

Hythe Town Council

Statement on internal control for the year ending 31st March 2019

1 Scope of responsibility

- 1.1 Hythe Town Council ('The Council of the Town of Hythe' or 'the Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this overall responsibility, the Council is also responsible for ensuring that the internal control objective listed on page three and the nine assertions listed on page four of the Annual Governance and Accountability Return (AGAR) have been met.

2 The purpose of the system of internal control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.2 The Council has in place a set of Standing Orders and Financial Regulations, which set out the general rules applicable at council and committee meetings and in carrying out the council's business. These two documents are reviewed on a regular basis and influence the system of internal controls in place.
- 2.3 The system of internal control has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the annual governance statement and accounts and accords with proper practice.

3 The internal control environment

3.1 The Council

- 3.1.1 The Council has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawful.
- 3.1.2 The Council reviews its obligations and objectives and approved budgets for the following year at its January meeting. The Council meeting of 10th January 2019 (minute 271/18) approved the level of precept for the following financial year.
- 3.1.3 The full Council had nine regular and two extraordinary meetings for the financial year ending 31 March 2019. It monitors progress against its aims and objectives at each meeting by receiving relevant reports from the town clerk.
- 3.1.4 The Council carries out regular reviews of its internal controls, systems and procedures.

3.2 Clerk to the Council and Responsible Financial Officer

- 3.2.1 The Council has appointed a Town Clerk to the Council who acts as the Council's advisor and administrator with a separate position which has been appointed for the role of Responsible Financial Officer. The Responsible Finance Officer is responsible for administering the Council's finances. The Town clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies

are adhered to.

3.3 Payments

- 3.3.1 All payments are reported to the Council for approval. Two members of the Council must authorise every cheque and standing order. Direct debit arrangements are reviewed annually.

3.4 Income

- 3.4.1 All income is received and banked in the Council's name in a timely manner and reported to the Council at the next meeting.

3.5 Risk assessments / Risk management / Risk register

- 3.5.1 The Council carries out regular risk assessments, identifying risks, assessing risks, addressing risks and reviewing and reporting these risks in a risk register.

3.6 Internal audit

- 3.6.1 The Council has appointed an independent internal auditor who reports to the Council on the adequacy of its:

- Records
- Procedures
- Systems
- Internal control
- Regulations
- Risk management
- Reviews

The effectiveness of the internal audit system and audit plan is reviewed annually.

3.7 External audit

- 3.7.1 PKF Littlejohn LLP is the Council's external auditor. It submits an annual report and certificate of audit, which is presented to the Council.

4 Review of effectiveness

- 4.1 The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of

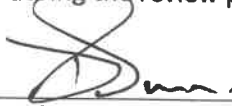
- 4.1.1 Hythe Town Council
- 4.1.2 The Town Clerk and Responsible Financial Officer who has responsibility for the development and maintenance of the internal control environment and managing risks
- 4.1.3 The appointed Councillor responsible for conducting internal audit checks
- 4.1.4 The independent internal auditor who reviews the Council's system of internal control
- 4.1.5 PKF Littlejohn LLP, the Council's external auditor, who makes the final check using the AGAR, a form completed and signed by the Responsible Financial Officer, the Chairman and the independent internal auditor. The external auditor issues an annual audit report and certificate; and identifies issues that should be corrected.

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5 Significant internal control issues

5.1 The Council strives for continuous improvement of the system it has adopted for internal control. The Council considers that it has addressed all exceptions and other matters raised by the external auditor and reported during the review process.



Chairman, Hythe Town Council Asset and Audit committee



Chairman, Hythe Town Council Finance and General Purposes Committee



Town mayor, Hythe Town Council



Town clerk, Hythe Town Council