



ISSUES ARISING REPORT FOR
West Rainton Parish Council
Audit for the year ended 31 March 2016

Introduction

The following matters have been raised to draw items to the attention of West Rainton Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

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;

- Fixed assets
 - Internal Audit Checks
 - Minutes
-

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.

Fixed assets

What is the issue?

It has come to our attention that fixed assets have been included in box 9 at a valuation amount. All assets should be included at cost. An exercise to review all assets held is being undertaken in the current financial year.

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

Fixed assets has not been amended, therefore still includes assets held at a valuation.

Why has this issue been raised?

The accounting treatment is not in compliance with proper practices.

What do we recommend you do?

The council must ensure that the asset value in box 9 only represents the cost to the council of the assets held.

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

Governance and Accountability in Local Councils in England - A Practitioners' Guide March 2014, NALC/SLCC

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

Internal Audit Checks

What is the issue?

The Internal Auditor has answered "no" to the following tests on Section 4 in error. The internal auditor meant to answer "not applicable".

Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.

Why has this issue been raised?

A 'No' answer incorrectly indicates that the test is relevant to the smaller authority.

What do we recommend you do?

Further explanations are required where 'No' or 'Not covered' answers are given - please see notes on the bottom of section 4 of the annual return. 'N/a' should be used if the test is not relevant for the smaller authority, for example, if the council is not a trustee.

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

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

Minutes

What is the issue?

The smaller authority produced printed minutes, which were submitted for audit purposes. The pages were not initialled by the person signing the minutes.

Why has this issue been raised?

This smaller authority submitted minutes for audit purposes which were not maintained in accordance with schedule 12, paragraph 41(2) of the Local Government Act 1972.

What do we recommend you do?

The smaller authority should ensure with immediate effect that if a loose leaf minute book is maintained the loose leaf pages are consecutively numbered and initialled by the person signing the minutes.

Minutes must be maintained in accordance with the Local Government Act 1972. Loose leaf minute books are lawful but the loose leaf pages must be consecutively numbered and each page must be initialled by the person signing the minutes.

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

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

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 28 September 2016
