



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

Introduction

The following matters have been raised to draw items to the attention of Prestatyn 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.

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;

- Approval of annual return
 - Fixed assets shown at insurance value
 - Disclosure of loan repayments
 - Engagement letter with internal auditor requires further detail
-

The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

Engagement letter with internal auditor requires further detail

What is the issue?

The council have provided a copy of an engagement letter with the internal auditor. The engagement letter did not fully detail all the information that should be included.

The engagement letter should agree the expectations of the two parties and should include the following:

- roles and responsibilities
- audit planning, scope and timing
- reporting requirements
- assurance around independence and competence
- access to information, members and officers
- remuneration

Why has this issue been raised?

In the absence of such a letter or similar document, the council cannot be certain that the internal auditor will fully meet their expectations and comply with the requirements of the Accounts and Audit Regulations. The engagement letter confirms expectations of the internal auditor and the council.

What do we recommend you do?

The council must ensure that an engagement letter or similar document is agreed prior to the commencement of the appointment for the coming year. The letter or document should as a minimum set of the scope of the assignment to ensure all parties concur.

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

Governance and Accountability in Local Councils in Wales - A Practitioners' Guide, OVW/SLCC

The following issue(s) have been raised as there are minor errors on the annual return which we wish to draw to the attention of the body so they do not occur again in future years.

Approval of annual return

What is the issue?

The annual return was initially approved by the Finance and Management Committee on 1 June 2016 under minute reference 20. The minutes of the Finance and Management Committee were then approved by full council on the 29th June under minute reference 16.

Why has this issue been raised?

The council have not noted the minute of the full council approval in the box provided. It is a requirement of the Accounts and Audit (Wales) Regulations 2014 Reg 2a that the council considers the accounting statements by the members meeting as a whole, therefore it is this approval which should be noted.

What do we recommend you do?

The council should ensure the full council approval is documented. The council should also ensure that the full council minutes clearly document their review of the accounting statements, annual governance statement and the disclosures given.

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

Accounts and Audit (Wales) Regulations 2014

Fixed assets shown at insurance value

What is the issue?

It has come to our attention that fixed assets have been included in box 12 at a valuation amount. All assets should be included at cost.

A council should not adjust assets disclosed on the annual return for revaluations, depreciation or impairment. The only movements on assets should be the cost of additions or the cost value of any disposals.

The council have accepted the explanation and going forward will be using the year ending 31/03/2015 fixed asset figure of £1,556,106 as the baseline figure.

Why has this issue been raised?

The accounting treatment is not in compliance with proper practices.

What do we recommend you do?

The Practitioners' Guide states that all assets should be held at cost. In future the council should review the current Practitioners' Guide to ensure that they are accounting for assets correctly.

The cost value of assets is not expected to change unless an asset is ever disposed of or scrapped.

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

Governance and Accountability for Local Councils in Wales - A Practitioners' Guide, OVW/SLCC

Disclosure of loan repayments*What is the issue?*

The council has incorrectly disclosed the repayment of the loan in the other payments figure (box 6). The cost of £66,495 should have been disclosed separately in box 5, loan interest/capital repayments.

2016

Box 5 should be £66,495

Box 6 should be £214,707

2015

Box 5 should be £66,495

Box 6 should be £211,043

Why has this issue been raised?

The accounts have not been prepared in accordance with proper practices.

What do we recommend you do?

The council must ensure that the loan repayments are disclosed separately in box 5.

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

Governance and Accountability for Local Councils in Wales - A Practitioners' Guide, OYW/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 15 May 2017

