

This page is part of Section 3 - External auditor certificate and opinion 2015/16

**Sithney Parish Council
Audit Report for the year ended 31 March 2016**

**Other matters not affecting our opinion which we wish to draw to the attention
of Sithney Parish Council for the year ended 31 March 2016**

Section 2, Box 11

Box 11 on Section 2, the trust funds disclosure note, was left unanswered for 2015/16 on the Annual Return. The Council has confirmed that this box should read 'No'.

Accounting for Fixed Assets

It has come to our attention that Box 9 of Section 2 of the Annual Return – the Accounting Statements includes fixed assets that were revalued during the course of the year using insurance value as a basis.

Local councils are required to account for fixed assets at purchase cost. If this is not known a proxy cost should be substituted (e.g. insurance value). Commercial concepts of depreciation or impairment adjustments, etc. are not appropriate for local councils. For reporting purposes therefore, the 'book' value of fixed assets will usually therefore stay constant until disposal. Where insurance value has been used as a proxy, it should not be adjusted for annual changes.

Guidance on accounting for fixed assets in 2015/16 is available in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners' Guide (England)" paragraphs 3.66 to 3.77. Please note that the Practitioners' Guide has been updated in 2016 and new guidance on accounting for fixed assets will apply in 2016/17. The Council should review this guidance when completing the 2016/17 annual return and ensure that it correctly values its assets.

Section 2, Accounting statements, Bank Transfer

A bank transfer of £1,000 between the Council's own accounts has been shown as a receipt and payment in boxes 3 and 6 of section 2. This is incorrect.

The Council should restate the 2016 figures on next year's Annual Return by reducing £1,000 from Boxes 3 and 6 of Section 2. and write "restated" beneath the £ sign on the 2016 column.