

**Issues Arising Report
for Bus Lane Adjudication Services Joint
Committee
Audit for the year ended
31 March 2010**



Introduction

The following matters have been raised to draw items to the attention of Bus Lane Adjudication Services Joint Committee. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2010.

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;

- Accounts not approved by 30 June 2010
- Risk Assessment
- Internal Audit Checks

The following issues have resulted in the annual return being qualified. They indicate a weakness in the body's procedures and they require the body to take immediate action.

Accounts not approved by 30 June 2010

What is the issue?

The Audit Commission appointed BDO to become auditors for the body on 23 July 2010. This late appointment has meant that the body was unable to meet the statutory deadline for the approval of the accounts.

As a consequence, the body failed to:

- approve Section 1 of the Annual Return ("Accounting statement") by the statutory deadline of the 30 June 2010;
- hold a meeting within 20 working days after the statutory deadline to consider the approval of the Accounting statement;
- approve the Accounting statement at this meeting; and
- display a notice informing the electorate why the Accounting statement could not be approved.

Why has this issue been raised?

This is a breach of regulation 10, paragraph 3a of the Accounts and Audit Regulations (Amendment) (England) 2006 which states that the Accounting statement shall be approved "as soon as reasonably practicable and in any event before 30 June immediately following the end of a year."

Paragraph 6 goes on to state that if the Accounting statement is not approved by the 30 June a meeting must be held within 20 working days after the statutory deadline to consider the approval of the Accounting statement. If the Accounting statement cannot be approved a statement must be published informing the electorate of the reason why the Accounting statement cannot be approved.

What do we recommend you do?

The body must ensure in future years that the Accounting statement is approved, and signed as approved, by the 30 June immediately following the end of the year. If this is not possible they must ensure that a meeting is held within 20 working days after the statutory deadline and if the Accounting statement cannot be approved at the meeting, a statement is published informing the electorate of the reason why the Accounting statement cannot be approved.

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

Accounts and Audit (Amendment) (England) Regulations 2006 - Office of Public Sector Information website, (www.opsi.gov.uk/si/si2006/uksi_20060564_en.pdf)
Audit Briefing, Spring 2010 - BDOSH

Risk Assessment*What is the issue?*

The body has not undertaken a full risk assessment during the year as it relies on the arrangements of the host authority.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit (Amendment)(England) Regulations 2006 which requires authorities to provide arrangements for the management of risk.

What do we recommend you do?

The body must ensure a risk assessment is carried out annually before the end of the financial year. This risk assessment should specifically relate to the body and must be reviewed and minuted by the body as evidence of the review being done before the end of the financial year.

The body should decide which risks it faces and how it is going to reduce the impact of these risks on the body's ability to provide its services. An example risk table is available on our extranet to assist the body in assessing and clarifying their risks. If the body decides to utilise this table then it should be reviewed in detail, modified and adapted to the council's specific needs. If you do not have access to the internet, contact us and we can supply you with a copy.

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

Governance and Accountability in Local Councils in England and Wales - A Practitioners Guide, NALC/OVW/SLCC
Audit Briefing, Winter 2010 - BDOSH

The following issues have been raised to assist the body in improving their 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.

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.

Why has this issue been raised?

Failure to undertake these tests result in an incomplete internal audit being undertaken and the body could be exposed to risks in these areas.

What do we recommend you do?

The above tests should be carried out in future years by the Internal Auditor. The body should ensure he/she provides a full report to the body to ensure all the activities are properly carried out and recorded.

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

Governance and Accountability in Local Councils in England and Wales - A Practitioners Guide, NALC/OVW/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 September 2010