

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT COMMITTEE** is at **6.30PM** on **WEDNESDAY, 2 APRIL 2014** at the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (copy for information to all other members of the Council)
Directors
Press
Parish Councils (copy for information)
Audit Manager, Grant Thornton

AGENDA

Part I – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. Minutes of meeting held on 20 November 2013 – copy enclosed.
3. Declarations of Interest (if any).
4. Public Participation (if any).

FOR DECISION

- ✓ 5. Closure of Accounts Timetable 2013/14 – report of Director of Resources – copy enclosed

- ✓ 6. Internal Audit Annual Plan 2014/15 – report of Director of Resources – copy enclosed.

FOR INFORMATION

- ✓ 7. Grants Certification Report 2012/13 – report of Grant Thornton – copy enclosed
- ✓ 8. Audit Progress Report and Emerging Issues – Report of Grant Thornton – copy enclosed
- ✓ 9. Financial Resilience Benchmarking - report of Grant Thornton – copy enclosed
- ✓ 10. Fraud briefing – report of Grant Thornton – copy enclosed
- ✓ 11. Internal Audit Progress Report 2013/14 – report of Director of Resources – copy enclosed.

Part II - items of business **not** to be discussed in public

- ✓ 12. Risk Management – Update on Red Risks – report of Director of Resources – copy enclosed

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 5

meeting date: 2 APRIL 2014
title: CLOSURE OF ACCOUNTS TIMETABLE 2013/14
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To remind members of the statutory requirement to closedown our accounts by 30 June 2014 and publish them including any certificate, opinion or report issued by the auditor, by 30 September 2014.
- 1.2 To inform members of the benefits of closing down our accounts by these deadlines, in particular the good governance aspects.
- 1.3 To consider the detailed timetable to be adhered to if we are to achieve the required deadlines.

2 BACKGROUND

- 2.1 The Accounts and Audit Regulations (2003) set out detailed prescription about the format and content of the statement of accounts and allocate certain responsibilities to participants in the accounts production process. In addition the Accounts and Audit Regulations (2006) introduced significant changes to these regulations. Further amendments were also made in 2009 and the regulations were more recently consolidated in 2011.
- 2.2 The Regulations state that authorities must closedown their accounts by the end of June each year. This has important implications for local authorities in terms of planning to ensure critical tasks were met and the approval of accounts carried out by the deadline.

3 THE ACCOUNTS AND AUDIT REGULATIONS

- 3.1 The principal matters covered by the regulations relevant to accounts preparation are:
 - the director of finance must ensure that the accounting records kept by the authority are sufficient to enable the preparation of the statement of accounts
 - the statement of accounts is required to be prepared in accordance with the Regulations and proper practices
 - the director of finance is required to certify that the accounts give a "true and fair view" of the financial position
 - a committee or members meeting as a whole are to approve the accounts as soon as is reasonably practicable
 - an annual review of the effectiveness of internal controls is required, which will feed into a statement on the system of internal control to be included in the statement of accounts (England only)
 - the authority is to advertise electors' rights before the statutory inspection period and upon certification that the audit is complete

- the authority is to allow access to the accounts and specified supporting documents during the public inspection period
- publication of the accounts is to be achieved by particular dates.

The Regulations stipulate various responsibilities for the closure of accounts;

Members	<ul style="list-style-type: none"> • Ensuring adequate and effective financial management • Ensuring that the authority has a sound system of internal control that facilitates the effective exercise of its functions and which includes arrangements for the management of risk • Maintaining an adequate and effective system of internal audit in accordance with proper audit practices (the CIPFA Code of Practice for Internal Audit in Local Government in the UK) • Ensuring that the statement of accounts is prepared in accordance with the Regulations • Approving by a resolution of a committee or members meeting as a whole as soon as is reasonably practicable after audit • Signing and dating of the statement of accounts by the presiding member at the approval
Chief Finance Officer	<ul style="list-style-type: none"> • Determining on behalf of the authority; <ul style="list-style-type: none"> ✓ its accounting records (including the form of accounts and supporting accounting records) ✓ its accounting control systems and ensuring that they are observed and that accounting records are maintained in accordance with 'proper practices' and are kept up to date • Ensuring that accounting records are sufficient to show the authority's transactions and to enable the chief finance officer to ensure that the statement of accounts complies with the Regulations. In particular, the records shall contain: <ul style="list-style-type: none"> ✓ entries from day to day of all monies received and expended and the matters to which the income and expenditure account relates ✓ a record of the assets and liabilities of the authority ✓ a record of income and expenditure in relation to claims for government contributions, grants and subsidies

- Ensuring that accounting control systems include:
 - ✓ measures to ensure financial transactions are recorded as soon as reasonably practicable and as accurately as reasonably possible
 - ✓ measures to enable the prevention and detection of fraud and corruption
 - ✓ the ability to reconstitute any lost records
 - ✓ identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions
 - ✓ procedures to ensure that uncollectable amounts (including bad debts) are not written off except with the approval of the responsible financial officer (RFO) (or their nominee) and that approval is shown in the accounting records
 - ✓ measures to ensure that risk is managed appropriately
- Signing and dating the statement of accounts , no later than 30 June, and certifying that it gives a “true and fair view” of the financial position of the body at the end of the year and its income and expenditure

3.2 The Regulations also contain important procedural requirements for the accounts production process;

- ❖ Authorities are required to publish their accounts as soon as reasonably possible after the auditor has certified the audit closed and in any event no later than **30 September**.
- ❖ The Regulations do not define what constitutes ‘publication’, but do confirm that it must be something more than inclusion in the agenda papers of a council or committee meeting. In previous years we decided to ‘publish’ our accounts on our website. We intend to continue publishing our accounts via this method.
- ❖ Authorities must advertise that the audit has been concluded and that the statement of accounts is available for inspection by the electors including the address at which and the hours during which the accounts are available for inspection and details of where the statement of accounts may be found on the councils web site.
- ❖ The auditor is responsible for appointing a day on which electors may exercise their rights to ask questions about the accounts and make objections and for notifying the authority of the date. The authority must make available for public inspection the accounts and supporting documents for **20 working days** before the auditor’s appointed day.
- ❖ The authority must advertise the inspection period at least **14 days before** it is to commence.

4 GOVERNANCE ISSUES

4.1 The early production of the statement of accounts is an essential element of good governance, therefore enabling members to;

- ❖ Receive assurance that accounting systems have operated adequately and have been closed down satisfactorily
- ❖ Have confidence that the budget for the current year has a secure foundation
- ❖ Understand the corporate financial performance during the year and also the position at 31 March
- ❖ Adopt the statement of accounts

4.2 It is important that members are aware of the comfort gained from having the statement of accounts published and also that this comfort should be provided at the earliest opportunity. If members fully scrutinise the accounts authorities are in an ideal situation:

- ❖ An interested readership will encourage a focus to disclosures
- ❖ A source of challenge for the content and presentation of the statement of accounts
- ❖ Demand for prompt production at the highest level in the authority that will provide muscle to attempts to meet deadlines

5 ISSUES FACING RIBBLE VALLEY

5.1 ***Budget Pressures***

Members will recall the issues in setting the 2014/15 budget and more significantly the forecast savings needed in the future based on the provisional settlement for 2015/16. It is therefore imperative that the accounts for the current year are closed as soon as reasonably practicable in order to inform the budget setting process for 2015/16. We will then be in a position to consider the council's reserves and balances and areas of over/under spending.

5.2 ***Practical Issues***

Last year our accounts were approved by the Accounts and Audit Committee on 26 June 2013. The final accounts, following amendments suggested by our auditors (via their Audit Findings Report), were also approved by the Accounts and Audit Committee on 28 August 2013. This arrangement worked very well with the Committee members able to give due consideration to the accounts and scrutinise areas they felt necessary.

The Accounts and Audit Regulations 2011 removed the requirement for this committee to approve the statement of accounts by the 30 June following the end of the financial year. The new requirement is for the responsible financial officer to sign and date the statements as a 'true and fair view' by no later than the 30 June.

At the time of this change, it was agreed that as good practice we would continue to seek member approval at this committee before the end of June. Therefore the statement of accounts will be presented at the next meeting of this committee on Wednesday 25 June 2014 for approval. This will be prior to the commencement of the external audit, which starts on the 30 June.

The amended final accounts, following adjustments agreed with our auditors, will need to be approved by the end of September. Once again our external auditors are seeking to sign off the council's statement of accounts early and as a result the audited statement of accounts will be brought back to this committee on Wednesday 27 August 2014 for approval. It is important that all members endeavour to attend in order to ensure that the meeting is quorate.

5.3 ***Resource Implications***

It should be stressed that the timetable attached assumes a full complement of accountancy staff. However, there are not anticipated to be the same level of amendment to the accounts as seen in some of the previous years.

5.4 ***Timetable***

Based on our past experience, the availability of our external auditors and the statutory deadlines we have determined a timetable for the closure of our accounts, attached at Annex 1. We firmly believe it is important that all staff are aware of the importance of achieving these deadlines and understand the vital roles they also play. As you will see from the timetable, a number of tasks have already begun or been completed.

You will see this timetable is considerably detailed and clearly indicates who is responsible for which actions. We have used our experience from last year's closure to inform this year's deadlines. Again we intend to monitor when we actually achieve each individual task in order to inform future timetables.

6 RECOMMENDED THAT COMMITTEE

6.1 Endorse the suggested approach for the closure of the 2013/14 accounts.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA3-14/LO/AC
19 March 2014

For further information please ask for Lawson Oddie.

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
1	Tues	11-Mar-14	Send Request for all utilities meter readings to be taken as at 31 March 2014	Robin Bramhall	Kay Plant Terry Longden Tim Lynas		
2	Thurs	13-Mar-14	Update Intranet pages relating to the Closure of the Accounts.	Amy Johnson	Kay Plant		
3	Fri	14-Mar-14	All staff responsible for entering year end invoices onto Financials to have been contacted and any training required arranged.	Karen Anderson			
4		17 – 28 Mar 2014	Grant Thornton on site. Interim Audit looking at Financial Systems work	Lawson Oddie			
5	Wed	19-Mar-14	Circulation of closure memo and estimated creditor/debtor sheets	Amy Johnson			
6	Fri	21-Mar-14 and on-going	Review of “open” purchase orders , i.e. cancel/match up to invoice/keep under review to accrue	Robin Bramhall	Trudy Holderness Louise Ashcroft Amy Johnson		
7	Thurs	27-Mar-14	Review credit balances on Debtors prior to final run of Creditor Payments	Karen Anderson	Liz Nash/Alison Carins		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
8	Thurs	27-Mar-14	Review disputed creditor invoices and debit balances prior to final run of Creditor Payments	Karen Anderson	Liz Nash/Alison Carins		
9	Thurs	27-Mar-14	Last payment run BACS/cheque dated 31 March 2014. Payment run to include ALL outstanding creditor payments (excluding disputed payments)	Karen Anderson	Alice Hydes		
10	Mon	31-Mar-14	<u>ALL stock takes</u> to be carried out: <ul style="list-style-type: none"> • General Stores (Depot) • Paper • Canteen Stock • Civic Regalia 	Trudy Holderness	Helen Smith Helen Bolton Irene Williamson Olwen Heap		
11	Mon	31-Mar-14	<u>ALL stock takes</u> to be carried out: <ul style="list-style-type: none"> • Pool • Gallery/TIC 	Robin Bramhall	Colin Winterbottom		
12	Mon	31-Mar-14	<u>ALL stock takes</u> to be carried out: <ul style="list-style-type: none"> • Pest Control 	Amy Johnson	Karen Kenyon		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
13	Mon	31-Mar-14	All relevant staff to have been contacted to notify them that all Goods Received Notes must be entered on to the Purchasing system where goods or services have been received by the end of the day on 31 March 2014	Louise Ashcroft	All staff responsible for purchasing		
14	Mon	31-Mar-14	Ensure Creditor and Debtor Reconciliation reports balance.	Karen Anderson	Liz Nash/Alison Carins		
15	Mon	31-Mar-14	Ensure All Creditor batches are closed and authorised and that Debtor invoices have all been authorised	Karen Anderson	Liz Nash/Alison Carins		
16	Mon	31-Mar-14	Ensure All Purchase Order requisitions are approved and authorised	Louise Ashcroft	All staff responsible for purchasing		
17	Mon	31-Mar-14	Enter final emergency schedule for the year on to Creditors	Karen Anderson	Karen Keenan/Carole Malone		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
18	Mon	31-Mar-14	Bank Transfer to be undertaken between General Account and Disbursements Account	Karen Anderson	Trudy Holderness Kay Plant		
19	Mon	31-Mar-14	Ensure Creditors/Debtors balance reports & Aged Debtors reports are set to run at overnight	Karen Anderson			
20	Mon	31-Mar-14	<p>All income to be paid in to cash office (cards, cheques & cash) – See later instruction for any further income received on the 31 March after this paying-in:</p> <ul style="list-style-type: none"> ❖ Level D reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks 	Sally Mason/Val Taylor	Jane Tucker Colin Winterbottom Stephanie Hibbert / Dominique Dunand-Clarke Heather Yates		
21	Mon	31-Mar-14 (PM)	Print Bank Statement from HSBCnet and pass to cash office to allow for processing of any items in the bank account	Trudy Holderness Kay Plant	Michelle West		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
22	Mon	31-Mar-14 (PM)	Send email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Karen Anderson			
23	Tues	1-Apr-14 (AM)	Send REMINDER email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Karen Anderson			
24	Tues	01-Apr-14	Change settings on creditor and debtor transaction codes: crinv, crvat, crcrn, crcre, crcvt, dbinv, dbvat, dbrn, dbcvt	Lawson Oddie			
25	Tues	01-Apr-14	Change default year and budget settings – including funds checking budget for purchasing.	Lawson Oddie			

