

Section 3 – External auditor certificate and report 2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2016 in respect of:

Enter name of
smaller authority here:

ILMINSTER TOWN COUNCIL

Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

See attached

(continue on a separate sheet if required)

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

See attached

(continue on a separate sheet if required)

External auditor signature

Grant Thornton UK LLP

External auditor name

Grant Thornton UK LLP

Date

28/9/16

Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

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**Iminster Town Council
Audit Report for the year ended 31 March 2016**

Matters reported

Risk Assessment

The Council has not taken undertaken a risk assessment during the year 2015/16.

A risk assessment should be performed at least annually and as a minimum, members should: -

- take steps to identify the key risks facing the Parish Council
- evaluate potential consequences to the Council if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences. This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners Guide (England)" at paragraphs 2.99 to 2.116.

In our view the response to assertion 5 on Section 1 of the Annual Return should have been "No". However, we do note that the Council is aware of this and is in the process of implementing a new risk management process for the year 2016/17.

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

Section 2, Accounting statements, Box 11, Trust funds

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 it does not act as a sole trustee nor is it responsible for managing trust funds or assets and so this box should read 'No'.

In future the Council should ensure the annual return is complete (i.e. no empty highlighted boxes).

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Section 2, Accounting statements, Accounting for Fixed Assets


It has come to our attention that a number of land and building items have been included in the fixed asset register without a value, and are therefore not included in Box 9 of Section 2 of the Annual Return.

Local councils are required to account for fixed assets at purchase cost. For property, if the purchase cost is not known the insurance value should be used as a proxy cost. 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. Additionally, land owned by the Council should be included with a nominal value of £1.

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 2016 figures on next year's Annual Return and write 'Restated' beneath the £ sign on the 2016 column.

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 classifies its assets appropriately and the correct value of the asset is included in Box 9.


Grant Thornton UK LLP
Date 28/9/16

Our ref SOM152