

# RIBBLE VALLEY BOROUGH COUNCIL

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date: 13 February 2018

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Dear Councillor

The next meeting of the **ACCOUNTS & AUDIT COMMITTEE** is at **6.30pm on WEDNESDAY, 21 FEBRUARY 2018** in 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  
Grant Thornton  
Press

## AGENDA

### Part 1 – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. Minutes of the meeting held on 18 October 2017 – copy enclosed.
3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
4. Public Participation (if any).

### DECISION ITEMS

- ✓ 5. Closure of Accounts Timetable 2017/18 – report of Director of Resources – copy enclosed.
- ✓ 6. Internal Audit Annual Plan 2018/19 – report of Director of Resources – copy enclosed.
- ✓ 7. Sub-Committee Arrangements – report of Chief Executive – copy enclosed.

INFORMATION ITEMS

- ✓ 8. Grants Certification Letter 2016/17 – report of Grant Thornton - copy enclosed
- ✓ 9. Audit Plan 2017/18 – report of Grant Thornton – copy enclosed.
- ✓ 10. Internal Audit Progress Report 2017/18 – report of Director of Resources – copy enclosed.

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

None

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No: 5

meeting date: 21 FEBRUARY 2018  
title: CLOSURE OF ACCOUNTS TIMETABLE 2017/18  
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 31 May 2018 and publish them including any certificate, opinion or report issued by the auditor, by 31 July 2018.
- 1.2 To inform members of the benefits of closing down early, 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 2015 set out detailed requirements in relation to duties and rights, and also brought in changes to the key deadlines for approval of the statement of accounts and completion of the audit.
- 2.2 The Regulations have important implications for local authorities in terms of planning to ensure critical tasks are met and the approval of accounts carried out by set deadlines.

### 3 THE ACCOUNTS AND AUDIT REGULATIONS 2015

- 3.1 The principal matters covered by the regulations relevant to accounts preparation are:
  - the responsible financial officer 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 in relation to accounts.
  - the responsible financial officer is required to certify that the accounts give a “true and fair view” of the financial position
  - at the point of certifying the accounts the authority must commence a 30 working day period for the exercise of public rights.
  - advertisement of the 30 working day period for the exercise of public rights must be published on the council’s website including a copy of the unaudited statement of accounts together with a declaration of the responsible financial officer as to the status of the accounts as unaudited and that they may be subject to change.
  - conduct a review of the effectiveness of the system of internal control, which will feed into the preparation of the annual governance statement

- the authority is to allow access to the accounts and specified supporting documents during the period for the exercise of public rights
- following the conclusion of the period for the exercise of public rights, consider either by way of a committee or by the members meeting as a whole, the statement of accounts and approve the statement of accounts by a resolution of that committee or meeting.
- publication of the audited accounts is to be achieved by 31 July.
- as soon as reasonably practicable after conclusion of the audit publish a statement that the audit has been concluded and that the statement of accounts has been published, and the rights of inspection of the same.

The Regulations stipulate various responsibilities for the closure of accounts;

### **Members**

- Consider the findings of the annual review of the effectiveness of the system of internal control and approve the annual governance statement
- following the conclusion of the period for the exercise of public rights and following the audit, consider the statement of accounts and approve the same and ensure that the statement of accounts is signed and dated by the person presiding at the committee at which that approval is given
- Where, following completion of an audit, the council receives any audit letter, committee must meet to consider its contents as soon as reasonably practicable.

### **Responsible Financial Officer**

- Determining on behalf of the authority, and ensuring they are observed and kept up to date -
  - The form of its accounting records and supporting records; and
  - Its financial control systems
- Accounting records must, in particular, contain -
  - entries from day to day of all sums of money received and expended by the authority and the matters to which its income and expenditure or receipts and payments relate; and
  - a record of the assets and liabilities of the authority.
- The financial control systems must include
  - measures to ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable;
  - measures to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records; and
  - measures to ensure that risk is appropriately managed;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.

