



**ISSUES ARISING REPORT FOR  
Bus Lane Adjudication Service Joint Committee  
Audit for the year ended 31 March 2011**

## Introduction

The following matters have been raised to draw items to the attention of Bus Lane Adjudication Service Joint Committee. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2011.

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;

- Review of effectiveness of internal audit
  - Minutes
  - Internal Audit Checks
  - Internal auditor's recommendation
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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.

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 - A Practitioners Guide, NALC/SLCC

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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.

### **Review of effectiveness of internal audit**

#### *What is the issue?*

When performing their review of the effectiveness of the internal audit, the body have not addressed some/or all of the following areas:

- Scope of the internal audit
- Independence
- Competence
- Relationships
- Audit planning and reporting

These areas are important in maintaining an adequate system of internal control at the body.

#### *Why has this issue been raised?*

The review is considered to be part of the internal control procedures which are required to be reviewed under Regulation 4 of the Accounts and Audit (England) Regulations 2011.

#### *What do we recommend you do?*

The body should ensure a more robust review of the effectiveness of the internal audit is undertaken annually before the end of the financial year. This review is recommended to be undertaken when reviewing the systems of internal control and the risk assessment.

Examples of how to undertake the review can be found on our Local Council extranet. If you do not have access to the internet please contact us and a copy can be issued by post.

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

Local Council Briefing Winter 2011 - BDO LLP  
BDO Extranet - [www.bdo.co.uk/BDOSH/councils](http://www.bdo.co.uk/BDOSH/councils)

### **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

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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, 7th Edition, Charles Arnold-Baker, Chapter 7

**Internal auditor's recommendation**

*What is the issue?*

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

*Why has this issue been raised?*

The body is exposed to the risks associated with this weakness.

*What do we recommend you do?*

The body must implement the recommendation 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 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

**No other matters came to our attention.**

For and on behalf of  
BDO LLP

Date: 21 September 2011

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