



**ISSUES ARISING REPORT FOR
Penmaenmawr Town Council
Audit for the year ended 31 March 2019**

Introduction

The following matters have been raised to draw items to the attention of Penmaenmawr Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2019.

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;

Issues Raised

- Internal Auditor's recommendations
 - Budget
 - Additions in prior year not included in Annual Return
 - Public Interest Report - 17 October 2019
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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.

The council have included other costs within staff costs in box 4. Therefore, other payments are understated and salary costs are overstated.

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

Internal Auditor's recommendations

What is the issue?

The internal auditor has noted a number of recommendations in the financial systems of the council.

Why has this issue been raised?

The council is exposed to the risks associated with these recommendations.

What do we recommend you do?

The council must implement the recommendations made by the internal auditor to improve the financial systems of the council as soon as possible or in any event before the end of the current financial year.

If the council addresses all the issues raised by the internal auditor the council should improve internal controls which will help to prevent and detect error and fraud and assist the council to operate in an effective and efficient manner.

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

Budget

What is the issue?

Although a precept was set by the due date and the council did prepare a budget to support this, the budget document did not take into consideration the level of reserves held by the Council.

Why has this issue been raised?

The council may have contravened Part 1, Chapter IV, Para 50(1) of the Local Government Finance Act 1992 which states that every authority must 'make calculations required' under the 'calculation of budget requirement'.

What do we recommend you do?

The council must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. Consideration of the level of reserves held should be made.

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

Additions in prior year not included in Annual Return

What is the issue?

The council have not included asset additions which were purchased in previous years in box 12 of the Accounting Statements of the Annual Return.

Why has this issue been raised?

The value of fixed assets included in the Annual Return could have been understated.

What do we recommend you do?

The council must ensure that the value of its fixed assets is correctly stated in the Accounting Statements of the Annual Return. The value of all fixed assets recorded in the fixed assets register is measured at cost value. Assets may comprise of land, buildings, plant and equipment, vehicles, notice boards, street furniture etc., property that will be of economic benefit to the council over a period substantially longer than one financial year.

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

Public Interest Report - 17 October 2019

What is the issue?

The Auditor General for Wales issued a report in the public interest on 17 October 2019 in relation to the audit for the year ended 31 March 2018.

Why has this issue been raised?

This is note for the readers of the accounts.

What do we recommend you do?

No further action is required

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

Not applicable

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 11 September 2020
