ Cllr Heagin	Market test of insurers completed and reported to P&M on 22 March 2018	To be reviewed annually	On going	
Risk Assessment – Safeguarding	Cllr Boyle			New item	
Risk Assessment – Events	Cllr Heagin			New item	

SUBJECT	NAME OF PERSON UNDERTAKING REVIEW	PREVIOUS COMPLETION DATE	ACTIONS BROUGHT FORWARD	STATUS	ACTIONS CARRIED FORWARD
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Year End – Meeting 4					
Internal Auditor's Reports	RFO	18 April 2019	Final audit report received and responses given. To be onward recommended to next Full Council meeting	Annual review to be completed as part of Annual Governance and Accountability Return process	
Management of Debt (particularly Bad Debt)	RFO	18 April 2019	To be reviewed annually	Annual review completed by March 2020	
Review of Effectiveness of Internal Control	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	
Annual Governance Statement	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	
Annual Accounting Statements	Cllr Heagin /RFO	18 April 2019	To be reviewed annually	Annual review to be completed as part of Annual Governance and Accountability Return process	

### Section 3 – External Auditor Report and Certificate 2018/19

In respect of **Godalming Town Council – SU0039**

#### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

#### 2 External auditor report 2018/19

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the authority:

None

#### 3 External auditor certificate 2018/19

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

External Auditor Name

**PKF LITTLEJOHN LLP**

External Auditor Signature

*PKF Littlejohn LLP* SIGNATURE REQUIRED

Date

22/08/2019

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

## **FIXED ASSET POLICY**

### **INTRODUCTION**

Local councils must maintain an asset register to ensure fixed assets are appropriately safeguarded. This includes items of a capital nature where values tend to be high and which have a useful life of more than one year.

### **SCOPE OF ASSET REGISTER**

In order to ensure transparency and reasonableness, the following items are included in the Council's asset register, whether purchased, gifted or otherwise acquired, together with their holding location:

- Land and buildings held freehold or on long term lease in the name of the Council
- Community assets
- Assets considered to be portable, attractive or of community significance

The values indicated in the asset register will inform the 'Total Fixed Asset' section of the Annual Return.

The following items fall outside the definition for inclusion and are therefore excluded from the Council's asset register:

- Assets rented by or loaned to the Council
- Items held for resale, i.e. stock
- Consumable items or items with a useful life of less than a year
- Cash, short term investments and other current assets
- Intangible assets

In accordance with good practice, this Council has set a *de minimis* level of £2,000 below which expenditure will generally not be capitalised. All expenditure above the *de minimis* level will be deemed capital expenditure and added to the fixed asset register, unless there is a good reason to treat it differently.

An annual inspection of the fixed asset register should occur to ensure that all items can be physically verified. Discrepancies between the physical verification process and the register should be investigated promptly by the RFO. Any assets which cannot be located after investigation, should be removed from the asset register and recorded in the schedule of disposals. Any new assets identified should be added to the register.

The asset register and schedule of disposals should be reviewed annually by the Audit Committee and then approved by Full Council.



## **VALUATION OF ASSETS FOR THE FIXED ASSET REGISTER**

Once recorded on the fixed asset register, the value of assets must not change from year to year until disposal. Concepts of depreciation and impairment adjustment are not appropriate for local councils (Governance and Accountability for Local Councils: A Practitioners Guide (England) 2014, para 3.69).

Assets must be valued by one of the following means based on available information:

- Actual purchase price (including VAT)
- Where this is not known or not applicable, the insurance valuation should be applied.
- As a last resort, a nominal value of £1 may be applied. This should also be used for assets gifted or transferred to the Council.

## **VALUATION OF ASSETS FOR INSURANCE PURPOSES**

The fixed asset register will be used to inform the insurers of Council assets.

For the purposes of insurance, the value to be used is the replacement value of the item and not the purchase price or market value.

The Council should ensure assets are valued accurately for insurance purposes to avoid under (or over) insuring. Assets should therefore be valued every five to seven years to ensure the appropriate level of insurance is held.

