



FARNHAM TOWN COUNCIL

Supplementary Agenda Council

Time and date

Thursday 17th September, 2020 at 6.30 pm

Place

To be held remotely via Zoom - Zoom Remote Meeting, South Street, Farnham

7 Working Group Notes

(Pages 3 - 22)

To receive the notes and any recommendations of the following Working Groups:

- i) Tourism and Events held on 1st September 2020
- ii) Strategy and Finance held on 8th September 2020

Appendix B
Appendix C

Note: The person to contact about this agenda and documents is Town.Clerk@farnham.gov.uk

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Agenda Item 7

Appendix C Annex 1



FINANCIAL REGULATIONS 2020

These Financial Regulations were adopted by the council at its meeting held in September 2020

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I. General

- I.1. These financial regulations govern the conduct of financial management by Farnham Town 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 the council's standing orders and any individual financial regulations relating to contracts.
- I.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.
- I.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.
- I.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- I.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.
- I.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- I.7. Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- I.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Town Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- I.9. The Town Clerk/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.
- 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;
 - 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: authorisation of bad debt write-offs of up to £750 shall be delegated to the Town Clerk in consultation with the Strategy and Finance Working Group, and recorded in the minutes of the Working Group.
 - 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 in excess of £10,000 or any single commitment in excess of £50,000 and
 - in respect of the annual salary for any employee have regard to agreements of the Society of Local Council Town Clerks (SLCC) and National association of Local Councils (NALC) and their recognised salary scales and decisions of The Joint Negotiating Committee for annual salaries of employees, having been reviewed by the Strategy & Finance Working Group or HR Panel in accordance with their 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.
- 1.16 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, the Strategy & Finance Working Group shall verify bank reconciliations (for all accounts) produced by the RFO. The minutes shall be evidence of verification and be reported, including any exceptions, to and noted by council.
- 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 by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

- 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
 - has 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. Each Working Group shall consider proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 3.2. Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following year shall be prepared each year by the RFO in the form of a budget to be considered by the Strategy & Finance Working Group and subsequently Full Council in its December meeting.
- 3.3. The council shall consider annual budget proposals in relation to a three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and consider updating the forecast accordingly.
- 3.4. 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.
- 3.5. 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 £25,000;
- The Town Clerk up to £25,000 for items with budgetary approval; or
- The Town Clerk in conjunction with the Leader and Mayor for items up to £25,000 without budgetary approval for urgent matters;
- Officers delegated by the Town Clerk up to £5,000 within approved budgets.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Town Clerk, and where necessary also by the appropriate councillor(s).

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. 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 Working Group budget headings or to an earmarked reserve as appropriate ('virement'). The Town Clerk is authorised to vire money between budget heads within each Working Group in association with the Lead Member of Strategy and Finance or the Lead Member of the relevant Working Group in order to reflect changing requirements throughout the year. Any such virement exceeding £10,000 is to be reported to the Council.

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 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 the HR Panel or Strategy & Finance Working Group. The RFO will inform Working Groups 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 £20,000. The Town Clerk shall consult with the Leader and Mayor as soon as possible and report to the council 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 expenditure to the appropriate date 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 £10,000.
- 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 Town Clerk/RFO and approved by the council; banking arrangements may not be delegated to a committee/Working Group. They shall be regularly reviewed for safety and efficiency. Where internet banking arrangements are made with any bank, the Town Clerk/RFO shall be appointed as the Service Administrator but will not be a signatory on the accounts other than to transfer funds between Town Council approved accounts for investment purposes. 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 Service Administrator with a stated number of approvals.

- 5.2. The RFO shall prepare a schedule of payments requiring authorisation by two of the Council's Authorised Signatories. The two Authorised Signatories shall review the schedule for compliance and, having satisfied themselves shall authorise payment by signing the schedule. To indicate agreement of the details shown on any cheque or order for payment with the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or electronic payment slip. Electronic payments will be the primary method of payment.

A full list of payments which have been authorised by members will be available for inspection and review at the Strategy & Finance Working Group least quarterly, and any payments above £100 will be published on the Council's website for transparency purposes.

Any 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 but will be available to those councillors authorising payment.

- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, as soon as is practicable.
- 5.5. The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Town Clerk/RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the Strategy & Finance Working Group
 - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations);
 - c) fund transfers and investments within the councils banking arrangements provided that a list of such payments/balances shall be submitted to the next appropriate meeting of Strategy and Finance Working Group.
- 5.6. For each financial year the Town Clerk and RFO shall draw up a list of due payments including direct debits and Standing Orders 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, utilities and regular maintenance contracts and the like for which the Strategy & Finance Working Group may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to.
- 5.7. A record of regular payments made under 5.6 above shall be reviewed and 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.
- 5.8. In respect of grants the Strategy & Finance Working Group shall allocate expenditure within any limits set by council and in accordance with any policy statement approved by council. and be subject to ratification by resolution of the council. The Town Clerk shall be authorised to approve small grants in accordance with the decision of Council.
- 5.9. 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.
- 5.10. 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.
- 5.11. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two of the Town Clerk/RFO/ bookkeeper/accountant/a member. A programme of ad hoc checks of standing data with suppliers will be followed.
- 5.12. Corporate credit cards and trade card accounts opened by the Council shall be specifically designated to named officers, as approved by the Town Clerk, and shall be subject to automatic payment in full each month. Personal credit or debit cards of members or staff should not normally be used.

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. Following authorisation under Financial Regulation 5 above, the Town Clerk/RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by electronic transfer (BACS, CHAPS) cheque or other instructions to the council's bankers provided evidence is retained showing which members approved the payment
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule shall be signed by two members of council (three for payments above £15,000) with the approval instruction countersigned by the Town Clerk. A member who is a bank signatory, having a 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 payment counterfoil.
- 6.6. If thought appropriate by the council, payment for regular payments and services such as salaries, utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are reviewed and signed by two members and any payments are reported as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.
- 6.7. 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 Town Clerk's PIN and Passwords which shall be retained in the Council's safe in a sealed dated envelope. 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. This will not be required for a member's personal computer used only for remote authorisation of bank payments. Any councillors/staff/contractors (eg accountant or bookkeeper) who are issued with a banking device or password are required to submit them on termination of office or contract along with any access passwords.
- 6.8. 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 Town Clerk.
- 6.9. 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 preferably off site.
- 6.10. 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.
- 6.11. 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.

- 6.12 The RFO shall maintain a petty cash float of up to £500 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

Income received on an ad hoc basis may occasionally be paid into the petty cash float but must be separately receipted in full and accounted for otherwise must be banked, as provided elsewhere in these regulations.

Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.2 above.]

- 6.14 Designated Officers may make official purchases on commercial cards or procurement cards as authorised by the Town Clerk, subject to agreed limits and each statement being reviewed by the required number of Councillors set out in Regulation 5.2. The overall Council limit of the Commercial Cards is set at £10,000.

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 the HR Panel.
- 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. The Council may use an external payroll provider and updated payroll information shall be provided to Council or the appropriate Committee or Working Group on a regular basis and detailed records kept
- 7.3. Any increments payable in accordance with staff contracts shall be reviewed and implemented by the Town Clerk and reported to the HR Panel. The salaries for posts recruited by the Town Clerk under the scheme of delegation shall be within the FTC Job Evaluation Scheme.
- 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. 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 the senior officers.
- 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. The Town Clerk may employ temporary or agency staff where the business case supports this.

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.
- 8.4. 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.
- 8.5. 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.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.8. 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 Town Clerk/RFO.
- 9.2. 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.

- 9.3. The council will review all fees and charges at least annually, following a report of the Town Clerk during the budget setting cycle.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. All sums received on behalf of the council shall be recorded intact, banked as required, or retained securely in the safe 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.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.8. 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.
- 9.9. 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.
- 9.10. Any income arising which is the property of a charitable trust or Charity Appeal managed by the Council shall be paid into the appropriate bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting (see also Regulation 16 below).]

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. Order books shall be controlled by the RFO.
- 10.2. All councillors and officers are responsible for obtaining value for money at all times.
- 10.3. 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, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used where appropriate.

II. Contracts

II.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 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 Town Clerk/RFO shall act after consultation with the Mayor and Leader); 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 Regulations¹.
- To use the Contract Finder website to advertise contract opportunities
 - Set out the procedures to be followed in awarding new contracts
 - To publicise the award of new contracts
- 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)².
- 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 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

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

² Thresholds currently applicable (1 Jan 2020) are:

a) For public supply and public service contracts 214,000 Euros (£189 330)

b) For public works contracts 5,350,000 Euros (£4,733,252)

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 Town Clerk in the presence of at least one member of council.
- g) Any invitation to tender issued under this regulation shall be subject to Standing Orders 27 and shall refer to the terms of the Bribery Act 2010.
- h) When it is to enter into a contract of less than £25,000 and above £7,500 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 relevant officer shall strive to obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £7,500 and above £3,000 officers shall strive to obtain two quotes or estimates and the Town Clerk shall have the discretion to determine the successful contractor. For individual purchases under £3,000, the Town Clerk shall have discretion to achieve the best value for goods or services. Otherwise, Regulation 10.3 above shall apply.
- i) The council shall not be obliged to accept the lowest or any tender, quotation or estimate.
- j) Should it occur that the council, or the Town Clerk under delegation, 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) Due regard shall be given to 'fair trade' alternatives and the promotion of sustainable development, and the Council's commitment to carbon reduction in the purchase of goods and drawing up of specifications
- l) Where possible, opportunities should be afforded to local businesses to quote for the provision of goods and services.