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
26	Tues	01-Apr-14	All staff responsible for petty cash books/floats/receipts to have brought them to the Accounts Section.	Sally Mason/Val Taylor	Lynne Calver Lesley Lund Irene Williamson Helen Smith Katherine Rodgers Colin Winterbottom Rachael Stott		
27	Tues	01-Apr-14	Last date for the receipt of office staff capital timesheets for charging to capital schemes	Kay Plant	All capital scheme lead officers		
28	Tues	01-Apr-14	Last date for the receipt of Grounds Maintenance timesheets.	Kay Plant	Alan Boyer		
29	Tues	01-Apr-14	Last date for the receipt of Works Administration and Vehicle Workshop timesheets.	Sally Mason/Val Taylor	Terry Longden		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
30	Tues	01-Apr-14	Roll Forward purchase order commitments to new financial year and provide reports to Accountants	Robin Bramhall	Louise Ashcroft		
31	Tues	01-Apr-14	Finalise PWLB interest and average interest rate for investments	Trudy Holderness			
32	Tues	01-Apr-14	<p>All remaining income (received after the final paying-in previously made on 31 March 2014) up to the close of 31 March 2014 to be paid in to cash office (cards, cheques & cash):</p> <ul style="list-style-type: none"> ❖ Level D reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks 	Sally Mason/Val Taylor	Jane Tucker Colin Winterbottom Stephanie Hibbert / Dominique Dunand-Clarke Heather Yates		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
33	Tues	01-Apr-14	Income analysis sheets for Pool, TIC/Gallery to be passed to Val Taylor/Sally Mason for period up to and including 31 March 2014	Sally Mason/Val Taylor	Colin Winterbottom (Pool) Stephanie Hibbert / Dominique Dunand-Clarke (TIC and Gallery)		
34	Tues	01-Apr-14	Request information from Ribble Valley Homes for VAT shelter arrangement	Amy Johnson			
35	Tues	01-Apr-14	Cash office to have processed any remaining balances on all bank statements up to 31 March 2014	Sally Mason/Val Taylor	Michelle West		
36	Wed	02-Apr-14	Completed Statement 1's & 2's up to & incl. 31 March 2013 to be passed to Val Taylor/Sally Mason and thereafter on a daily basis	Sally Mason/Val Taylor	Michelle West		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
37	Thu	03-Apr-14	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Stores • Paper • Canteen Stock • Civic Regalia 	Trudy Holderness	Helen Smith Helen Bolton Irene Williamson Olwen Heap		
38	Thu	03-Apr-14	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Pool • Gallery/TIC 	Robin Bramhall	Colin Winterbottom		
39	Thu	03-Apr-14	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Pest Control 	Amy Johnson	Karen Kenyon		
40	Thu	03-Apr-14	Last date for receipt of Council Tax and Business Rates prints	Kay Plant	Mark Edmondson		
41	Fri	04-Apr-14	All sundry debtor control sheets for 2013/14 financial year to have been received in the Accounts Office	Karen Anderson	All staff		
	Mon	07-Apr-14	Last day for receipt of holiday and lieu time records from PAs	Amy Johnson	Averil Crowther Irene Williamson Lynne Calver Colin Winterbottom Helen Smith		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
43	Tues	08-Apr-14	Completion of all system reconciliations: <ul style="list-style-type: none"> • Council Tax • NNDR 	Kay Plant			
44	Tues	08-Apr-14	Last date for receipt of estimated debtor sheets	Amy Johnson	All staff		
45	Wed	09-Apr-14	Entry of year end cash journals	Sally Mason/Val Taylor			
46	Weds	09-Apr-14	Bank reconciliation to have been completed and authorised	Sally Mason/Val Taylor			
47	Thurs	10-Apr-14	Last day for entering old year invoices on Financials	Karen Anderson	All staff		
48	Fri	11-Apr-14	Last day for receipt of estimated creditor sheets	Amy Johnson	All staff		
49	Wed	16-Apr-14	Receipt of IAS19/FRS17 information from Lancashire County Council	Lawson Oddie			

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
50	Thurs	17-Apr-14	All suspense accounts to be cleared	Robin Bramhall Trudy Holderness Amy Johnson			
51	Thurs	17-Apr-14	General Stores to be finalised	Kay Plant	Helen Smith		
52	Fri	18-Apr-14	Good Friday				
53	Mon	21-Apr-14	Easter Monday				
54	Mon	28-Apr-14	Decision taken on assets to be added/written off	Lawson Oddie			
55	Fri	02-May-14	<p>Central establishment and other recharges to have been completed by:</p> <ul style="list-style-type: none"> • Council Offices • Bank Charges • Organisation & Member Development • Financial Services • IT Services • Chief Executives • Revenue Services • Contact Centre • Legal Services • Capital Charges 	Trudy Holderness			

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
56	Fri	02-May-14	Central establishment and other recharges to have been completed by: <ul style="list-style-type: none"> • Depot • Community Services • Grounds Maintenance • Vehicles and Plant • Balances on WKSAD and VEHCL 	Robin Bramhall			
57	Fri	02-May-14	Central establishment and other recharges to have been completed by: <ul style="list-style-type: none"> • Use of Market Buildings 	Amy Johnson			
58	Fri	02-May-14	Closedown collection fund - TBC	Lawson Oddie			
59	Fri	02-May-14	Capital accounts finished and journals entered	Lawson Oddie	Amy Johnson		
60	Mon	05-May-14	May Day				
61	Tues	06-May-14	IAS19/FRS17 adjustment journals (as required) to be entered by	Lawson Oddie			
62	Wed	14-May-14	Interest allocated	Trudy Holderness			

Timetable for Closure of 2013/14 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
63	Wed	14-May-14	Service committee accounts to be finished and general fund summary account complete:				
			Policy & Finance Development Services	Trudy Holderness			
			Community Services	Robin Bramhall			
			Health & Housing	Amy Johnson			
64	Fri	16-May-14	Annual Governance Statement to be produced by and agreed with the Director of Resources	Salma Farooq			
65	Mon	19-May-14	Send AGS to Leader and CE for signing	Salma Farooq			
66	Wed	21-May-14	Produce I&E A/C, Balance sheet	Lawson Oddie			
67	Thurs	22-May-14	European Elections				
68	Mon	26-May-14	Spring Bank Holiday				
69	Fri	30-May-14	Produce notes to the accounts	Lawson Oddie			

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
70	Fri	06-Jun-14	Complete all other associated statements cash flow / Movement in Reserves Statement	Lawson Oddie	Amy Johnson		
71	By Mon	09-Jun-14	Clitheroe Advertiser and Times to be contacted in order to Advertise accounts available for inspection from 30 June 2014 (Thursday 12 June 2014 edition)	Lawson Oddie	Averil Crowther		
72	Tues	10-Jun-14	Complete Explanatory Foreword	Lawson Oddie			
73	Tues	10-Jun-14	Statement of Accounts to be completed	Lawson Oddie			
74	Mon	16-Jun-14	Distribution date for Accounts and Audit Committee	Lawson Oddie			
75	Wed	25-Jun-14	Accounts and Audit Committee meeting to approve accounts	Jane Pearson	Lawson Oddie		
76	Mon	30-Jun-14	Period of public inspection starts (20 working days before appointed day)	Lawson Oddie			

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
77	Mon	30-Jun-14	Grant Thornton commence final accounts audit	Grant Thornton			
78	Fri	11-Jul-14	Revenue Outturn Forms to be completed by	Amy Johnson			
79	Mon	28-Jul-14	WGA Return to be completed by (Unaudited)	Amy Johnson			
80	Thurs	31-Jul-14	Clearance meeting with Grant Thornton	Jane Pearson Lawson Oddie	Grant Thornton		
81	Fri	01-Aug-14	Grant Thornton appointed day	Grant Thornton			
82	Mon	11-Aug-14	Complete Audit Findings Report adjustments and issue final Statement of Accounts to Grant Thornton	Lawson Oddie	Grant Thornton		
83	Mon	18-Aug-14	Distribution Date for Accounts and Audit Committee	Lawson Oddie	Grant Thornton		
84	Mon	25-Aug-14	August Bank Holiday				
85	Wed	27-Aug-14	Accounts and Audit Committee meeting to consider the audit Findings Report and approve amended Final Accounts	Jane Pearson	Lawson Oddie Grant Thornton		

**Timetable for Closure of 2013/14
Accounts**

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
86	Mon	01-Sept-14	Receipt of Accounts opinion from Grant Thornton (DRAFT – to be confirmed)	Lawson Oddie	Grant Thornton		
87	Tues	02-Sep-14	Accounts to be published on website by	Lawson Oddie	Kay Plant		
88	Fri	05-Sep-14	Summary Accounts to be prepared and published on website by	Lawson Oddie	Amy Johnson Kay Plant		
89	Fri	26-Sep-14	Whole of Government Accounts return (audited) to be completed by	Amy Johnson			

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DECISION

Agenda Item No 6

meeting date: 2 APRIL 2014
title: INTERNAL AUDIT ANNUAL PLAN 2014/15
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

1.1 To submit to committee the internal audit plan for 2014/15.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ The Council has a statutory duty to maintain an adequate and effective system of internal audit to ensure the continued efficient running of its services.

2 BACKGROUND

2.1 All local authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2011. The Public Sector Internal Audit Standards require the proper planning of all audit activity.

2.2 Internal Audit ensures that good internal controls are inherent in all the Council's systems. All services have been identified into auditable areas and then subjected to a risk assessment process. This risk assessment scores each area against 4 key factors.

- Materiality
- Primary Objectives
- Audit Experience and Assurance
- Time since last audit

2.3 Scores are given across these four factors for each auditable area to arrive at a risk score, from which it is determined whether the area in question is high, medium or low risk. A score of 4 to 6 is regarded as low risk, of 7 to 9 as medium, and 10 and over as high.

2.4 Using the risk scoring attached at Annex 1 an operational audit plan is produced which prioritises resource allocation based on the risk score. All high risk areas are covered annually with the medium and low risk areas covered at least twice over a three year period. The number of days allocated to each area is based on past experience and level of testing required.

3 2014/15 INTERNAL AUDIT YEAR

3.1 Within the 2014/15 year all high risk category audit areas have been included in the audit plan. As there would be available resources after inclusion of the high risk areas, a number of medium risk areas (higher scoring) have been included.

3.2 The proposed audit plan for 2014/15, attached at Annex 2, has been formulated after consultation with our External Auditors. Heads of Service were also asked for their comments and for any new and emerging risks which we should be aware of.

3.3 With regard to risk management, internal audit will continue to have a monitoring role during 201/15. Risk owners are asked to review all their risks periodically in

accordance with agreed timescales, and we will monitor all risks to ensure this is being done with any red risks being reported to this Committee.

3.4 We will continue to allow a number of days in the audit plan for contingencies. This is to account for any work carried out that is unplanned e.g. possible fraud investigations, complaints from members of the public or pieces of work carried out following specific requests from Directors or Heads of Service.

3.5 Further work will also be programmed for computer audit reviews, however, this will fall outside the audit plan as we do not have the necessary expertise in house for this area of audit work. The Council have an earmarked reserve for use in the procurement of such external provision.

4 RECOMMENDED THAT COMMITTEE

4.1 Approve the 2014/15 internal audit plan.

PRINCIPAL AUDITOR
AA1-14/MA/AC

DIRECTOR OF RESOURCES

14 March 2014

For further information please ask for Mick Ainscow.