**Godalming Town Council**  
**Schedule of Assets**  
2017/18

Asset Details							Location Details			Usage Details					2018/19	
Ref No	Asset #	Description Land/Other	Identification	Date Acquired	Original Cost	Useful Life	Location	Present Use	Custodian	How Often Used	Date Valued	Market Current Value £	Disposal/ Discharge	Insurance Value £	B / Sheet Asset Value £	
		<b>Allotments</b>	<b>Statutory</b>													
1		George Rd		1.9 Acres	Unknown	Indefinitely	George Rd	Allotment	Allotment Assn	Everyday	23.08.01	£ 400,000	-	£	1	
2		More Rd		3.99 Acres	Unknown	Indefinitely	More Rd	Allotment	Allotment Assn	Everyday	23.08.01	£ 2,750,000	-	£	1	
3		Busbridge Lane		2 Acres	Unknown	Indefinitely	Busbridge Lane	Allotment	Allotment Assn	Everyday	23.08.01	£ 925,000	-	£	1	
4		Aarons Hill		.46 Acres	Unknown	Indefinitely	Aarons Hill	Allotment	Allotment Assn	Everyday	23.08.01	£ 12,000	-	£	1	
5		Meadow		2.47 Acres	Unknown	Indefinitely	Meadow	Allotment	Allotment Assn	Everyday	23.08.01	£ 20,000	-	£	1	
20		Catteshall			Unknown	Indefinitely	Meadow	Allotment	Allotment Assn	Everyday				£	1	
6		The Bury			Unknown	Indefinitely	The Bury	Allotment	GTC	Everyday	23.08.01	£ 5,000	-	£	1	
7		Peperharrow Road			Unknown	Indefinitely	Peperharrow Road	Allotment	GTC	Everyday	23.08.01	£ 260,000	-	£	1	
		<b>Land</b>	<b>Other</b>													
8		Old Drift Way			Unknown	Indefinitely	Land at Bridge Rd	Land	GTC		Aug-05	£ 5,000	N/A	£	1	
9		Catteshall Lane		5 sq metres	Unknown	Indefinitely	Opposite The Mill	Land	GTC					£	1	
		<b>Property</b>	<b>Buildings</b>													
10	GU7 1AZ	The Square				Indefinitely	High Street, Godalming	Restaurant		Everyday	11.05.2018	£ 1,732,000	-	£ 2,500,000	£ 1	
11	GU7 1DP	The Old Town Hall				Indefinitely	High Street, Godalming	Office, Meeting	GTC	Everyday	04.05.2018	£ 563,000	-	£ 600,000	£ 1	
12	GU7 3NZ	Broadwater Pk Community Centre				Indefinitely	Summers Road Farncombe	Community Centre	GTC	Everyday	11.05.2018	£ 945,000	-	£ 1,000,000	£ 1	
13	GU7 1BQ	Wilfrid Noyce Community Centre - 125 Year Lease		28/07/2005	N/A	Exp 2136	Crown Court, Godalming	Community Centre	GTC	Everyday	04.05.2018	£ 1,152,000	-	£ 1,360,000	£ 1,371,494	
14	GU7 1AQ	Godalming Museum		01/10/2017		Indefinitely	High Street, Godalming	Museum	GTC	Everyday	04.05.2018	£		£ 2,080,000	£ 1	
	GU7 1AQ	107-109 High Street - 999 Year Lease		01/07/2019		Exp 2984	High Street, Godalming	Retail Shop	GTC	Everyday	01.07.2019	£ 407,000		£	407,000	
15		Bandstand					Bandstand		GTC	Everyday	04.05.2018	£		£ 200,000	£ 1	
16	GU7 2NE	Farncombe Toilets - 20 Year Lease		13/11/2017		Exp 2037	North Street, Godalming	Public Conveniences	GTC	Everyday	11.05.2018	£		£ 200,000	£ 1	
17	GU7 1DY	Crown Court Toilets - 20 Year Lease		13/11/2017		Exp 2037	Crown Court, Godalming	Public Conveniences	GTC	Everyday	04.05.2018	£		£ 230,000	£ 1	
		<b>Other</b>														
18		The Pound			Unknown		Brighton Road	Land	GTC		Aug-05	£ 13,500	-	£	1	
19		The War Memorial			Unknown		War Memorial	War Memorial	GTC		Aug-05	£ 32,500	-	£	1	
		<b>Furniture &amp; Equipment</b>														
	GU7 1HR	Municipal Buildings				Written Off	Municipal Buildings	Council Offices	WBC	Mostly Wkdays but some Wknds		£ 88,377	N/A	£ 103,915	£ 1	
	GU7 3NZ	BWP Community Centre				Written Off	BWP Community Centre	Community Centre	GTC	Summers Road Farncombe		£ 15,331		£ 19,167	£ 1	
	GU7 1DP	Old Town Hall				Written Off	Old Town Hall	Council Offices/Community Centre	GTC	High Street, Godalming		£ 12,626		£ 15,457	£ 1	
	GU7 1AQ	Godalming Museum		01/10/2017			High Street, Godalming	Museum	GTC	High Street, Godalming		£		£ 30,000	£ 1	
	GU7 1BQ	Wilfrid Noyce Community Centre new lease WN for 125 years		28/07/2005 31/05/2011		Written Off	W N Community Centre	Community Centre	GTC	Crown Court, Godalming		£ 17,392		£ 116,665	£ 1	
		<b>Civic Regalia &amp; Furniture</b>														
		Large silver presentation salver			Gift	Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 3,000	£	£ 4,049	£ 2,500	
		Victorian silver rose bowl				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 2,250	£	£ 2,996	£ 1,850	
		Silver two-handed bowl				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 1,200	£	£ 1,458	£ 900	
		Silver presentation key				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 1,200	£	£ 1,458	£ 900	
		Silver presentation trophy cup and cover				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 2,600	£	£ 3,482	£ 2,150	
		Silver nautilus shell finger bowl				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 1,250	£	£ 1,619	£ 1,000	
		Victorian silver candelabrum				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 16,000	£	£ 19,434	£ 12,000	
		Godalming Town silver mace				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 12,500	£	£ 14,575	£ 9,000	
		Mayor of Godalming badge and chain				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 80,000	£	£ 105,266	£ 65,000	
		Mayor of Godalming staff				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 3,000	£	£ 4,049	£ 2,500	
		Mayoress of Godalming badge and chain				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 15,000	£	£ 20,243	£ 12,500	
		Deputy Mayor's pendant jewel		1953	Gift	Indefinitely	Municipal Buildings	Civic Regalia	MUSEUM	Civic Functions	Nov-17	£ 10,000	£	£ 13,766	£ 8,500	
		Deputy Mayoress's pendant jewel		1988	Gift	Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 3,000	£	£ 3,806	£ 2,350	
		19th Century pewter inkwell				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 600	£	£ 810	£ 500	
		Edwardian EPNS inkstand				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 125	£	£ 162	£ 100	
		19th Century Venetian ormolu mounted wall mirror				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 3,500	£	£ 4,858	£ 3,000	
	Photographs	Two illuminated manuscripts				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 7,000	£	£ 9,717	£ 6,000	
	Photographs	Illuminated Armorial bearing				Indefinitely	Municipal Buildings	Civic Regalia	MUSEUM	Civic Functions	Nov-17	£ 1,850	£	£ 2,429	£ 1,500	
	Photographs	Elizabeth II Armorial Bearings				Indefinitely	Municipal Buildings	Civic Regalia	MUSEUM	Civic Functions	Nov-17	£ 3,600	£	£ 4,858	£ 3,000	
	Photographs	Postcard - signed by Jack Phillips				Indefinitely	Municipal Buildings	Civic Regalia	MUSEUM	Civic Functions	Nov-17	£ 650	£	£ 810	£ 500	
		Lignum vitae gavel and stand				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 650	£	£ 810	£ 500	
		Carolean style gilt gesso audience chair		2006	Gift	Indefinitely	Mayors Chamber WBC	Furniture	GTC	Civic Functions	Nov-17	£ 4,500	£	£ 6,235	£ 3,850	
		Pair of mid Victorian oak chairs				Indefinitely	Municipal Buildings	Furniture	GTC	Civic Functions	Nov-17	£ 650	£	£ 729	£ 450	
		Facsimile of Mayor of Godalming's badge and chain				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 8,500	£	£ 12,146	£ 7,500	
		Facsimile of Mayoress of Godalming's badge and chain				Indefinitely	Municipal Buildings	Civic Regalia	GTC	Civic Functions	Nov-17	£ 6,500	£	£ 8,907	£ 5,500	

