

Section 1 – Statement of accounts for

RYE TOWN

In completing the boxes below please explain any significant variances on a separate sheet and send this to the external auditor together with a copy of your bank reconciliation as at 31 March 2009.

1	Balances brought forward	174,075	174,649	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2	(+) Annual precept	75,876	79,670	Total amount of precept received in the year.
3	(+) Total other receipts	30,860	75,705	Total receipts or income as recorded in the cashbook less the precept. Includes support, discretionary and revenue grants.
4	(-) Staff costs	51,628	77,902	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5	(-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on borrowings (if any).
6	(-) Total other payments	54,524	114,476	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7	(=) Balances carried forward	174,649	137,646	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8	Total cash and short term investments	142,233	123,426	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9	Total fixed assets and long term assets	1,229,463	1,248,721	The recorded book value at 31 March of all fixed assets owned by the council and any other long term assets e.g. loans to third parties and any long term investments.
10	Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11	Trust funds (including charitable) disclosure note	YES	YES	The council acts as sole trustee for and is responsible for managing trust funds or assets. (Readers should note that the figures above do not include any trust transactions.)

I certify that the statement of accounts contained in this annual return presents fairly the financial position of the council/meeting and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.

Signed by Responsible Financial Officer

[Signature]

Date 22/06/2009

I confirm that these accounts were approved by the council/meeting and recorded as minute reference

C3 – 44(2)

Date 22/06/2009

Signed by Chair of meeting approving this statement of accounts

Date 22/06/2009

Section 2 – Annual governance statement

We acknowledge as the members of **RYE TOWN** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the statement of accounts. We confirm, to the best of our knowledge and belief, with respect to the statement of accounts for the year ended 31 March 2009, that:

- | | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | we have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. | YES | prepared its statement of accounts in the way prescribed by law. |
| 2 | we have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | YES | made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. |
| 3 | we have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council to conduct its business or on its finances. | YES | has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so. |
| 4 | we have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | YES | during the year has given all persons interested the opportunity to inspect and ask questions about the council's accounts. |
| 5 | we have carried out an assessment of the risks facing the council and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | YES | considered the financial and other risks it faces and has dealt with them properly. |
| 6 | we have maintained throughout the year an adequate and effective system of internal audit of the council's accounting records and control systems and carried out a review of its effectiveness. | YES | arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the council and reviewed the impact of this work. |
| 7 | we have taken appropriate action on all matters raised in reports from internal and external audit. | YES | responded to matters brought to its attention by internal and external audit. |
| 8 | we have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the council and, where appropriate have included them in the statement of accounts. | YES | disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant. |
| 9 | Trust funds (including charitable) – in our capacity as the sole managing trustee we have discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and , if required, independent examination or audit. | YES | has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts. |

This annual governance statement is approved by the council/meeting and recorded as minute reference

C3 - 44(2)

dated **22/06/2009**

Signed on behalf of

RYE TOWN

Signed by: Chair

Date **22/06/2009**

Signed by: Clerk

[Signature]

Date **22/06/2009**

***Note:** Please provide explanations to the external auditor on a **separate sheet** for each 'No' response that has been given; and describe what action is being taken to address the weaknesses identified.

Section 4 – Annual internal audit report to

RYE TOWN

The council's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2009.

Internal audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and, opposite, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

- | | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| A | Appropriate books of account have been properly kept throughout the year. | Yes |
| B | The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for. | Yes |
| C | The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | Yes |
| D | The annual precept requirement resulted from an adequate budgetary process: progress against the budget was regularly monitored; and reserves were appropriate. | Yes |
| E | Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | Yes |
| F | Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for. | Yes |
| G | Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied. | Yes |
| H | Asset and investments registers were complete and accurate and properly maintained. | Yes |
| I | Periodic and year-end bank account reconciliations were properly carried out. | Yes |
| J | Year-end accounts were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded. | Yes |
| K | Trust funds (including charitable) The council has met its responsibilities as a trustee. | Yes |

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit

MRS. P. A. FISHER

Signature of person who carried out the internal audit

P. A. Fisher

Date 16/06/09

***Note:** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

TOWN CLERK BRIEFING NOTE**44e) HERITAGE CENTRE PAYE UNDERPAYMENT**

At the PRGP Committee meeting held on 8 June 2009 I advised that it appeared that the previous operator of the Centre, RTS had underpaid tax and NICs of £2,303.70 for the period 1.4.08-30.10.08. This remains the case. I am awaiting a response from RTS to my enquiry as to whether this assessment by HM Revenue & Customs is 'plausible'.

Without evidence of payments actually made to HMRC by RTS it is impossible to determine if HMRC has made an error. However, our accountants have advised that the sum is plausible.

The total amount of tax & NICs that should have been paid (determined by reference to what we know staff were actually paid 1.4.08-31.3.09) is £6,449.24. Of this sum, £1,053.02 (not the c£300 I advised at the PRGP Committee meeting) was payable in respect of a RTS member of staff for the period 1.4.08-31.10.08. This member of staff was employed by RTC on 1.11.08.

We do not actually know how much tax & NICs RTS paid on behalf of particular members of staff.

Whilst our accountants agree that RTC should not be responsible for the tax and NICs due in respect of the RTS member of staff for the period 1.4.08 and 31.10.09, they are of the opinion that HMRC would probably take the view eventually that, because RTS operated under a Management Agreement, RTC is ultimately responsible for the underpayment. Meanwhile, during negotiations with HMRC interest would be added to the sum outstanding.

It is therefore recommended that the PRGP Committee's two Recommendations (to pay the £2,303.70 tax and NICs outstanding for 2008-09 – and to invoice RTS for this sum) be adopted.

11.6.09