

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

Matters reported

Co-opted Councillor Allowance

The Authority has answered 'Yes' to Assertion 3, which states 'We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances'. In answering 'Yes' to this assertion the Authority are affirming that they have only done what they have the legal power to do, and have complied with proper practices while doing so.

During the course of our limited assurance review, it has come to our attention that the Authority has paid members allowances to the sum of £408 per annum to a co-opted councillor. The Local Authorities (Members' Allowances) (England) Regulations 2003 stipulate that only elected members may receive members allowances. The Authority has therefore approved expenditure outside of its legal powers to do so. In our view, the correct response to Assertion 3 in the Annual Governance Statement should be 'No' and the Authority should consider taking action to recover the amounts paid.

Under Section 28 of the Local Audit and Accountability Act 2014 the auditor can apply to the court for a declaration that an item of account is unlawful. We have decided not to pass this matter onto the Courts to declare the item contrary to law due to the relatively small amount paid. It is our view that this would not be a cost effective use of tax payer money.

Accounting for fixed assets

Local councils and smaller authorities are required to maintain a register of all property, plant and equipment that it holds and update this for purchases and disposals. Assets should be accounted for on acquisition at purchase cost and the value remain unchanged until the asset is disposed of. If the purchase cost is not available a proxy such as insurance value can be used when the asset is first recorded in the asset register but this then remains unchanged. The commercial concepts of depreciation and revaluation are not appropriate for local councils and smaller authorities.

We have noted that the asset value has increased by £140,781. Assets should have increased by £350,000 due the new town hall being added to the register. The difference is caused because the Authority has revalued old assets to a new value, as of 31 March 2017. The Authority should restate the 2017 figure in the 2018 annual return and write 'Restated' beneath the £ sign in the 2017 column.

Guidance on accounting for fixed assets is available in the NALC/SLCC publication 'Governance and Accountability for Smaller Authorities in England – A Practitioners Guide to Proper Practice (March 2016) sections 2.24 to 2.28 and 5.137 to 5.141.

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RFO certification

The Accounts and Audit Regulations 2015 and proper practices stipulate that it is the responsibility of the Authority's Responsible Financial Officer to certify the Accounting Statements, Section 2 of the Annual Return, as either presenting fairly the financial position of the Authority or properly presenting its receipts and payments, as the case may be. In so certifying the Responsible Financial Officer confirms that proper practices have been followed in preparing the statement of accounts.

The Responsible Financial Officer has not signed section 2 of the Annual Return before approval and publishing of Section 2. The Authority does not have in place proper arrangements for the preparation and approval of the statement of accounts in accordance with proper practices and relevant legislation. In our view, the response to Assertion 1 on the Annual Governance Statement should be 'No'.

In future, the Authority must ensure that the accounting statements in section 2 of the Annual Return are prepared in accordance with the Regulations and proper practices.

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

None

Grant Thornton UK LLP

Grant Thornton UK LLP

Date 27/9/17

Our ref LIN329