



ISSUES ARISING REPORT FOR
St Brides Minor Community Council
Audit for the year ended 31 March 2017

Introduction

The following matters have been raised to draw items to the attention of St Brides Minor Community Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2017.

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's recommendations
 - Bank reconciliations
 - Appropriate books of account not maintained
 - Risk Assessment
 - Website contents
 - Code of Conduct
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The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the body's procedures and require the body to take immediate action.

Appropriate books of account not maintained

What is the issue?

The internal auditor has noted that appropriate books of account have not been maintained throughout the year. Maintaining accurate and detailed books of account is part of the council's responsibility to maintain an effective system of internal financial control.

Why has this issue been raised?

The council should be maintaining accurate records of income and expenditure as part of its fiduciary duties and part of its system of internal financial control.

What do we recommend you do?

The council must ensure that it maintains adequate financial records to record its financial activities. As a minimum the council must ensure a cashbook is maintained supported by corresponding invoices, remittances or other documentation to support the relevant receipts and payments. Reconciliations of the bank account must also be undertaken and budget monitoring should also be in place.

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

One Voice Wales website (www.onevoicewales.org.uk)

Governance and Accountability in Local Councils in Wales - A Practitioners Guide, OVW/SLCC

Risk Assessment

What is the issue?

The council did not undertake a review of their system of internal control which includes arrangements for the management of risks faced during the year.

Why has this issue been raised?

This is a breach of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 which requires authorities to provide arrangements for the management of risk.

What do we recommend you do?

The council must ensure a risk assessment is carried out annually before the end of the financial year. This risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year.

The council should decide which risks it faces and how it is going to reduce the impact of these risks on the council's ability to provide its services. An example of the risks and how they can be handled is included in "A Practitioner's Guide" published by One Voice Wales & SLCC. An example risk table is available on our extranet to assist the council in assessing and clarifying their risks. If the council decides to utilise this table then it should be reviewed in detail, modified and adapted to the council's specific needs. If you do not have access to the internet, contact us and we can supply you with a copy.

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

Governance and Accountability in Local Councils in Wales - A Practitioners Guide, OVW/SLCC Audit Briefing, Winter 2012 - BDO LLP

Website contents

What is the issue?

The council have a website but it does not comply with the requirements of the Local Government (Democracy) (Wales) Act 2013, section 55.

Why has this issue been raised?

This is a failure to comply with the legislation.

What do we recommend you do?

The Council must ensure that it updates its website to include all of the following items:

A community council must make available electronically information on how to contact it and, if different, its clerk including –

- a telephone number;
- a postal address;
- an email address;
- information about each of its members, including –
 - the member's name;
 - how the member may be contacted;
 - the member's party affiliation (if any);
 - the ward which the member represents (where relevant);
 - any office of the council held by the member;
 - any committee of the council to which the member belongs;
 - the minutes of the proceedings of the council's meetings and (in so far as is reasonably practicable) any documents which are referred to in the minutes and
 - any audited statement of the council's accounts.

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

Local Government (Democracy) (Wales) Act 2013

Code of Conduct

What is the issue?

The Council did not minute its acceptance of the code of conduct during the year under audit.

Why has this issue been raised?

The Welsh Government have made the Local Authorities (Model Code of Conduct) (Wales) (Amendment) Order 2016 which amends the previous Code of Conduct. All bodies were required to adopt the new code. Failure to comply with this is a breach of regulations.

What do we recommend you do?

The council should adopt the code of conduct as soon as possible and ensure all councillors comply with the code.

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

Local Authorities (Model Code of Conduct) (Wales) (Amendment) Order 2016

The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

Bank reconciliations

What is the issue?

The internal auditor has noted that bank reconciliations were not performed and reviewed on a regular basis during the year.

Why has this issue been raised?

The council has not exercised control over its bank accounts during the year exposing them to the following risks;

- errors going undetected;
- misappropriation of cash; and
- lack of financial control of the finances.

What do we recommend you do?

The council must ensure that bank reconciliations are carried out on a monthly or quarterly basis and then reviewed by the council.

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

Regulation 6 of Governance and Accountability for Local Councils in Wales - A Practitioners' Guide, OVV/SLCC

The following issue(s) have been raised to assist the body. The body is recommended to take action on the following issue(s) to ensure that the body acts within its statutory and regulatory framework.

Internal Auditor's recommendations

What is the issue?

The internal auditor has noted a number of weaknesses in the financial systems of the council.

Why has this issue been raised?

The council is exposed to the risks associated with these weaknesses.

What do we recommend you do?

The council must implement the recommendations made by the internal auditor to improve the financial systems of the council as soon as possible or in any event before the end of the current financial year.

If the council addresses all the issues raised by the internal auditor the council should improve internal controls which will help to prevent and detect error and fraud and assist the council to operate in an effective and efficient manner.

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

Governance and Accountability for Local Councils in Wales, A Practitioners' Guide - OVW/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 23 September 2017
