ISSUES ARISING REPORT FOR Mawr Community Council Audit for the year ended 31 March 2016



Introduction

The following matters have been raised to draw items to the attention of Mawr Community Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016.

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;

- Accounts not approved by 30 June
- Budget monitoring not minuted
- Risk Assessment not minuted
- Internal controls

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.

Accounts not approved by 30 June

What is the issue?

The council failed to approve Section 1 of the Annual Return ("the accounts") by the statutory deadline of the 30 June although it was certified by the RFO.

Why has this issue been raised?

This is a breach of regulation 15, paragraph 2 of the Accounts and Audit (Wales) Regulations 2014 which states that the accounts 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 accounts are approved, and signed as approved, before the 30 June immediately following the end of a year.

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

Accounts and Audit (Wales) Regulations 2014 - legislation.gov.uk website

Risk Assessment - not minuted

What is the issue?

The council has not minuted its review of effectiveness of internal control including its risk assessment during the year.

Why has this issue been raised?

This is a breach of regulation 5 para 3(b) of the Accounts and Audit (Wales) Regulations 2014 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 council must ensure that the risk assessment is reviewed and this review is minuted at least once a year before the end of the financial year. This review is for the council to evidence as a whole that they are satisfied that all the risks facing the council have been identified and safeguards have been put in place to protect against those risks.

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

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.

Internal controls

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 have resolved to implement the recommendations made by the internal auditor to improve the financial systems of the council. The council must ensure this is undertaken 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 in Local Councils in Wales - A Practitioners Guide, NALC/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.

Budget monitoring not minuted

What is the issue?

Although a precept was set by the due date and a budget was prepared the council, there is no evidence recorded in the minutes of the council, monitoring of actual income and expenditure against the budget.

Why has this issue been raised?

The council has potentially demonstrated a lack of financial control over the spending and receipt of public money and were exposed to the risk of overspending.

What do we recommend you do?

The council must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. We recommend that the council monitors the budget at least quarterly or more frequently if required. The amount of budget monitoring undertaken during the year will depend upon the size of the council 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 Wales - A Practitioners' Guide, OVW/SLCC

No other matters came to our attention.

For and on behalf of BDO LLP

Date: 29 September 2016