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The following issues have resulted in the annual return being qualified. They indicate either a breach of proper practices or legislation and they require the smaller authority to take immediate action to rectify these issues.

## Asset addition at valuation

### *What is the issue?*

The smaller authority have acquired an asset during the year at a reduced cost to the smaller authority. Instead of using this cost, the smaller authority has given this asset a higher value in box 9 of the annual return.

The value given does not represent the cost to the council and is inconsistent with the treatment of other assets.

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

The accounting treatment is not in compliance with proper practices in force during the year.

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

The Practitioners' Guide states that all assets should be held at cost per the cashbook. In future the smaller authority should review the current Practitioners' Guide to ensure that they are accounting for assets correctly.

The cost value of assets is not expected to change unless an asset is ever disposed of or scrapped.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

## Action taken

The Asset Register has been amended to ensure consistent treatment of asset values.

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