



ISSUES ARISING REPORT FOR
Trimley St Martin Parish Council
Audit for the year ended 31 March 2015



BDO

Introduction

The following matters have been raised to draw items to the attention of Trimley St Martin Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

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;

- Internal auditor appointment
 - Memorial Hall
 - Accounts approval
 - Bank balances
 - Electors rights
 - Memorial Hall Ownership
 - Authorisation of payments
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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.

Accounts approval

What is the issue?

The accounts were first submitted for review on the 29 June after being approved by the council on the 23 June. The accounts submitted did not balance nor did they agree to the underlying records.

Why has this issue been raised?

The accounts had to be prepared again and re-approved at a meeting on the 25 August which is a breach of regulation 13, paragraph 3a of the Accounts and Audit (England) Regulations 2011 which states that the accounting statements shall be approved "as soon as reasonably practicable and in any event before 30 June immediately following the end of a year."

What do we recommend you do?

The council must ensure in future years that the accounting statements are properly prepared and reconciled, prior to being approved, and signed as approved, by the 30 June immediately following the end of the year.

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

Accounts and Audit (England) Regulations 2011 - legislation.gov.uk website

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.

Internal auditor appointment

What is the issue?

The internal auditor appointed by the Council was not approved by the Council until after the audit had been undertaken.

Why has this issue been raised?

The Practitioners' Guide, which are proper practices state 'It is a matter for the council to determine the necessary scope and extent of its internal audit, and when securing an internal audit service, to make sure that it is fit for the purpose for which it is required at that particular council. '

'Local councils will take into account their size and complexity when determining the way in which they will ensure that adequate internal audit arrangements are in place to meet legal requirements.'

The Council have not been able to demonstrate that it has considered the above when appointing an internal auditor.

What do we recommend you do?

The council should ensure in future years that when the appointment of the internal auditor is to be made, it fully considers the scope and extent of its internal audit and ensure it is fit for purpose. This consideration must be undertaken prior to the appointment being confirmed and the work undertaken.

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

Memorial Hall

What is the issue?

During the year the Council spent over £278k on the rebuild of the Memorial Hall yet only £81k was capitalised.

Why has this issue been raised?

In accordance with Proper Practices assets should be recorded at cost. If the Memorial Hall belongs to the Council it should be included at cost, not at an insurance valuation or an estimation of current worth.

What do we recommend you do?

The asset, if it belongs to the Council, should be included at cost. The asset register should be updated as soon as possible.

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

Bank balances*What is the issue?*

There are two cheques which clear the bank on the 9th and 10th April amounting to £25,368 which were to pay for invoices dated 13th and 20th March 2015 in relation to the Memorial Hall rebuild. In previous months the amounts were settled in the same month.

Why has this issue been raised?

As reported bank balances do not include these amounts. The level of reserves at the year end as reported on a receipts and payments basis appear higher than on an income and expenditure basis.

What do we recommend you do?

This is a note for the readers of the accounts that reserves do not include such creditors.

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

Electors rights*What is the issue?*

The council has displayed the Notice of Appointment of Date for the Exercise of Electors' Rights however the records were not made available to interested persons who requested them until the last day of the inspection period.

Why has this issue been raised?

The council could be criticised as although they have complied with Sections 15 and 16 of the Audit Commission Act 1998 and Regulation 15 of the Accounts and Audit (England) Regulations 2011, they did not make the process easy for the electors.

What do we recommend you do?

The council must ensure that it fully complies with all relevant legislation and procedures are put in place to ensure that a notice is displayed in a conspicuous place for the required period and all the records are made available to any interested person who request them.

Please note for the year ended 31 March 2016, the Accounts and Audit Regulations 2015 will require the date of inspection to be for a period of 30 working days to include the first 10 working days of July.

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

Audit Commission Act 1998
Accounts and Audit (England) Regulations 2011
Accounts and Audit (England) Regulations 2015

Memorial Hall Ownership*What is the issue?*

The Memorial Hall is also controlled by a separate charity from the Council and as such should only be included in the annual return if it is an asset of the Council. If the Council owns it as custodian trustee then it should not be included as it is held on behalf of the charity.

Why has this issue been raised?

The assets may be currently overstated as they may include an asset which is not in the ownership of the Council.

What do we recommend you do?

The Council should review the legal documents pertaining to the Memorial hall and establish if it owns the hall or just hold it as custodian trustee. If they own the Hall it should be included at original cost plus the cost of the rebuild. If they do not own the Hall it should be removed from the asset register.

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 charity Act

Authorisation of payments

What is the issue?

The following three issues were identified as evidence of weaknesses in internal control.

- 1) In accordance with standing order 54(1) 'all accounts for payment...shall be laid before the Council'. It is evident from a review of the minutes and the payments made that not all payments made in relation to the Memorial Hall were separately identified and agreed by the council.
- 2) A sound system was also acquired for the Memorial Hall at a cost of over £12k. The sound system was not subject to proper tendering procedures in accordance with the Council's standing orders on contracts.
- 3) The council agreed in a meeting on the 6 May 2014 not to pursue any claims with the insurers until after the Memorial Hall rebuild had been completed.

Why has this issue been raised?

- 1) The standing orders have not been followed in relation to the approval of payments.
- 2) Best value may not have been obtained for the sound system by not undertaking a proper tendering process.
- 3) No further claims have been made with the Insurers, yet some of the costs paid for may have been covered by the insurance.

What do we recommend you do?

- 1) The council must ensure that all payments made are fully detailed and described and agreed by the Council.
 - 2) When undertaking any purchases which exceed the limits imposed by the standing orders for contracts the Council must ensure they follow those regulations and obtain the required number of quotes and estimates and also ensure all payments are approved by the council.
 - 3) Some of the costs incurred in the rebuild may have been recoverable from the insurance company who insured the hall but these have not to date been requested by the council or the loss adjusters as the council agreed in a meeting on the 6 May 2014 not to pursue any claims until after the Memorial
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Hall rebuild had been completed. Now the Hall rebuild has been completed we would recommend that the Council review the costs incurred and request any payments that may have been covered by the insurers from them.

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: 22 January 2016