

## **PARISH OF GODALMING**

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Municipal Buildings  
Bridge Street  
Godalming  
Surrey GU7 1HT

Sir/Madam

I HEREBY SUMMON YOU to attend the Full Council Meeting of the Godalming Town Council to be held in the Council Chamber, Municipal Buildings, Bridge Street, Godalming on THURSDAY, 30 MARCH 2017 at 7.00pm.

DATED this 24<sup>th</sup> day of March 2017.

Andy Jeffery  
Acting Clerk to the Town Council

The meeting will be preceded by prayer – all who wish to participate in prayers are most welcome to do so; however, anyone not wishing to participate may leave the chamber or sit quietly for the short duration of the prayers. All individuals' decisions in this matter are respected.

### **A G E N D A**

1. THE TOWN MAYOR to sign as a correct record the Minutes of the Meeting of the Extraordinary Council held on the 23 February 2017.
2. TO RECEIVE apologies for absence.
3. PETITIONS/STATEMENTS/QUESTIONS FROM MEMBERS OF THE PUBLIC

THE TOWN MAYOR to allow members of the public to ask the Council questions, or make a statement or present a petition. This forum to be conducted in accordance with Standing Order 4.

4. 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.

5. TO RECEIVE official announcements, letters, etc.
6. TO RECEIVE Chairmen's reports of the Committees as under:

#### **Audit Committee**

#### **Review of the Effectiveness of Internal Controls for Godalming Town Council and Godalming Joint Burial Committee**

Following a review of the effectiveness of internal controls for Godalming Town Council and the Godalming Joint Burial Committee, the Audit Committee recommends to Full Council the

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

responses to the questions posed by the review. Those questions and the recommended answers are attached for the information of Members.

#### Receive External Auditors Report

The Audit Committee considered the report of the External Auditor (report attached for the information of Members) and recommends that Full Council agree the External Auditor's recommendation to complete the box on Trust Funds in future.

#### Review of Financial Regulations

The Audit Committee considered the proposed amendment to the Financial Regulations to include the following amendment to Financial Regulation 10.1; that the word 'shall' be changed to 'may' and recommends Full Council adopt the Financial Regulations as amended (copy attached for the information of Members).

#### **Planning & Environment Committee**

There were no recommendations to Full Council.

#### **Policy & Management Committee**

##### Annual Review of Financial Regulations

The Policy & Environment Committee agreed the proposed amendments to Financial Regulations and recommend the amended Financial Regulations to Full Council for adoption.

The Policy & Management Committee noted that the Audit Committee would also be asked to consider the proposed amendments.

##### Engagement of Internal Auditor

Full Council to note that the Policy & Management Committee agreed the appointment of Mulberry & Co as Internal Auditors for the financial year 2017/18 on the condition that a different person from his firm undertake the actual audit. It also requested that officers test the market for the 2018/19 financial year.

7. TO RECEIVE the minutes of the undermentioned Committees:

	Meetings Dated
Audit Committee	16 March 2017
Planning & Environment Committee	2 February 2017 23 February 2017 16 March 2017
Policy & Management Committee	2 February 2017 23 February 2017

8. **GODALMING JOINT BURIAL COMMITTEE – REPORT**

TO NOTE FOR INFORMATION the report of the Godalming Joint Burial Committee of its proceedings on the 23 March 2017.

9. INSURANCE RENEWAL

Godalming Town Council currently use WPS Insurance Brokers to meet its insurance needs. Currently they are engaged on a three-year contract that is due to expire on 31 March 2018.

WPS Insurance Brokers have offered Godalming Town Council a 5% discount on its 2017/18 insurance premiums, as well as a free valuation of all its buildings for insurance purposes, valued at approximately £2,500 plus VAT, if the Council signs up for a new three year contract this year (i.e. a year early). GTC's buildings were last valued in 2008, and therefore are due for a revaluation.

The only condition attached to the free valuation is that if the buildings are valued higher than they are currently insured for, GTC must increase its insurance to match the new valuation amount.

Members are asked to advise Officers whether the Council should accept this proposal.

