ISSUES ARISING REPORT FOR
Colney Heath Parish Council
Audit for the year ended 31 March 2015

BDO

Introduction

The following matters have been raised to draw items to the attention of Colney Heath 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;

- Accounting Statements
- Minutes
- Risk Assessment
- Budget monitoring
- Budget
- Minuting Approval of the Annual Return

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.

Accounting Statements

What is the issue?

Section 1 of the annual return does not add up correctly. This is due to the box 3 figure being misstated by £99.

Why has this issue been raised?

The Accounting Statements have not been prepared properly as they do not add up.

What do we recommend you do?

The council must ensure in future years that the Accounting Statements are checked to ensure they add up correctly and agree to the underlying records.

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

Minutes

What is the issue?

The council 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 council 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 council 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 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

Risk Assessment

What is the issue? and Internal Auditor

The Council have made an error in minuting the review of the risk assessment as part of its review of the effectiveness of internal control during the year.

Why has this issue been raised?

Regulation 4 of the Accounts and audit (England) Regulations 2011 requires authorities to review the effectiveness of internal control which includes arrangements for the management of risk on an annual basis.

What do we recommend you do?

The Council must ensure that the risk assessment is properly reviewed and minuted and this is resolved at a meeting at least once a year before the end of the financial year. This review is for the council to evidence as a whole that they are satisfied that all the risks facing the council have been identified and safeguards have been put in place to protect against those risks.

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

Budget monitoring

What is the issue?

The minutes of the council only evidence a comparison of actual expenditure against budget once a year.

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.

What do we recommend you do?

The council must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted as such. The council should monitor the budget at least quarterly or more frequently if required and evidences this review in the minutes.

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

Budget

What is the issue?

The precept request for the financial year 2015/16 does not agree to the budget which was prepared to support the request.

The budgeted precept as per the budget is £17,190. This number appears to exclude a '0' and as such should be £171,090, which is different from the £171,200 precept requested in the council's January minutes.

Furthermore the council's budget does not add up. The council, as per its budget, requires a precept of £172,000 in order to able to cover budgeted costs, however £171,200 was requested. This highlights weaknesses in the council's budgeting.

Why has this issue been raised?

The budgeted precept on the council's 2015/16 budget should equal the precept actually requested by the council. Additionally, the council's budget should ensure that the total anticipated costs are estimated, the total expected income is assessed, then the level of reserves held which can be utilised is offset against the difference between anticipated income and costs. The resulting difference should then be the precept required.

What do we recommend you do?

The council must ensure in the future that the budgeting weaknesses identified are addressed and that the precept requested matches the budgeted precept figure.

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

Minuting Approval of the Annual Return

What is the issue?

The minutes supplied did not specifically minute the council's approval of Section 1 - Accounting statements, Section 2 - Annual Governance Statement and the yes/no answers to Section 2.

Why has this issue been raised?

Failure to minute the approval of the Accounting Statements and the Annual Governance Statement has exposed the council to undue risk of non adoption of the Annual Return.

What do we recommend you do?

The council must ensure in future years that the minutes clearly state their acceptance of Section 1 - Accounting statements and Section 2 - Annual Governance Statement and the minutes record their specific answers to Section 2.

It is essential that minutes clearly record the decisions of the council as they are the lawful record of the events of the council meetings.

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: 30 September 2015