



# The Annual Audit Letter for Ribble Valley Borough Council

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**Year ended 31 March 2013**

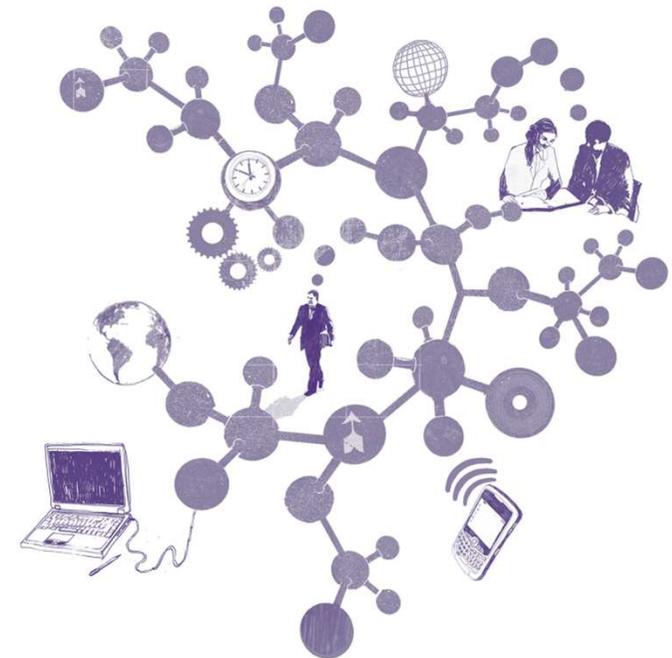
October 2013

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# Contents

<b>Section</b>	<b>Page</b>
1. Executive summary	3-5
2. Audit of the accounts	6-7
3. Value for Money	8-9
4. Certification of grant claims and returns	10-11

## **Appendices**

A Reports issued and fees

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## Section 1: Executive summary

**01. Executive summary**

**02. Audit of the accounts**

**03. Value for Money**

**04. Certification of grant claims and returns**

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# Executive summary

## **Purpose of this Letter**

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Ribble Valley Borough Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 28 August 2013.

## **Responsibilities of the external auditors and the Council**

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 27 March 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

## **Audit conclusions**

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- an unqualified opinion on the council's Whole of Government Accounts submission
- we have certified one grant claim which was certified without amendment and work on the Housing and Council Tax Benefit grant claim is in progress

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# Executive Summary

## **Key areas for Council attention**

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

The key messages arising from our audit of the Council's financial statements are:

- working papers were of a good standard and we received responses to our queries on a timely basis
- we identified few errors in the financial statements.
- we issued an unqualified opinion.
- based our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we issued an unqualified VFM conclusion.

In line with most public sector bodies, the Council faces a number of financial challenges going forward. The Council is in a good position to react to and address these challenges, and will need to ensure they remain responsive to emerging risks.

## **Acknowledgements**

This Letter has been agreed with the Director of Resources and was presented to Audit Committee on 27 November 2013.

We would like record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**October 2013**

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## Section 2: *Audit of the accounts*

01. Executive summary

**02. Audit of the accounts**

03. Value for Money

04. Certification of grant claims and returns

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# Audit of the accounts

## **Audit of the accounts**

The key findings of our audit of the accounts are summarised below:

### **Preparation of the accounts**

The Council presented us with draft accounts on 26 June 2013, in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced 1 July 2013.

Working papers were of a good standard and we received responses to our queries on a timely basis.

### **Issues arising from the audit of the accounts**

We identified 2 adjustments which did not affect the Council's reported financial position. We also made a number of minor adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- working papers were of a good standard and we received responses to our queries on a timely basis
- we identified few errors in the financial statements.
- we issued an unqualified opinion.

## **Annual Governance Statement**

The annual governance statement complied with the requirements of 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

## **Conclusion**

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Accounts and Audit Committee at the Council). We presented our report to the Audit Committee on 28 August 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 10 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

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## Section 3: Value for Money

01. Executive summary

02. Audit of the accounts

**03. Value for Money**

04. Certification of grant claims and returns

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# Value for Money

## Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code

**The Council has proper arrangements in place for securing financial resilience.** The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

The Council achieved its planned savings of £635k in 2012/13. As a result of the savings achieved in 12-13, the Council has been able to set a balanced budget for 2013-14. The Council is on track to deliver its 2013/14 budget.

As at 31 March 2013 the Council has £6.346m reserves, with £1.7m representing the general fund balance. This is above the S151 officer's recommended minimum level of £700k.

Further details are provided in our Financial Resilience report issued in August 2013.

### Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

The Council is relatively low spending. The "cost per head" for services provided compares well with its nearest statistical neighbours.

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# Value for Money

Looking ahead and in line with most public sector bodies, the Council faces a further significant reduction in central government funding. Work is now underway to identify the savings necessary if the Council is to achieve the spending reductions likely to be needed by the end of 2015/16.

Further details are provided in our Financial Resilience report issued in August 2013.

## **Overall VFM conclusion**

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

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## Section 4: Certification of grant claims and returns

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

# Certification of grant claims and returns

## Introduction

We are required to certify certain of the claims and returns submitted by the Council. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

## Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

## Key messages

We have certified one return (NNDR) so far. Our work on the certification of the Council's Housing and Council Tax Benefit claim is on-going. Our work to date has not identified any issues which we wish to highlight. The detailed findings of our work will be reported in our Grant Certification report upon completion of our work.

## Summary of the Council's arrangements

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	Both claims were submitted by the required deadline. The NNDR claim has been certified to the required deadline. The deadline for certification of the Housing and Council Tax Benefit Claim is 30 November.	●
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	No amendments or qualification was required in relation to the NNDR claim.	●
<b>Supporting working papers</b>	Working papers provided have been of a good quality and queries have been responded to on a timely basis.	●

# Appendices

## Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and **confirm there were no fees for the provision of non audit services.**

### Fees

	Per Audit plan £	Actual fees £
Audit Fee	52,702	48,002
Grant certification fee	10,550	TBC
<b>Total fees</b>	<b>63,252</b>	<b>TBC</b>

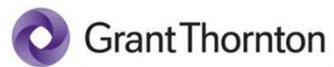
The Audit Commission notified the Council of a rebate on its 2012-13 fees of £4,700 during the year. Grant fees are subject to final determination by the Commission.

### Fees for other services

Service	Fees £
None	Nil

### Reports issued

Report	Date issued
Audit Plan	27 March 2013
Audit Findings Report	28 August 2013
Certification report	TBC
VfM – Financial Resilience Report	28 August 2013
Annual Audit Letter	October 2013



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