10. AMENDMENT TO RECORDED MINUTE REFERENCE

Members are asked to authorise the amendment of the record Minute No 352-16 from:

“352. WILFRID NOYCE CENTRE IMPROVEMENT PROJECT – PHASE 2

Members considered a report from the Deputy Town Clerk and the Responsible Finance Officer and AGREED the following:

- To implement Phase 2 of the Wilfrid Noyce Centre Refurbishment Project as detailed in the attached reports and tabled plans;
- That the Town Clerk acting as Responsible Finance Officer should make application to the Department for Communities & Local Government (DCLG) via the Surrey Association of Local Councils for approval to borrow up to £300,000 (over a 29.5 year period based on an annuity loan from the Public Works Loan Board) in order to complete Phase 2 of the Wilfrid Noyce Centre Improvement Project;
- That £20,000 should be earmarked in reserves for this project (the detail of the movements between reserves to create the earmarked reserve to be considered alongside the revised estimates for 2016/17 and the budget for 2017/18);
- Drake & Kannemeyer LLP should be appointed to undertake stage 2-5 Design Consultancy Services for Phase 2 of the Wilfrid Noyce Improvement Project and CDM 2015 principle designers and that this be conducted as soon as is reasonably practicable in order for the acceptance of tender recommendation report to be put to the Policy & Management Committee on 23 February 2017; and
- Exploratory investigation to determine soil contamination levels should be undertaken at a cost of £1,450.”

to read:

“352. WILFRID NOYCE CENTRE IMPROVEMENT PROJECT – PHASE 2

Members considered a report from the Deputy Town Clerk and the Responsible Finance Officer and **RESOLVED:**

- To implement Phase 2 of the Wilfrid Noyce Centre Refurbishment Project as detailed in the attached reports and tabled plans;
- That the Town Clerk acting as Responsible Finance Officer should make application to the Department for Communities & Local Government (DCLG) via the Surrey Association of Local Councils for approval to borrow up to £300,000 (over a 29.5 year period based on an annuity loan from the Public Works Loan Board) in order to complete Phase 2 of the Wilfrid Noyce Centre Improvement Project;
- That £20,000 should be earmarked in reserves for this project (the detail of the movements between reserves to create the earmarked reserve to be considered alongside the revised estimates for 2016/17 and the budget for 2017/18);
- That Drake & Kannemeyer LLP should be appointed to undertake stage 2-5 Design Consultancy Services for Phase 2 of the Wilfrid Noyce Improvement Project and CDM 2015 principle designers and that this be conducted as soon as is reasonably practicable in order for the acceptance of tender recommendation report to be put to the Policy & Management Committee on 23 February 2017; and
- That exploratory investigation to determine soil contamination levels should be undertaken at a cost of £1,450.”

and that the Chairman sign replacement pages 70 and 71 and for these pages to be inserted in the minute book as replacements of the existing page 70 and 71.

11. TO AUTHORISE the Acting Clerk to sign or, where appropriate to have sealed on behalf of the Town Council any orders, deeds, or documents necessary to give effect to any of the matters contained in the reports received at this meeting or in any resolution passed by the Council.

12. DATE OF NEXT MEETING

The date of the next Full Council meeting is scheduled to be held on Thursday, 27 April 2017 at 7.30 pm in the Council Chamber, or at the conclusion of the preceding Planning & Environment Committee, whichever is later.

13. ANNOUNCEMENTS

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

THE COUNCIL MAY WISH TO EXCLUDE THE PUBLIC AND PRESS FROM THE MEETING AT THIS POINT PRIOR TO CONSIDERATION OF THE FOLLOWING ITEM BY REASON OF THE CONFIDENTIAL NATURE OF THE BUSINESS TO BE TRANSACTED IE. STAFFING MATTERS.

14. DEVOLUTION OF SERVICES – TRANSFER OF GODALMING MUSEUM

Members to receive the proposed Principal Heads of Terms (copy attached for the information of Members) for the transfer of Godalming Museum from Waverley Borough Council to Godalming Town Council. The Principal Heads of Terms are due to be considered by Waverley Borough Council’s Executive on 4 April; the outcome of which will be reported to the Policy & Management Committee of Godalming Town Council on 6 April.

