



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

Introduction

The following matters have been raised to draw items to the attention of New Alresford 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;

- Answered 'no' to boxes 2,3 and 6 in section 1
 - Minutes
 - Budget Setting
 - Imprest Account
 - Display 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.

Answered 'no' to boxes 2,3 and 6 in section 1

What is the issue?

The council have answered no to boxes 2,3 and 6 in the annual governance statement due to a lack of control over the running of the Alresford Recreation Centre (ARC), which includes the operation of a bar.

There are few controls over the purchases, bookings or staff costs related to the ARC.

When payments are made to authorise the invoices received for the ARC there is no evidence on the invoice of it being checked to stock received nor is it initialled by those authorising the payments.

There are few controls over the clerk's imprest account which is used to fund purchases and salaries related to the ARC.

There is no business plan or budget for the ARC.

Why has this issue been raised?

Fraud and error could go undetected if controls are not adequate.

The Accounts and Audit Regulations 2015 require that there are adequate internal controls in place.

The Local Government Finance Act 1992 requires that a budget is prepared.

The lack of control over the running of the ARC has led to a profit margin of approximately 13%, whereas similar operations run by other councils are achieving a profit margin of 50%.

What do we recommend you do?

The running of the ARC should be brought under the control of the council as soon as possible. Adequate budgets should be designed and reviewed on a regular basis. There should be controls in place over the staffing and purchasing for the ARC. Employment contracts should be in place for those employed which should be approved by full council.

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

Governance and Accountability in Local Councils in England, March 2016 - A Practitioners' Guide, NALC/ADA/SLCC

The Local Government Finance Act 1992

The Accounts and Audit Regulations 2015

Budget Setting

What is the issue?

Although a precept was set by the due date and a budget was prepared, the smaller authority did not include all income streams in its budget, as the Arlebury Recreation Committee bar and hall (ARC) was excluded.

Why has this issue been raised?

The smaller authority could be criticised as it may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to decide upon a precept figure, as it did not include a significant income and expenditure stream in its budget.

What do we recommend you do?

The smaller authority must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. The smaller authority should take into consideration the level of reserves held at the end of the year when setting their precept for the upcoming year. The smaller authority should monitor the budget at least quarterly or more frequently if required. 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, March 2016 - A Practitioners' Guide, NALC/ADA/SLCC

Imprest Account

What is the issue?

There is a bank account in operation by the Council which is under the control of the clerk, who is the sole signatory. No councillors authorise payments to or from this account. During the year £417,000 was transferred into this account to cover the council's expenditure.

Why has this issue been raised?

The Council should exert control over all payments made with council funds. Once the monies are transferred into the imprest account the council no longer have control of it.

What do we recommend you do?

The account should be closed. All payments should be made from the main council controlled current account.

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

Governance and Accountability in Local Councils in England, March 2016 - A Practitioners' Guide, NALC/ADA/SLCC

Display of accounts

What is the issue?

The annual return opinion was not issued by the 30 September and therefore the smaller authority were unable to publicise completion by that date.

Why has this issue been raised?

The Accounts and Audit Regulations state that the notice of completion of the review must be displayed by the 30 September.

What do we recommend you do?

The deadline was not met due to the electors' questions which we were investigating and this delayed

us giving our opinion.

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

The Accounts and Audit Regulations 2015

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.

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

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 06 February 2017
