



**ISSUES ARISING REPORT FOR
Walberswick Parish Council
Audit for the year ended 31 March 2017**

Introduction

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

We request under Schedule 7 of the Local Audit and Accountability Act 2014 ("the Act"), that the following points are considered by the smaller authority. A meeting should be held in accordance with Schedule 7 para 5(5) of the Act and in accordance with Schedule 7 5(6) of the Act, the smaller authority should notify us as the auditors of the discussions and proposed action plan to deal with the issues raised.

Budget

What is the issue?

The smaller authority did not prepare a budget for the year to 31 March 2017 by the statutory deadline despite being quorate. It also did not request a precept from the Principal body, although one was paid to them in accordance with the Principal body's arrangements. The Annual Governance Statement relating to budgets was answered YES.

Why has this issue been raised?

The smaller authority has contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to calculate a budget. It is also a requirement of the Financial Regulations to prepare a budget.

As there was no budget in place no budget monitoring was undertaken during the year.

As no budget was in place then there was no agreement made to support the payments made.

What do we recommend you do?

A progress report/budget was set in November 2016 based on projections to the end of the year however, this was after the statutory required date.

The smaller authority must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. The smaller authority must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. The amount of budget monitoring undertaken during the year will depend upon the size of the smaller authority and the complexity of its finances.

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/ADA
The Local Government Finance Act 1992

Clerk/RFO appointment

What is the issue?

During the year to 31 March 2017 there was not an appointed clerk and RFO (Responsible Financial Officer) in the position for the entire year.

The smaller authority was quorate in January 2016 but did not meet until May 2016 and at that meeting they appointed a councillor to the role of RFO and another, the chairman, to the role of proper officer. Both councillors then took part in the discussions.

In August 2016 an independent person was appointed as clerk and RFO. At that same meeting the clerk/RFO resigned from post. At the meeting held on the 12 September it was minuted that the former clerk/RFO had offered to remain as RFO, which was unanimously resolved by the smaller authority.

At the 23 November meeting the RFO was made clerk and minute taker for the meeting and the Chairman was made proper officer. At this meeting the smaller authority delegated powers to the chairman to appoint someone to the role of clerk, if they 'deemed them suitable'

The March 2017 meeting was called by the new clerk whose appointment was resolved at that meeting.

Why has this issue been raised?

Part 5 of Proper Practices state that 'The proper segregation of duties means that the Chairman of the authority or of the Finance Committee should never be appointed (even on a short-term basis) either as Clerk or as RFO.' If a councillor does step into take on the role of RFO or clerk then they should not propose any resolutions or take part in any of the discussions. If a clerk, responsible financial officer or proper officer is replaced during the year the original post holder must resign from the post.

Individual councillors cannot be delegated authority to make decisions on behalf of the smaller authority. Only officers of the smaller authority and 'smaller authority committees' can be delegated powers. Decisions to appoint staff should be made by committees with delegated powers.

Only the chairman or an appointed officer can issue a summons to attend a meeting.

What do we recommend you do?

In future the smaller authority should ensure that:

- Delegated powers are only given to officers or committees of the smaller authority.
- A clerk and RFO has now been appointed but if the smaller authority should ever find itself without a clerk or RFO it is important that the position is not filled by the chairman.
- If a councillor does step into the role of clerk or RFO they must not take part in discussions or the decision making process.

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

The Local Government Act 1972

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

Electors rights

What is the issue?

The 31 March 2016 Accounts were approved after the commencement of the inspection period of the exercise of electors' rights, which occurred during the current audit year.

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 during the year under audit.

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.

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

Accounts and Audit Regulations 2015

Electors rights

What is the issue?

The accounts were approved on the 5 June 2017 by the smaller authority. However, the annual return was not correctly displayed on the website with the required notices to commence the electors rights period the following day.

Why has this issue been raised?

The Accounts and Audit Regulations 2015 specify at paragraph 15(2) that

'The responsible financial officer for a relevant authority must, on behalf of that authority, publish (which must include publication on the authority's website)–

(a) the statement of accounts, accompanied by–

(i) a declaration, signed by that officer to the effect that–

(aa) the status of the statement of accounts is unaudited and that the statement of accounts as published may be subject to change

(ii) the annual governance statement prepared in accordance with regulation 6(1)(b), whether or not that statement has been approved in accordance with regulation 6(2)(b) or 6(3)(b) (as the case may be); and

(iii) where the authority in question is a Category 1 authority, the narrative statement prepared in accordance with regulation 8;

(b) a statement that sets out–

(i) the period for the exercise of public rights;

(ii) details of the manner in which notice should be given of an intention to inspect the accounting records and other documents;

(iii) the name and address of the local auditor;

(iv) the provisions contained in section 26 (inspection of documents etc.) and section 27 (right to make objections at audit) of the Act, as they have effect in relation to the authority in question; and

(v) in the case of a Category 2 authority with exempt status, the provisions contained in section 25 of the Act (inspection of documents etc.) as they have effect in relation to the authority in question.

