



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

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 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;

- Amendments to annual return
 - Alresford Recreation Centre
 - Internal auditors report
 - Budget
 - Display of accounts
-

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.

Internal auditors report

What is the issue?

The internal auditor has made a number of serious recommendations, which indicate a number of breaches of proper practices and regulations.

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
The Accounts and Audit Regulations 2015
The Local Government Finance Act 1992

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 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.

Amendments to annual return

What is the issue?

The annual return had to be returned for amendment.

Why has this issue been raised?

The annual return as submitted had not been prepared in accordance with legislation or proper practices and required amendment.

What do we recommend you do?

The smaller authority should ensure that the annual return is fully and correctly prepared in future years.

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

Budget

What is the issue?

Although a precept was set by the due date and a budget was prepared, the smaller authority did not undertake adequate budget monitoring during the financial year as the budget was inadequate and a useful comparison between budget headings could not be undertaken.

Why has this issue been raised?

The smaller authority has potentially demonstrated a lack of financial control over the spending and receipt of public money and were exposed to the risk of overspending.

What do we recommend you do?

The smaller authority has now introduced a more robust budgeting system and should now ensure that a regularly review against the actual income and expenditure is undertaken and minuted.

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

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.

Alresford Recreation Centre

What is the issue?

The Alresford Recreation Centre (ARC) was closed in March 2017. The accounting statements of the smaller authority include debtors, creditors and stock associated with the centre.

There was a lack of control over the running of the Alresford Recreation Centre (ARC), which includes the operation of a bar, while it was in operation during the year.

There are few controls over the purchases, bookings or staff costs related to the ARC and there was no business plan or budget for the ARC.

Why has this issue been raised?

The amount of debtors and stock included in the accounts may be overstated, as the amounts received for these after the year end was lower than the amount held.

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

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

What do we recommend you do?

The closure of the ARC has now removed a number of the above issues. However, the smaller authority needs to carefully consider its options for the future running of the centre.

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 Accounts and Audit Regulations 2015

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 06 November 2017
