



ISSUES ARISING REPORT FOR
Horley Town Council
Audit for the year ended 31 March 2012

Introduction

The following matters have been raised to draw items to the attention of Horley Town 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;

- Borrowings
 - Financial regulations and standing orders need updating
 - Change in asset values due to the adoption of new assets or the inclusion of assets not previously recognised
 - Risk Assessment
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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.

Borrowings

What is the issue?

The amount disclosed by the council in the current year box 10 does not agree to the audited figure in the prior year. The amount held with the public works loan board as at 31 March 2011 should be disclosed as £288,521.

Why has this issue been raised?

This is a note to the readers of the accounts.

What do we recommend you do?

The council must ensure in future years that the loan balance outstanding for both years is correctly disclosed on the annual return.

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

Change in asset values due to the adoption of new assets or the inclusion of assets not previously recognised

What is the issue?

The council has increased the value of the assets held due to the adoption of new assets given to the council without charge and/or existing assets being included in the accounts which had not previously been recognised.

These items have been given a proxy cost value in the absence of payment being made for these assets during the year.

Why has this issue been raised?

This is a note for the reader of the accounts.

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.

Where new assets are adopted or values are not known a proxy for cost value is to be given.

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):

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.

Financial regulations and standing orders need updating

What is the issue?

The council's Financial Regulations and Standing Orders require updating, as they do not refer to the 2011 Accounts and Audit regulations, but to an older outdated version.

Why has this issue been raised?

The council is at risk of not conducting their business legally, efficiently and effectively.

What do we recommend you do?

If the council have not yet updated the Standing Orders and Financial Regulations they must do so as soon as possible or in any event before the end of the current financial year.

The council can contact their local NALC representative who will be able to provide the council with an updated model set of Standing Orders and Financial Regulations, which incorporate the changes introduced by the Accounts and Audit (England) Regulations 2011, which the council should review, amend if necessary and formally adopt. This adoption must be minuted and the minute reference and date recorded on the Financial Regulations for future reference.

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

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

Risk Assessment

What is the issue?

The risk assessment was approved by a sub-committee of the full council and the sub-committee minutes were approved by full council.

Why has this issue been raised?

The minutes of the full council did not specify that they had reviewed the risk assessment in any detail and therefore the Council is exposed to the criticism that it may not have complied with the Accounts and Audit Regulations 2011, paragraph 4 which specifies that a meeting of the whole of the relevant body must conduct a review at least once a year of the effectiveness of its system of internal control, which includes risk management.

What do we recommend you do?

The council must ensure that the full council, when approving the sub committee minutes, refers to the review of the risk assessment to ensure it complies with the legislation.

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

The Accounts and Audit (England) Regulations 2011

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 14 September 2012
