# ISSUES ARISING REPORT FOR
# Colney Heath Parish Council
# Audit for the year ended 31 March 2012

BDO

Introduction

The following matters have been raised to draw items to the attention of Colney Heath Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2012.

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
- Comparatives restated
- Asset Valuation

**The following issue(s) have been raised to assist the council in improving its internal controls or working practices. The council is recommended to consider these but is under no statutory obligation to act upon them.**

**Asset Valuation**

*What is the issue?*

The council have not included the value of all fixed assets on its annual return. There are assets on the asset register which have not been included on the return.

*Why has this issue been raised?*

The value of fixed assets could therefore be understated.

*What do we recommend you do?*

The council must include all fixed assets owned by the council in Section 1 of the Annual Return. This should be the value of all fixed assets recorded in the fixed assets register, measured at cost value. Assets comprise of land, buildings, plant and equipment, vehicles, etc property that will be of economic benefit to the council over a period substantially longer than one financial year.

Assets which are held as community assets such as playing fields which are not likely to be sold, war memorials etc should be included in the accounts at their historical cost or given a £1 value.

The cost value of assets is not expected to change unless an asset is ever disposed of or scrapped.

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

**The following issue(s) have been raised to assist the readers of the annual return. They require no action to be taken by the council.**

### Comparatives restated

*What is the issue?*

The comparative figures disclosed in Section 1 of the Annual Return do not agree to the audited Annual Return for the year ended 31 March 2011. The comparative figures for the year ended 31 March 2011 were restated because an error was identified and we have verified these revised figures. We are satisfied that the carried forward balance at 31 March 2011 is now fairly stated.

*Why has this issue been raised?*

This is a note for the reader of the accounts.

*What do we recommend you do?*

No further action required.

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

**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.**

**Fidelity Guarantee**

*What is the issue?*

The level of fidelity guarantee cover obtained by the council appears to be insufficient in light of the bank balances held at 31 March 2012 and the amount of precept subsequently received in April 2012.

*Why has this issue been raised?*

A council, 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 council 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 council should consider the level of insurance cover and set it to a level that will protect the council against potential loss. The council 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 council holds at any one time during the year. A council 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. Smaller councils may decide therefore that the cost of this insurance is disproportionate to the risk involved. If this is so the council should minute this decision annually.

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

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

For and on behalf of
BDO LLP

Date: 19 September 2012