WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

# Smaller local government bodies in Wales
## Annual Return for the Year Ended 31 March 2017

Pembrokeshire County Council
Tenby & Lower Fishguard Harbours' Authority
Annual Return for the year ended
31 March 2017

20th July 2017

Harbours Act 1964

The detailed accounting requirements relating to harbour authorities in Wales and England are set out in the Harbours Act 1964 (the 1964 Act).

Section 42(1) of the 1964 Act sets out that statutory harbour undertakings (such as local authorities that are also harbour authorities) are required to prepare an annual statement of accounts relating to harbour activities. Section 42(3) states that this requirement is not met by the preparation of accounts that covers matters in addition to harbour activities.

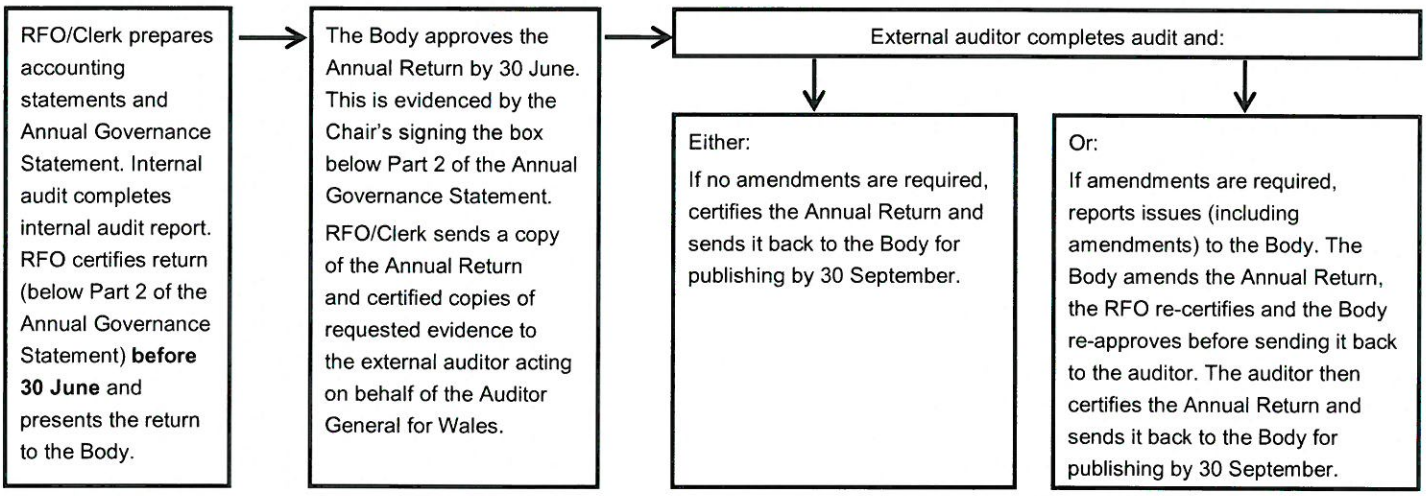
The accounting requirements of section 42 of the 1964 Act vary depending on the size of the harbour authority. Harbour authorities with activities below a threshold of £6.5m turnover can determine their own reasonable basis of financial reporting to comply with the requirement of the Harbours Act 1964 to prepare an annual statement of accounts relating to harbour activities.

The income and expenditure account and statement of balances for the year ended 31 March 2016 have been prepared in the form of an annual return for Pembrokeshire Harbour Authority as set out in Governance and Accountability for Local Councils in Wales: A Practitioners' Guide.

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

## The accounts and audit process

The accounts and audit arrangements follow the process as set out below.




**Please complete all sections highlighted in red**. Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. **Please note that copies of all documents provided for the purposes of the audit must be certified as true copies of the originals by the Clerk and Chair.** Unless requested, please **do not** send any original financial or other records to the external auditor.