<b>Pictures / Paintings</b>																
Photographs	John D Watson - portrait of John Simmonds			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	3,000	£	1,860	£	2,500	
Photographs	English School, late 18th Century			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	3,000	£	1,860	£	2,500	
Photographs	Walter Donne - portrait of Alderman T Rea			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	3,000	£	2,009	£	2,700	
Photographs	Vera Schumacher - portrait of Joseph Sparkes, Esq			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	3,000	£	1,860	£	2,500	
Photographs	M Pittatore - portrait of Henry Marshall			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	3,000	£	2,009	£	2,700	
Photographs	Circle of Jonathan Richardson - portrait of Admiral John Balchin			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	8,000	£	7,250	£	7,250	
Photographs	English School, mid 18th Century			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	1,200	£	595	£	800	
Photographs	English School			Indefinitely	Municipal Buildings	Painting	GTC	Everyday	Nov-17	£	5,000	£	2,604	£	3,500	
Photographs	Collection of past mayors			Indefinitely	Municipal Buildings	Photographs	GTC	Everyday	Nov-17	£	800	£	558	£	750	
Photographs	Collection of photographic, facsimile, watercolour & mixed media			Indefinitely	Municipal Buildings	Painting / Photographs	GTC	Everyday	Nov-17	£	800	£	-	£	500	
	Seal registers	1946-74	Record	Indefinitely	Surrey History Centre		GTC		Mar-08	£	-	£		£	-	
GU7 1AQ	Museum collection			Indefinitely	Godalming Museum	Various	GTC	Tues - Sat	Feb-14	£	131,000	£	429,600	£	2,971	
	<b>Miscellaneous</b>															
	Christmas Lights	2007	£15,000	5 years	JBC Chapel building	Christmas Lights			November-December	Dec-06	£	15,454	£	35,935	£	1
	Christmas Infrastructure	2006/7		Written Off												
	Seats	prior 1998	Gift		Outside GTC offices	Seat	GTC	Everyday			£	1,375	£	-	£	1
	Seats				Outside Doctors surgery	Seat	GTC	Everyday					£	-		
	Bus Shelters x2				St John 's Rd & The Square	Bus Shelters	GTC	Everyday			£	4,080	£	19,650	£	1
	Oak Gates	prior 1998			The Bury's, Meadow	Gates	GTC	Everyday	Unknown		£	1,185	£	-	£	1
	CCTV Pepperpot	2006/7	£2,500		Pepperpot	CCTV	GTC	Everyday	2006		£	2,500	£	2,871	£	2,500
	CCTV WNC	12/01/2018	£3,109		W N Community Centre	CCTV	GTC	Everyday			£	3,109	£	3,109	£	3,109
	WNC Pedestrian gate	28/05/2018	£2,929		W N Community Centre	Gates	GTC	Everyday			£	2,929	£	2,929	£	2,929
	Swing Gate	31/10/2016	£ 1,243.20	Written Off	Near Godalming United Church	Swing Gate	GTC	Everyday			£	1,243	£	-	£	1
	<b>Vehicles</b>															
	Van MT17HAA	12/07/2019	£ 8,762.04	7 years	Broadwater Park	Direct Labour Force	GTC	Everyday			£	8,762.04	£	8,762.04	£	8,762.04
	<b>TOTAL FIXED ASSETS</b>										<b>£</b>	<b>9,747,288</b>	<b>£</b>	<b>9,227,335</b>	<b>£</b>	<b>1,978,044</b>