- On behalf of the authority
  - sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the authority at the end of the financial year to which it relates, and of the authority's income and expenditure for that financial year;
  - ensures that commencement of the period for the exercise of public rights takes place
- As soon as reasonably practicable after conclusion of an audit, publish on the website
  - a statement that the audit has been concluded and that the statement of accounts has been published
  - a statement of the rights of inspection conferred on local government electors and the address and hours during which, those rights may be exercised

#### 4 REQUIREMENTS UNDER ACCOUNTS AND AUDIT REGULATIONS 2015

- 4.1 The Accounts and Audit Regulations 2015 now require that the Responsible Financial Officer sign the statement of accounts as a true and fair view and publish them by the **31 May** and for us to also publish our audited accounts by no later than **31 July**.
- 4.2 Last year we were able to close down the accounts under transitional provisions under the regulations, but met the new deadlines as required this year.
- 4.3 To achieve our deadline we must **strictly** follow the closedown timetable attached at Annex 1 for the closure of accounts. It highlights the need for us to make even more of a priority of the accounts closedown within the accountancy team and also across other impacted staff within the offices.
- 4.4 MHCLG has warned councils that it may revisit the closedown deadlines again in future years, to consider whether an even earlier closure timetable is possible. If so, this would likely require some fundamental changes to how we undertake the final accounts process and could potentially have an impact on staffing resources.

#### 5 GOVERNANCE ISSUES

- 5.1 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
- 5.2 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.

## 6 OTHER ISSUES

### ***Budget Implications***

- 6.1 It is imperative that the accounts for the current year are closed as soon as reasonably practicable in order to inform the budget setting process for future years. This allows us to be in a position to consider the council's reserves and balances and areas of over/under spending with greater certainty.

### ***Practical Issues***

- 6.2 Last year our audited accounts were approved by the Accounts and Audit Committee on 26 July 2017.
- 6.3 Subject to approval of the proposed committee meeting timetable for 2018/19, the audited statement of accounts will be presented at the proposed meeting of this committee on Wednesday 25 July 2018 for approval **(subject to approval of the proposed committee meeting timetable for 2018/19)**.
- 6.4 **It is important that all members endeavour to attend in order to ensure that the meeting is quorate.**

### ***Timetable***

- 6.5 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.
- 6.6 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.

## 7 RECOMMENDED THAT COMMITTEE

- 7.1 Endorse the suggested approach for the closure of the 2017/18 accounts.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA1-18/LO/AC

12 February 2018

For further information please ask for Lawson Oddie.