Subject to Waverley Borough Council's acceptance of the proposed Principal Heads of Terms, it is recommended that Full Council resolve to:

- accept the Principal Heads of Terms;
- authorise officers to conduct detailed negotiations based on the Principal Heads of Terms, to include
  - TUPE consultation;
  - transfer of the buildings Freehold;
  - drawing-up of the Lease between Godalming Museum Trust and Godalming Town Council and the Management Agreement between Godalming Town Council and Godalming Museum Trust.

Officers to report further detail to the Policy & Management Committee for appointment of professional services in support of these negotiations.

15. ACTING RESPONSIBLE FINANCE OFFICER (SECTION 151 OFFICER) APPOINTMENT

Members to consider a confidential report from the Acting Town Clerk (report attached for the information of Members).

9. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL FOR GODALMING TOWN COUNCIL AND GODALMING JOINT BURIAL COMMITTEE

**Background**

1. Paragraph 4 of the Accounts and Audit (England) Regulations 2011 says the following:

4. (1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered—

(a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

(b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and

following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(4) The relevant body must ensure that the statement referred to in paragraph (3) accompanies—

(a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or

(b) any accounting statement it is obliged to prepare in accordance with regulation 12.

(Members to note that for the purposes of the Accounts and Audit Regulations Godalming Town Council and the Godalming Joint Burial Committee are both smaller relevant bodies.)

2. It is part of the role of the Audit Committee to undertake a rolling programme of work that goes to inform the Council's review of the effectiveness of its system of internal control and the work programme forms part of the Council's evidence base. The Audit Committee also undertakes that work on behalf of the Godalming Joint Burial Committee, although as previously discussed in that case the relationship is different – the Audit Committee is not a committee of the Joint Burial Committee but Councillor Noyce does represent the JBC on this Committee.

3. It is the practice of Godalming Town Council and of the Godalming Joint Burial Committee to undertake reviews of the effectiveness of internal control by 31 March each year. In addition to its ongoing reviews the Audit Committee will undertake two formal reviews, which together make up the "review of the effectiveness of systems of internal control". The first of these is this report and will inform the reviews to be undertaken by Full Council on 30 March 2017 and the Godalming Joint Burial

Committee on 23 March 2017. The second will take place on 8 May 2017 when this Committee reviews the annual governance statement alongside the statement of accounts.

### **Effectiveness of systems of internal control**

4. Members are asked to consider whether the Audit Committee's work programme deals adequately with the internal systems of control?
5. Members are further asked to address specifically the question of the effectiveness of audit and to do that by considering the questions and suggested responses shown below:

- **Scope of Audit**

Has the scope of the internal audit been discussed with the Internal Auditor to ensure that all the relevant risks are covered?

- The scope of the internal audit had been discussed with the Internal Auditor in order to ensure that all the relevant risks were covered. The scope of Audit has not changed since Mulberry & Co were first appointed although additional reviews have been performed as and when considered necessary.

- **Independence**

Is the Internal Auditor sufficiently independent, objective and unbiased?

- The Internal Auditor is sufficiently independent, objective and unbiased evidenced by the fact that Mulberry & Co is an external accountancy firm trading independently. Mulberry & Co had a particular specialism in Town and Parish Councils. Members to note that it is good practice to change the Internal Auditor every 6-10 years and that Mulberry & Co is in its eighth year as the Council's Internal Auditor, accordingly a review of Internal Auditors has been added to the Audit Committee Work Programme for 2017/18;

- **Competence**

Does the Internal Auditor have sufficient knowledge to be able to carry out the audit?

- The Internal Auditor has sufficient knowledge to be able to carry out the audit as demonstrated by the fact that Mark Mulberry (the Internal Auditor) is a Chartered Certified Accountant and Registered Auditor;

- **Relationships**

Are the relevant responsibilities of Members, Clerk and RFO clearly defined?

- The relevant responsibilities of Members, Clerk, RFO are clearly defined in the job description for the Clerk/RFO and the terms of reference of the Audit Committee. There are also clear definitions of responsibility in Financial Regulations which are reviewed at least annually.

- **Audit Planning & Reporting**

Is the body aware of a timetable of when the internal and external audits will take place and when the reports from these will be expected?

