



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

Introduction

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

- Accounting Statements not approved by 30 June
 - Fixed Assets
 - External auditor's report not minuted
 - Accounts approval
 - Section 2
 - Schedule 7
 - Approval
-

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.

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. 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 2016/17 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 - The Practitioners' Guide - NALC/SLCC/ADA

Fixed Assets

What is the issue?

The smaller authority has not included all additions or replacements of fixed assets, in the year in box 9 of Section 2 of the Annual Return

Why has this issue been raised?

The value of fixed assets included in the Annual Return appears to be under valued.

What do we recommend you do?

The smaller authority must ensure that the value of its fixed assets is correctly stated in Section 2 of the Annual Return. The value of all fixed assets must be recorded in the fixed assets register. Assets may comprise of land, buildings, plant and equipment, vehicles, notice boards, street furniture etc, property that will be of economic benefit to the meeting over a period substantially longer than one financial year.

The smaller authority must ensure that the register of assets is updated to record all additions and disposals of assets on an annual basis.

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

External auditor's report not minuted

What is the issue?

The external auditor's report for the year to 31 March 2016 has not been minuted as considered by the smaller authority.

Why has this issue been raised?

The smaller authority are not acting in accordance with Proper Practices which state that all reports and/or recommendations made by the auditors are considered by the smaller authority.

What do we recommend you do?

The smaller authority must ensure all subsequent audit reports are reported to it and minuted as received. If recommendations are made, an action plan should be drawn up to ensure that the recommendations are carried out.

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

Section 2

What is the issue?

The smaller authority has provided an explanation of why there are year on year differences in the Accounting Statements but it is insufficient and we are unable to form an opinion.

Why has this issue been raised?

The smaller authority may not be able to demonstrate an understanding of the Accounting Statements which is a requirement in the Practitioners' Guide.

What do we recommend you do?

The smaller authority should be able to fully explain any year on year differences to demonstrate an understanding of 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

Schedule 7

What is the issue?

The annual return was submitted after we had issued a schedule 7 recommendation which highlighted the requirement for an annual return to be submitted for audit.

Why has this issue been raised?

The smaller authority has a statutory obligation to submit an annual return for audit.

What do we recommend you do?

In future the smaller authority should ensure that it submits the annual return for audit by the submission date requested by the auditor. It should be noted that the smaller authority will be unable to claim exempt status next year if there income or expenditure is below £25,000 as a schedule 7 recommendation has been issued.

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

The Accounts and Audit Regulation 2015

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

Approval

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 a delay in receiving information required to form our opinion 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.

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 2016/17 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

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 22 October 2017
