



ISSUES ARISING REPORT FOR
Mountsett Crematorium Joint Committee
Audit for the year ended 31 March 2012

Introduction

The following matters have been raised to draw items to the attention of Mountsett Crematorium Joint Committee. 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;

- Minutes
 - Financial Regulations and Standing Orders need updating
-

The following issue(s) have been raised to assist the body. The body is recommended to take action on the following issue(s) to ensure that the body acts within its statutory and regulatory framework.

Minutes

What is the issue?

The body 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 body 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 body 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

Financial Regulations and Standing Orders need updating

What is the issue?

The body'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and Standing Orders require updating, as they do not refer to the 2011 Accounts and Audit regulations, but to an older outdated version.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 body is at risk of not conducting their business legally, efficiently and effectively.

What do we recommend you do?

If the body 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 body can contact their local NALC representative who will be able to provide the body 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 body 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)

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 August 2012

Small Bodies in England

Annual return for the year ended 31 March 2012

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the body.
- **Section 3** is completed by the external auditor.
- **Section 4** is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2012.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2012, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2012.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

| | Year ending | | Notes and guidance |
|--|--------------------|--------------------|--|
| | 31 March 2011 £ | 31 March 2012 £ | |
| 1 Balances brought forward | 255,672 | 293,454 | Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year. |
| 2 (+) Income from local taxation and/or levy | 0 | 0 | Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body. |
| 3 (+) Total other receipts | 576,572 | 622,652 | Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here. |
| 4 (-) Staff costs | (110,461) | (126,529) | Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses. |
| 5 (-) Loan interest/capital repayments | 0 | 0 | Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any). |
| 6 (-) All other payments | (428,329) | (343,794) | Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5). |
| 7 (=) Balances carried forward | 293,454 | 445,783 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6) |
| 8 Total cash and short term investments | 256,955 | 440,596 | The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation. |
| 9 Total fixed assets and long term assets | 0 | 0 | The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments. |
| 10 Total borrowings | 0 | 0 | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB). |

I certify that for the year ended 31 March 2012 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:



Date

I confirm that these accounting statements were approved by the body on:

and recorded as minute reference:

Signed by Chair of meeting approving these accounting statements:



Date

Section 2 – Annual governance statement

We acknowledge as the members of MOUNTSETT CREMATORIUM JOINT COMMITTEE our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2012, that:

| | Agreed – | | 'Yes' means that the body: |
|--|----------|-----|---|
| | Yes | No* | |
| 1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. | ✓ | | prepared its accounting statements in the way prescribed by law. |
| 2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | ✓ | | made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge. |
| 3 We taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances. | ✓ | | has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so. |
| 4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. | ✓ | | during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts. |
| 5 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | ✓ | | considered the financial and other risks it faces and has dealt with them properly. |
| 6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems. | ✓ | | arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body. |
| 7 We took appropriate action on all matters raised in reports from internal and external audit. | ✓ | | responded to matters brought to its attention by internal and external audit. |
| 8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements. | ✓ | | disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant. |

This annual governance statement is approved by the body and recorded as minute reference

MINUTE REFERENCE 9

dated 15 6 2012

Signed by:

Chair

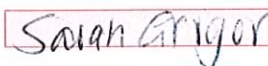


dated

15/6/2012

Signed by:

Clerk



dated

15/06/2012

***Note:** Please provide explanations to the external auditor on a **separate sheet** for each 'No' response. Describe how the body will address the weaknesses identified.

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2012 of:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2012; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

~~(Except for the matters reported below)*~~ on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.
(*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

Please see enclosed report

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

External auditor’s signature 

External auditor’s name **BDO LLP Southampton
United Kingdom**

Date **30/8/12**

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

MOLUNTSETT CREMATORIUM JOINT COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2012.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

| Internal control objective | Agreed? Please choose from one of the following | | |
|---|---|-----|---------------|
| | Yes | No* | Not covered** |
| A Appropriate accounting records have been kept properly throughout the year. | ✓ | | |
| B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ✓ | | |
| D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | ✓ | | |
| E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | ✓ | | |
| F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for. | ✓ | | |
| G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied. | ✓ | | |
| H Asset and investments registers were complete and accurate and properly maintained. | | | N/A |
| I Periodic and year-end bank account reconciliations were properly carried out. | ✓ | | |
| J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded. | ✓ | | |

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Print name of person who carried out the internal audit: AARIL WALLAGE

Signature of person who carried out the internal audit:  Date: 22 05 2012

***Note:** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2012 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guides**. These publications are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the auditor.
- 4 Do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The auditor must be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guides**.
- 6 **Explain fully** significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guides** to assist you.
- 7 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2011) equals the balance brought forward in the current year (Box 1 of 2012).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.

| Completion checklist – 'No' answers mean you may not have met requirements | | Done? |
|--|--|-------|
| All sections | All red boxes have been completed? | YES |
| | All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit. | |
| Section 1 | Approval by the body confirmed by signature of Chair of meeting approving the accounting statements? | |
| | An explanation of significant variations from last year to this year is provided? | YES |
| | Bank reconciliation as at 31 March 2012 agreed to Box 8? | |
| | An explanation of any difference between Box 7 and Box 8 is provided? | |
| Section 2 | For any statement to which the response is 'no', an explanation is provided? | |
| Section 4 | All red boxes completed by internal audit and explanations provided? | |

***Note:** *Governance and Accountability for Local Councils in England – A Practitioners' Guides*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.