Internal Audit Annual Plan 2013/14

Annex 1

	AUDIT AREA	RISK CATEGORIES				
		MATERIALITY	PRIMARY OBJECTIVES	AUDIT EXPERIENCE AND ASSURANCE	TIME SINCE LAST AUDIT	TOTAL
Fundamental Systems	Main Accounting	3	3	1	3	10
	Creditors	3	3	1	1	8
	Sundry Debtors	3	3	1	1	8
	Payroll	3	3	1	1	8
	Council Tax	3	3	1	1	8
	Housing Benefits	3	3	1	3	10
	NNDR	3	3	1	1	8
	Cash Receipting	3	3	2	3	11
Non-fundamental Systems	VAT	3	3	3	3	12
	Stores	2	2	1	1	6
	Procurement	3	3	3	3	12
	Treasury Management	3	3	1	1	8
Resources	Car Allowances	2	1	1	3	7
	Car Loans	1	1	1	3	6
	Car Leasing	1	1	1	3	6
	Asset Management/Register	3	3	3	3	12
	Petty Cash/Floats	1	1	1	1	4
	Staff Expenses	2	1	1	3	7
	Members' Allowances	2	3	1	1	7
	HR and Recruitment	2	3	3	3	11
Chief Executives	Insurance	3	2	2	1	8
	Land Charges	3	2	1	2	8
	Fees and Charges	3	2	1	1	7
	Clitheroe Market	2	2	1	1	6
	Cemetery	2	2	1	3	8
	Licences	2	2	1	1	6
	Building Regs	3	2	1	3	9
Business Continuity Management/Community Safety	3	3	2	3	11	
Community	Planning Applications	3	2	1	3	9
	Car Parking	3	2	2	1	8
	VIC/Platform Gallery	2	3	3	1	9
	Trade Refuse	2	3	3	3	11
	Recycling	2	3	3	3	11
	Ribblesdale Pool	2	3	1	1	7
Other Areas	Data Protection	1	2	1	3	7
	Cash Collection Procedures	3	3	3	3	12
	Partnership Arrangements	3	3	3	3	12
	Grants Received	3	3	1	1	8
	Grants Paid	3	3	2	1	9
	Flexitime System	1	1	2	3	7
	Sustainability	3	2	3	3	11
Section 106 Agreements/Community Infrastructure Levy	3	2	3	3	11	



Area not previously audited

Key:

Risk Category	Description	Scoring Methodology
Materiality	Based on the monetary value of the transactions involved	Highest score being those areas with substantially material monetary value transactions
Primary Objectives	Based on service links to the primary objectives in the Corporate Strategy	Highest score being those areas that are key to the council achieving its primary objectives
Audit Experience and Assurance	Based on recommendations and assurance levels at past audits	Highest scores being those areas which have a poor audit experience or low levels of assurance. (New areas automatically score high)
Time since last audit	Based on the time that has elapsed since an audit was last undertaken on the service area	Highest scores being those areas which have not been audited in the past three years

Operational Audit Plan 2014/15			Days
	Number of days available		780
	Less:		
	Bank Hols/Statutory	36	
	Annual Leave	71	
	Non-Audit Duties (Insurance, etc.)	30	
	College	40	(177)
	Actual auditing days available		603
Risk Score	Area Of Activity		
	<i>Fundamental Systems</i>		
10	Main Accounting	25	
8	Creditors	30	
8	Sundry Debtors	30	
8	Payroll	30	
8	Council Tax	45	
10	Housing Benefits	35	
8	NNDR	35	
11	Cash Receipting	20	250
	<i>Non Fundamental Systems</i>		
12	VAT	20	
8	Treasury Management	10	
12	Procurement	20	50

Risk Score	Area of Activity		
	<i>Probity/Regularity</i>		
7	Car Allowances	5	
12	Asset Management/Asset Register	10	
7	Members Allowances	5	
11	HR and Recruitment/Staff Expenses	20	
8	Insurance	10	
8	Land Charges	5	
7	Fees and Charges	5	
8	Cemetery	5	
11	Business Cont. Management/Community Safety	10	
8	Car Parking	8	
9	VIC/Platform Gallery	15	
11	Trade Refuse	10	
11	Recycling	10	
7	Ribblesdale Pool	5	
7	Data Protection	10	
12	Partnership Arrangements	10	
8	Grants received	10	
9	Grants paid	10	
7	Flexitime System	10	
11	Sustainability	10	
11	Section 106 Agreements/Community Infrastructure Levy	10	
9	Building Regulations	5	
9	Planning Applications	5	203
	<i>Continuous Activity/Ongoing Checks</i>		
12	Cash Collection Procedures	10	
	Income Monitoring	12	22
	Contingencies	25	25
	Risk Management	30	
	Corporate Governance	18	
	Performance Indicators	5	53
	Total Planned Audit Work		603



Certification report 2012/13 for Ribble Valley Borough Council

Year ended 31 March 2013

January 2014

Karen Murray

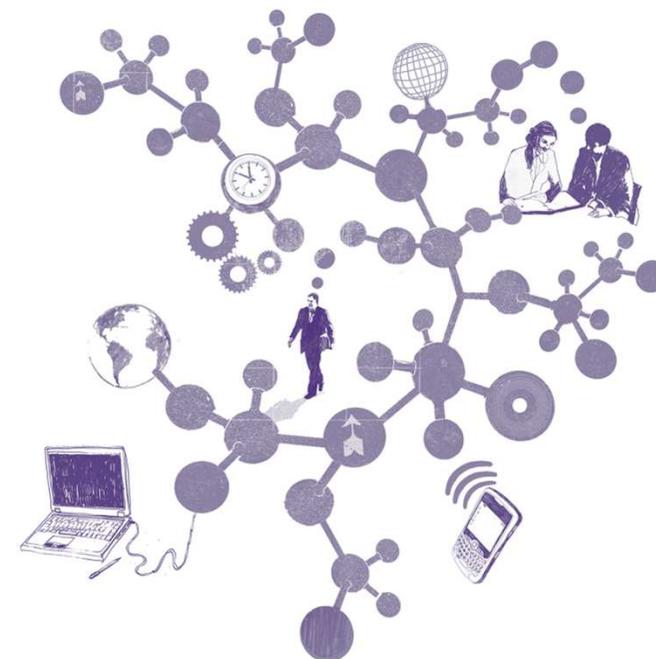
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Contents

Section	Page
1. Executive summary	4
2. Results of our certification work	7
Appendix	
A Details of fees for claims and returns certified in 2012/13	9

Section 1: Executive summary

01. Executive summary

02. Results of our certification work

Arrangements for certification for claims and returns:

- below £125,000 – no certification
- above £125,000 and below £500,000 – agreement to underlying records
- over £500,000 – agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

Executive summary

Introduction

We are required to certify certain of the claims and returns submitted by Ribble Valley Borough Council ('the Council'). This certification typically takes place 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.

We have certified two claims and returns for the financial year 2012/13 relating to expenditure of £22.9 million.

This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

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.

Our approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform were discussed with the Council's key finance officers at our initial certification planning meeting in April 2013.

Key messages

The key messages from our certification work are summarised in the table below and set out in detail in the next section of the report.

Aspect of certification arrangements	Key Messages	RAG rating
Submission & certification	All claims were submitted and certified in accordance with central government departmental deadlines.	●
Accuracy of claim forms submitted to the auditor (including amendments & qualifications)	The Housing & Council Tax Benefit Subsidy claim and National Non-Domestic Rates return were certified without amendment.	●
Supporting working papers	Supporting working papers for the claims and returns were good, which enabled certification within the deadline.	●

The way forward

The Council has sound arrangements in place for the preparation and submission of its claims for certification.

Acknowledgements

We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP
January 2014

Section 2: Results of our certification work

01. Executive summary

02. Results of our certification work

Results of our certification work

Key messages

We have certified two claims and returns for the financial year 2012/13 relating to expenditure of £22.9 million, as follows:

- Housing & Council Tax Benefit subsidy claim.
- National Non-Domestic Rates return (NNDR).

The Council's performance in preparing claims and returns is summarised below:

Performance measure	Target	Achievement in 2012/13		Achievement in 2011/12	
		No.	%	No.	%
Claims submitted on time	100%	2	100	2	100
Claims certified on time	100%	2	100	2	100
Claims certified with amendment	0%	0	0	1	50
Claims certified with qualification	0%	0	0	0	0

This analysis of performance shows that:

- all claims and returns had been submitted for certification by the Council on time in accordance with central government department deadlines
- all claims and returns were certified within the relevant timescale.

We found that the Council had put improved arrangements and working papers in place for the Housing & Council Tax Benefit subsidy claim, following the issues raised at the 2011/12 audit. As a result, no amendments were required to this claim in 2012/13.

Significant findings

Our work has not identified any significant findings in relation to the management arrangements and certification of individual grant claims and returns.

Certification fees

The Audit Commission set an indicative scale fee for grant claim certification based on 2010/11 certification fees for each audited body. The indicative scale fee for the Council for 2012/13 was £10,550. The final fee is estimated at £10,982, due to extra testing on the NNDR claim in 2012/13 – the Audit Commission grant regime requires detailed testing to be undertaken on each claim every three years, even if the control environment is sound.

The fee is not yet final because we are awaiting final approval from the Audit Commission, expected in February 2014. If the final fee differs from the estimate set out above we will inform the Audit Committee immediately.

The breakdown of fees by claim is included at Appendix A.

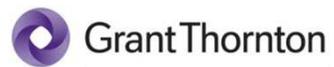
Appendix

Appendix A: Fees

This appendix compares the final 2012/13 fees with the equivalent fees charged in 2011/12 and the indicative fees set by the Audit Commission for 2012/13. The 2012/13 final fee will differ from the 2012/13 indicative fee only where significantly more or less testing is undertaken than expected. For example, where errors on the Housing Benefits claim lead to significant 40+ testing or where Part B detailed testing is required on the NNDR return.

Claim or return	2011/12 fee (£)	2012/13 indicative fee (£)	2012/13 estimated final fee (£)	Variance year on year (£)	Explanation for significant variances
Housing benefits subsidy claim	26,640	10,140	10,140	-16,500	
National non-domestic rates return	1,138	410	* 842	-296	
Total	27,778	10,550	10,982	-16,796	

* Extra "Part B" testing was undertaken on the NNDR claim in 2012/13 – the Audit Commission grant regime requires detailed testing to be undertaken on each claim every three years, even if the control environment is sound. This increased the 2012/13 fee by £432. We are awaiting final approval from the Audit Commission for this fee variation.



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Ribble Valley Borough Council

Audit Committee progress report and emerging issues

Year ended 31 March 2014

19 March 2014

Karen Murray

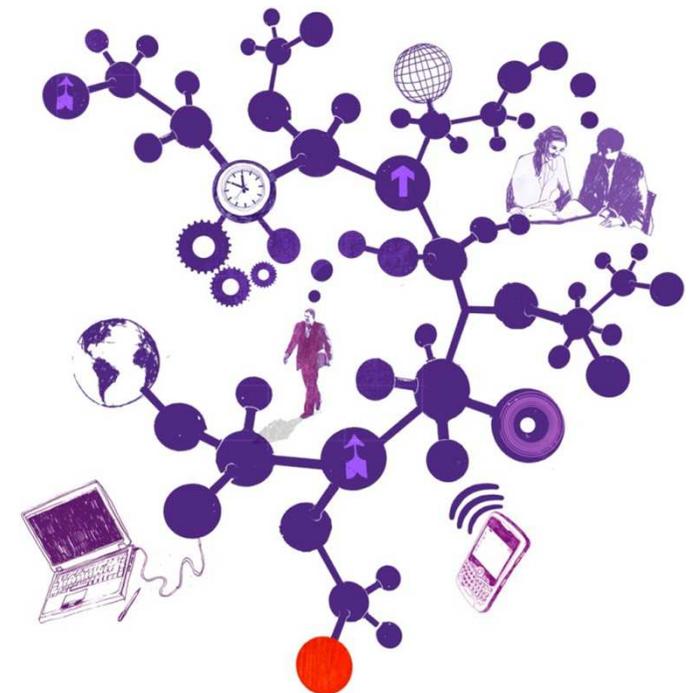
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at 19 March 2014	5
Emerging issues and developments	
Local government guidance	8
Grant Thornton	11
Accounting and audit issues	14

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes).

Members of the Audit Committee can find further useful material on our website (www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications – 'Local Government Governance Review 2013', 'Towards a tipping point?', 'The migration of public services', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead (Karen Murray) or Audit Manager (Andrew Cook).

