

ISSUES ARISING REPORT FOR
Walberswick Parish Council
Audit for the year ended 31 March 2014

BDO

Introduction

The following matters have been raised to draw items to the attention of Walberswick Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2014.

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;

- Risk Assessment
 - Internal Auditor's recommendations
 - Asset Register
 - Approval of accounts
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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.

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 ended 31 March 2014.

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

Approval of accounts

What is the issue?

The Annual Return, consisting of the accounting statements (Section 1) and annual governance statement (Section 2) was approved by council resolution at a meeting of the council on 9 June. The councillors resolved to approve the accounts with a majority vote of 3 out of 5 with two abstentions. Two councillors abstained as they had not been party to a full review of the accounting statements at an earlier meeting.

Subsequent to the approval on 9 June, further amendments were made to the accounts without the auditor's approval. The final accounts were only then approved by full council in November 2014.

Why has this issue been raised?

Regulation 13 (3)(a) of the Accounts and Audit (England) Regulations 2011 requires that the council considers 'the accounting statements by the members meeting as a whole'.

Whilst a full council meeting was held, the actual councillor consideration of the accounting statements was in effect done at a meeting prior to the full council meeting, excluding two

councillors from the review process. As a consequence, the council have not fully complied with the regulatory requirement for the consideration to be done by the members meeting as a whole.

The council have breached Regulation 23 which states 'except with the consent of the auditor, accounts and other documents must not be altered after the date on which they are first made available for inspection'.

What do we recommend you do?

The council must ensure that the accounting statements are considered by the councillors at a full council meeting. Opportunity must be given to all members to see the relevant accounting documents prior to the full council meeting and therefore are in a position to partake in the consideration and approval of the accounting statements.

The council must ensure that they do not make changes to the accounting records and accounting statements after they have been made available for inspection to the members of the public unless they are instructed to do so by the auditor.

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

Accounts and Audit (England) Regulations 2011 - legislation.gov.uk website

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.

Asset Register

What is the issue?

The council's asset register is incomplete and does not contain some or all of the following information for each asset held;

- date acquired;
- purchase cost, and
- location held.

Why has this issue been raised?

The council is at risk of not safeguarding its assets.

What do we recommend you do?

The council must update its fixed asset register to include date acquired, purchase cost and location held of each asset held as soon as possible or in any event before the end of the current financial year.

An asset register should be in existence to help ensure that the recorded value of assets and investments is, as far as possible, accurate and to ensure the council is safeguarding its assets. The accuracy of such a register should be verified by the Internal Auditor in their annual review of the internal controls of the council.

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, Spring 2011 - BDO LLP

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.

Internal Auditor's recommendations

What is the issue?

The internal auditor has noted a number of weaknesses in the financial systems of the council.

Why has this issue been raised?

The council is exposed to the risks associated with these weaknesses.

What do we recommend you do?

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

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

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: 11 December 2014