Bodies should note the changes to the Annual Governance Statement. This is to be completed in full by all Bodies.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

## Completion checklist

| 'No' answers mean that you may not have met requirements | | Done? | |
|---|---|---|---|
| **Initial submission to the external auditor** | | **Yes** | **No** |
| **Accounts** | Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2016? | ◉ | ○ |
| | Do the accounts add up and does the balance carried forward from last year equal the opening balance this year? | ◉ | ○ |
| | Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year? | ◉ | ○ |
| | Does the bank reconciliation as at 31 March 2016 agree to line 9? | ◉ | ○ |
| **All sections** | Have all red boxes been completed and explanations provided where needed? | ◉ | ○ |
| **Supporting evidence** | Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor. | ◉ | ○ |

# Accounting statements 2016-17 for:

**Name of body:** Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority

| | Year ending | | Notes and guidance for compilers |
|---|---|---|---|
| | 31 March 2016 (£) | 31 March 2017 (£) | Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year. |
| **Statement of income and expenditure/receipts and payments** | | | |
| 1. Balances brought forward | 262,379 | 304,439 | Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year. |
| 2. (+) Income from local taxation/levy | 0 | 0 | Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies. |
| 3. (+) Total other receipts | (165,536) | (174,724) | Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants. |
| 4. (-) Staff costs | 93,293 | 91,733 | 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 related expenses e.g. termination costs. |
| 5. (-) Loan interest/capital repayments | 0 | 0 | Total expenditure or payments of capital and interest made during the year on external borrowing (if any). |
| 6. (-) Total other payments | 114,303 | 112,227 | Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5). |
| 7. (=) Balances carried forward | 304,439 | 333,675 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6). |
| **Statement of balances** | | | |
| 8. (+) Debtors and stock balances | (290,083) | (319,410) | **Income and expenditure accounts only:** Enter the value of debts owed to the body and stock balances held at the year-end. |
| 9. (+) Total cash and investments | 0 | 0 | **All accounts:** The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation. |
| 10. (-) Creditors | (14,356) | (14,265) | **Income and expenditure accounts only:** Enter the value of monies owed by the body (except borrowing) at the year-end. |
| 11. (=) Balances carried forward | (304,439 | (333,675) | **Total balances should equal line 7 above:** Enter the total of (8+9-10). |
| 12. Total fixed assets and long-term assets | 2,889,999 | 2,696,571 | The **original** asset and investment register value of all fixed assets and any other long-term assets held as at 31 March. |
| 13. Total borrowing | 0 | 0 | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB). |

| | Yes | No | N/A | Yes | No | N/A | |
|---|---|---|---|---|---|---|---|
| 14. Trust funds disclosure note | ○ | ○ | ◉ | ○ | ○ | ◉ | The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions). |

## Annual Governance Statement (Part 1)

We acknowledge as the members of the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

| | Agreed? | | 'YES' means that the Council/Board/Committee: | PG Ref |
|---|---|---|---|---|
| | Yes | No* | | |
| **1.** We have put in place arrangements for:<br>• Effective financial management during the year, and<br>• The preparation and approval of the accounting statements | ◉ | ○ | Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law. | 6, 12 |
| **2.** We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness. | ◉ | ○ | Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. | 6, 7 |
| **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 that could have a significant financial effect on the ability of the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority to conduct its business or on its finances. | ◉ | ○ | 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. | 6 |
| **4.** We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014. | ◉ | ○ | Has given all persons interested the opportunity to inspect and to ask questions about the Body's accounts. | 6, 23 |
| **5.** We have carried out an assessment of the risks facing the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | ◉ | ○ | Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly. | 6, 9 |
| **6.** We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor. | ◉ | ○ | 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 Body. | 6, 8 |
| **7.** 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 Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority and, where appropriate, have included them on the accounting statements. | ◉ | ○ | Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant. | 6 |
| **8.** We have taken appropriate action on all matters raised in previous reports from internal and external audit. | ◉ | ○ | Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors. | 6, 8, 23 |
| **9.** Trust funds – in our capacity as trustee, we have:<br>• Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit. | **Yes** ○ | **No** ○ | **N/A** ◉ | Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts. | 3, 6 |

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

# Annual Governance Statement (Part 2)

| | Agreed? | | 'YES' means that the Council/Board/ Committee: | PG Ref |
|---|---|---|---|---|
| | Yes | No* | | |
| 1. We have registered as an employer with HM Revenue and Customs and properly operate pay As You Earn as part of our payroll arrangements; or We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension. | (•) | ( ) | Has registered as an employer and properly operates PAYE unless all of the exemption criteria are met. | 13 |
| 2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance. | (•) | ( ) | Has kept records of payments made to employees including taxable expenses or benefits and of payments made to HMRC. | 13 |
| 3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the code. | (•) | ( ) | The body and its members have adopted and agreed to abide by a Code of Conduct as required by law. | 8 |

* Please delete as appropriate.

## Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority's approval and certification

The Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

| **Certification by the RFO** | **Approval by the** Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority |
|---|---|
| I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017. | I confirm that these accounting statements and Annual Governance Statement were approved by the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority under minute reference: |
| | COUNCIL 20/7/2017 Insert minute reference and date of meeting |
| **RFO signature:** | **Chair signature:** |
| **Name:** JONATHAN HASWELL | **Name:** CLLR PAUL HARRIES |
| **Date:** 20/7/2017 | **Date:** 20/7/2017 |

### Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority re-approval and re-certification (only required if the annual return has been amended at audit)

| **Certification by the RFO** | **Approval by the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority** |
|---|---|
| I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017. | I confirm that these accounting statements and Annual Governance Statement were approved by the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority under minute reference: |
| | Insert minute reference and date of meeting |
| **RFO signature:** | **Chair signature:** |
| **Name:** name required | **Name:** name required |
| **Date:** dd/mm/yyyy | **Date:** dd/mm/yyyy |

## Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2017 of:

Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority

### External auditor's report

~~[Except for the matters reported below]~~* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

~~[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]~~

### Other matters and recommendations

On the basis of our review, we draw the Body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the Body.

None

(Continue on a separate sheet if required.)

**External auditor's name:** ANTHONY JAMES BARRETT

**External auditor's signature:** [signature]

**Date:** 24/7/17

**For and on behalf of the Auditor General for Wales**

* Delete as appropriate.

# Annual internal audit report to:

**Name of body:** Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority

The Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority internal audit, acting independently and on the basis of an assessment of risk,
has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2017.

The internal audit has been carried out in accordance with the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority'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 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 Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority.

| | Agreed? | | | | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body) |
|---|---|---|---|---|---|
| | Yes | No* | N/A | Not covered** | |
| 1. Appropriate books of account have been properly kept throughout the year. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for. | ○ | ○ | ◉ | ○ | See Internal Audit Report |
| 7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| 8. Asset and investment registers were complete, accurate, and properly maintained. | ◉ | ○ | ○ | ○ | See Internal Audit Report |

| | Agreed? | | | | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body) |
|---|---|---|---|---|---|
| | Yes | No* | N/A | Not covered** | |
| **9.** Periodic and year-end bank account reconciliations were properly carried out. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| **10.** Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded. | ◉ | ○ | ○ | ○ | See Internal Audit Report |
| **11.** Trust funds (including charitable trusts). The Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority has met its responsibilities as a trustee. | ○ | ○ | ◉ | ○ | See Internal Audit Report |

**For any risk areas identified by the Pembrokeshire County Council Tenby & Lower Fishguard Harbours' Authority (list any other risk areas below or on separate sheets if needed) adequate controls existed:**

| | Agreed? | | | | Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body) |
|---|---|---|---|---|---|
| | Yes | No* | N/A | Not covered** | |
| **12.** Insert risk area | ○ | ○ | ◉ | ○ | |
| **13.** Insert risk area | ○ | ○ | ◉ | ○ | |
| **14.** Insert risk area | ○ | ○ | ◉ | ○ | |

* 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).

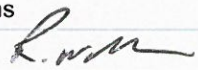
** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

[My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Pembrokeshire County Council Tenby Harbour & Lower Fishguard Harbours' Authority dated _03/07/2017.] * Delete if no report prepared.

## Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

**Name of person who carried out the internal audit:** Richard Williams

**Signature of person who carried out the internal audit:** 

**Date:** 05/06/2017

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange (**www.audit.wales/good-practice/finance/community-council-money**) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the Body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2016) equals the balance brought forward in the current year (line 1 of 2017). Explain any differences between the 2016 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**