

**ISSUES ARISING REPORT FOR
Totton and Eling Town Council
Audit for the year ended 31 March 2016**

Introduction

The following matters have been raised to draw items to the attention of Totton and Eling Town 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;

- Creditors
 - Full Accounts
-

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.

Creditors

What is the issue?

The smaller authority has £223,220 (2015, £231,188) included in creditors which relate to deferred grants and other grant commuted sums.

Why has this issue been raised?

Accounting for grants in the Annual Return should not necessarily follow accepted accounting practice for the FRSSE. Creditors should only represent unspent amounts that may be repayable. The smaller authority may be deferring non-repayable grants, which may not accurately reflect that liability. Box 7 may exclude unapplied grants that could be taken to reserves.

What do we recommend you do?

The smaller authority should review the basis of all grant monies and other amounts held in creditors and only recognise the amounts that are due to be repaid, in particular derecognise any amounts that have no repayment clause. If unutilised amounts are not due to be repaid they should be taken to reserves for Annual Return purposes.

If the authority is managing and accounting for its affairs based upon the FRSSE, the Annual Return audit regime may not be the most appropriate basis to follow, as proper practices may not be being followed.

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

Full Accounts

What is the issue?

We note that the Town Council also prepares FRSSE accounts.

Why has this issue been raised?

These state that we are the auditors of the town council, but we do not audit the FRSSE accounts. These also state that the FRSSE accounts are required under the Audit and Accounts Regulations 2010, which is not correct.

What do we recommend you do?

We request that our name is removed from the FRSSE accounts.

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

Not applicable

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 02 September 2016
