



**ISSUES ARISING REPORT FOR  
Barton-le-Clay Parish Council  
Audit for the year ended 31 March 2017**



## Introduction

The following matters have been raised to draw items to the attention of Barton-le-Clay Parish Council. These matters came to the attention of BDO LLP during the review of the annual return for the year ended 31 March 2017. This report must be presented to a full meeting of the smaller authority for review.

The review 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
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The following issues have been raised as we have detected issues with the governance arrangements of the smaller authority. It is recommended that the smaller authority consider these matters and decide what action to take to improve the governance arrangements as soon as possible.

### **Fidelity Guarantee**

#### *What is the issue?*

The level of fidelity guarantee cover obtained by the smaller authority appears to be insufficient in light of the bank balances held at 31 March 2017 and the amount of precept subsequently received in April 2017.

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

A smaller authority, 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 smaller authority 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. The smaller authority should also consider the level of fidelity guarantee as part of its annual review of the risk assessment, as this is a risk the smaller authority may face, especially if the cover is below that required.

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

The smaller authority should consider the level of insurance cover and set it to a level that will protect the smaller authority against potential loss. The smaller authority should review the level of cover at least annually, especially during the annual risk assessment, as circumstances may change throughout the year.

The amount should be sufficient to cover the maximum amount of money the smaller authority holds at any one time during the year. A smaller authority 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. Some smaller authorities may decide therefore that the cost of this insurance is disproportionate to the risk involved. If this is so the smaller authority 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: 22 September 2017

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