**Surrey History Society**

hold a packet number their reference 2253/517 containing relevant papers  
They also hold seal registers 1946-74.

11. REVIEW OF FINANCIAL REGULATIONS

GTC Financial Regulation	NALC Financial Regulation	Comments
1.7 Members of Council are expected to follow the instructions within these Regulations and not to encourage employees to breach them...	Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them...	One word change. Recommend we change to NALC wording.
2.5 ....The appointment will be reviewed every seven years.		This was to ensure we tested the market. Not sure if adds any benefit.
5.1 [currently do not have this in the GTC Financial Regulations]	The Council shall seek credit references in respect of Members or employees who act as signatories.	Not sure this adds any benefit and may appear to be overly intrusive of Members' private lives.
5.6 [currently do not have this in the GTC Financial Regulations]	For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council [,or a duly authorised committee,] may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of the Policy & Management Committee.	Not sure this adds anything as all such payments are appropriately authorised at time of payment and included in Schedule of Payments and Receipts.
5.7 [currently do not have this in the GTC Financial Regulations]	A record of regular payments made under 5.6 above shall be drawn up and be signed by two Members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and/or made.	All such payments are appropriately authorised at time of payment and included in Schedule of Payments and Receipts.

GTC Financial Regulation	NALC Financial Regulation	Comments
5.9 Any changes in the recorded details of suppliers, such as bank accounts, shall be approved in writing by the Town Clerk.	Any changes in the recorded details of suppliers, such as bank accounts, shall be approved in writing by the Town Clerk.	Recommend change from Town Clerk to RFO as in practice, this is who performs the check.
6.4 ...No Councillor should be a signatory to a transaction in which they have declared a disclosable pecuniary interest or in which they have any other interest.	A Member who is a bank signatory, having connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.	Recommend we change to NALC wording.
6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two Members and any payments are reported to the Policy & Management Committee as made.	If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two Members and any payments are reported to the Policy & Management Committee as made.	<p>Recommend that wording be changed as follows:            If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), National Non-Domestic Rates or any other regularly occurring supply ....</p> <p>The Fuel Card recently approved is not technically a utility, and there could reasonably be other supplies that could usefully be paid by direct debit that also do not fit the 'utility' definition.</p>
6.14 Where internet banking accounts arrangements are made with any bank, an Officer (not the Town Clerk or RFO) shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly who and what approvals are needed for each type of payment.	Where internet banking accounts arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Administrator with a stated number of approvals.	Recommend we change to NALC wording as first difference reflects current practice, and second would provide options.

