



**ISSUES ARISING REPORT FOR
Ashfield cum Thorpe Parish Council
Audit for the year ended 31 March 2016**

IBDO

Introduction

The following matters have been raised to draw items to the attention of Ashfield cum Thorpe 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;

- Risk Assessment
 - Minor issues
 - Responsible Financial Officer is a Councillor
-

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.

Risk Assessment

What is the issue?

The smaller authority has not carried out a risk assessment as part of its review of the effectiveness of internal control during the year but has stated this in its annual governance statement.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit Regulations 2015 which requires smaller authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

What do we recommend you do?

The smaller authority must ensure that a risk assessment is carried out as part of its review of the effectiveness of internal control before the end of the financial year. This review of effectiveness of internal control and risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year. The review should be noted in the minutes and any adoption should be resolved by 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

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 has included grant monies received in box 2, rather than box 3, other receipts.

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

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.

Responsible Financial Officer is a Councillor

What is the issue?

The responsible financial officer (RFO) of the smaller authority is a councillor.

Why has this issue been raised?

This is a potential breach of S151 of the Local Government Act 1972 which requires the smaller authority to take responsibility for making arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has responsibility for the administration of those affairs.

S116 of the Local Government Act 1972 states that a member of the smaller authority cannot be appointed as an officer, unless a specific post is created under S112 of the Local Government Act 1972.

What do we recommend you do?

The smaller authority should appoint someone, other than a member of the smaller authority, to the position of RFO. The smaller authority may appoint the clerk to be the RFO if the smaller authority wishes or another person, who is not a member of the smaller authority. The appointment of a member to the position of RFO creates internal control weaknesses and internal conflicts of interest which could be avoided if the clerk was appointed to the role of RFO.

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

Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 9

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 02 September 2016