- The Audit Committee is made aware of the timetable of when the internal and external audits will take place and when the reports from these would be expected. The last internal audit was conducted 18 November 2016 and reported at the Audit Committee on 16 March 2017. The Audit Committee's observations will then accompany the Internal Audit Report to the Full Council on 30 March 2017. At its meeting on 11 May 2017 Full Council should formally agree the annual return including the statement of accounts and the annual governance statement. The annual return is to be sent to the External Auditor by 15 May 2017 and the expectation is that it should be received back by 30 September 2017. The annual return will be considered at the next scheduled meeting following its receipt from the External Auditor.

### **Internal Audit Process**

6. Full Council is further asked to consider the following questions and suggested responses with regard to internal audit arrangements.

Is the work of the Internal Audit reviewed regularly?

- The work of the Internal Auditor is reviewed regularly; initially by officers, then in detail by the Audit Committee. Findings and recommendations of the Audit Committee are reported to Full Council;

Are the reports on the work of the Internal Auditor presented to the Committee?

- The reports on the work of the Internal Auditor are presented to the Audit Committee; the most recent reported on 16 March 2017;

Are the reviews and risk assessments undertaken from the Work Programme by the Audit Committee on behalf of the Joint Burial Committee reported to the Committee?

- The reviews and risk assessments undertaken from the Work Programme by the Audit Committee on behalf of the Godalming Joint Burial Committee will be reported to the forthcoming JBC meeting on the 23 March 2017.

Does the Audit Committee provide regular reports relating to its recommendations and the agreed Work Programme to the Full Council?

- The Audit Committee reported to Full Council on 12 May 2016 (Minute No. 22 - 16 refers). The report of the meeting on 16 March 2017 will be reported to the forthcoming Council meeting on 30 March 2017.

Are the annual reports from the Internal Auditor presented to Full Council?

- The Annual Reports from the Internal Auditor are usually presented to the Audit Committee and then received by Full Council (the last Annual Report was received by the Policy & Management Committee on 24 March 2016 and Full Council on 31 March 2017).

### **External Audit Process**

7. Full Council is further asked to consider the following questions and suggested responses with regard to external audit arrangements.

Are the annual reports from the External Auditor presented to the Audit Committee?



- the Annual Reports from the External Auditor relating to Godalming Town Council are presented to the Audit Committee, the most recent being reported on 16 March 2017.

Does the Audit Committee ensure that recommendations from the External Auditor are implemented?

- If there are recommendations from the External Auditor then Members ensure that they are implemented. The sole recommendations for 2015-16 was to ensure all boxes on the Annual Return are completed even where not applicable (ie Box 11).

Mark Mulberry of Mulberry & Co was first appointed as the Internal Auditor in 2010/2011 and has been reappointed for the current year. This Committee will be asked to consider whether Mulberry & Co should be reappointed for 2017/18.

BDO will be the External Auditor for Godalming Town Council and the Godalming Joint Burial Committee for the 2016-17 financial year. The Smaller Authorities Audit Appointments has advised that the External Auditor appointed for the next five financial years from 2017-18 to 2021-22 will be PKF Littlejohn LLP.

### **Characteristics of the Review**

8. Finally Full Council is asked to consider the following questions and suggested responses about the overall characteristics of this review.

Can it be seen as a Catalyst for Change?

- Yes, the evidence being the Work Programme and the reviews undertaken to assess risk and the areas that are developed from these reviews

Does it Add Value?

- Yes, value is provided by the follow-up actions that are taken from the work programme to make improvements to enhance our services and reduce risk.

Is it Forward Looking?

- Yes, the review identifies risks and incorporates them into the Audit Committee's Work Programme, which is reviewed and updated at each meeting of the Committee to ensure it is forward looking and meeting events.

Is it Challenging?

- Yes, the Audit Committee has created its own Work Programme identifying areas and risks over and above the norm that are considered and are reviewed on a regular basis to ensure compliance and to allow Members to take ownership of the risks and how they are managed to meet best practice.

Are the right resources available for the Internal Auditor to complete its work?

- Sufficient budget exists to meet internal audit fees (and addition professional fees budget and/or reserves should unexpected circumstances demand more internal audit input). Good communication lines exist between the Internal Auditor and the council's officers and contracted staff.

