

**Issues Arising Report
for Croxley Green Parish Council
Audit for the year ended
31 March 2009**



BDO Stoy Hayward

Introduction

The following matters have been raised to draw items to the attention of Croxley Green Parish Council. These matters came to the attention of BDO Stoy Hayward LLP during the audit of the annual return for the year ended 31 March 2009.

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
- Internal Auditor's recommendations
- Expenditure powers - S137 power incorrectly used
- Insurance

The following issues have been raised to assist the council in improving their internal controls or working practices. The council is recommended to consider these but is under no statutory obligation to act upon them.

Insurance

What is the issue?

The council does not have an adequate level of insurance for certain assets they own.

Why has this issue been raised?

The council should ensure its assets are insured at a level equal to at least their replacement value.

What do we recommend you do?

The council must consider the value of cover and increase it accordingly, if appropriate.

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

Local Council Administration, 7th Edition, Charles Arnold-Baker, Chapter 16.22.

The following issues have been raised to assist the council. The council is recommended to take action on the following issues to ensure that the council acts within its statutory and regulatory framework.

Fidelity Guarantee

What is the issue?

The council have reviewed the level of fidelity guarantee cover, however this still appears to be insufficient in light of the bank balances held at 31 March 2009 and the amount of precept then subsequently received in April 2009.

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 they must have reviewed the requirement annually and they must 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, 7th Edition, Charles Arnold-Baker, Chapter 9.8
Governance and Accountability in Local Councils in England and Wales - A Practitioners Guide, NALC/OVW/SLCC

Internal Auditor's recommendations

What is the issue?

The internal auditor has noted a number of weaknesses in the financial systems of the council.

Why has this issue been raised?

The council is exposed to the risks associated with these weaknesses.

What do we recommend you do?

The council must implement the recommendations made by the internal auditor to improve the

financial systems of the council as soon as possible or in any event before the end of the current financial year.

If the council addresses all the issues raised by the internal auditor the council should improve internal controls which will help to prevent and detect error and fraud and assist the council 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 and Wales - A Practitioners Guide, NALC/OVW/SLCC

Expenditure powers - S137 power incorrectly used

What is the issue?

A donation was made to a Sports Association which could have been authorised under S19 of the Local Government (Miscellaneous Provisions) Act 1976, power to provide recreational facilities within and outside of the area.

Why has this issue been raised?

The council incorrectly recorded items as Section 137 payments when other statutory powers existed. A payment cannot be recorded under S137 if another statutory powers exists.

What do we recommend you do?

The council must ensure in future years that they review the list of statutory powers available to council to establish if a power exists before relying on S137 to authorise a payment. The statutory power being used to authorise expenditure should be recorded alongside the item to demonstrate the council or meeting has properly followed their standing orders and financial regulations.

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

NALC representative, NALC website - (www.nalc.gov.uk)

Local Council Briefing, Spring 2009 - BDOSH

No other matters came to our attention.

For and on behalf of
BDO Stoy Hayward LLP

Date: 11 August 2009