PRESTATYN TOWN COUNCIL

FINANCIAL STATEMENTS 2016/2017

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PRESTATYN TOWN COUNCIL

CYNGOR TREF PRESTATYN

EXPENDITURE

BUDGET STATEMENT @ 31st March 2017

| <u>EXPENDITURE CODE</u> | <u>ESTIMATE 2016/17</u> | <u>APRIL JUNE</u> | <u>JULY SEPTEMBER</u> | <u>OCTOBER DECEMBER</u> | <u>JANUARY MARCH</u> | <u>TOTAL</u> | <u>BUDGET REMAINING</u> |
|--|-------------------------|-------------------|-----------------------|-------------------------|----------------------|-------------------|-------------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| A General Services | 4,250 | 796.33 | 1,800.50 | 714.14 | 276.16 | 3,587.13 | 663 |
| B Service Organisations / Grants s.137 | 31,500 | 8,110.00 | 9,500.50 | 7,019.14 | -3,505.78 | 21,123.86 | 10,376 |
| C Community / Environmental Services | 17,500 | 2,150.40 | 294.77 | 807.00 | 1,475.00 | 4,727.17 | 12,773 |
| D General Administration | 34,100 | 9,294.54 | 3,473.36 | 4,885.34 | 5,707.60 | 23,360.84 | 10,739 |
| E Democracy | 7,450 | 3,307.20 | 17.55 | 103.95 | 0.00 | 3,428.70 | 4,021 |
| F Personnel | 204,100 | 27,403.18 | 76,051.18 | 47,937.96 | 45,981.28 | 197,373.60 | 6,726 |
| G Office Accommodation | 13,750 | 6,083.01 | 1,122.02 | 1,500.59 | 2,307.31 | 11,012.93 | 2,737 |
| H Other Expenses | 3,000 | 0.00 | 1,216.21 | 0.00 | 399.96 | 1,616.17 | 1,384 |
| I Town Regeneration (Services) | 99,000 | 4,865.90 | 18,631.67 | 13,049.40 | 22,655.35 | 59,202.32 | 39,798 |
| J Town Regeneration (Development) | 109,995 | 25,401.50 | 7,267.67 | 0.00 | 67,743.00 | 100,412.17 | 9,583 |
| VAT | 25,000 | 5,334.16 | 6,754.40 | 5,602.99 | 6,082.16 | 23,773.71 | 1,226 |
| | <u>549,645</u> | <u>92,746.22</u> | <u>126,129.83</u> | <u>81,620.51</u> | <u>149,122.04</u> | <u>449,618.60</u> | <u>100,026</u> |

EXTERNALLY FUNDED

| | | | | | | | |
|-------------------|--|------------------|-------------------|------------------|-------------------|-------------------|--|
| A Grant aid works | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| B Grant aid works | | 0.00 | 495.00 | 249.50 | 4,500.00 * | 5,244.50 | |
| C Grant aid works | | 3,811.48 | 1,660.00 | 4,225.00 | 2,250.00 | 11,946.48 | |
| D Grant aid works | | 0.00 | 416.67 | 275.00 | 0.00 | 691.67 | |
| E Grant aid works | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| F Grant aid works | | 0.00 | 0.00 | 0.00 | 2,902.00 | 2,902.00 | |
| G Grant aid works | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| H Grant aid works | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| I Grant aid works | | 3,347.09 | 5,632.05 | 3,255.00 | 500.00 | 12,734.14 | |
| J Grant aid works | | 0.00 | 0.00 | 2,240.00 | 0.00 | 2,240.00 | |
| Total Grants | | <u>7,158.57</u> | <u>8,203.72</u> | <u>10,244.50</u> | <u>10,152.00</u> | <u>35,758.79</u> | |
| Total Cash Book | | <u>99,904.79</u> | <u>134,333.55</u> | <u>91,865.01</u> | <u>159,274.04</u> | <u>485,377.39</u> | |

COMMITMENTS 2016/17

| <u>Minute No</u> | <u>£</u> |
|---|---------------|
| 142/11 BMX Pump Track Project (PTC/DCC) | 20,000 |
| 78/15 Mind Music 2016 (Lottery Grant) | 703 |
| 78/15 Coed y Morfa Allotment (Gwynt y Mor Grant) | 482 |
| 102/16 Brass Acorn Project (PTC2.5k / DCC 5k) | 2,500 |
| 146/17 The Benefit Advice Shop (s.137) | 1,850 |
| 146/17 Denbighshire CAB (s.137) | 2,500 |
| 146/17 Prestatyn & District Festival of Walking (s.137) | 1,000 |
| 146/17 Prestatyn Pop in Centre (s.137) | 500 |
| 145/17 Ty Nant and Fern Avenue Car Parks (2016/17) | 9,000 |
| 63/17 Meliden Goods Shed | 5,000 |
| | <u>43,535</u> |

