



**ISSUES ARISING REPORT FOR
Rogerstone Community Council
Audit for the year ended 31 March 2018**

Introduction

The following matters have been raised to draw items to the attention of Rogerstone Community Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2018.

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;

- Approval of the annual return
 - No engagement letter with internal auditor
 - Precept request
 - Accounting Statements - Trust Funds Disclosure Note
 - Expenditure powers - S137 power incorrectly used
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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.

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

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.

Approval of the annual return

What is the issue?

The council have not entered the minute reference and date for the approval of the accounting statements and annual governance statement.

The council have confirmed that the minute reference and date of approval was 10.4 7 June 2018.

Why has this issue been raised?

The annual return has not been fully completed in accordance with requirements.

What do we recommend you do?

The council must ensure that all relevant boxes are fully complete before submitting the annual return for audit.

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

Precept request

What is the issue?

Although a precept was set by the due date and a budget was prepared the council did not minute, as evidence, the actual amount of the precept requested from the billing authority.

Why has this issue been raised?

The council could be criticised as it may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every council must make calculations to decide upon a precept figure, as it has no evidence that it did prepare and accept a budget.

What do we recommend you do?

The council must ensure the review and acceptance of the budget is minuted and the amount of precept requested from the billing authority is clearly minuted, as the minutes are the lawful record of the events of its meetings.

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

Expenditure powers - S137 power incorrectly used

What is the issue?

Payments were made to one or more of the following: a local social, sports or youth club(s) which could have been authorised under S19 of the Local Government (Miscellaneous Provisions) Act 1976, power to provide recreational facilities within and outside of the area.

Why has this issue been raised?

The council incorrectly recorded items as Section 137 payments when other statutory powers existed. A payment cannot be recorded under S137 if another statutory powers exists.

What do we recommend you do?

The council must ensure in future years that it reviews the list of statutory powers available to council to establish if a power exists before relying on S137 to authorise a payment. The statutory power being used to authorise expenditure should be recorded alongside the item to demonstrate the council has properly followed its standing orders and financial regulations.

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
One Voice Wales representative, One Voice Wales website - (www.onevoicewales.org.uk)
Audit Briefing, Spring 2010, BDO

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 27 September 2018
