



ISSUES ARISING REPORT FOR  
Little Blakenham Parish Council  
Audit for the year ended 31 March 2016



## Introduction

The following matters have been raised to draw items to the attention of Little Blakenham Parish 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;

- Minor issues
  - Fixed assets included at a valuation
  - Minutes
  - Budgetary Process
  - Internal Auditor's recommendations
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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.

#### 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:

The smaller authority have incorrectly included administration expenses refunded to the clerk in box 4, staff costs. Therefore, other payments are understated and salary costs are overstated.

##### *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

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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.

#### **Fixed assets included at a valuation**

##### *What is the issue?*

It has come to our attention that fixed assets have been included in box 9 at a valuation amount. All assets should be included at cost.

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. In future the smaller authority should review the current Practitioners Guide to ensure that they are accounting for assets correctly.

The cost value of assets is not expected to change unless an asset is ever disposed of or scrapped.

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 smaller authority 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 smaller authority 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 smaller authority 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 be 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

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## Budgetary Process

### *What is the issue?*

The Internal Auditor reviewed the budgetary process and has noted that although a precept was set by the due date the smaller authority did not monitor its budget during the year.

### *Why has this issue been raised?*

The smaller authority was exposed to criticism due to the lack of evidence of budget monitoring and the risk of overspending. The smaller authority demonstrated a lack of financial control.

### *What do we recommend you do?*

The smaller authority must ensure the acceptance of the budget is minuted and it regularly reviews the actual income and expenditure against the budgeted income and expenditure. The smaller authority should monitor the budget at least quarterly or more frequently if required.

This is an essential internal control and a key aspect of the financial management of the smaller authority. Minutes must clearly record the decisions of the smaller authority as they are the lawful record of the events of its meetings. The amount of budget monitoring undertaken during the year will depend upon the size of the smaller authority and the complexity of its finances.

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

## Internal Auditor's recommendations

### *What is the issue?*

The internal auditor has made a few 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):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

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