GTC Financial Regulation	NALC Financial Regulation	Comments
<p>6.16 Changes to account details for suppliers, whether used for internet banking or not, may only be changed on hand written hard copy notification by the supplier, verified by a telephone call, and supported by hard copy authority for change signed by the Town Clerk or in her absence the Deputy Town Clerk. A programme of regular checks of standing data with suppliers will be followed.</p>	<p>Changes to account details for suppliers, which are used for internet banking, may only be changed on hand written hard copy notification by the supplier, verified by a telephone call, and supported by hard copy authority for change signed by the Town Clerk or in their absence the RFO. A programme of regular checks of standing data with suppliers will be followed.</p>	<p>Recommend we change to NALC wording, however, suggest we swap the order of RFO and Town Clerk as this check is normally performed by RFO so would better reflect actual practice.</p>
<p>6.17(b) The RFO shall maintain a petty cash float of a maximum of £250 for the purpose of defraying operational and other expenses.</p>		<p>Recommend we lower amount to £200 as this reflects actual practice.</p>
<p>[currently do not have this in the GTC Financial Regulations]</p>	<p>Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Clerk and RFO and shall be subject to automatic payment in full at each month end. Personal credit or debit cards of Members or staff shall not be used under any circumstances.</p>	<p>As trade accounts will predominantly be used by our direct labour force, it is not practical that use be restricted per NALC recommendation. Therefore suggest the following: Any corporate credit card or trade card account opened by the Council will be used only with the Clerk, RFO or Facilities Supervisor's authorisation. Wherever possible, delivery notes (or similar) must be obtained to enable reconciliation to invoices.</p>
<p>7.6 An effective system of personal performance management should be maintained for all staff.</p>	<p>An effective system of personal performance management should be maintained for the senior officers.</p>	<p>Recommend we remain with current wording. Any change would have to come from the Staffing Committee.</p>

GTC Financial Regulation	NALC Financial Regulation	Comments
[currently do not have this in the GTC Financial Regulations]	The Council will arrange with the Council's banks and investment providers for the sending of a copy of each statement of account to the Chairman of the Council at the same time as one is issued to the Clerk or RFO.	This is an important control in smaller Councils where the Town Clerk is often the RFO and a signatory for payments.  At GTC, there is an appropriate level of segregation of duty. However, the Town Clerk receives all mail, including bank statements, and reviews for oddities and discrepancies. A statement along those lines could be added if Members feel this is helpful.
9.2 When raising an invoice for the Joint Burial Committee an Officer will deliver the top copy to the debtor, send one of the copies to the RFO and retain the second copy in their own records. If an invoice is voided all three copies should be kept in the Officer's own records.		This no longer reflects current practice for JBC since the introduction of the Cemeteries Management System.  Recommend it is now removed.
9.3 Each invoice pad shall be held securely by the Officer to which it is issued and from time to time that Officer may be called upon to account for each of the sequentially numbered pads.		This no longer reflects current practice. Recommend it is now removed.
11.1.a.ii for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;	for specialist services such as provided by legal professionals acting in disputes;	Recommend we change to NALC wording.
11.1.g If less than three tenders are received for contracts above £60,000 ...	If less than three tenders are received for contracts above £25,000	Recommend we change to NALC wording as a legal requirement but exchange the phrase "less than" with "fewer than".
11.1.i When it is to enter a contract of less than £60,000 ...	When it is to enter a contract of less than £25,000 ...	Recommend we change to NALC wording as a legal requirement.

GTC Financial Regulation	NALC Financial Regulation	Comments
	<p>Stores and Equipment</p> <p>13.1 The Officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.</p> <p>13.2 Delivery notes shall be obtained in respect of all goods received into the store or otherwise delivered and goods must be checked as to order and quality at the time of delivery.</p> <p>13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.</p> <p>13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.</p>	<p>New section.</p> <p>Recommend we adopt given we currently have a variety of stores (e.g. stationery, Community Centre kitchenware) and will get more with direct labour force.</p> <p>Will require renumbering of existing regulations.</p>
13.2 .... Movable property does not exceed £250		Recommend we increase to £2,000 to align with Fixed Asset Policy.
14.2 The Town Clerk shall ensure that all new risks, properties or vehicles which require to be insured or any alterations affecting existing insurances is effected immediately.	The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.	Recommend we change to NALC wording
15.1 and 15.2 The Town Clerk shall cause to be prepared...	The Clerk shall prepare	Recommend we change to NALC wording
		In entire document, replace the word 'Chairman' with the word 'Chair' to reflect decisions made by this administration.





