

**ISSUES ARISING REPORT FOR
Moulton Parish Council (Northamptonshire)
Audit for the year ended 31 March 2016**

Introduction

The following matters have been raised to draw items to the attention of Moulton Parish Council (Northamptonshire). 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 Basis
- Budget

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 Basis

What is the issue?

The council has prepared the accounts on the receipts and payments basis, however as this is the third year the council has exceeded the £200k threshold, the accounts should be prepared on the income and expenditure basis.

Why has this issue been raised?

Section 2 is not prepared in accordance with proper practices.

What do we recommend you do?

The council must ensure next year that the accounts are prepared on the income and expenditure basis, and the prior year figures restated on this basis.

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

Governance and Accountability in Local Councils in England 2014 - A Practitioners Guide, NALC/SLCC

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.

Budget

What is the issue?

Although a precept was set by the due date, and the smaller authority did prepare a budget to support this, the budget did not appear to take into consideration the level of reserves held by the smaller authority when calculating the precept figure.

Why has this issue been raised?

The smaller authority may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to decide upon a precept figure, which should include the review of reserves held.

What do we recommend you do?

The smaller authority 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 as the smaller authority has no power to hold reserves.

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
The Local Government Finance Act 1992

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 September 2016