Progress at 19 March 2014

Work	Planned date	Complete?	Comments
<p>2013-14 Interim accounts audit</p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the control environment • updating our understanding of financial systems • consideration of Internal Audit reports • early work on emerging accounting issues • early substantive testing. 	March/April 2014	On track	<p>The interim accounts audit is planned for March 2014 and the work will be finalised in April. The outcome from our interim audit forms the basis for the Audit Plan.</p> <p>Emerging accounting issues include business rate appeals and property, plant and equipment in-year revaluations.</p> <p>Representatives from the Council's finance team attended the joint Grant Thornton/CIPFA FAN Local Government Accountants Workshop held in March.</p>
<p>2013-14 Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach to giving an opinion on the Council's 2013-14 financial statements.</p>	June 2014	On track	We plan to issue the Audit Plan after our interim accounts audit is completed. This will be presented to the Audit Committee at the end of June.
<p>2013-14 final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2013-14 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July to September 2014	On track	<p>We aim to carry out the detailed final accounts work in July and finalise the audit in August.</p> <p>The Audit Findings report will be considered by the Audit Committee in August.</p> <p>The opinion on the accounts and the Value for Money conclusion will be issued after the Audit Committee have considered our Audit Findings report.</p>

Progress at 19 March 2014 *cont.*

Work	Planned date	Complete?	Comments
<p>2013-14 Value for Money (VfM) conclusion The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • An initial risk assessment • review of your Annual Governance Statement • review of any relevant work of regulatory bodies, to consider whether there is any impact on our responsibilities • other local risk-based work as appropriate, or any work mandated by the Audit Commission. 	April to August 2014	On track	Our findings will be presented alongside our opinion on the Authority's financial statements.
<p>2013-14 Annual Audit Letter On completion of the audit we will prepare an Annual Audit Letter to summarise our work.</p>	October 2014	On track	Our Annual Audit Letter will summarise the findings from our 2013-14 accounts opinion and VfM conclusion work.
<p>2013-14 Certification of claims and returns We will complete a programme of work to certify those of the Authority's 2013-14 grant claims and returns requiring auditor certification.</p>	August to November 2014	On track	We will liaise with the Authority's finance team to confirm the claims and returns that will require certification for 2013-14.

Emerging issues and developments

Councils must continue to adapt to meet the needs of local people

Local government guidance

Audit Commission research - Tough Times 2013

The Audit Commission's latest research, <http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Tough-Times-2013-Councils-Responses-to-Financial-Challenges-w1.pdf> shows that England's councils have demonstrated a high degree of financial resilience over the last three years, despite a 20 per cent reduction in funding from government and a number of other financial challenges. However, with uncertainty ahead, the Commission says that councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.

The Audit Commission Chairman, Jeremy Newman said that with continuing financial challenges 'Councils must share what they have learnt from making savings and keep looking for new ways to deliver public services that rely less on funding from central government'.

Key findings:

The Audit Commission's research found that:

- the three strategies most widely adopted by councils have been reducing staff numbers, securing service delivery efficiencies and reducing or restructuring the senior management team;
- three in ten councils exhibited some form of financial stress in 2012/13 – exhibited by a mix of difficulties in delivering budgets and taking unplanned actions to keep finances on track;
- auditors expressed concerns about the medium term prospects of one third of councils (36 per cent).

Issues to consider:

- How has the Council satisfied itself that it can deliver a balanced budget, that the medium term strategy/budget has been subject to appropriate challenge, and that Council finances are resilient over the medium term (3 years) and beyond?

Helping the High Street

Local government guidance

Support for UK high streets

On December 6, 2013 the Communities Secretary set out a £1 billion package of support for UK high streets, the stated objectives being to:

- support business and the private sector to have a greater stake in their high streets;
- make it easier to diversify town centres;
- ensure town centres remain accessible to visitors;
- promote the use of technology to modernise town centres.

Key elements of the strategy include:

- a £1,000 discount in 2014/15 and 2015/16 for retail premises with a rateable value of up to £50,000 – including shops, pubs, cafés and restaurants;
- capping the Retail Price Index (RPI) increase in bills to 2% in 2014/15;
- extending the doubling of Small Business Rates relief to April 2015;
- a reoccupation relief for 18 months with a 50% discount for new occupants of retail premises empty for a year or more;
- assisting business cash flow by allowing businesses to pay their bills over 12 months (rather than 10)

Issues to consider:

- Has the Council assessed the local economic impact of the measures announced by the Communities Secretary?
- Has the Council assessed the impact of the measures on the Council's finances and the 2014/15 and 2015/16 budgets?

Councils keep New Homes Bonus

Local government guidance

Help for housing building

In the Autumn statement (5 December 2013) the government announced plans to secure a £1 billion 6 year investment in house building, to simplify the local authority planning process and help to achieve the stated objective of delivering 250,000 new homes.

Key objectives:

- nationally to increase the housing supply in England through a £1 billion 6 year investment programme;
- at a local level helping councils to increase the supply of affordable social housing supply in their area by allowing them to bid for up to £300 million of additional borrowing against their housing revenue account;
- improving labour market mobility by introducing a Right to Move for those needing to move to take up a job or training;
- Allowing councils outside London to keep all of their **New Homes Bonus** and have full control over how they use it to support new homes in their area – the New Homes Bonus is a grant paid by central government to local councils for increasing the number of homes and their use, is paid each year for 6 years and is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use.

Issues to consider:

- Has the Council assessed the implications and potential financial impact for the Council of the help for housing building measures announced in the Autumn statement?

79% of Councils anticipate Tipping Point soon

Grant Thornton

2016 tipping point? Challenging the current

This report http://www.grant-thornton.co.uk/Global/Publication_pdf/LG-Financial-Resilience-2016-tipping-point.pdf is the third in an annual series which assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future.

Local authorities have so far met the challenges of public sector budget reductions. However, some authorities are predicting reaching tipping point, when the pressure becomes acute and financial failure is a real risk. Based on our review of forty per cent of the sector, this report shows that seventy nine per cent of local authorities anticipate some form of tipping point in 2015/16 or 2016/17.

Our report rates local authorities in four areas - key indicators of financial performance, strategic financial planning, financial governance and financial control. It also identifies a series of potential 'tipping point scenarios' such as local authorities no longer being able to meet statutory responsibilities to deliver a range of services.

Our report also suggests some of the key priorities for local authorities in responding to the challenge of remaining financially sustainable. This includes a relentless focus on generating additional sources of revenue income, and improving efficiency through shared services, strategic partnerships and wider re-organisation.

Issues to consider:

- Our report includes a good practice checklist designed to provide senior management and members with an overview of key tipping point risks. Has the Council completed the checklist?
- The report also includes good practice case studies in strategic financial planning, financial governance and financial control. Has the Council reviewed these case studies and considered whether there is scope to adopt these?

Alternative Delivery Models – are you making the most of them?

Grant Thornton

Alternative delivery models in local government

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Responding-to-the-challenge-alternative-delivery-models-in-local-government/> discusses the main alternative delivery models available to local government. These are based on our recent client survey and work with local government clients. It aims to assist others as they develop their options and implement innovation strategies.

Local government has increased the variety and number of alternative delivery models it uses in recent years including contracts and partnerships with other public bodies and private sector organisations, as well as developing new public sector and non-public sector entities. With financial austerity set to continue, it is important that local authorities continue innovating, if they are to remain financially resilient and commission better quality services at reduced cost.

This report is based on a brief client survey and work with local authority clients and:

- Outlines the main alternative delivery models available to local authorities
- Aims to assist other authorities as they develop their options and implement innovation strategies
- Considers aspects of risk.

Issues to consider:

- Our report includes a number of case studies summarising how public services are being delivered through alternative service models. Has the Council reviewed these case studies and assessed whether there are similar opportunities available to it?
- Our report includes three short checklists on supporting innovation in service delivery, setting up a company and questions that members should ask officers when considering the development of a new delivery model. Are the checklists being considered as part of the development of the Council's commissioning strategy?

Welfare reforms – what you think of it so far?

Grant Thornton

Reaping the benefits: first impressions of the impact of welfare reform.

The potential scope of this topic is broad, so our report focuses on the financial and managerial aspects of welfare reform. This involves:

- Understanding the challenges currently facing local government and housing associations in regard to welfare reform and what organisations have been doing to meet this challenge in terms of strategy, projects and new processes.
- Reporting on the early indications of effectiveness following the implementation of these measures and the impact of reform.
- Providing early insight into challenges facing these organisations in the near future.

We have pulled together information from a variety of sources, including our regular conversations across the local government and housing sectors and surveying local authorities and housing associations in England.

We found that:

- In general, organisations have been very active in engaging with stakeholders and putting in place appropriate governance arrangements and systems to implement specific reforms. A minority of organisations did not fully exploit all the options open to them in preparing for reform.
- So far, the indication is that the impact of reform experienced by local authorities and partners has been managed effectively. This may be because the full impact has not yet been felt. Some worrying signs are emerging, including rising rental arrears, homelessness and reliance on food banks, which may be linked to the reforms.
- Looking ahead, further reforms, such as the implementation of universal credit and the move to direct payments present significant uncertainties and challenges over the next few years.

Issues to consider:

- Have Council officers kept members informed of progress with stakeholder engagement and changes to governance arrangements to implement specific reforms?
- What impact assessment is the Council carrying out on council tax localisation, the benefit cap and housing benefit, the spare room subsidy and changes to the Social Fund?
- Does the Council have a plan in place or in development for the introduction of universal credit?

Revaluing your assets – clarification of accounting guidance

Accounting and audit issues

Property, plant and equipment valuations

The 2013/14 Code has clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period.' This means that a local authority will need to satisfy itself that the value of assets in its balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2014. This is likely to be a complex analysis which might include consideration of:

- the condition of the authority's property portfolio at 31 March 2014
- the results of recent revaluations and what this might mean for the valuation of property that has not been recently valued
- general information on market prices and building costs
- the consideration of materiality in its widest sense - whether an issue would influence the view of a reader of the accounts.

The Code also follows the wording in IAS 16 more closely in the requirements for valuing classes of assets:

- items within a class of property, plant and equipment are to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates
- a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within a short period and provided the revaluations are kept up to date.

There has been much debate on what is a short period and whether assets that have been defined as classes for valuation purposes should also be disclosed separately in the financial statements. These considerations are secondary to the requirement that the carrying value does not differ materially from the fair value. However, we would expect auditors to report to those charged with governance where, for a material asset class:

- all assets within the class are not all valued in the same year
- the class of asset is not disclosed separately in the property, plant and equipment note.

Issue to consider:

- Has the Council consulted members on the programme of valuations and the proposals for disclosing information about classes of assets?

Estimating the impact of business rate appeals

Accounting and audit issues

Business rate appeals provisions

Local authorities are liable for successful appeals against business rates. They should, therefore, recognise a provision for their best estimate of the amount that businesses have been overcharged up to 31 March 2014.

However, there are practical difficulties which mean that making a reliable estimate for the total amount that has been overcharged is challenging:

- the appeals process is managed by the Valuation Office Agency (VOA) and so local authorities are reliant on the information provided to them by the VOA
- some businesses may have been overcharged but not yet made an appeal.

We would expect local authorities:

- to work with the VOA to make sure that they have access to the information they need
- where appeals have been made, to determine a methodology for estimating a provision and to apply this methodology consistently
- where appeals have not been made:
 - to consider the extent to which a reliable estimate can be made (for example, in relation to major businesses)
 - to recognise a provision where a reliable estimate can be made
 - to disclose a contingent liability where a reliable estimate cannot be made
 - to provide a rationale to support their judgement that a reliable estimate cannot be made
- to revisit the estimate with the latest information available immediately before the audit opinion is issued.

Issues to consider:

- Is the Council confident of obtaining the information it needs from the VOA?
- Has the Council recognised a provision where it is possible to make a reliable estimate? Has a robust methodology been used?
- Has the Council provided a robust rationale where it has decided it cannot make a reliable estimate? Is it planning to disclose a contingent liability?
- Is the Council planning to revisit its provision and contingent liability before the audit opinion is issued?

Accounting for pensions

Accounting and audit issues

Accounting for and financing the local government pension scheme costs

Accounting issues

The 2013/14 Code follows amendments to IAS 19 and changes the accounting requirements for defined benefit pension liabilities such as those arising from the local government pension scheme (LGPS). This is a change in accounting policy and will apply retrospectively.

The main changes we expect to see are:

- a reallocation of amounts charged in the comprehensive income and expenditure statement (CIES)
- more detailed disclosures.

We do not expect changes to balance sheet items (the net pension liability and pension reserve balance). This means that whilst we would expect the CIES to be restated, a third balance sheet is not required. Actuaries should be providing local authorities with the information they need to prepare the financial statements, including restated comparatives.

Financing issues

The amount to be charged to the general fund in a financial year is the amount that is payable for that financial year as set out in the actuary's rates and adjustments certificate. Some local authorities are considering paying pension fund contributions early in exchange for a discount but not charging the general fund until later.