# **GODALMING TOWN COUNCIL**

## **FINANCIAL REGULATIONS**

**Adopted by Full Council on  
15 November 2018**

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These Financial Regulations are made under Standing Order 140 and were adopted by the Council at its Meeting held on ~~30 March 2017~~ 15 November 2018.

## 1. General

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with Godalming Town Council Standing Orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The 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 Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the 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 Council are expected to follow the instructions within these regulations and not to ~~encourage~~ entice employees to breach them. Failure to follow instructions within these regulations brings the office of Councillor into disrepute.
- 1.8. The Responsible Finance Officer (RFO) holds a statutory office to be appointed by the Council.

- 1.9. The RFO;
- acts under the policy direction of the Council;
  - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
  - determines on behalf of the Council its accounting records and accounting control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the Council up to date in accordance with proper practices;
  - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the Council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the 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 Council from time to time comply with the Accounts and Audit Regulations<sup>1</sup>.
- 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 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 Council; and
  - wherever relevant, a record of the 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 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;

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<sup>1</sup> Accounts and Audit (England) Regulations 2011/817

- 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 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 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;
- declaring eligibility for the General Power of Competence; and
- 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 Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve any grant or a single commitment in excess of £50,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee 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 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, at least once in each quarter, and at each financial year end, a member other than a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including exceptions, to and noted by the Audit Committee.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The 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 Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed annually by the Council and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices. **The appointment will be reviewed every seven years.**
- 2.6. The internal auditor shall:
  - be competent and independent of the financial operations of the Council;
  - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - have no involvement in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:



- perform any operational duties for the Council;
  - initiate or approve accounting transactions; or
  - direct the activities of any 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 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 councillors any correspondence or report from internal or external auditors.

### **3. Annual Estimates (Budget) and Forward Planning**

- 3.1. The RFO must each year, by no later than the end of December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Policy & Management Committee and the Council no later than the end of January of the following year.
- 3.2. The Council shall consider annual budget proposals in relation to the Council's three 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.
- 3.3. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

#### 4. 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.
- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure, or that is not contained within the revenue budget or within the Clerks delegated authority of £4,500, other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate (virement).
- Any time the Clerk exercises a delegated financial authority, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. The salary budgets are to be reviewed at least annually as part of the budget preparation process for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement, health and safety or other work which is of such extreme urgency that it must be done at once, whether or not there is any budget provision for the expenditure, subject to a limit of £4,500. Before doing so, the Clerk will agree expenditure with the Chair or Vice Chair of the appropriate Committee and shall report the action taken and costs incurred to the same Committee as soon as practicable thereafter.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.8. The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual and projected annual expenditure against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of

material variances. For this purpose “material” shall be in excess of 15% of the budget or 2% of the precept.

- 4.9 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

## **5. Banking Arrangements and Authorisation of Payments**

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for security and efficiency.
- 5.2. The RFO shall prepare a schedule of payments requiring authorisation and, together with the relevant invoices, present the schedule to the Policy & Management Committee. The Committee shall review the schedule for compliance and, having satisfied itself, shall confirm by a resolution of the Committee that the payments made were appropriate. The approved schedule shall be signed by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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 verified and certified by the officer procuring the good/services to confirm that the work, goods or services to which each invoice relates has been received or carried out. All invoices for payment shall be checked by the officer arranging payment to confirm that the invoice represents expenditure previously approved by the Council and has not previously been paid.
- 5.4. The RFO shall ensure that all invoices are examined for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all properly verified and certified invoices submitted.
- 5.5. The Clerk and RFO shall have delegated authority to authorise Fund transfers within the Council's banking arrangements up to the sum of £250,000, provided that a list of such payments shall be submitted to the next appropriate meeting of the Policy & Management Committee.
- 5.6. In respect of grants a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the Council.
- 5.7. Members are subject to the Code of Conduct that has been adopted by the 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.

- 5.8. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.9. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by the **Clerk RFO**.

