



ISSUES ARISING REPORT FOR
Prudhoe Town Council
Audit for the year ended 31 March 2016

Introduction

The following matters have been raised to draw items to the attention of Prudhoe Town 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;

- Trust funds
 - Box 11 not completed
 - Accounts approval
 - Accounting Statements not approved by 30 June
 - Asset Register
 - Installation costs excluded from Box 9
 - Minor issues
-

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.

Accounting Statements not approved by 30 June

What is the issue?

The smaller authority failed to approve Section 2 of the Annual Return ("the accounting statements") by the deadline of the 30 June, as specified on the Annual Return and stated in Governance and Accountability for Local Councils - The Practitioners' Guide and implied in the Accounts and Audit Regulations 2015.

Why has this issue been raised?

This is a breach of proper practices as set out in the Practitioners' Guide 2016. By approving the annual return after the 30 June, the smaller authority prevented the RFO from discharging their obligations under the Accounts and Audit Regulations 2015 in respect of commencing the period for the exercise of electors' rights. This period must include the first 10 working days of July, meaning that for the 2015/16 annual return, the last possible date for approval was 30 June.

What do we recommend you do?

The smaller authority must ensure in future years that the accounting statements are signed by the RFO and then reviewed and signed as approved by the smaller authority meeting as a whole, by the latest date in order to comply with the electors rights dates, which must include the first 10 working days of July.

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

Accounts and Audit Regulations 2015 - legislation.gov.uk website
Governance and Accountability for Local Councils March 2016 - The Practitioners' Guide -
NALC/SLCC/ADA

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.

Installation costs excluded from Box 9

What is the issue?

The smaller authority has not included the full value of all fixed assets on its annual return. The council has not included the installation cost of assets in Box 9.

Why has this issue been raised?

The cost of an asset should include all costs incurred which were necessary to bring an asset to its present condition. These include installation, delivery and any other relevant costs.

What do we recommend you do?

The smaller authority must include all fixed assets owned by it in Section 2 of the Annual Return. This should be the value of all fixed assets recorded in the fixed assets register. Assets comprise of land, buildings, plant and equipment, vehicles, etc. property that will be of economic benefit to the smaller authority over a period substantially longer than one financial year.

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

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:

Section 2 of the annual return does not add up by £1.

The comparative figures disclosed in Section 2 of the Annual Return do not agree to the audited Annual Return for last year. We believe the figures have been input in error but the error does not affect the balance carried forward into the current year.

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 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.

Trust funds

What is the issue?

The council has not answered box 9 in error in Section 1 of the annual return.

Why has this issue been raised?

This is a note to the reader of the accounts and for the council to take note for future years.

What do we recommend you do?

The council should ensure in future years that it answers 'N/a', that the council does not have any responsibilities to discharge in relation to a charity.

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

Not applicable

Box 11 not completed

What is the issue?

The council has not answered box 11 in Section 2 of the annual return. We believe based on prior year information that the council should have answered 'No'.

Why has this issue been raised?

This is a note for the reader of the accounts to clarify that the council is not a sole trustee of any charities and also to ensure that the council answers this question in future. It does state on the form that no box should be left blank.

What do we recommend you do?

The council should ensure in future years that it answers 'No' to box 11, to confirm whether the council does act as the sole trustee of and is responsible for managing trust funds or assets.

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

Accounts approval

What is the issue?

The Accounts were approved after the commencement of the inspection period of the exercise of electors' rights.

Why has this issue been raised?

The Accounts and Audit Regulations 2015, reg 15(3) specifies that the Annual Governance statement must be approved. This is followed by the approval of the Accounting Statements. Both statements must be published including on a website with the notice of electors' rights. The electors' rights

period should start on the following day. The smaller authority has not complied with the Accounts and Audit Regulations 2015.

What do we recommend you do?

The Smaller Authority must ensure in future years that the electors' rights inspection period commences after the accounting statements are approved. The Smaller Authority must also consider how to answer the question concerning the electors' rights period in the Annual Governance statement next year. The period of electors' rights that they must be considering is for the 2015/16 year as that is the period that has occurred during the year.

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

Accounts and Audit Regulations 2015

Asset Register

What is the issue?

The smaller authority'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 smaller authority is at risk of not safeguarding its assets.

What do we recommend you do?

The smaller authority 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 smaller authority 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 smaller authority.

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

Governance and Accountability in Local Councils in England 2014 - A Practitioners' Guide, NALC/SLCC Audit Briefing, Spring 2011 - BDO LLP

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 12 September 2016