Local authorities must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year. Where local authorities are considering making early payments, we would expect them to obtain legal advice to determine the amounts that are chargeable to the general fund. We would expect this to include consideration of:

- the actuary's opinion on the amounts that are payable by the local authority into the pension fund
- the agreement between the actuary and the local authority as to when these payments are to be made
- the wording in the rates and adjustments certificate setting out when amounts are payable for each financial year.

Issues to consider:

- Is the Council confident of getting the information from its actuary to meet the changes in the requirements for accounting for the LGPS (including restating the comparatives)?
- If the Council is considering making an early payment to the pension fund, has it set out a reasonable argument for how it proposes to charge this amount to the general fund? Is this supported by legal advice?

Changes to the public services pension scheme

Accounting and audit issues

Changes to the Local Government Pension Scheme

The Public Service Pensions Bill received Royal Assent in April 2013, becoming the Public Service Pensions Act 2013 ('the Act'). The Act makes provision for new public service pension schemes to be established in England, Wales & Scotland. Consequent regulations have been laid to introduce changes to the LGPS in England and Wales from 1st April 2014. (The regulations for the changes in Scotland have not yet been laid and will only impact from 1 April 2015).

These introduce a number of changes including:

- a change from a final salary scheme to a career average scheme
- introduction of a 50/50 option whereby members can choose to reduce their contributions by 50% to receive 50% less benefit
- calculation of contributions based on actual salary which could lead to some staff with irregular patterns of working moving between contribution rate bandings on a regular basis
- changes in employee contribution rates and bandings
- transitional protection for people retiring within 10 years of 1 April 2014 (further regulations are still awaited).

The above changes have implications for all employers involved in the LGPS introducing required changes to their payroll systems to ensure pension contributions are calculated correctly. This has consequent implications for administering authorities to communicate with employers and consider how they will obtain assurance over the accuracy and completeness of contributions going forwards since the calculations are more complex going forwards and less predictable. In addition changes are also required to pension administration/payment systems as well as much more detailed processes around maintaining individual pension accounts for all members to ensure the correct payment of future pensions. The Act also requires changes to the governance arrangements although regulations for the LGPS have not yet been laid for these and the changes in governance arrangements are not expected to be implemented until 1 April 2015.

Issues to consider:

- Is the Council aware of the detailed requirements and their impact on its current payroll system and processes?
- Is the Council taking appropriate action to ensure implementation of the required changes to its payroll system and processes by 1 April 2014?
- Has the Council liaised with the administering authority over any changes they may need in the assurances provided over the completeness and accuracy of contributions?



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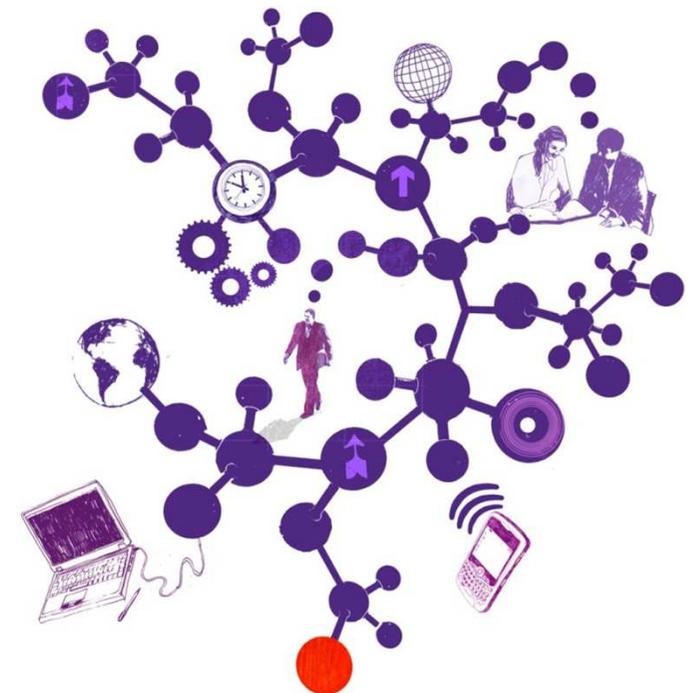


Benchmarking your arrangements for securing Financial Resilience – Ribble Valley Borough Council

19 March 2014

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Manager
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Index

1 Introduction Page 3

2 Executive summary Page 4

3 How did you perform? Page 5

4 How do you compare? Page 6

Introduction

Value for Money conclusion

Our work supporting our Value for Money (VfM) conclusion, as part of the statutory external audit, includes a review to determine if councils have proper arrangements in place for securing financial resilience.

In so doing we consider whether councils have robust financial systems and processes in place to manage their financial risks and opportunities, and to secure a stable financial position that enables them to continue to operate for the foreseeable future.

The definition of foreseeable future for the purposes of these financial resilience reviews is 12 months from the date of our reports to clients.

Benchmarking for Ribble Valley Borough Council

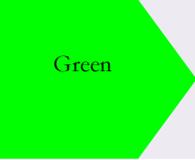
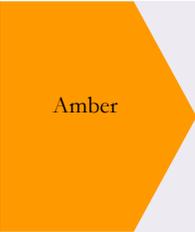
This benchmarking pack should be considered alongside our Financial Resilience report which we reported to the Audit Committee in September 2013, and in the light of the issue of our national report on financial resilience in the sector, "*2016 tipping point? Challenging the current*".

The benchmarking compares Ribble Valley with the total population of over 130 councils and also with sub-populations as follows:

- Lancashire councils only;
- District councils type only.

Our Financial Resilience Ratings

We use a red/amber/green (RAG) rating with the following definitions

 Green	Arrangements meet or exceed adequate standards. Adequate arrangements identified and key characteristics of good practice appear to be in place.
 Amber	Potential risks and/or weaknesses. Adequate arrangements and characteristics are in place in some respects, but not all. Evidence that the Council is taking forward areas where arrangements need to be strengthened.
 Red	High risk: The Council's arrangements are generally inadequate or may have a high risk of not succeeding.

Executive summary

Main conclusion

Ribble Valley has arrangements that meet or exceed adequate standards in all the thematic areas of financial resilience reviewed in 2012/13:

- key indicators of financial performance;
- strategic financial planning;
- financial governance; and
- financial control.

This is a good rating and is in line or exceeds the ratings achieved for other comparable councils. The detailed results, including benchmarking, are shown on the following pages.

Please note - This report needs to be read in the context that our financial resilience reviews fell in the second year of the four-year SR10 period, where some of the potential risks and challenges over the medium term may have yet to materialise for Ribble Valley and the wider sector.

How did you perform?

What is the picture for 2012-13?

We have reviewed:

- key indicators of financial performance;
- strategic financial planning;
- financial governance; and
- financial control.

Within these thematic areas we have looked at 22 different categories and the graph below shows your performance in these categories. To the left are the overall ratings for the four themes, and to the right are the 22 categories.

Ribble Valley has a green rating in all areas with regard to:

- key indicators of financial performance;
- strategic financial planning;
- financial governance; and
- financial control.

A green rating indicates that Ribble Valley's arrangements meet or exceed adequate standards.



How do you compare?

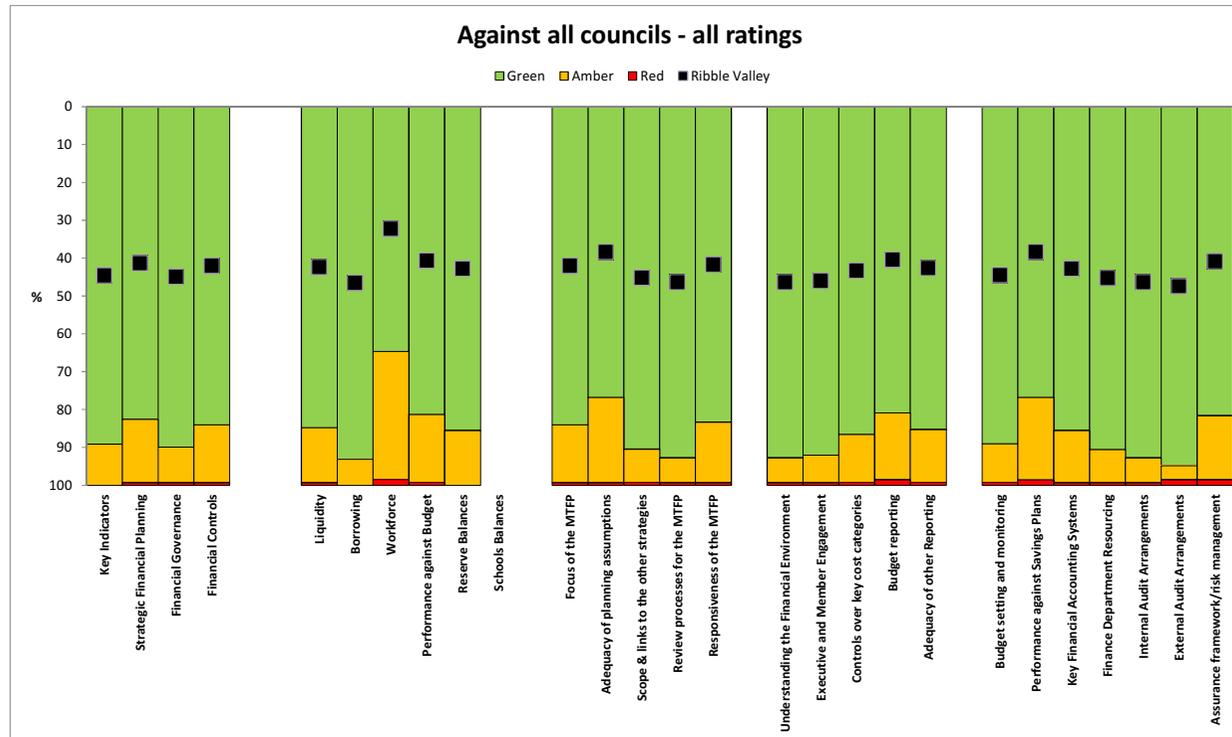
Benchmarking against all councils

The graph below shows how Ribble Valley performs against the results for all councils in 2012-13. Your scores are plotted as the black squares overlying the population performance: the colour that your black square lies in indicates the level you achieved.

You can draw the following conclusions about the population:

- local government's performance overall is good – in all categories the majority of councils achieve green status, and the incidence of red ratings is very small;
- none of the thematic areas is demonstrably weaker than any other;
- previous reviews show that the *Key indicators of performance theme* has seen every one of its categories weaken since 2011-12, notably in the *Workforce* category.

Ribble Valley is in line with the overall good ratings for the majority of councils, in all the areas reviewed.



How do you compare?

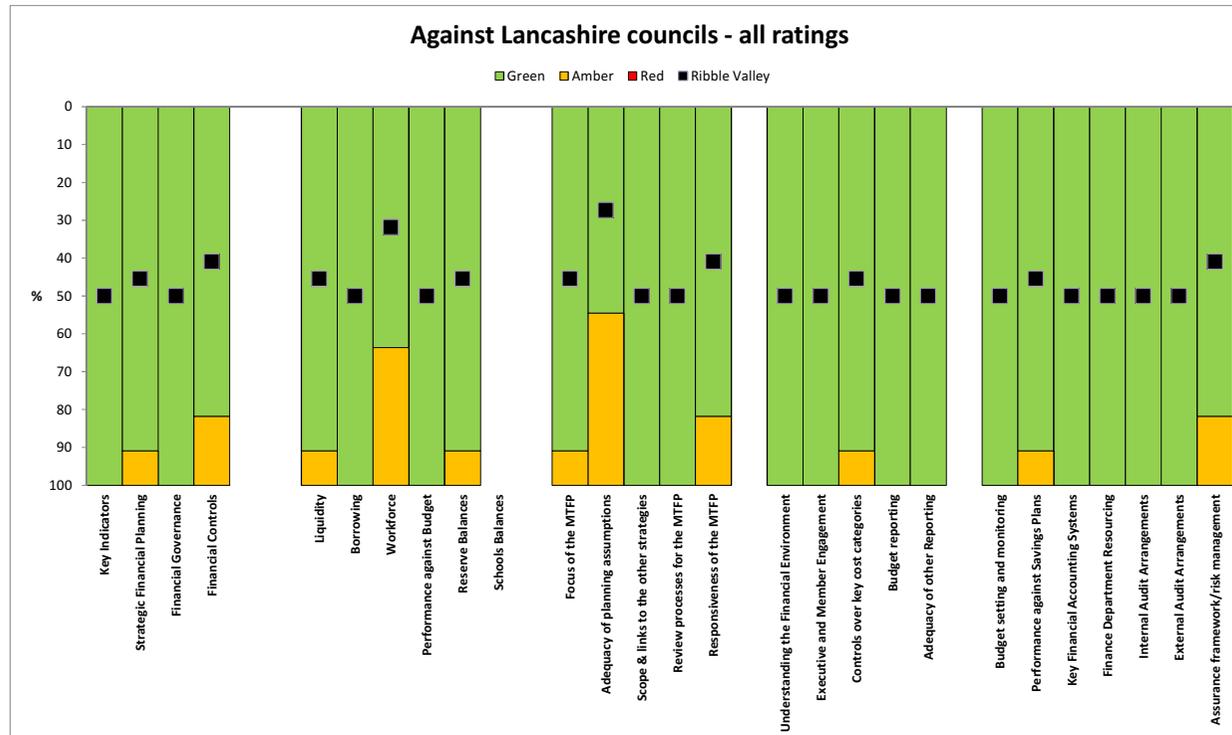
Benchmarking against Lancashire councils only

The graph below shows how you perform against the results for the Lancashire councils that we audit.