CREDITORS

| | <u>£</u> |
|---------------------------------------|-----------------|
| 705584 Kings Hall | 360.00 |
| 705585 Jacksons (Fire & Security) Ltd | 127.50 |
| 705595 Sian Jones | 21.35 |
| 705596 Kick It | 50.00 |
| 705597 Denbighshire County Council | 414.58 |
| 705598 TGR Brown | 500.00 |
| 705601 Sherratt Landscape Ltd | 5,100.00 |
| 705602 Deputy Town Clerk - Mileage | 38.63 |
| 705604 Drain Doctor | 116.00 |
| 705605 CEM Management Services | 21.50 |
| 705607 Digital Europe t/a Inet | 127.44 |
| 705608 Sherratt Landscapes | 690.01 |
| 705609 Simply Logo | 50.00 |
| 705616 Livetech Ltd | 220.00 |
| d/d Barclaycard | 131.16 |
| | <u>7,968.17</u> |

*Town Centre Partnerships - events contribution £4,500

PRESTATYN TOWN COUNCIL
CYNGOR TREF PRESTATYN

INCOME
BUDGET STATEMENT @ 31ST MARCH 2017

| | Estimate 2016/17 | APRIL JUNE | JULY SEPTEMBER | OCTOBER DECEMBER | JANUARY MARCH | TOTAL |
|-------------------------------|---------------------|-------------------|-------------------|---------------------|------------------|-------------------|
| | | £ | £ | £ | £ | £ |
| A-C | | | | | | |
| <u>General Purposes</u> | | | | | | |
| Donations/Grants/Other | 15,000 | 8,611.83 | 7,400.00 | 218.59 | 0.00 | 16,230.42 |
| Town Events | | 900.00 | 503.81 | 1,654.28 | 178.75 | 3,236.84 |
| HLAP Deposits | | 0.00 | 500.00 | 0.00 | 66.00 | 566.00 |
| D-H | | | | | | |
| <u>Finance and Management</u> | | | | | | |
| Bank Interest | 2,000 | 57.29 | 55.61 | 63.68 | 0.00 | 176.58 |
| HM Customs (VAT) | 27,000 | 5,079.06 | 4,750.71 | 6,647.83 | 5,521.59 | 21,999.19 |
| Other income | 1,500 | 0.00 | 15,003.93 | 2,748.00 | 1,333.00 | 19,084.93 |
| Precept | 455,680 | 152,767.00 | 152,767.00 | 152,766.00 | 0.00 | 458,300.00 |
| I-J | | | | | | |
| <u>Town Development</u> | | | | | | |
| Donations | | 275.00 | 1,210.00 | 155.00 | 202.50 | 1,842.50 |
| Community Centres | 420 | 280.00 | 1,453.28 | 0.00 | 780.00 | 2,513.28 |
| Jubilee Community Centre | | 0.00 | 0.00 | 4,787.85 | 0.00 | 4,787.85 |
| Grants / Other | 10,000 | 3,937.57 | 0.00 | 2,188.00 | 4,854.00 | 10,979.57 |
| Total Income | 511,600.00 | 171,907.75 | 183,644.34 | 171,229.23 | 12,935.84 | 539,717.16 |

Debtors

| | |
|----------------------------------|-----------------|
| VAT outstanding - 2016/17 | 6,180.13 |
| BCUHB - Cardiac Rehab - Phase IV | 2,902.00 |
| | <u>9,082.13</u> |

PRESTATYN TOWN COUNCIL
END OF YEAR CASH BOOK SUMMARY - 2016/17

| | | £ |
|----------|------------------------|--------------------------|
| 01.04.16 | Balance b/fwd Revenue | 379,467.78 |
| | Add Income | <u>539,717.16</u> |
| | | 919,184.94 |
| | Less Payments | <u>485,377.39</u> |
| | | 433,807.55 |
| | Petty Cash | 123.33 |
| | Town Events Petty Cash | 37.99 |
| | HLAP | <u>52.00</u> |
| 31.03.17 | Total Holdings | <u><u>434,020.87</u></u> |

Chairman

Financial Officer

PRESTATYN TOWN COUNCIL

PETTY CASH SUMMARY @ 31ST MARCH 2017

| | | £ |
|----------|-----------------------------|---------------|
| 01.04.16 | Opening Balance | 93.75 |
| | PTC Cash Advances | 650.00 |
| | Less Petty Cash Expenditure | <u>620.42</u> |
| 31.03.17 | Balance c/fwd | <u>123.33</u> |

TOWN EVENTS PETTY CASH @ 31ST MARCH 2017

| | | £ |
|----------|-------------------------------|-----------------|
| 01.04.16 | Opening Balance | 72.93 |
| | Town Events Advances / Income | 1,410.23 |
| | Less Petty Cash Expenditure | <u>1,445.17</u> |
| 31.03.17 | Balance c/fwd | <u>37.99</u> |

