

# **EXTERNAL AUDIT REPORT ON SADBERGE PARISH COUNCIL** **FOR THE YEAR ENDED 31-MAR-2008**

## **Respective responsibilities of the council and the auditor**

The council is responsible for the preparation of the accounts in accordance with the requirements of the Accounts and Audit Regulations and for the preparation of an annual return which:

- summarises the council's accounting records for the year ended 31 March 2008; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

## **External auditor's report**

On the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission's requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Other matters not affecting our opinion which we draw to the attention of the council.

1. Please enclosed report.

External auditor's name: BDO Stoy Hayward LLP  
Southampton SO14 3TL

Date: 19 September 2008

**Issues Arising Report for Sadberge Parish Council  
Audit for the year ended 31 March 2008****Introduction**

The following matters have been raised to draw items to the attention of Sadberge 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 2008.

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;

- Reserves
- Fixed Assets
- Asset Register

**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.**

### **Reserves**

#### *What is the issue?*

The balances held by the council appear high and have been building up over the years.

#### *Why has this issue been raised?*

The council has no power to hold excessive reserves unless they are saving for something in particular. We do not know whether this is the case in respect to these balances.

#### *What do we recommend you do?*

If the council is not saving for a large purchase, the balances carried forward should be reduced to a more appropriate level. The generally accepted level of reserves is usually no more than twice the level of the precept.

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

### **Asset Register**

#### *What is the issue?*

The council does not have an asset register.

#### *Why has this issue been raised?*

The council is at risk of not safeguarding its assets.

#### *What do we recommend you do?*

The council must compile an asset register as soon as possible or in any event before the end of the current financial year. This register should be verified by the internal auditor during the audit for the next financial year.

An asset register should be in existence to help ensure that the recorded value of assets and investments is, as far as possible, accurate and to ensure the council is safeguarding their assets. The accuracy of such a register should be verified by the Internal Auditor in their annual review of the internal controls of the council.

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 Briefing, Spring 2008 - BDOSH

**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.**

### **Fixed Assets**

#### *What is the issue?*

We do not believe that the council has accurately recorded the total value of all assets under its control in the Annual Return.

#### *Why has this issue been raised?*

The council's asset value as disclosed in the Annual Return is out of date as it does not include all the assets in the control of the council.

#### *What do we recommend you do?*

An asset register must be compiled as soon as possible and in any event before the end of the current financial year. The values of all assets owned by the council should be assessed and recorded in the asset register.

Box 9 of the Annual Return should be the value of all fixed assets recorded in the fixed assets register, measured at current book value. Assets comprise 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.

"Current book value" should be an informed assessment of the open market value of the assets or the cost of reconstructing them in their existing condition and often the insurance value is a good approximation of this. Valuations should be sought only for assets which are not insured or for assets where the council believes that only a valuation can supply an accurate approximation of current value.

Assets which are held as community assets such as playing fields, war memorials etc should be included in the accounts at their historical cost or given a £1 value if this is deemed by the council to be a more appropriate current valuation of those assets.

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 Briefing, Spring 2008 - BDOSH

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

For and on behalf of  
BDO Stoy Hayward LLP

Date: 19 September 2008