



**ISSUES ARISING REPORT FOR
Billington and Langho Parish Council
Audit for the year ended 31 March 2017**

Introduction

The following matters have been raised to draw items to the attention of Billington and Langho Parish 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;

- Accounts approval
 - PAYE
 - Accounting for grants
 - Box 6 Overstated, Box 8 Understated
 - Comparatives not restated, box 1 incorrect
-

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 for grants

What is the issue?

The smaller authority have included CTS grants in the precept box, box 2 on the accounting statements.

Why has this issue been raised?

Proper practices state that only precept should be included in box 2, other grants should be included in box 3, other receipts.

What do we recommend you do?

In future the smaller authority must ensure that only precept monies are included in box 2 and all grant receipts are included in box 3, other receipts.

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

Box 6 Overstated, Box 8 Understated

What is the issue?

Un-presented cheques of £1,349 in relation to last year have been included this year. Therefore, payments are overstated and the bank figure is understated.

Why has this issue been raised?

The annual return as submitted has not been prepared in accordance with legislation or proper practices.

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

Comparatives not restated, box 1 incorrect

What is the issue?

In the prior year the authority have disclosed the amount shown on the bank statements and not the reconciled bank balance in box 8. £1,349 of un-presented cheques were omitted from box 6. Box 6 should have been £12,406, boxes 7 & 8 should have been £49,765. Therefore the brought forward is overstated by £1,349.

Why has this issue been raised?

The annual return as submitted has not been prepared in accordance with legislation or proper practices.

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 for Local Councils in England - A Practitioners' Guide

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

PAYE

What is the issue?

The smaller authority are not registered as an employer.

Why has this issue been raised?

HMRC applies a tight and restrictive definition for employee status and declared in April 2011 that clerks could not be self employed, and smaller authorities should therefore register for PAYE and National Insurance when paying clerks. The smaller authority was therefore not in compliance with the requirements during the year, as the clerk pays their own PAYE and NI on the gross salary paid.

What do we recommend you do?

It is very important that the smaller authority registers as a employer as soon as possible or at least confirms with HMRC that they do not need to register as an employer in light of the guidance issued in April 2011.

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

HMRC guidance on website

Introduction

The following items are being brought to the attention of the clerk of Billington and Langho Parish Council. These items came to the attention of BDO LLP during the review of the annual return for the year ended 31 March 2017 but are not required to be reported to the smaller authority. These items are not considered to be either a breach of legislation or proper practices or other matters to report.

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;

- Minute reference
 - Section 1 and Section 2 - Trust Funds Disclosure Note
 - All fixed assets not included in Annual Return
-

The following matters are being brought to your attention as we have detected administrative matters aimed at improving the review process in the future or items that have changed that we wish you to just note. These matters are not raised as formal matters and do not require reporting to the council.

Minute reference

What is the issue?

A minute reference has been entered in Section 1 and Section 2 which refers to the minutes as a whole rather than a specific reference.

Why has this issue been raised?

The approval of the sections has not been fully disclosed in accordance with the requirements.

What do we recommend you do?

The smaller authority must ensure that the approval of the annual return is adequately disclosed.

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 1 and Section 2 - Trust Funds Disclosure Note

What is the issue?

The smaller authority has not answered box 11 in error in Section 2 of the annual return. The smaller authority has also not answered box 9 in section 1 of the annual return.

Why has this issue been raised?

The disclosure on the annual return has not been completed. We believe, based on prior year answers, that the smaller authority should have answered 'No' for both years in section 2 and n/a to section 1.

What do we recommend you do?

The smaller authority should ensure in future years that it answers 'No' in section 2, box 11 and 'N/a' in section 1, box 9 as the smaller authority does not act as the sole trustee and is not responsible for managing trust funds or assets. If however the smaller authority does act as a sole trustee then the questions should be answered Yes.

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

All fixed assets not included in Annual Return

What is the issue?

The smaller authority has not included fixed assets, 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 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

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 17 November 2017
