

**ISSUES ARISING REPORT FOR
Portchester Crematorium Joint Committee
Audit for the year ended 31 March 2013**

Introduction

The following matters have been raised to draw items to the attention of Portchester 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 2013.

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;

- Fidelity Guarantee
 - Internal Audit Checks
 - Internal auditor's recommendations
 - Risk Assessment - approved at a sub committee
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The following issue(s) have been raised to assist the body in improving its internal controls or working practices. The body is recommended to consider these but is under no statutory obligation to act upon them.

Internal Audit Checks

What is the issue?

The Internal Auditor has entered 'Not Covered' to the following test(s) on Section 4 which we consider relevant to the body. The Internal Auditor has not stated, or noted as required on Section 4 of the Annual Return, when the most recent internal audit work was undertaken and when it is next planned in respect of these test(s), or, if coverage is not required, explained why not.

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.

Fidelity Guarantee

What is the issue?

The body has fidelity guarantee cover, however this appears to be insufficient in light of the bank balances held at 31 March 2013.

Why has this issue been raised?

A body, under S114 of the Local Government Act 1972, must take security as it considers sufficient in the case of any of its officers likely to handle its money. The body may decide that insurance is not 'sufficient' for them, but in order to come to this opinion it must have reviewed the requirement annually and have objective grounds for such a conclusion.

What do we recommend you do?

The body should consider the level of insurance cover and set it to a level that will protect the body against potential loss. The body should review the level of cover at least annually as circumstances may change throughout the year.

The amount should be sufficient to cover the maximum amount of money the body holds at any one time during the year. A body does not have to have fidelity guarantee insurance if it considers that no security is 'sufficient' but there must be objective grounds for such a conclusion.

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

Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 9.8
Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

Internal auditor's recommendations

What is the issue?

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

Why has this issue been raised?

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

What do we recommend you do?

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

If the body addresses all the issues raised by the internal auditor the body should improve internal controls which will help to prevent and detect error and fraud and assist the body 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

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

The body have minuted its review of the risk assessment during the year ended 31 March 2013 at a sub committee of the full body. These minutes were reviewed and adopted by a meeting of the body as a whole but no reference was made in these full minutes that the body as a whole had considered the risk assessment.

Why has this issue been raised?

The Accounts and Audit (England) Regulations 2011, which came into force on the 31 March 2011, require the approval of a risk assessment at a full body meeting and not at a sub committee of the body.

What do we recommend you do?

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

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

The Accounts and Audit (England) Regulations 2011

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 02 September 2013
