



**ISSUES ARISING REPORT FOR
Llanferres Community Council
Audit for the year ended 31 March 2020**

Introduction

The following matters have been raised to draw items to the attention of Llanferres Community Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2020.

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;

Issues Raised

- Responsible Financial Officer certification after approval by council
 - Accounting Statements - Trust Funds Disclosure Note
 - Internal Auditor's recommendations
 - Fixed assets omitted from annual return
 - Gift to an individual under S137
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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.

Responsible Financial Officer certification after approval by council

What is the issue?

The RFO failed to certify the Accounting Statements of the Annual Return ("the accounts") before approval by the Council.

Why has this issue been raised?

This is a breach of regulation 15, paragraph 1 of the Accounts and Audit (Wales) Regulations 2014 which states that the accounts shall be certified by the RFO before the accounts are approved by the council meeting as a whole before the 30 June immediately following the end of a year."

What do we recommend you do?

The RFO must ensure in future years that the accounts are certified, and signed as certified, before the council meeting as a whole approve the accounts 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

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.

Accounting Statements - Trust Funds Disclosure Note

What is the issue?

The council has not answered box 14 in error in the Accounting Statements of the annual return. We believe based on prior years information that the council should have answered 'N/a' for both years.

Why has this issue been raised?

The disclosure on the annual return has not been completed, as we believe that the council is not the sole trustee of any charities.

What do we recommend you do?

The council should ensure in future years that it answers 'No', that the council does not act as the sole trustee for and is not responsible for managing trust funds or assets.

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

Governance and Accountability in Local Councils in Wales - A Practitioners' Guide, OWW/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 some recommendations in the financial systems of the council.

Why has this issue been raised?

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

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

Fixed assets omitted from annual return

What is the issue?

The council have not included asset additions which were purchased in previous years in box 12 of the Accounting Statements of the Annual Return.

Why has this issue been raised?

The value of fixed assets included in the Annual Return could be understated.

What do we recommend you do?

The council must ensure that the value of its fixed assets is correctly stated in the Accounting Statements of the Annual Return. The value of all fixed assets recorded in the fixed assets register is measured at cost value. Assets may comprise of land, buildings, plant and equipment, vehicles, notice boards, street furniture etc., property that will be of economic benefit to the council over a period substantially longer than one financial year.

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

Gift to an individual under S137

What is the issue?

The smaller authority authorised a payment for a gift to an individual.

Why has this issue been raised?

This may be an unlawful payment as the smaller authority does not have the statutory power to make a payment for a gift to an individual except under circumstances where the gift is made out of an authorised, pre-budgeted Chairman's allowance.

What do we recommend you do?

The smaller authority must review its policy to pay such gifts in order to maintain compliance with statutory regulations. Further advice should be sought from your local representative of NALC in respect to this matter.

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
NALC representative, NALC website - (www.nalc.gov.uk)

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 19 November 2020
