



ISSUES ARISING REPORT FOR
Titchmarsh Parish Council
Audit for the year ended 31 March 2017

Introduction

The following matters have been raised to draw items to the attention of Titchmarsh Parish Council. These matters came to the attention of BDO LLP during the review of the annual return for the year ended 31 March 2017. This report must be presented to a full meeting of the smaller authority for review.

The review 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;

- Responsible Financial Officer is a Councillor
 - Internal Auditor's recommendations
 - Risk Assessment
-

The following issues have resulted in the annual return being qualified. They indicate either a breach of proper practices or legislation and they require the smaller authority to take immediate action to rectify these issues.

Risk Assessment

What is the issue?

The smaller authority have not carried out and minuted 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 Regulations 2015 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 smaller authority 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 smaller authority should decide which risks it faces and how it is going to reduce the impact of these risks on the smaller authority'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 smaller authority in assessing and clarifying its risks. If the smaller authority decides to utilise this table then it should be reviewed in detail, modified and adapted to the smaller authority'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

The following issues have been raised as we have detected issues with the governance arrangements of the smaller authority. It is recommended that the smaller authority consider these matters and decide what action to take to improve the governance arrangements as soon as possible.

Responsible Financial Officer is a Councillor

What is the issue?

The responsible financial officer (RFO) of the smaller authority is a councillor.

Why has this issue been raised?

This is a potential breach of S151 of the Local Government Act 1972 which requires the smaller authority to take responsibility for making arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs.

S116 of the Local Government Act 1972 states that a member of the smaller authority cannot be appointed as an officer, unless a specific post is created under S112 of the Local Government Act 1972.

What do we recommend you do?

The smaller authority should appoint someone, other than a member of the smaller authority, to the position of RFO. The smaller authority may appoint the clerk to be the RFO if the smaller authority wishes or another person, who is not a member of the smaller authority. The appointment of a member to the position of RFO creates internal control weaknesses and internal conflicts of interest which could be avoided if the clerk was appointed to the role of RFO.

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

Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 9

Internal Auditor's recommendations

What is the issue?

The internal auditor has made a number of recommendations in respect to the financial systems of the smaller authority.

Why has this issue been raised?

The smaller authority is exposed to the risks associated with these weaknesses.

What do we recommend you do?

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

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

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

Introduction for Part B**Part B**

The following items are being brought to the attention of the clerk of Titchmarsh Parish Council. These items came to the attention of BDO LLP during the review of the annual return for the year ended 31 March 2017 but are not required to be reported to the smaller authority. These items are not considered to be either a breach of legislation or proper practices or other matters to report.

The review 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;

- Responsible Financial Officer is a Councillor
 - Internal Auditor's recommendations
 - Risk Assessment
-

The following matters are being brought to your attention as we have detected administrative matters aimed at improving the review process in the future or items that have changed that we wish you to just note. These matters are not raised as formal matters and do not require reporting to the council.

Why has this issue been raised?

This is to draw these minor errors to the attention of the smaller authority.

What do we recommend you do?

The smaller authority should ensure in future years that the above minor errors or omissions are not included in the Accounting Statements.

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 figures inserted in box 7 and 8 do not agree by £1. The accounts were prepared on a receipts and payments basis and therefore box 7 and 8 should agree.

Why has this issue been raised?

This is to draw these minor errors to the attention of the smaller authority.

What do we recommend you do?

The smaller authority should ensure in future years that the above minor errors or omissions are not included in the Accounting Statements.

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: 22 September 2017
