

**ISSUES ARISING REPORT FOR
Prudhoe Town Council
Audit for the year ended 31 March 2017**

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 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;

- Electors rights period during the year
- Fixed assets
- Asset Register

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.

Electors rights period during the year

What is the issue?

The 31 March 2016 Accounts were approved after the commencement of the inspection period of the exercise of electors' rights, which occurred during the current audit year.

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 during the year under audit.

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.

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

Accounts and Audit Regulations 2015

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 which has not been consistently applied.

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

Why has this issue been raised?

The accounting treatment is not in compliance with proper practices.

What do we recommend you do?

The Practitioners Guide states that all assets should be held at cost as reflected in the asset register. In future the smaller authority should review the current Practitioners Guide to ensure that they are accounting for assets correctly.

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 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.

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 - 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: 28 September 2017
