

**ISSUES ARISING REPORT FOR
Eldon Parish Council
Audit for the year ended 31 March 2017**



Introduction

The following matters have been raised to draw items to the attention of Eldon Parish Council. These matters came to the attention of BDO LLP during the review of the annual return for the year ended 31 March 2017. This report must be presented to a full meeting of the smaller authority for review.

The review 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;

- Reserves high

The following issues have been raised as we have detected issues with the governance arrangements of the smaller authority. It is recommended that the smaller authority consider these matters and decide what action to take to improve the governance arrangements as soon as possible.

Reserves high

What is the issue?

The balances held by the smaller authority appear high and have been building up over the years. Whilst reserves have been earmarked for specific purposes, the unearmarked, general reserves appear high.

Why has this issue been raised?

The smaller authority has no power to hold excessive reserves unless they are saving for something in particular.

What do we recommend you do?

Where general, unearmarked reserves are high, they should be reduced to a more appropriate level. The generally accepted level of reserves is usually no more than the level of the precept or one year's expenditure at the most. Some smaller authorities consider a level of only three months expenditure is adequate but the amount held varies considerably amongst smaller authorities.

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: 30 July 2017
