



ISSUES ARISING REPORT FOR
Berwick-upon-Tweed Town Council
Audit for the year ended 31 March 2016

Introduction

The following matters have been raised to draw items to the attention of Berwick-upon-Tweed 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;

- Section 2 - Trust Funds Disclosure Note
 - Minor issues
 - Minuting Approval of the Annual Return
 - Financial regulations and standing orders need updating
 - Financial Management
 - Risk Assessment - approved at a sub committee
 - Minutes
-

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.

Financial Management

What is the issue?

During the year a review of the financial management was undertaken by an independent consultant. No evidence of any improper expenditure was found but 30 recommendations were made.

Why has this issue been raised?

The report was critical and stated that the system of internal control was not fit for purpose. There are weaknesses which expose the council to significant risk.

The Accounts and Audit Regulations specify that the council is responsible for implementing internal controls that are adequate and effective.

What do we recommend you do?

It is imperative that corrective action, as recommended in the 30 recommendations made in the report, are acted upon quickly to ensure that a more robust system of internal control exists.

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

Not applicable

The following issue(s) have been raised as there are minor errors on the annual return which we wish to draw to the attention of the council so they do not occur again in future years.

Section 2 - Trust Funds Disclosure Note

What is the issue?

The council has not answered box 11 in error in Section 2 of the annual return. We believe based on the prior year information that the authority should have answered 'No'.

Why has this issue been raised?

The disclosure on the annual return has not been completed, however we believe that the council is not the sole trustee of any charities.

What do we recommend you do?

The council should ensure in future years that it answers 'No', that the council does not act as the sole trustee for and is not responsible for managing trust funds or assets.

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

Minor issues

What is the issue?

The following issues have been raised as minor issues or omissions have been identified in the current year's Annual Return:

There are empty boxes in section 2 of the annual return. We do not believe there should be any figures in these boxes but they should include a nil or zero to confirm this.

The precept figure disclosed in box 2 of the accounting statements does not agree by £20 to the notification given by the principal body.

Why has this issue been raised?

This is to draw these minor errors to the attention of the smaller authority.

What do we recommend you do?

The smaller authority should ensure in future years that the above minor errors or omissions are not included in the Accounting Statements.

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 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.

Minuting Approval of the Annual Return

What is the issue?

The minutes supplied did not specifically minute the smaller authority's approval of Section 1 - Annual Governance Statement and Section 2 - Accounting Statements.

Why has this issue been raised?

Failure to minute the approval of the Annual Governance Statement and the Accounting Statements has exposed the smaller authority to undue risk of non adoption of the Annual Return.

What do we recommend you do?

The smaller authority must ensure in future years that the minutes clearly state its acceptance of Section 1 - Annual Governance Statement, the minutes record their specific answers to Section 1 and its acceptance of Section 2 - Accounting statements.

It is essential that minutes clearly record the decisions of the smaller authority as they are the lawful record of the events of the meetings.

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

Local Council Administration, 8th Edition, Charles Arnold-Baker; Chapter 7

Financial regulations and standing orders need updating

What is the issue?

The smaller authority's Financial Regulations and Standing Orders require updating, as they do not refer to the Accounts and Audit Regulations 2015, but to an older outdated version.

Why has this issue been raised?

The smaller authority is at risk of not conducting its business legally, efficiently and effectively.

What do we recommend you do?

If the smaller authority have not yet updated the Standing Orders and Financial Regulations they must do so as soon as possible or in any event before the end of the current financial year.

The smaller authority can contact its local NALC representative who will be able to provide the smaller authority with an updated model set of Standing Orders and Financial Regulations, which incorporate the changes introduced by the Accounts and Audit Regulations 2015, which the smaller authority should review, amend if necessary and formally adopt. This adoption must be minuted and the minute reference and date recorded on the Financial Regulations for future reference.

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

NALC representative, NALC website - (www.nalc.gov.uk)

Risk Assessment - approved at a sub committee*What is the issue?*

The smaller authority has minuted its review of the internal controls which include a review of the risk assessment during the year at a sub committee of the full smaller authority.

Why has this issue been raised?

The Accounts and Audit Regulations 2015, require the approval of a risk assessment at a full meeting and not at a sub committee of the smaller authority. Although the minutes of the sub committee were reviewed by the full smaller authority, it did not minute its acceptance of the risk assessment.

What do we recommend you do?

The smaller authority must ensure in future years that the risk assessment is reviewed by a full meeting and not a sub committee.

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

The Accounts and Audit Regulations 2015

Minutes*What is the issue?*

The smaller authority produced printed minutes, which were submitted for audit purposes. The pages were not consecutively numbered or initialled by the person signing the minutes.

Why has this issue been raised?

This smaller authority submitted minutes for audit purposes which were not maintained in accordance with schedule 12, paragraph 41(2) of the Local Government Act 1972.

What do we recommend you do?

The smaller authority should ensure with immediate effect that if a loose leaf minute books is maintained the loose leaf pages are consecutively numbered and initialled by the person signing the minutes.

Minutes must be maintained in accordance with the Local Government Act 1972. Loose leaf minute books are lawful but the loose leaf pages must be consecutively numbered and each page must be initialled by the person signing the minutes.

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

Local Council Administration, 7th Edition, Charles Arnold-Baker, Chapter 7

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 September 2016
