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



Introduction

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

- Minor issues
- Budget
- No engagement letter with internal auditor
- Internal Audit Checks
- Internal Audit Checks

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.

No engagement letter with internal auditor

What is the issue?

The council have been unable to provide a copy of an engagement letter with the internal auditor. The engagement letter should be provided by the internal auditor on initial appointment and updated periodically.

The engagement letter should agree the expectations of the two parties and should include the following:

- roles and responsibilities
- audit planning, scope and timing
- reporting requirements
- assurance around independence and competence
- access to information, members and officers
- remuneration

Why has this issue been raised?

In the absence of such a letter or similar document, the council cannot be certain that the internal auditor will fully meet their expectations and comply with the requirements of the Accounts and Audit Regulations. The engagement letter confirms expectations of the internal auditor and the council.

What do we recommend you do?

The council must ensure that an engagement letter or similar document is agreed prior to the commencement of the appointment for the next audit year. The letter or document should as a minimum set of the scope of the assignment to ensure all parties concur.

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

Internal Audit Checks

What is the issue?

The Internal Auditor has not provided detail of the work undertaken for the following test(s) on Section 4 which we consider relevant to the council.

The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Why has this issue been raised?

Failure to undertake these tests result in an incomplete internal audit being undertaken and the council could be exposed to risks in these areas.

What do we recommend you do?

The above tests should be carried out in future years by the Internal Auditor. The council should

ensure he/she provides a full report to the council to ensure all the activities are properly carried out and recorded.

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

Internal Audit Checks

What is the issue?

The Internal Auditor has not answered the following test(s) on Section 4 which we consider relevant to the council.

The council/board/committee has met its responsibilities as a trustee.

Why has this issue been raised?

Failure to undertake these tests result in an incomplete internal audit being undertaken and the council could be exposed to risks in these areas.

What do we recommend you do?

The above tests should be carried out in future years by the Internal Auditor. The council should ensure he/she provides a full report to the council to ensure all the activities are properly carried out and recorded.

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 as there are minor errors on the annual return which we wish to draw to the attention of the body so they do not occur again in future years.

Minor issues

What is the issue?

The following issues have been raised as minor issues or omissions have been identified in the current year's Annual Return:

Section 1 of the annual return does not add up by £1.

Why has this issue been raised?

This is to draw these minor errors to the attention of the council.

What do we recommend you do?

The council should ensure in future years that the above minor errors or omissions are not included in the Accounting Statements.

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. 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

What is the issue?

Although a precept was set by the due date and the council did prepare a budget to support this, the budget document did not take into consideration the level of reserves held by the Council.

Why has this issue been raised?

The council may have contravened Part 1, Chapter IV, Para 50(1) of the Local Government Finance Act 1992 which states that every authority must 'make calculations required' under the 'calculation of budget requirement'.

What do we recommend you do?

The council 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. Consideration of the level of reserves held should be made.

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: 12 August 2016