Overall, the Lancashire councils have higher ratings than all councils and there are no red ratings in Lancashire.

The one area where Lancashire councils have a lower rating is "Adequacy of planning assumptions".

Ribble Valley is in line with the overall good ratings for the majority of Lancashire councils, in all the areas reviewed.



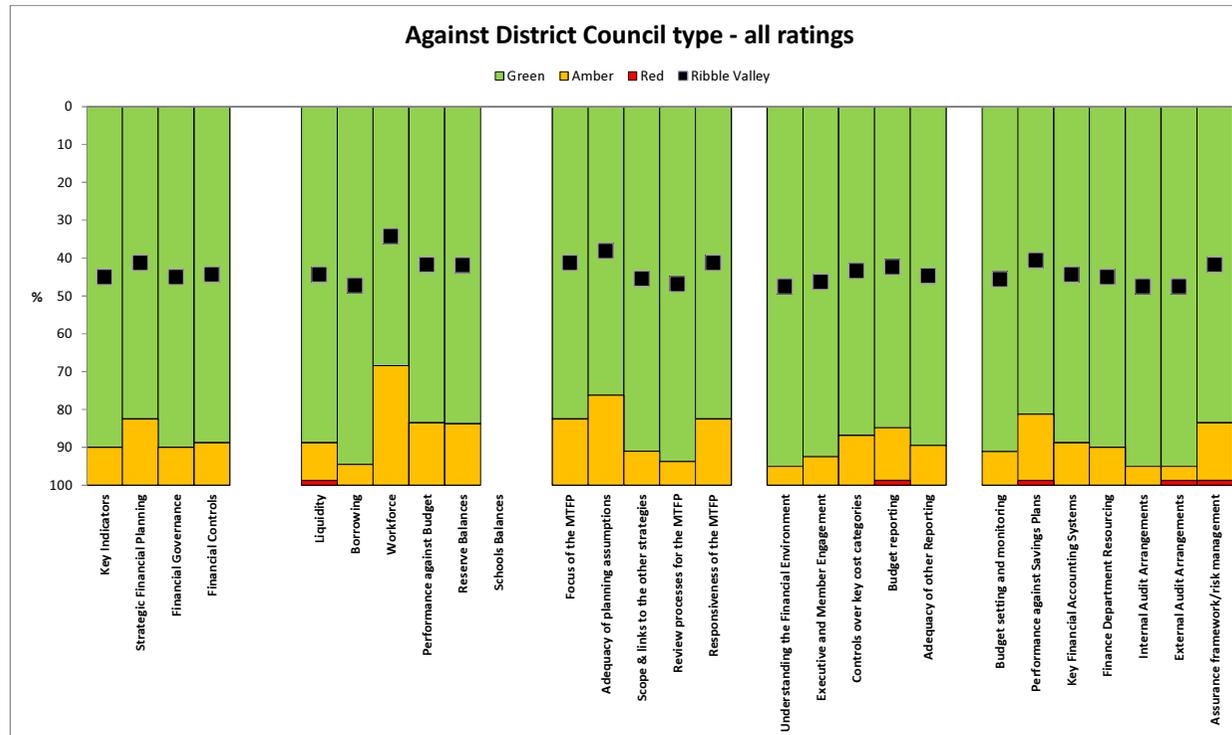
How do you compare?

Benchmarking against District councils type only

The graph below shows how you perform against the results for our District council clients.

The overall performance of District councils is good and is very similar to the performance of all councils (see page 6) – in all categories the majority of councils achieve green status, and the incidence of red ratings is very small.

Ribble Valley is in line with the overall good ratings for the majority of District councils, in all the areas reviewed.





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Protecting the Public Purse Fraud Briefing 2013 Ribbles Valley Borough Council



Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?

And do not forget

- Checklist for those charged with governance (Appendix 2 of PPP 2013)*
- Questions councillors may want to ask/consider (Appendix 3 of PPP 2013)*

Introduction

- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

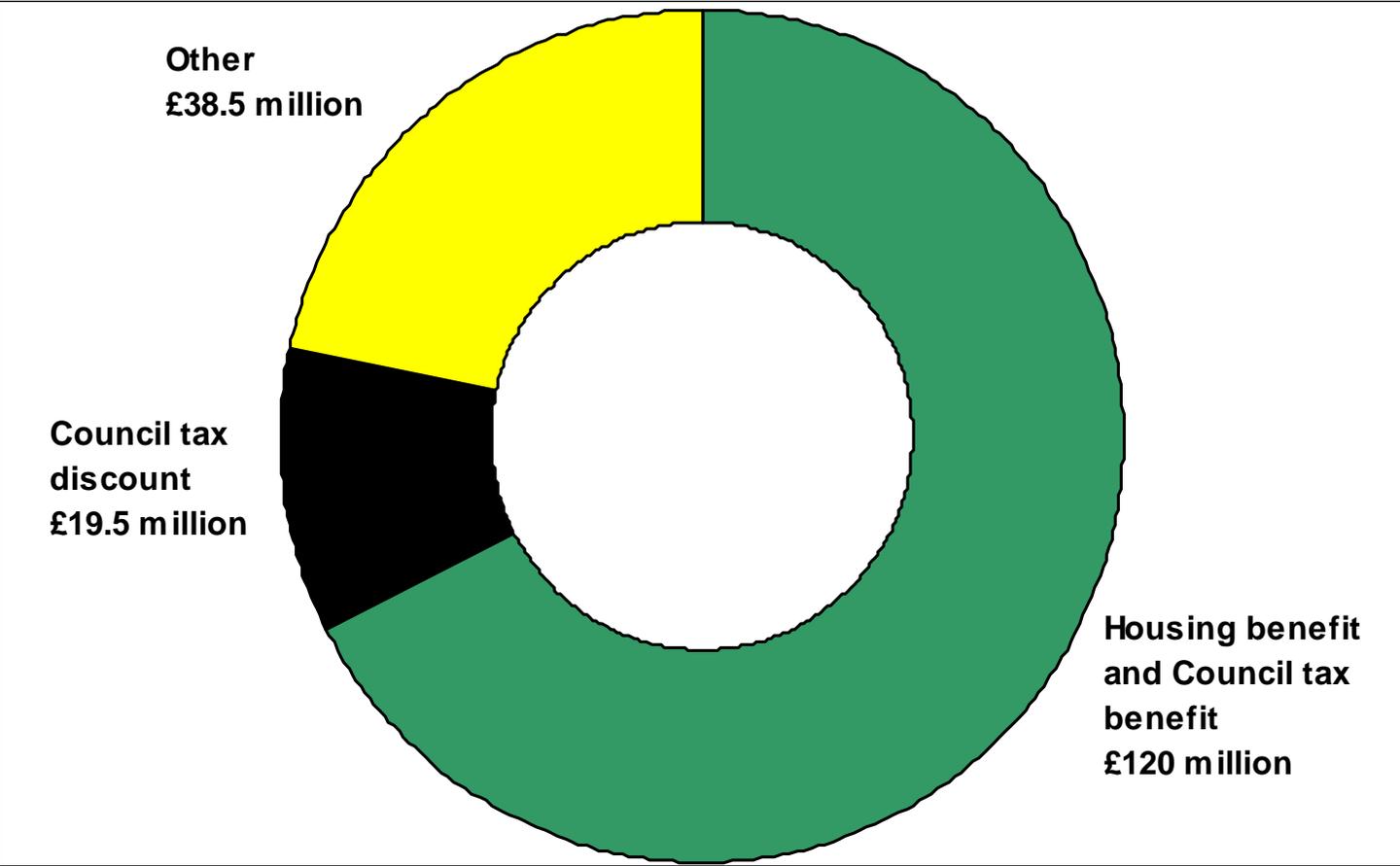


Purpose of Fraud Briefing at your council

- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

National Picture 2012/13

Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)



Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

Interpreting fraud detection results

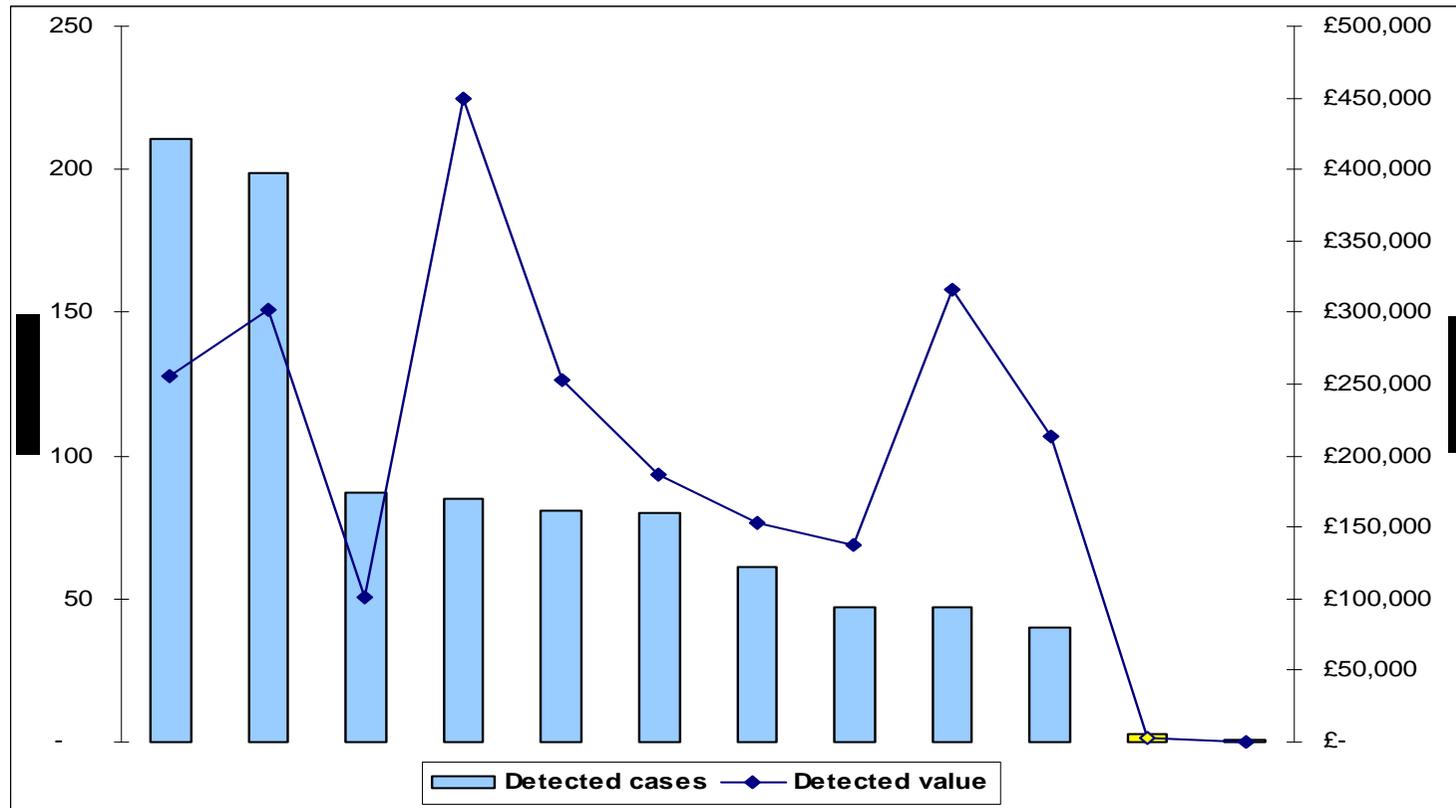
- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow

The local picture

How your council compares to other district councils in your county area

Total detected cases and value 2012/13



Ribble Valley detected: 3 cases, valued at £2,889

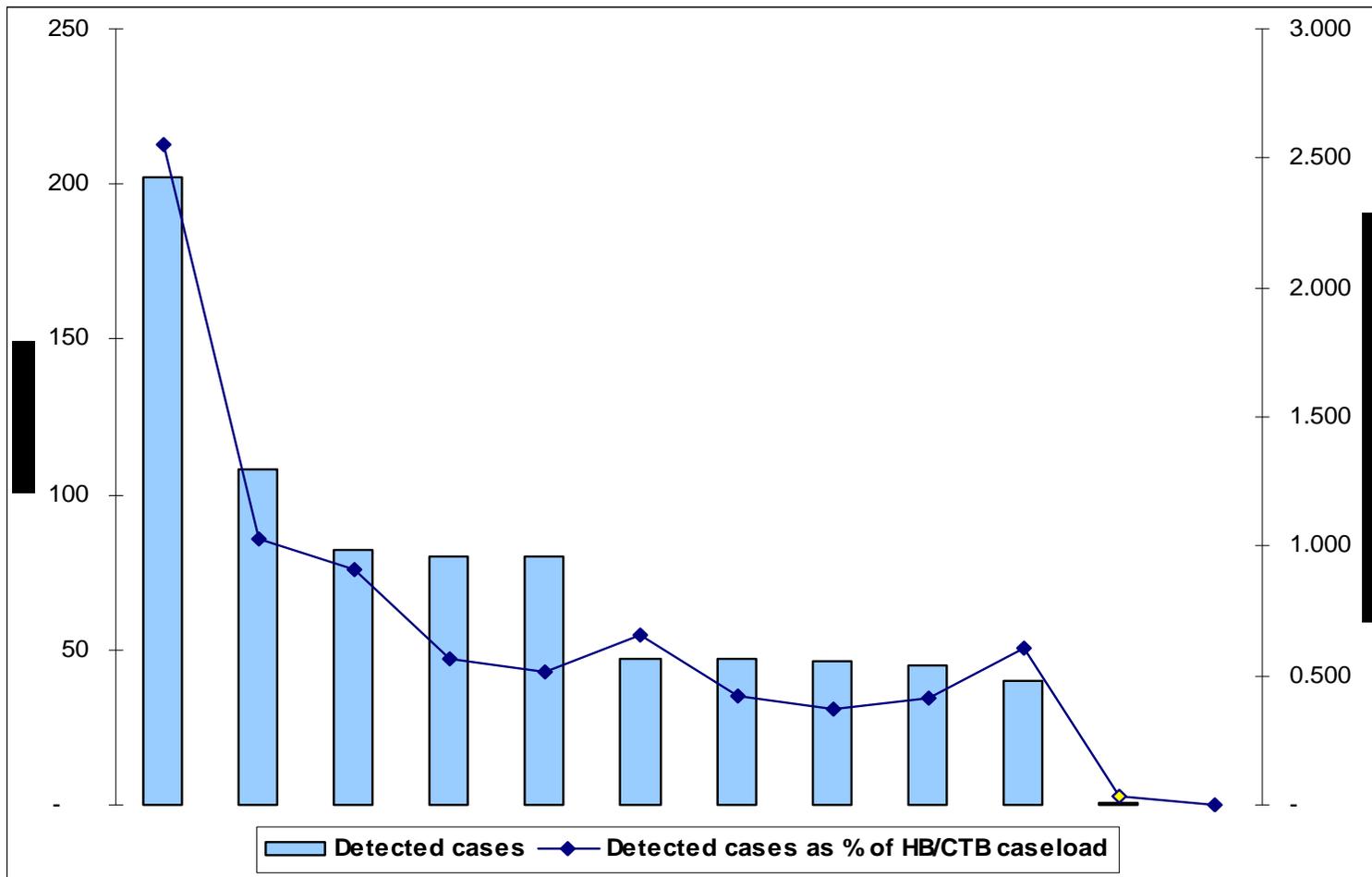
DC average for your county area: 79 cases, valued at £197,668



District councils in your county area 2012/13

Housing benefit (HB) and Council tax benefit (CTB) fraud

Detected cases and detected cases as a percentage of HB/CTB caseload



Ribble Valley detected: 1 case, valued at £2,889

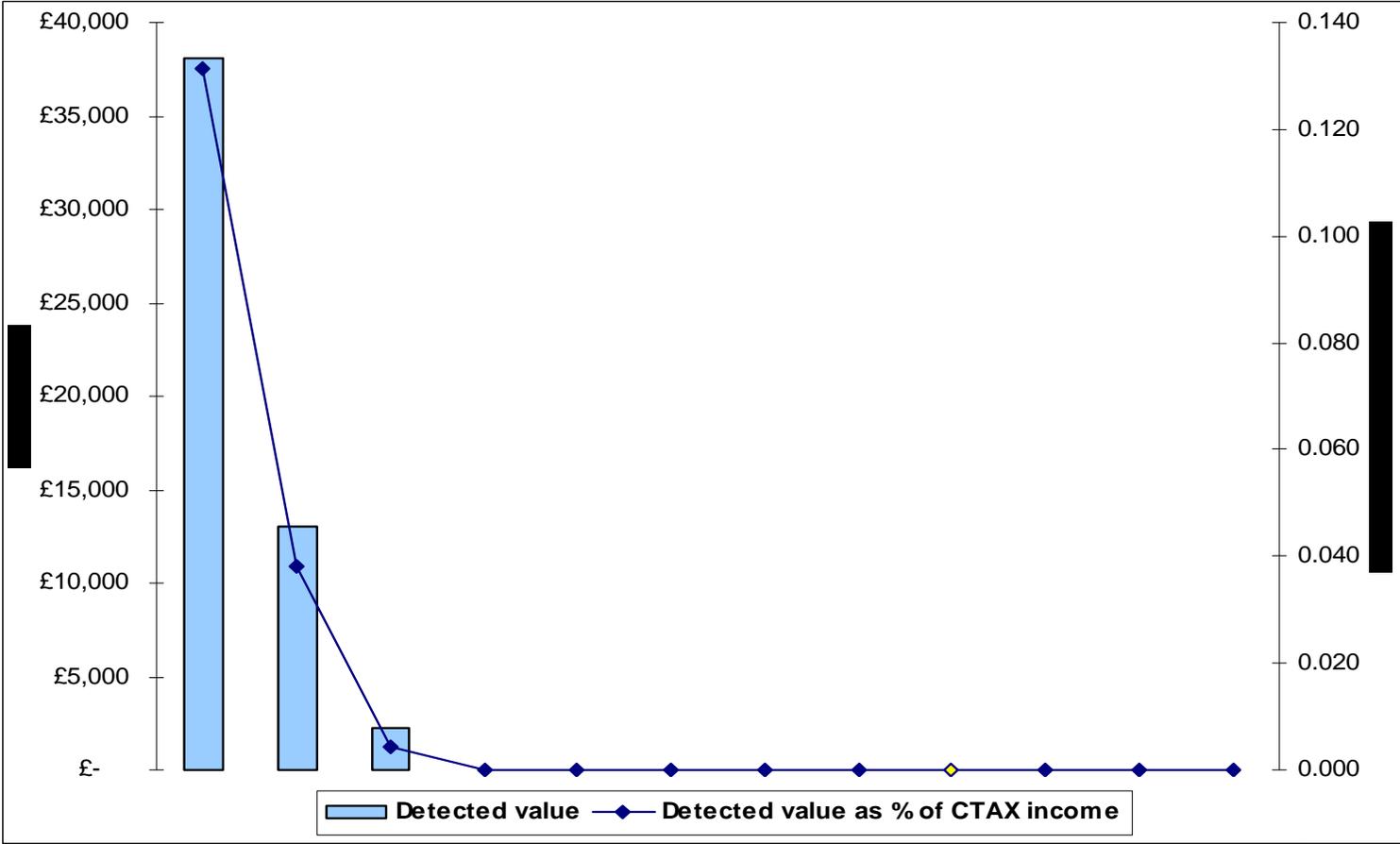
DC average for your county area: 65 cases, valued at £165,402



District councils in your county area 2012/13

Council tax (CTAX) discount fraud

Detected value and detected value as a percentage of council tax income



Ribble Valley detected: no cases

DC average for your county area: 10 cases, valued at £4,439



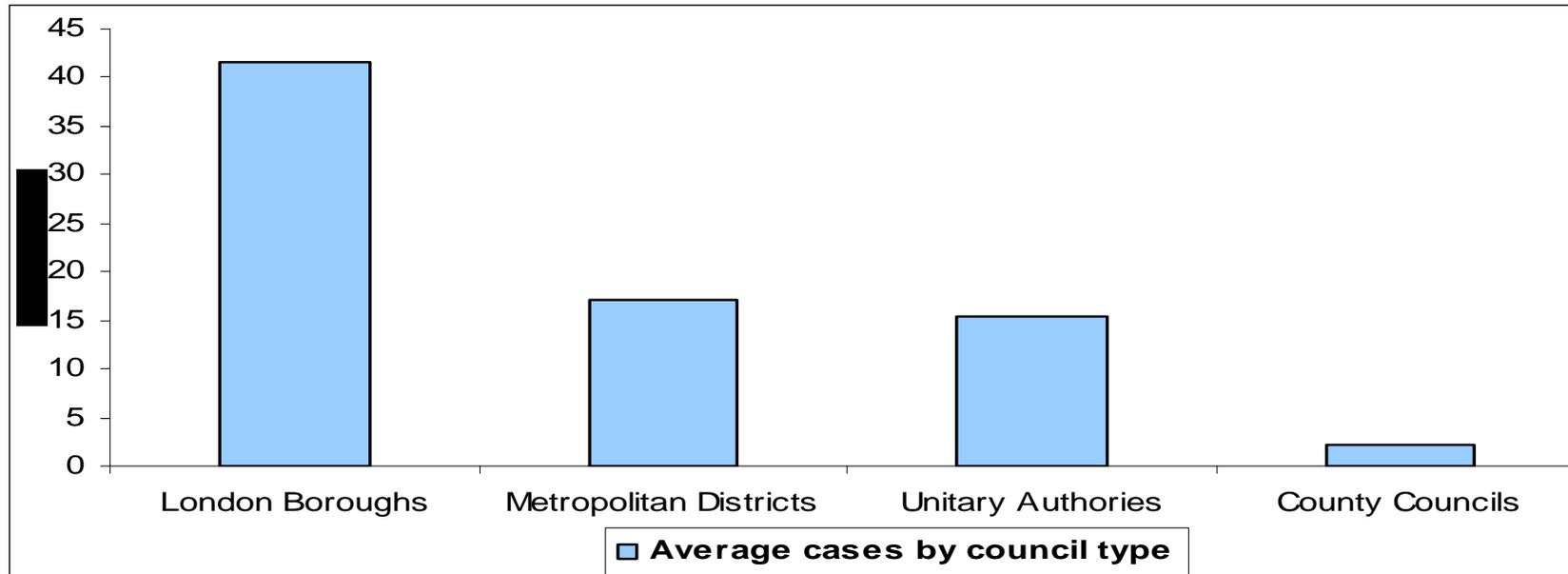
Ribble Valley Borough Council

Other frauds

- **Procurement:** no cases
*(Ave per DC in your county area: no cases
Total for all local government bodies in your region: 20 cases, valued at £411,783)*
- **Insurance:** no cases
*(Ave per DC in your county area: <1 case, no value recorded
Total for all local government bodies in your region: 6 cases, valued at £276,008)*
- **Economic & Third sector:** no cases
*(Ave per DC in your county area: no cases
Total for all local government bodies in your region: 11 cases, valued at £18,400)*
- **Internal fraud:** 2 cases, no value recorded
*(Ave per DC in your county area: 1 case, valued at £3,428
Total for all local government bodies in your region: 168 cases, valued at £1,522,016)*

*Correctly recording fraud levels is a central element in assessing fraud risk
It is best practice to record the financial value of each detected case*

Disabled parking (Blue Badge) fraud Detected cases by issuing council type



In two-tier areas:

- county councils have administrative responsibility for issuing blue badges
- district councils face reduced car parking income as a result of the fraudulent abuse of blue badges.

District councils without housing stock 2012/13

Social housing fraud

It is estimated that:

- 2 per cent of social housing stock outside London is subject to tenancy fraud;
- tenancy fraud represents the second largest financial loss to fraud in local government, costing £845 million in 2013; and
- when combined with the loss to tenancy fraud suffered by housing associations, the total value in England is £1.8 billion – making tenancy fraud five times greater than the annual loss due to housing benefit fraud.

The Prevention of Social Housing Fraud Act 2013 criminalises tenancy fraud

The legislation gives councils investigation powers and the ability to prosecute tenancy fraudsters on behalf of housing associations

Should you be using this legislation to work in partnership with local housing associations?

