



ISSUES ARISING REPORT FOR
Banbury Town Council
Audit for the year ended 31 March 2014

Introduction

The following matters have been raised to draw items to the attention of Banbury Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2014.

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
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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.

Creditors

What is the issue?

The council has £766,759 included in creditors which relate to S106 monies and other commuted sums.

Why has this issue been raised?

Accounting for grants on the Annual Return basis should not necessarily follow accepted accounting practice for the FRSSE. Creditors should only represent unspent amounts that may be repayable. The Council is using a straight line basis to best approximate the amount that may be due, which may not accurately reflect that liability. Box 7 may exclude unapplied grants that could be taken to reserves but include amounts released that may be due to be repaid.

What do we recommend you do?

Although the Council have stated that it would be impractical to identify the liability due at any time the Council should review the basis of all section 106 monies and other amounts held in creditors and only recognise the amounts that are due to be repaid, in particular 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 Council are managing and accounting for their 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 - A Practitioners' Guide, NALC/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 03 September 2014
