



ISSUES ARISING REPORT FOR  
Hamble-le-Rice Parish Council  
Audit for the year ended 31 March 2016

## Introduction

The following matters have been raised to draw items to the attention of Hamble-le-Rice Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

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;

- Accounting Statements not approved by 30 June
  - Accounts approval
  - Risk Assessment
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The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the council's procedures and require the council to take immediate action.

#### **Accounting Statements not approved by 30 June**

##### *What is the issue?*

The smaller authority failed to approve Section 2 of the Annual Return ("the accounting statements") by the deadline of the 30 June, as specified on the Annual Return and stated in Governance and Accountability for Local Councils - The Practitioners' Guide and implied in the Accounts and Audit Regulations 2015.

##### *Why has this issue been raised?*

This is a breach of proper practices as set out in the Practitioners' Guide 2016. By approving the annual return after the 30 June, the smaller authority prevented the RFO from discharging their obligations under the Accounts and Audit Regulations 2015 in respect of commencing the period for the exercise of electors' rights. This period must include the first 10 working days of July, meaning that for the 2015/16 annual return, the last possible date for approval was 30 June.

##### *What do we recommend you do?*

The smaller authority must ensure in future years that the accounting statements are signed by the RFO and then reviewed and signed as approved by the smaller authority meeting as a whole, by the latest date in order to comply with the electors rights dates, which must include the first 10 working days of July.

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

Accounts and Audit Regulations 2015 - [legislation.gov.uk](http://legislation.gov.uk) website  
Governance and Accountability for Local Councils March 2016 - The Practitioners' Guide - NALC/SLCC/ADA

#### **Risk Assessment**

##### *What is the issue?*

The smaller authority have not carried out and minuted a risk assessment as part of its review of the effectiveness of internal control during the year.

##### *Why has this issue been raised?*

This is a breach of regulation 4 of the Accounts and Audit Regulations 2015 which requires authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

##### *What do we recommend you do?*

The smaller authority must ensure that a risk assessment is carried out as part of its review of the effectiveness of internal control before the end of the financial year. This review of effectiveness of internal control and risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year.

The smaller authority should decide which risks it faces and how it is going to reduce the impact of these risks on the smaller authority's ability to provide its services. An example of the risks and how they can be handled is included in "A Practitioner's Guide 2014 version" published by NALC & SLCC.

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An example risk table is available on our extranet to assist the smaller authority in assessing and clarifying its risks. If the smaller authority decides to utilise this table then it should be reviewed in detail, modified and adapted to the smaller authority'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 England - A Practitioners Guide, NALC/SLCC  
Audit Briefing, Winter 2012 - BDO LLP

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

#### Accounts approval

##### *What is the issue?*

The Accounts were approved after the commencement of the inspection period of the exercise of electors' rights.

##### *Why has this issue been raised?*

The Accounts and Audit Regulations 2015, reg 15(3) specifies that the Annual Governance statement must be approved. This is followed by the approval of the Accounting Statements. Both statements must be published including on a website with the notice of electors' rights. The electors' rights period should start on the following day. The smaller authority has not complied with the Accounts and Audit Regulations 2015.

##### *What do we recommend you do?*

The Smaller Authority must ensure in future years that the electors' rights inspection period commences after the accounting statements are approved. The Smaller Authority must also consider how to answer the question concerning the electors' rights period in the Annual Governance statement next year. The period of electors' rights that they must be considering is for the 2015/16 year as that is the period that has occurred during the year.

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

Accounts and Audit Regulations 2015

**No other matters came to our attention.**

For and on behalf of  
BDO LLP

Date: 26 September 2016

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