Any questions?



Fighting Fraud Checklist for Governance

Protecting the public purse 2013

November 2013

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i> ?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
3. Do we have dedicated counter-fraud staff?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
4. Do counter-fraud staff review all the work of our organisation?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
5. Does a councillor have portfolio responsibility for fighting fraud across the council?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
7. Have we assessed our management of counter-fraud work against good practice?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		

General		Yes	No
14. Do we have effective arrangements for:			
■ reporting fraud?; and	<input type="radio"/>	<input type="radio"/>	
■ recording fraud?	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			
15. Do we have effective whistle-blowing arrangements? In particular are staff:			
■ aware of our whistle-blowing arrangements?	<input type="radio"/>	<input type="radio"/>	
■ have confidence in the confidentiality of those arrangements?	<input type="radio"/>	<input type="radio"/>	
■ confident that any concerns raised will be addressed?	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			
16. Do we have effective fidelity insurance arrangements?			
	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			
Fighting fraud with reduced resources		Yes	No
17. Have we reassessed our fraud risks since the change in the financial climate?			
	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			
18. Have we amended our counter-fraud action plan as a result?			
	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			
19. Have we reallocated staff as a result?			
	<input type="radio"/>	<input type="radio"/>	
Previous action			
2013 Update			

Current risks and issues	Yes	No
Housing tenancy		
20. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
21. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
Procurement		
22. Are we satisfied our procurement controls are working as intended?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
23. Have we reviewed our contract letting procedures since the investigations by the Office of Fair Trading into cartels, and compared them with best practice?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
Recruitment		
24. Are we satisfied our recruitment procedures:		
■ prevent us employing people working under false identities;	<input type="radio"/>	<input type="radio"/>
■ confirm employment references effectively;	<input type="radio"/>	<input type="radio"/>
■ ensure applicants are eligible to work in the UK; and	<input type="radio"/>	<input type="radio"/>
■ require agencies supplying us with staff to undertake the checks that we require?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		

Current risks and issues	Yes	No
Personal budgets		
25. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
26. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
Council tax discount		
27. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	<input type="radio"/>	<input type="radio"/>
Previous action		
2013 Update		
Housing benefit		
28. When we tackle housing benefit fraud do we make full use of: <ul style="list-style-type: none"> <li data-bbox="300 1350 715 1395">■ National Fraud Initiative; <li data-bbox="300 1440 863 1507">■ Department for Work and Pensions Housing Benefit matching service; <li data-bbox="300 1518 754 1552">■ internal data matching; and <li data-bbox="300 1597 786 1630">■ private sector data matching? 	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>
Previous action		
2013 Update		

Audit Commission
3rd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Switchboard: 0303 444 8300

Appendix 3 - Questions for councillors to support 2013 individual fraud briefings

These questions are designed to be used in conjunction with individual fraud briefings for local authorities.

Together, they will help councillors do more to improve public confidence in their council's efforts to tackle fraud in a range of areas.

Tenancy fraud

- Has my organisation attempted to quantify the scale of tenancy fraud that our housing stock is subject to (at least 4 per cent in London, 2 per cent outside London)?
- Does my organisation have a strategic plan to tackle tenancy fraud?
- Does my organisation have any dedicated investigative resources specifically allocated to tackling tenancy fraud?
- Are the resources dedicated to tackling tenancy fraud proportionate to the scale of the problem?
- Did my organisation receive any non-ring fenced government funding, for 2013 and 2014, to tackle tenancy fraud?
- If yes, has all that funding been allocated to tackle tenancy fraud?
- If yes, have my organisation engaged with local housing associations to maximise the benefit of such funding for the community?
- Is my organisation a member of Tenancy Fraud Forum, including any regional forum group?
- Does my organisation maximise the benefits of participating in data matching, such as the National Fraud Initiative, to identify tenancy frauds?
- What assurances are there that any tenancy audits undertaken are robust, specifically intended to identify tenancy frauds and follow recognised best practice?
- Has my organisation considered the Prevention of Social Housing Act, including the scope for greater partnership with housing associations?

Council tax discount

- How effectively does my organisation use data matching activities to tackle council tax discount fraud, including the National Fraud Initiative?

- How well does my organisation use all forms of sanction and punishment, including penalties, criminal action and targeting previous years' fraudulently obtained discounts?
- Is my organisations policy on applying sanctions to deter council tax discount fraud effective?

Right to Buy

- Does my organisation review all applications for Right to Buy discounts?

Housing benefit fraud

- Has my organisation considered the impact of Single Fraud Investigation Service (SFIS) implementation from April 2014, on capacity to investigate non-benefit fraud?
- Has my organisation considered how best to work with SFIS to ensure local priorities and risks continue to be reflected in local activities to tackle benefit fraud?

Council tax reduction

- Does my council have a strategy to tackle Council tax reduction fraud?
- How well does this strategy combine proactive and reactive approaches to tackling fraud?

Social care

- How effective is my council's fraud awareness training for all staff working in social care (including those working for contracted providers), to identify suspected social care fraud?
- How good are my council's whistle-blowing arrangements for all staff working in social care?

Business rates fraud

- How effective is my council in maximising its income by tackling business rates fraud?

Blue badge fraud (disability parking concessions)

- How effectively does my council take action to tackle abuse of blue badge and other parking concessions?

Preventing other frauds

- How confident am I that staff in my council are aware of the risks of other high value, low frequency frauds and routinely apply all necessary controls to ensure that they do not occur?

Deterrence

- How effectively does my council detect fraud?
- How appropriate are the punishments we apply for fraud?
- How well does my council publicise its success in detecting fraud?

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

Agenda Item No 11

meeting date: 2 APRIL 2014
title: INTERNAL AUDIT PROGRESS REPORT 2013/14
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2013/14.

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

2 BACKGROUND

2.1 Internal audit ensure that sound internal controls are inherent in all the Council's systems. All services are identified into auditable areas and then subjected to a risk assessment process looking at factors such as financial value and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score, with all high-risk areas being covered annually.

2.3 The full internal audit plan for 2013/14 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2013/14 Planned Days
Fundamental (Main) Systems	265
Other Systems	55
Probity and Regularity	150
On-going checks	27
Risk Management, Performance Indicators	65
Non-Audit Duties (Insurance)	30
College	38
Contingencies/unplanned work	25
Vacant Post	15
	670

2.4 The position with regards to audit work carried out as at the end of February 2014 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

3 ISSUES

- 3.1 During the year we aim to review all of the Council's main fundamental systems. The majority of this work is carried out later in the year, in order that there are sufficient current year transactions to test to provide the necessary level of assurance. Testing in relation to systems audit work is currently on-going for main accounting, creditors, sundry debtors, payroll and housing benefits systems.
- 3.2 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.3 Insurance services fall under the remit of the internal audit team. In May/June a tendering exercise was carried out for the procurement of our insurance cover. A considerable amount of work was involved in providing the information required by prospective tenderers, and the opportunity was also taken to review our existing levels of cover. Following the exercise, Zurich Municipal were appointed as our insurers on a five year long term agreement. This procurement exercise inevitably impacts on the audit plan.
- 3.4 At present we use an assurance system for all audits carried out. Each completed audit report contains a conclusion which gives a level of assurance opinion as follows:

Level 1	Full		The Council can place full reliance on the levels of control in operation
Level 2	Substantial		The Council can place substantial reliance on the levels of control in operation
Level 3	Reasonable		Generally sound systems of control. Some minor weaknesses in control which need to be addressed
Level 4	Limited		Only limited reliance can be placed on the arrangements/ controls in operation. Significant control issues need to be resolved.
Level 5	Minimal		System of control is weak, exposing the operation to the risk of significant error or unauthorised activity

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 This report covers audit work and reports issued since the last report to Committee on 28 November 2013. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
20.12.13	Substantial 	Pay and Display Car Parking – Administration and Income. Looked at cash collection and banking procedures, issuing of long stay and staff permits, and the issuing and payment of penalty notices. Discrepancies were found with regards to the payments made to ourselves by Chipside, who administer the penalty notice payment system. Payments received from Chipside were not being verified and the Engineering Services Manager was asked to go back through all payments received to identify any under/over payments.

Date of Report	Assurance Opinion	Report Details
08.01.14	Substantial 	Grants Paid and Received – looked at a sample across the whole authority of received and paid grants to ensure transparency. A number of minor recommendations, but in general controls in place were effective.
16.01.14	Full 	Council Tax System – controls were sound and working effectively. No recommendations arising.
11.02.14	Full 	Clitheroe Market – checking to ensure all income collected is paid in promptly and that all payments via the sundry debtor system are up to date. No recommendations arising.
05.03.14	Minimal 	Platform Gallery and Visitor Information Centre – all areas looked at including stock control, stocktaking, banking of monies and payments to artists. Overall lack of stock control with inaccurate and unreliable records. Stocktakes not being carried out. Recommendations agreed following the previous audit in 2011 no longer being adhered to. Action Plan produced with recommendations agreed to improve efficiency of operation. A follow-up audit will be carried out early in the new audit year to ensure improvements have been made.
17.03.14	Substantial 	NNDR System – controls were sound and working effectively. Minor recommendation with regard to the frequency of inspection of unoccupied properties.

5 QUALITY MONITORING

5.1 Customer feedback questionnaires are issued following the completion of the majority of audit work carried out. These questionnaires ask for the auditees view on the work that has been undertaken. Summary results are shown at Annex 2 for the latest returned questionnaires, and it is pleasing to notice that the majority show an average score above our target level of 4.

6 RECOMMENDATION

6.1 Progress with the 2013/14 audit plan is slightly behind schedule due to the insurance tendering exercise and significant additional days spent on the Car Parking and Gallery/VIC audits.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA2-14/MA/AC
18 March 2014

For further information please ask for Mick Ainscow.

2013/14 Planned Days	Audit	Actual days to 28/02/14	Status as at 28/02/14
<i>Fundamental (Main) Systems</i>			
45	Main Accounting	16	
25	Creditors	8	
25	Sundry Debtors	8	
30	Payroll and HR	29	
45	Council Tax	47	✓
45	Housing Benefits	23	
30	NNDR	33	✓
20	Cash Receipting	8	Hazards Identified
265		172	
<i>Other Systems Work</i>			
20	VAT	8	Hazards Identified
5	Stores	9	✓
10	Treasury Management	11	✓
20	Procurement	8	Hazards Identified
55		36	
<i>Probity and Regularity</i>			
10	Asset Mgmt/Register	3	Hazards Identified
10	HR and Recruitment	3	Hazards Identified
10	Insurance	12	
10	Licences	16	✓
10	Business Continuity Mgmt	3	Hazards Identified
5	Car Parking	28	✓
10	VIC/Platform Gallery	54	✓
10	Trade Refuse	4	Hazards Identified
10	Recycling	4	Hazards Identified
10	Partnership Arrangements	2	Hazards Identified
10	Grants received	14	✓
10	Grants paid	14	✓
10	Sustainability	4	Hazards Identified
10	Section 106 Agreements	3	Hazards Identified
5	Ribblesdale Pool	7	✓
5	Building Regulations	0	Not started
5	Planning Applications	0	Not started
150		171	

2013/14 Planned Days	Audit	Actual days to 28/02/14	Status as at 28/02/14
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	6	
5	Fees and Charges	9	
12	Income Monitoring	11	
27		26	
25	Contingencies/unplanned work	25	
25		25	
40	Risk Management	37	
20	Corporate Governance	23	
5	Performance Indicators	8	
65		68	
30	Insurance	54	
30		54	
38	Training	40	
38		40	
15	Vacant post	15	
15		15	
	Available audit days to 31/3/2014	63	
670		670	

Key:



In Progress



Continuous Activity



Completed

Question	Audit Carried Out				
	Members Allowances	Ribblesdale Pool	Licensing	Treasury Management	Platform Gallery & Visitor Information Centre
1. Sufficient notice given to arrange the visit	4	5	3	4	5
2. Briefing sheet sent prior to audit commencing and any comments/requests were taken into account	4	5	4	4	5
3. Auditors understanding of your systems and current issues	3	4	4	4	4
4. Audit carried out efficiently with minimum disruption	4	5	5	5	5
5. Level of consultation during audit	3	4	5	5	3
6. Audit carried out professionally and objectively	4	4	4	5	5
7. Draft report (where applicable) addressed the key issues and was soundly based	4	4	4	4	4
8. Opportunity to comment on findings	4	5	5	5	5
9. Final report in terms of clarity and conciseness	4	5	5	5	4
10. Prompt issue of final report	3	5	4	4	5
11. Recommendations will improve control and/or performance	3	4	3	3	5
12. Audit was constructive and added value overall	3	4	4	3	4
Average	3.6	4.5	4.3	4.2	4.5