## **6. Instructions for the Making of Payments**

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. The Clerk/RFO shall give instruction that each payment authorised in accordance with Regulation 5 above shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to Council or committee shall be signed by two members of Council. ~~No Councillor should be a signatory to a transaction in which they have declared a disclosable pecuniary interest or in which they have any other interest. A member who is a bank signatory, having connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.~~
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or payment schedule and the invoice or other voucher.
- 6.6. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), ~~and any~~ National Non-Domestic Rates ~~or any other regularly occurring supply~~ may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to the Policy & Management Committee as made. The approval of the use of a variable direct debit shall be renewed by resolution of the Policy & Management Committee at least every two years.
- 6.7. If thought appropriate by the Council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to the Policy & Management Committee as made. The approval of the use of a banker's standing order shall be renewed by resolution of the Policy & Management Committee at least every two years.
- 6.8. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to Policy & Management Committee as made. The approval of

the use of BACS or CHAPS shall be renewed by resolution of the Policy & Management Committee at least every two years.

- 6.9. If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.10. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and Passwords and shall be kept securely in the Council's strongroom in a sealed dated & timed envelope signed by two Councillors across the seal. This envelope may not be opened other than in the presence of two Councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council or the Policy & Management Committee. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.11. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or the Policy & Management Committee.
- 6.12. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and at a different location from the original data.
- 6.13. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14. Where internet banking arrangements are made with any bank, ~~an officer (not the Clerk or RFO)~~ the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly ~~who and what approvals are needed for each type of payment the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Administrator with stated number of approvals.~~
- 6.15. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16. Changes to account details for suppliers, ~~whether which are~~ used for internet banking ~~or not~~, may only be changed on written hard copy notification by the supplier, verified by a telephone call, and supported by hard copy authority for change signed by the

~~Clerk~~ RFO or in ~~her~~ their absence the ~~Deputy Clerk~~. A programme of regular checks of standing data with suppliers will be followed.

- 6.17. The RFO may provide imprests to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- a) The RFO shall advance imprests up to a maximum of £500 for the purpose of defraying operational and other expenses to officers named by the Policy & Management Committee.
  - b) The RFO shall maintain a petty cash float of a maximum of ~~£250~~ £200 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - c) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - d) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.
- 6.18. Any corporate credit card or trade account opened by the Council will be used only with the Clerk, RFO or Facilities Supervisor's authorisation. Wherever possible, delivery notes (or similar) must be obtained to enable reconciliation to invoices.

## 7. Payment of Salaries

- 7.1. As an employer, the 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 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 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 Policy & Management Committee (or Council if the matter affects the Clerk alone).
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
  - b) by the internal auditor;
  - c) by the external auditor; or
  - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. 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.
- 7.6. An effective system of personal performance management should be maintained for **all staff**.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.
- 7.8. Before employing interim staff the Policy & Management Committee must consider a full business case.

## **8. Loans and Investments**

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the Full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.4. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.5. All investments of money under the control of the Council shall be in the name of the Council.
- 8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.7. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).



## 9. Income

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. ~~When raising an invoice for the Joint Burial Committee an officer will deliver the top copy to the debtor, send one of the copies to the RFO and retain the second copy in their own records. If an invoice is voided all three copies should be kept in the officer's own records.~~
- 9.3. ~~Each invoice pad shall be held securely by the officer to which it is issued and from time to time that officer may be called upon to account for each of the sequentially numbered invoices in the pad.~~
- 9.4. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.5. The Council will review all fees and charges at least annually, following a report of the Clerk.
- 9.6. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.7. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.8. The origin of each receipt shall be entered on the paying-in slip.
- 9.9. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.10. 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.
- 9.11. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## 10. Orders for Work, Goods and Services

- 10.1. An official order or letter may be issued for 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.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure 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, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

## 11. Contracts

- 11.1. Procedures as to contracts are laid down as follows:
  - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
    - i. for the supply of gas, electricity, water, sewerage and telephone services;
    - ii. for specialist services such as are provided by ~~solicitors, accountants, surveyors and planning consultants~~ legal professionals acting in disputes;
    - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
    - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
    - v. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chair~~man~~ and Vice Chair~~man~~ the Policy & Management Committee); and
    - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
  - b. Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts

Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations.

- c. The full requirements of the Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).
- d. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- e. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- f. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- g. If ~~less~~ ~~fewer~~ than three tenders are received for contracts above ~~£60,000~~ ~~£25,000~~ or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- h. Any invitation to tender issued under this regulation shall be subject to Standing Order 142 and shall refer to the terms of the Bribery Act 2010.
- i. When it is to enter into a contract of less than ~~£60,000~~ ~~£25,000~~ in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1,000 the Clerk or RFO shall obtain 2 estimates. Otherwise, Regulation 10(3) above shall apply.
- j. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- k. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

- I. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

## **12. Stores and Equipment**

- 12.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 12.2. Delivery notes shall be obtained in respect of all goods received into the store or otherwise delivered and goods must be checked as to order and quality at the time of delivery.
- 12.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 12.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **13. Payments Under Contracts for Building or Other Construction Works**

- 13.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 13.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 13.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **14. Assets, Properties and Estates**

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the 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.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other

consents required by law, save where the estimated value of any one item of tangible movable property does not exceed ~~£250~~ £2,000.

- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, In each case a report in writing shall be provided to 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).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the Full Council. In each case a report in writing shall be provided to 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).
- 14.5. Subject only to the limit set in Reg. 13.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council with a full business case.
- 14.6. 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, possibly in conjunction with a health and safety inspection of assets.

## 15. Insurance

- 15.1. Following the annual risk assessment (per Financial Regulation 15), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2. The Clerk shall ~~give prompt notification to the RFO of ensure that~~ all new risks, properties or vehicles which require to be insured or any alterations affecting existing insurances ~~is effected immediately~~.
- 15.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4. 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 to Council at the next available meeting.
- 15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, or duly delegated committee.

## 16. Risk Management

- 16.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall ~~cause to be~~ prepared, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 16.2. When considering any new activity, the Clerk shall ~~cause to be~~ prepared a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## 17. Suspension and Revision of Financial Regulations

- 17.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.
- 17.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of 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 Council.

## 12. BUDGETARY CONTROLS

### **Budget Setting Process**

The current process for setting the budget is:

- the Town Clerk gains visibility of potential new initiatives from Members through the Chair's Meeting. Officers may also raise initiatives in this forum which are usually derived from either best practice seen at other Councils, known legislative changes that need to be adhered to or technological changes that could improve efficiencies;
- RFO seeks advice from the Town Clerk on what, if any, new initiatives are likely to be undertaken in the new budget year;
- financial implications of new initiatives are developed and incorporated into base budget;
- base budget is reviewed and amended for known inflationary and other adjustments;
- draft budget is presented to the Policy & Management Committee for review and comment; and
- once agreed, budget is taken to Full Council to be approved and for the Precept to be set.

### **Ongoing Oversight**

Once the budget has been agreed, it is loaded into Omega (the financial system operated by the Town Council) which enables budget monitoring to be performed. Budget monitoring is done at every Policy & Management Committee meeting.

At each Policy & Management Committee actual expenditure to date (by line item and by cost centre) is compared to the profiled budget and significant variances explained. Where any potential issues are identified, they are discussed and a course of action agreed (and reflected in the minutes of the meeting).

Officers are able to spend against the approved budget, within Financial Regulations and Standing Orders. If during a financial year a spending requirement is identified that has not been budgeted for, the item is taken to the Policy & Management Committee for authorisation.

Quotes are required for any significant expenditure not covered by existing contracts.

The Internal Auditor reviews our compliance with our own Financial Regulations. The External Auditor reviews whether budget monitoring is done.

### **Published Data**

The Council is required to publish its approved budget on its website. Godalming Town Council publishes it on the following page:

<https://godalming-tc.gov.uk/financial-information/>

The Council must also demonstrate that performance against budget is monitored at least quarterly. Godalming Town Council performs its budget monitoring within the Policy & Management Committee, whose agendas can be found online within the Town Council Agendas and Minutes section.

## GODALMING TOWN COUNCIL

Disclosure by a Member<sup>1</sup> of a disclosable pecuniary interest or a non-pecuniary interest in a matter under consideration at a meeting (S.31 (4) Localism Act 2011 and the adopted Godalming Members' Code of Conduct).

As required by the Localism Act 2011 and the adopted Godalming Members' Code of Conduct, **I HEREBY DISCLOSE**, for the information of the authority that I have [a disclosable pecuniary interest]<sup>2</sup> [a non-pecuniary interest]<sup>3</sup> in the following matter:-

**COMMITTEE:**

**DATE:**

**NAME OF COUNCILLOR:** \_\_\_\_\_

Please use the form below to state in which agenda items you have an interest.

Agenda No.	Subject	Disclosable Pecuniary Interest	Non-Pecuniary Interest	Reason

**Signed** \_\_\_\_\_

**Dated** \_\_\_\_\_

<sup>1</sup> "Member" includes co-opted member, member of a committee, joint committee or sub-committee

<sup>2</sup> A disclosable pecuniary interest is defined by the Relevant Authorities (Disclosable Pecuniary Interests) regulations 2012/1464 and relate to employment, office, trade, profession or vocation, sponsorship, contracts, beneficial interests in land, licences to occupy land, corporate tenancies and securities

<sup>3</sup> A non-pecuniary interest is defined by Section 5 (4) of the Godalming Members' Code of Conduct.