



ISSUES ARISING REPORT FOR
Seaham Town Council
Audit for the year ended 31 March 2015

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 2015.

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;

- Bank and investments
-

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.

Bank and investments

What is the issue?

The council have included amounts held in the Public Sector Deposit Fund in box 8, bank and cash and not as an investment in box 9, fixed assets and long term investments.

Why has this issue been raised?

The Practitioners Guide, which is Proper Practices, states that 'For annual accounting purposes, all investments by local councils, other than in interest bearing savings accounts, should be identified as long-term investments and recorded as expenditure'.

The investment in the Public Sector Deposit Fund is the holding in shares in a company that invests funds on a collective basis. Although the fund invests on the money markets there may be some risk to capital values and security. In the event of any risk to capital such investments would not be considered interest bearing savings account. Therefore it may be more appropriate to remove £25,152 from reserves and cash at bank and report this amount as an investment.

What do we recommend you do?

The council need to determine and be able to demonstrate that the characteristics of the fund carry no risk to capital and then follow the appropriate proper practices as set out in the Practitioners Guide.

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

Governance and Accountability in Local Councils in England - A Practitioners Guide March 2014, NALC/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 29 September 2015