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/Town Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

13. Stores and equipment

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

14. Assets, properties and estates

- 14.1. 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.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council or approved budgets, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £5,000.
- 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 where appropriate).
- 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 where appropriate).
- 14.5. Subject only to the limit set in Regulation 14.2 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. Assets above £250 shall be recorded on the register and an inventory of other relevant items shall be maintained.

15. Insurance

- 15.1. Following the annual risk assessment (per Regulation 17), the Town Clerk/RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2. 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 Town Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to the Strategy & Finance Working Group 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 by the council, or the Strategy & Finance Working Group.

16. Charities

- 16.1. Where the council is sole managing trustee of a charitable body the Town Clerk/RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Town Clerk/RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

17. Risk management

- 17.1. The council is responsible for putting in place arrangements for the management of risk. The Town Clerk shall prepare, 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.
- 17.2. When considering any new activity, the Town Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

18 Transparency

The Council will comply with the requirements of the Local Government Transparency Code 2015 (or any subsequently amended version). Payments above £100 and contracts above £5,000 will be published on the Council's website.

19 Materiality

In defining 'materiality' for decisions that have been delegated (Part 3 of the Openness of Local Government Bodies Regulations 2014) and need to be recorded in accordance with the Regulations, a sum above £10,000 is considered material.

20. Suspension and revision of Financial Regulations

- 20.1. 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.

- 20.2. 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.

The FTC Regulations are based on the Model Financial Regulations produced by the National Association of Local Councils (NALC) in July 2019 adapted to the Farnham context.

This version reviewed September 2020.

Next scheduled review 2022.



FARNHAM TOWN COUNCIL

Appendix C Annex 2

Supplementary information for Contracts and Assets update Assets Task Group

Date: 17th September 2020

1 Summary

The Assets Task Group meet on the 16th September and relevant updates for the Council meeting are as follows.

2 Gostrey Meadow Electrical works

Officers are still progressing options, but the **Assets Task Group proposes that the Strategy and Finance recommendation of the proposed costs be revised based on initial quotations received and that the works be recommended for approval up to a cost of £16,000.**

3 Gas pipe for the Council Depot

Sothorn Gas Network have advised on a date for installation of the gas pipe for the Council Depot of the 2nd November 2020.

4 Redecoration of the Council Chamber

The Assets Task Group were pleased with progress on the refurbishment and confirmed remaining items to be implemented to include the change to LED lights and power sockets in the centre of the room.

The Scan Audio proposal having now been received the Assets Task Group discussed the importance of good quality sound and video quality now that more remote meetings are being held and with the potential for hybrid meetings (part physical, part remote) in the future.

- 1. The Assets Task Group recommend that the proposal to replace the obsolete equipment at a cost of £6,930 be implemented(with costs met from Council Chamber ear marked reserve) to support the best audio experience for members and visitors to the Chamber.**

Other Matters Raised

5 Social Distancing Scheme and Farnham Infrastructure Program

The Assets Task Group discussed the recent traffic counting software and upgraded cctv cameras installed to support the detection and prevention of crime. The assets Task Group noted that the new server for the traffic counting was working well but the increase in cameras meant that the camera server was operating at maximum capacity leading to a intermittent loss of signal to the traffic counting software. In order to resolve this problem quotes have been sought to upgrade the camera server to resolve this

problem and provide future capacity for up to 19 additional cameras (capacity of the Milestone Software licence) and the estimated cost of £15,000 would be covered by Section 106 monies for the Town Centre CCTV from the Brightwell's development.
The Assets Task Group recommends that the server replacement be installed.

6 Additional items reviewed

The Assets Task Group also discussed the potential installation of Solar Panels at the Depot; and the disposal of the Citroen Berlingo which is now beyond its useful life (and has been replaced by the Iveco CNG van earlier this year). The Assets Task Group had an initial discussion on replacement of play equipment that is at the end of its useful life in the play area in Gostrey Meadow and will consider a report at the next scheduled meeting.

Recommendation: The Citroen Berlingo be sold.

Person to contact about this report is
Iain McCready
Business and Facilities Manager
Tel: 01252 712667