What do we recommend you do?

The smaller authority must ensure it complies with the Accounts and Audit Regulations 2015 and displays the annual return on the website with the required notices. 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):

The Accounts and Audit Regulations 2015

2015/16 Schedule 7 report

What is the issue?

We issued a schedule 7 report in the prior year which was considered during the 2016/17 audit year. After the report was considered by the smaller authority we were not notified of these decisions and

a notice containing a summary of those decisions was not approved by us.

Why has this issue been raised?

The Local Audit and Accountability Act 2014 states:

10(1) As soon as is practicable after making decisions under paragraph 5(6) or (7) or 6(6), a relevant authority must—

- (a) notify the authority's local auditor of those decisions, and
- (b) publish a notice containing a summary of those decisions which has been approved by the auditor.

We have therefore raised further schedule 7 recommendations this year.

What do we recommend you do?

When this year's schedule 7 recommendations are considered by the smaller authority they should contact us with a summary of their decisions made for us to approve prior to them being displayed on their website.

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

The Local Audit and Accountability Act 2014

Summons for meetings

What is the issue?

For two of the meetings during the year the summons was posted on the website but no associate papers were provided. For another meeting the summons and the papers were not posted on the website but were displayed on a notice board.

Why has this issue been raised?

The Local Government Act 1972 states that when summons are issued they must detail down the business to be transacted. Without disclosing the agenda papers that accompany the summons then the business to be transacted may not be apparent.

What do we recommend you do?

In future the clerk/RFO must ensure that the summons clearly details the business to be transacted and all papers are provided along with the summons.

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

The Local Government Act 1972

Fixed Assets

What is the issue?

The value of assets included in the accounting statements may include items that are not the property of the smaller authority, but are leased from a local charity.

Why has this issue been raised?

The Practitioners' Guide, which is proper practices for smaller authorities, contains no guidance in relation to leased assets. It refers to payments going out the cash book being included in the asset register. We are not aware that any money has been paid for these asset apart from a minimal

annual lease cost.

What do we recommend you do?

The smaller authority should review the asset register and ensure it reflects all assets owned by the smaller authority and ensure it complies with Proper Practices.

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

Grant monies

What is the issue?

During the year the smaller authority received grant monies. However the minutes of the smaller authority do not evidence that any resolution was made to apply for the funding, although the minutes do imply that grant monies may be received.

Why has this issue been raised?

The smaller authority can only take actions which have been resolved by a meeting of the body. If no resolution had been made then no grant applications should have been made.

What do we recommend you do?

In future, the smaller authority must ensure that all decisions taken by the body are proposed and resolved by a meeting of the body. If this is not done and recorded in the minutes of the smaller authority then no action should be taken.

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

The Good Councillors Guide
The Local Government Act 1972

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

Payments made*What is the issue?*

During the year the smaller authority incurred costs for the maintenance of land they lease from a local charity. From a review of the minutes of the year and previously no delegated authority could be found to give authority to anyone to sign a lease on behalf of the smaller authority.

A minute was made in June 2017 'Councillors to retroactively adopt the lease from WCLC that was signed and effective as of 2009 but had not been subject to formal adoption by WPC. '

Why has this issue been raised?

Before any payments are made the smaller authority should ensure that a valid lease, which has been resolved by the smaller authority and adopted by them, is in place. Although the smaller authority have the power to incur the costs it may not have had a liability to the leaseholder to fulfil.

What do we recommend you do?

The agreement dated 2009 provided was only signed by the smaller authority. Action should be taken to obtain a copy signed by both parties.

In future if any agreements are to be entered into the smaller authority must ensure that they are discussed and resolved by the smaller authority before adoption.

In future, before any payments are made on any land leased by the smaller authority they should ensure that a valid agreement is in place.

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

The Local Government Act 1972

The Local Government (Miscellaneous Provisions) Act 1976

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 29 November 2017
