



ISSUES ARISING REPORT FOR
Swanage Town Council
Audit for the year ended 31 March 2015

Introduction

The following matters have been raised to draw items to the attention of Swanage Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

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;

- Asset Register
 - Internal auditor recommendations
 - Bank and investments
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The following issue(s) have been raised to assist the council in improving its internal controls or working practices. The council is recommended to consider these but is under no statutory obligation to act upon them.

Asset Register

What is the issue?

The council's asset register is incomplete and does not contain some or all of the following information for each asset held;

- date acquired;
- purchase cost, and
- location held.

Why has this issue been raised?

The council is at risk of not safeguarding its assets.

What do we recommend you do?

The council must update its fixed asset register to include date acquired, purchase cost and location held of each asset held as soon as possible or in any event before the end of the current financial year.

An asset register should be in existence to help ensure that the recorded value of assets and investments is, as far as possible, accurate and to ensure the council is safeguarding its assets. The accuracy of such a register should be verified by the Internal Auditor in their annual review of the internal controls of the council.

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 Audit Briefing, Spring 2011 - BDO LLP

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.

Internal auditor recommendations

What is the issue?

The internal auditor has noted a number of recommendations to improve the financial systems of the council.

Why has this issue been raised?

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

What do we recommend you do?

The council has resolved to implement the recommendations made by the internal auditor to improve the financial systems of the council. The council must ensure this is undertaken 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

Bank and investments

What is the issue?

The council have included amounts held in the Public Sector Deposit Fund and other shares based, investment bonds and liquidity funds in box 8, bank and cash and not as an investment in box 9, fixed assets and long term investments.

Why has this issue been raised?

The Practitioners Guide, which is Proper Practices, states that 'For annual accounting purposes, all investments by local councils, other than in interest bearing savings accounts, should be identified as long-term investments and recorded as expenditure'.

The investment in the Public Sector Deposit Fund and other funds is the holding in shares, bonds or units in funds that invest on a collective basis. Although these funds invest on the money markets there may be some risk to capital values and security. In the event of any risk to capital such investments would not be considered interest bearing savings account. Therefore it may be more appropriate to remove £1,400,880 from reserves and cash at bank and report this amount as an investment.

What do we recommend you do?

The council need to determine and be able to demonstrate that the characteristics of the funds carry no risk to capital and then follow the appropriate proper practices as set out in the Practitioners Guide.

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

Governance and Accountability in Local Councils in England - A Practitioners Guide March 2014,
NALC/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 29 September 2015
