

**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Crudwell Parish Council
External Auditor Report for the year ended 31 March 2017**

Other matters not affecting our opinion which we wish to draw to the attention of the authority

Internal Auditor's Report

The internal auditor's report sent to the external auditors was not factually correct. The internal auditor answered 'Yes' to test F for Petty Cash. The correct response is 'Not Covered' as the Crudwell Parish Council does not hold a petty cash system. The Council should ensure that the internal auditor's report is reviewed before sending the document to the external auditors. The Council should minute this process. If there are any errors in the report it should either be amended by the Internal Auditor or the Council should provide an explanation for the error.

Section 2, Accounting statements, 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 at overstated value of £300.00.

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 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 is available in the NALC / SLCC publication 'Governance and Accountability for Local Councils – A Practitioners Guide (England)' paragraphs 3.66 to 3.77.

The Council should restate the 2017 figures on next year's Annual Return and write 'Restated' beneath the £ sign on the 2017 column.