HOLIDAY LEISURE ACTIVITY PROGRAMME PETTY CASH @ 31ST MARCH 2017

| | | £ |
|----------|-------------------|---------------|
| 01.04.16 | Deposits received | 566.00 |
| | Deposits returned | <u>514.00</u> |
| 31.03.17 | Balance c/fwd | <u>52.00</u> |

Chairman _____

Financial Officer _____

BANK RECONCILIATION @ 31ST MARCH 2017

| | |
|------------------------------------|--------------------------|
| | £ |
| Revenue Account - 603.... | 0.00 |
| Business Premium Account - 836.... | <u>453,917.93</u> |
| | 453,917.93 |
| Less Unpresented Cheques | <u>20,110.38</u> |
| Total | <u><u>433,807.55</u></u> |

| <u>Chq No</u> | <u>Amount</u> £ |
|---------------------------|--------------------|
| 705445 | 100.00 |
| 705535 | 25.80 |
| 705555 | 1,000.00 |
| 705558 | 36.00 |
| 705568 | 44.80 |
| 705570 | 14.39 |
| 705572 | 153.32 |
| 705573 | 153.00 |
| 705574 | 479.95 |
| 705575 | 48.00 |
| 705576 | 17,137.90 |
| 705577 | 65.76 |
| 705578 | 304.56 |
| 705580 | 200.00 |
| 705581 | 82.90 |
| 705582 | <u>264.00</u> |
| Total Unpresented Cheques | <u>20,110.38</u> |

Chairman

Financial Officer

PRESTATYN TOWN COUNCIL

GENERAL FINANCIAL INFORMATION @ 31st MARCH 2017

| <u>2015/16</u> | | <u>2016/17</u> |
|----------------|---------------------|----------------|
| £ | | £ |
| 379,635 | Cash Summary | 434,021 |
| 3,779 | Add Debtors | 2,902 |
| 5,079 | VAT Debtor | 6,180 |
| <u>3,200</u> | Payments in Advance | <u>0</u> |
| 391,693 | | 443,103 |
| 1,957 | Less Creditors | <u>7,968</u> |
| <u>389,736</u> | Total Cash Funds | <u>435,135</u> |

PRESTATYN TOWN COUNCIL
STATEMENT OF RESERVES @ 31st MARCH 2017

| <u>BALANCES AND RESERVES</u> | £ |
|-----------------------------------|----------------|
| Committed Expenditure* | 43,535 |
| Property Maintenance Holding Fund | 80,000 |
| Elections Holding Fund | 3,000 |
| Operational Reserves | 205,450 |
| General Unallocated Reserves | <u>103,150</u> |
| | <u>435,135</u> |

LONG TERM LOANS

| | |
|-------------------------------------|---------------|
| Scala Cinema & Arts Facility | <u>66,493</u> |
| Service Agreement - 16yrs remaining | |

COMMITMENTS

| <u>Minute No</u> | £ |
|---|---------------|
| 142/11 BMX Pump Track Project (PTC/DCC) | 20,000 |
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| 146/17 Prestatyn Pop in Centre (s.137) | 500 |
| 145/17 Ty Nant and Fern Avenue Car Parks (2016/17) | 9,000 |
| 63/17 Meliden Goods Shed | <u>5,000</u> |
| | <u>43,535</u> |

Development of devolved town services e.g. Floral Displays, Public Conveniences.
 Public Sector Partnership Accommodation
 Healthy High Streets e.g. Car Parks & CCTV
 Community Centre Works

PRESTATYN TOWN COUNCIL

| <u>PARTNERSHIP FUNDED PROJECTS 2016/17</u> | <u>FUNDED BY</u> | <u>AMOUNT</u> |
|--|------------------------|---------------|
| | | £ |
| Town Centre Partnerships - 2016/17 | DCC/WAG | 25,351 |
| Mind Music | National Lottery | 5,000 |
| Community Allotment | Gwynt y Mor | 8,278 |
| Offa's Dyke Brass Acorn Project | DCC Town Area Plan | 5,000 |
| | Total Funded by Others | <u>43,629</u> |

TCP - DCC/WAG DIRECT PAYMENTS = £11,205

TCP - PTC DIRECT PAYMENTS = £14,146

TERMS OF REFERENCE

STAFF COUNCIL

PURPOSE

1. The Purpose of the Staff Council is to foster good employee relations at all levels within the Town Council and to ensure that an open, positive and inclusive climate is encouraged for the mutual benefit of the Town Council and its staff.