RECEIVED  
30 AUG 2016

**ISSUES ARISING REPORT FOR  
Godalming Town Council  
Audit for the year ended 31 March 2016**

**BDO**

## Introduction

The following matters have been raised to draw items to the attention of Godalming Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Box 11 not completed
-

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The following issue(s) have been raised to assist the council. The council is recommended to take action on the following issue(s) to ensure that the council acts within its statutory and regulatory framework.

**Box 11 not completed**

*What is the issue?*

The council has not answered box 11 in Section 2 of the annual return. We believe based on prior year information that the council should have answered 'No'.

*Why has this issue been raised?*

This is a note for the reader of the accounts to clarify that the council is not a sole trustee of any charities and also to ensure that the council answers this question in future. It does state on the form that no box should be left blank.

*What do we recommend you do?*

The council should ensure in future years that it answers 'No' to box 11, to confirm whether the council does act as the sole trustee of and is responsible for managing trust funds or assets.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

No other matters came to our attention.

For and on behalf of  
BDO LLP

Date: 22 August 2016

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# **GODALMING TOWN COUNCIL**

## **FINANCIAL REGULATIONS**

**Adopted by Full Council on**  
~~31 March 2016~~ 30 March 2017

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These Financial Regulations are made under Standing Order 140 and were adopted by the Council at its Meeting held on ~~15-30 March 2017~~ January 2015.

## 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. A breach of these regulations by an employee is gross misconduct.
- 1.7. Members of Council are expected to follow the instructions within these regulations and not to encourage employees to breach them. Failure to follow instructions within these regulations brings the office of Councillor into disrepute.
- 1.8. The Town Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.

- 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;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;

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

- 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 Town 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, an officer other than the RFO shall be required to produce bank reconciliations (for all accounts). The RFO shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Audit Committee, evidenced by the signature of the Committee Chairman upon the reconciliations.
- 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. This authority is to be determined by:

- the Council for all items over £50,000;
- a duly delegated committee of the Council for items over £2,000; or
- the Town Clerk, for any items below £2,000.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Town Clerk.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure 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').

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 ~~in October~~ 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 Town 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. In cases of extreme risk to the delivery of Council services, the Town Clerk may authorise revenue expenditure on behalf of the Council which in the Town Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The Town Clerk shall report such action to the Chairman of the Policy & Management Committee as soon as possible and to the Policy & Management 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 cause to be prepared a schedule of payments requiring authorisation made 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.

## 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 Town 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.
- 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 payments 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 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 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 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.
- 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 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 Town Clerk or in her absence the Deputy Town 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 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.

## 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 Town 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 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 Town 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 shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 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;
    - 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 Town Clerk and RFO shall act after consultation with the Chairman and Vice Chairman 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 it is intended to enter into a contract exceeding £60,000 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 Town Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- c. 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.
- d. Such invitation to tender shall state the general nature of the intended contract and the Town 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 Town 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.
- e. All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk in the presence of at least one member of Council.
- f. If less than three tenders are received for contracts above £60,000 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.
- g. 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.
- h. When it is to enter into a contract of less than £60,000 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 Town 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 Town Clerk or RFO shall obtain 2 estimates. Otherwise, Regulation 10 (3) above shall apply.
- i. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. 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.
- k. 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. Payments Under Contracts for Building or Other Construction Works**

- 12.1. 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).
- 12.2. 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.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Town Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

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

- 13.1. The Town 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.
- 13.2. 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.
- 13.3. 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).
- 13.4. 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).



- 13.5. Subject only to the limit set in Reg. [4413.2](#) 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.
- 13.6. 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.

## **14. Insurance**

- 14.1. Following the annual risk assessment (per Financial Regulation [4715](#)), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 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.
- 14.3. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4. 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.
- 14.5. 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.

## **15. Risk Management**

- 15.1. The Council is responsible for putting in place arrangements for the management of risk. The Town 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.
- 15.2. When considering any new activity, the Town Clerk shall cause to be prepared a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **16. Suspension and Revision of Financial Regulations**

- 16.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Town 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.
- 16.2. 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.

## 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.