ISSUES ARISING REPORT FOR Furneux Pelham Parish Council Audit for the year ended 31 March 2015



Introduction

The following matters have been raised to draw items to the attention of Furneux Pelham Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

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;

- Minor issues
- External auditor's report not minuted
- Risk Assessment
- Budgetary Process
- Payment authorisation

The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the council's procedures and require the council to take immediate action.

External auditor's report not minuted

What is the issue?

The external auditor's report for the year to 31 March 2014 has not been minuted as considered by the council.

Why has this issue been raised?

The council are not acting in accordance with the Audit Commission Act 1998, as transitionally saved. It is a requirement of this Act that all reports and/or recommendations made by the auditors are considered by the council.

What do we recommend you do?

The council must ensure all subsequent audit reports are reported to the council and minuted as received. If recommendations are made, an action plan should be drawn up to ensure that the recommendations are carried out.

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

Audit Commission Act 1998 - Office of Public Sector Information website Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 18.15 to 18.18

Risk Assessment

What is the issue?

The council have not carried out a risk assessment as part of its review of the effectiveness of internal control during the year.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit (England) Regulations 2011 which requires authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

What do we recommend you do?

The council must ensure that a risk assessment is carried out as part of its review of the effectiveness of internal control before the end of the financial year. This review of effectiveness of internal control and risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year.

The council should decide which risks it faces and how it is going to reduce the impact of these risks on the council's ability to provide its services. An example of the risks and how they can be handled is included in "A Practitioner's Guide" published by NALC & SLCC. An example risk table is available on our extranet to assist the council in assessing and clarifying their risks. If the council decides to utilise this table then it should be reviewed in detail, modified and adapted to the council's specific needs. If you do not have access to the internet, contact us and we can supply you with a copy.

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

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC Audit Briefing, Winter 2012 - BDO LLP

Budgetary Process

What is the issue?

Although a precept was set by the due date the council did not prepare an adequate budget to support and evidence the precept request.

Why has this issue been raised?

The council has potentially demonstrated a lack of financial control over the spending and receipt of public money and were exposed to the risk of overspending. The council may also 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. The council must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. The council should monitor the budget at least quarterly or more frequently if required. The amount of budget monitoring undertaken during the year will depend upon the size of the council and the complexity of its finances.

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

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

Payment authorisation

What is the issue?

The council have not authorised all payments under an appropriate specific item on the meeting agenda. Items raised under the heading 'Correspondence' or 'Any other business' are not recorded on the agenda as a specific item and therefore cannot be determined to have been recorded as an agenda item.

Why has this issue been raised?

This is a breach of the Local Government Act 1972 Sch 12, para 10 (2)(a) and 26 (2)(a) which specifies that the agenda of a council meeting must specify the business to be transacted at the meeting.

What do we recommend you do?

The council must ensure in future years it follows its Financial Regulations, which should include a requirement for all expenditure to be authorised by the council, or a committee delegated with the powers to do so, prior to the expenditure being incurred under an appropriate, specific heading on a meeting agenda.

The council should seek the advice of NALC and its Internal Auditor to ensure all expenditure made is authorised and within their statutory legal powers.

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

Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 7

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 council so they do not occur again in future years.

Minor issues

What is the issue?

The following issues have been raised as minor issues or omissions have been identified in the current year's Annual Return:

The comparative figures disclosed in Section 1 of the Annual Return do not agree to the audited Annual Return for the year ended 31 March 2014. The comparative figures for the year ended 31 March 2014 were restated. We have reviewed the adjustments made and we are satisfied they are correct.

Why has this issue been raised?

This is to draw these minor errors to the attention of the council.

What do we recommend you do?

The council should ensure in future years that the above minor errors or omissions are not included in the Statement of Accounts.

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

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

No other matters came to our attention.

For and on behalf of BDO LLP

Date: 21 September 2015