



ISSUES ARISING REPORT FOR
Seaham Town Council
Audit for the year ended 31 March 2016

Introduction

The following matters have been raised to draw items to the attention of Seaham Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

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;

- Tenders
 - Display of accounts
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The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the council's procedures and require the council to take immediate action.

Display of accounts

What is the issue?

The annual return opinion was not issued by the 30 September and therefore the smaller authority were unable to publicise completion by that date.

Why has this issue been raised?

The Accounts and Audit Regulations state that the notice of completion of the review must be displayed by the 30 September.

What do we recommend you do?

The deadline was not met due to the electors' questions which we were investigating and this delayed us giving our opinion.

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

The Accounts and Audit Regulations 2015

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.

Tenders

What is the issue?

In the prior year a tender process was undertaken and in accordance with the financial regulations tenders were acquired and evaluated. The lowest tender was accepted in November 2014 and standing orders were suspended when the approval was given. During the year works were completed on the pavillion and the final invoices were paid which were in excess of the original tender. The overspends were approved by the Council.

Why has this issue been raised?

Although the overspends were approved by Council the initial tender was not sufficient enough to include all the costs. Some unforeseen issues did arise during the build which could not have been anticipated but the tender itself was not detailed enough to cover all aspects of the work required. Although the lowest tender was accepted in order to keep costs as low as possible the final costs actually exceeded those of the other tenderers.

It is a requirement of standing orders for all contracts over £25,000 that a bond be entered into for 10% of the contract value. As this was not in place the standing orders were suspended. Standing orders are there to protect the Council and the reason that they were waived is not noted in the minutes nor were the implications of the waiver.

What do we recommend you do?

In future all tenders should be evaluated in detail to ensure they are sufficient for the work required. If the council do not feel they have sufficient skills to undertake this role then outside parties should be used to ensure that a thorough evaluation is undertaken.

Standing orders should always be adhered to and if they are going to be waived the implications of the waiver should be discussed and minuted to ensure all councillors are aware of the implications.

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: 03 February 2017