MEMBERSHIP

1. The Staff Council shall consist of not more than 5 members representing the Employers (Councillors), Management and Employees.
2. There should be no more than 2 Councillors on the Council. The Clerk or Deputy Clerk would represent the Management side and there should be no more than 2 staff representatives.
3. The Councillors and Staff shall be responsible for the appointment of their own representatives, which will be reviewed on an annual basis.
4. Where a nominated representative is unable to attend a meeting of the Staff Council, a deputy may be appointed for the meeting.
5. A quorum shall be a minimum of 3 members provided that each of the Employers, Management and Staff are all represented.

SCOPE

1. To promote a positive partnership between Management, Employers and Employees.
2. To ensure that agreed best practices and procedures are applied across the Council.
3. To ensure that Staff are kept apprised of updates following Town Council meetings.
4. To receive feedback from representatives of all parties on any emerging issues in an open and transparent manner.
5. To carry out such other duties as may be directed to it by Full Council or Finance and Management Committee.

GOVERNANCE

1. The Staff Council shall meet at least annually and shall meet as often as necessary, with meetings scheduled within each cycle of meetings of the Town Council so that decisions of Council can be reported upon.
2. A Chair of the meeting will be appointed at each meeting of the Staff Council on a rotating basis.
3. Minutes of the Staff Council meetings shall be taken and circulated for approval at the next meeting of the Staff Council.

TERMS OF REFERENCE

STAFFING SUB-COMMITTEE

MEMBERSHIP

1. Membership of the Staffing Sub-Committee to be five Councillors to be appointed annually by Finance and Management Committee.
2. Quorum for the Staffing Sub Committee to be three.
3. The Chair of the Sub-Committee will be elected at the first meeting of the Staffing Sub-Committee held in each municipal year.

RESPONSIBILITIES

1. To oversee all employment issues and working arrangements for staff employed by the Council and to make such recommendations as it feels necessary to Finance and Management Committee.
2. To arrange for appropriate annual staff appraisals, consider ongoing training requirements, arrange for job evaluations and salary reviews of all staff as required and to submit these to Finance and Management Committee.
3. To monitor and oversee appropriate pension provision for employees.
4. To consider any other issues relating to staffing matters as may be referred to it by Finance and Management Committee.

GOVERNANCE

1. The Staffing Sub-Committee will act in accordance with its own terms of reference and also any such directions given to it by Finance and Management Committee in accordance with the Council's Standing Orders and Financial Regulations.
2. The Staffing Sub-Committee is a sub-committee of the Finance and Management Committee and all recommendations of the Sub-Committee will in the first instance be reported to the main Committee for approval or otherwise.
3. The Staffing Sub-Committee will meet at least once annually and may meet as often as it deems appropriate to carry out its functions.
4. The Clerk/Deputy Clerk will service the Sub-Committee correspondence, Minutes and any other documentation.

5. Minutes will be taken and distributed for agreement at the next Sub-Committee meeting.

TERMS OF REFERENCE

POLICY REVIEW SUB-COMMITTEE

MEMBERSHIP

1. The Policy Review Sub-Committee shall consist of 3 members.
2. The members will be elected by the Finance and Management Committee and will be reviewed on an annual basis.
3. The quorum shall be 2 members.
4. The Sub-Committee shall appoint a Chair at its first meeting in each municipal year.

SCOPE

1. The Sub-Committee will be responsible for assessing and reviewing all Town Council Policies and Procedures and making any appropriate recommendations to Finance and Management Committee.
2. The Sub-Committee will draw up a register of all Policies and Procedures and establish appropriate timescales for each to be reviewed for suitability and compliance with changes in legislation.
3. To carry out any other such duties in accordance with a resolution from Finance and Management Committee.

GOVERNANCE

1. The Policy Review Sub-Committee is a sub committee of Finance and Management Committee and will report any recommendations to this Committee in the first instance.
2. The Sub-Committee shall meet at least once annually and at such other times as are deemed necessary to fulfil its functions.
3. The Sub-Committee shall be administered by the Town Clerk/Deputy Clerk.
4. Minutes of meetings will be taken and approved at the following meeting of the Sub-committee or by Full Council whichever meeting comes first.