

**ISSUES ARISING REPORT FOR
Morecambe Town Council
Audit for the year ended 31 March 2012**

Introduction

The following matters have been raised to draw items to the attention of Morecambe Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2012.

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;

- Financial regulations and standing orders need updating
 - Internal Auditor's recommendations
 - Restatement of Fixed Assets
 - Minutes
 - Error in the accounts
-

The following issue(s) have been raised to assist the readers of the annual return. They require no action to be taken by the council.

Restatement of Fixed Assets

What is the issue?

The comparative figure in box 9, total fixed assets, disclosed in Section 1 of the Annual Return does not agree to the audited Annual Return for the year ended 31 March 2011. The comparative figure in box 9 was restated and we have verified this figure. This restatement does not affect the balances carried forward into 2012.

Why has this issue been raised?

This is a note for the reader of the accounts.

What do we recommend you do?

No further action required.

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 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.

Error in the accounts

What is the issue?

The accounts in section 1 do not add down correctly to box 7. This is primarily due to an error occurring in the brought forward figure, for VAT due not being recorded as a debtor in the accounts as at 31 March 2011. The expenditure in the accounts for 31 March 2010 and 31 March 2011 was incorrectly accounted for inclusive of VAT and as a result £7,441 was not noted as a debtor at 31 March 2011. In addition to this, further smaller errors were noted in the cash book which have resulted in minor errors in the accounts being included. On the basis of the information provided, if the figures had been correctly accounted for the figures in section 1 for 2011 should be;

Box 1	£216,103
Box 6	£207,734
Box 7	£200,079

Why has this issue been raised?

The accounts have not been fully completed in accordance with proper practices.

What do we recommend you do?

The council must ensure that for the year ended 31 March 2013 it uses the figures noted above and brings forward the correct figure at 1 April 2012. The council must ensure that all accounts are fully reconciled without errors at the year end.

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

Governance and Accountability in Local Council in England - A Practitioners' Guide

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.

Financial regulations and standing orders need updating

What is the issue?

The council's Financial Regulations and Standing Orders require updating, as they do not refer to the 2011 Accounts and Audit regulations, but to an older outdated version.

Why has this issue been raised?

The council is at risk of not conducting their business legally, efficiently and effectively.

What do we recommend you do?

If the council 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 council can contact their local NALC representative who will be able to provide the council with an updated model set of Standing Orders and Financial Regulations, which incorporate the changes introduced by the Accounts and Audit (England) Regulations 2011, which the council 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)

Internal Auditor's recommendations

What is the issue?

The internal auditor has noted a number of weaknesses in the financial systems of the council.

Why has this issue been raised?

The council is exposed to the risks associated with these weaknesses.

What do we recommend you do?

The council must implement the recommendations made by the internal auditor to improve the financial systems of the council as soon as possible or in any event before the end of the current financial year.

If the council addresses all the issues raised by the internal auditor the council should improve internal controls which will help to prevent and detect error and fraud and assist the council to operate in an effective and efficient manner.

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

Minutes*What is the issue?*

The council produced printed minutes, which were submitted for audit purposes. The pages were not initialled by the person signing the minutes.

Why has this issue been raised?

This council 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 council should ensure with immediate effect that if a loose leaf minute book 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, 8th Edition, Charles Arnold-Baker, Chapter 7

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 25 September 2012