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
1	Wed	20-Dec-17	Contact Valuation Office to arrange for annual desktop asset revaluations.	Lawson Oddie	Trudy Holderness		
2	Mon	15-Jan-18	Distribution of Officer and Member Interests forms with pay slips	Julie Smith Val Taylor			
3	Fri	26-Jan-18	Deadline for return of Officer and Member Interests Form	Andrew Cook	Julie Smith/Liz Rawson		
4	Mon - Fri	05-Feb-18 to 9-Feb-18	Grant Thornton on site for Interim audit Work	Lawson Oddie			
5	Fri	09-Feb-18	Your Pensions Service – Request for pensions data check	Lawson Oddie	Val Taylor		
6	Fri	09-Feb-18	Send email to Heads of Service asking them to review the balance sheet Plant and Equipment items	Trudy Holderness	All Heads of Service		
7	Fri	16-Feb-18	Deadline date for confirmation of pensions data to Your Pensions Service	Lawson Oddie	Val Taylor		
8	Mon	19-Feb-18	Deadline for responses from Heads of Service following their review of balance sheet Plant and Equipment items	Trudy Holderness	All Heads of Service		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
9	Mon - Fri	19-Feb-18 to 23-Feb-18	Grant Thornton on site for Interim audit Work	Lawson Oddie			
10	Mon	5-Mar-18 and on-going	Detailed <b>review of "open" purchase orders</b> , i.e. cancel/match up to invoice/keep under review to accrue, Ensure GRNs up to date	Louise Parrish	Amy Johnson Trudy Holderness Andrew Cook		
11	Mon	12-Mar-18	Desktop revaluations to be received from Valuation Office	Lawson Oddie	Trudy Holderness		
12	Mon	12-Mar-18	Send Request for <b>all</b> utilities meter readings to be taken as at 29 March 2018	Amy Johnson	Sally Mason Adrian Harper Alan Coar		
13	Mon	12-Mar-18	Inform PAs of the deadline for receipt of holiday and lieu time records into the accounts section, in order to ensure records are up to date.	Andrew Cook	Averil Crowther Irene Williamson Lynne Calver Colin Winterbottom Helen Smith Olwen Heap		
14	Mon-Thurs	26-Mar-18 to 29-Mar-18	Grant Thornton on site	Lawson Oddie			
15	Fri	16-Mar-18	Update Intranet pages relating to the Closure of the Accounts.	Andrew Cook	Sally Mason		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
16	Fri	16-Mar-18	Circulation of <b>closure email</b> and <b>estimated creditor/debtor sheets</b>	Andrew Cook			
17	Fri	16-Mar-18	All staff responsible for entering year end invoices onto Financials to have been contacted and any training required arranged.	Val Taylor			
18	Fri	16-Mar-18	Asset revaluations as provided by the Valuation Office entered on to Technology Forge and journaled on to Financials	Trudy Holderness			
19	Fri	16-Mar-18	Latest date for depreciation transactions to be entered on Civica Financials	Trudy Holderness			
20	Mon	19-Mar-18	Full skeleton accounts prepared together with all restatements where applicable	Lawson Oddie			
21	Mon-Thurs	19-Mar-18 to 29-Mar-18	Continually ensure that all suspense accounts are cleared to nil	Andrew Cook Trudy Holderness Amy Johnson	Matthew Woodward		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
22	Tues	20-Mar-18 to 27-Mar-18	Continually review credit balances on Debtors prior to final run of Creditor Payments	Val Taylor	Alison Carins/Judith Woodend		
23	Tues	20-Mar-18 to 27-Mar-18	Continually review disputed creditor invoices and debit balances prior to final run of Creditor Payments	Val Taylor	Alison Carins/Judith Woodend		
24	Thurs	22-Mar-18	Send out year-end stocktake sheets	Andrew Cook Trudy Holderness Amy Johnson			
25	Fri	23-Mar-18	Request information from Ribble Valley Homes for VAT shelter arrangement and Right to Buy	Andrew Cook			
26	Tues	27-Mar-18	Last <b>payment</b> run BACS/cheque dated 31 March 2018. Payment run to include <b>ALL</b> outstanding creditor payments (excluding disputed payments)	Val Taylor	David Saunders		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
27	Tues	27-Mar-18	After last payment run, send email to all staff asking them not to enter any more creditor invoices until notified	Val Taylor			
28	Thurs	29-Mar-18	Complete interim review and reconciliation of all capital income and expenditure, together with progress note	Andrew Cook			
29	Thurs	29-Mar-18	Send email to all staff asking them <b>not to use</b> the purchasing, creditors or debtors modules of the Financials system until notified.	Val Taylor			
30	Thurs	29-Mar-18	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> <li>• General Stores (Depot)</li> <li>• Paper</li> <li>• Canteen Stock</li> <li>• Civic Regalia</li> </ul>	Trudy Holderness	Sally Mason Helen Smith Helen Bolton Irene Williamson Olwen Heap		
31	Thurs	29-Mar-18	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> <li>• Pool</li> <li>• Gallery/TIC</li> </ul>	Amy Johnson	Colin Winterbottom		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
32	Thurs	29-Mar-18	<u>ALL stock takes</u> to be carried out: ❖ Pest Control	Andrew Cook	Penny Evans		
33	Thurs	29-Mar-18	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 2018	Louise Parrish	Matthew Woodward All staff responsible for purchasing		
34	Thurs	29-Mar-18	Ensure All Creditor batches are <b>closed and authorised</b> and that Debtor invoices have <b>all been authorised</b>	Val Taylor	Alison Carins/Judith Woodend		
35	Thurs	29-Mar-18	Ensure Creditor and Debtor Reconciliation reports balance.	Val Taylor	Alison Carins/Judith Woodend		
36	Thurs	29-Mar-18	Ensure All Purchase Order requisitions are <b>approved and authorised</b>	Louise Parrish	All staff responsible for purchasing		
37	Thurs	29-Mar-18	Enter final emergency schedule for the year on to Creditors	Val Taylor	Karen Keenan/Carole Malone		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
38	Thurs	29-Mar-18	All sundry debtor write off/write on adjustments to be completed	Val Taylor			
39	Thurs	29-Mar-18	Ensure <b>Creditors/Debtors balance reports &amp; Aged Debtors</b> reports are set to run at overnight	Val Taylor			
40	Thurs	29-Mar-18	<p><b>All income to be paid in to cash office</b> (cards, cheques &amp; cash) – See later instruction for any further income received on the 31 March after this paying-in:</p> <ul style="list-style-type: none"> <li>❖ Level D reception/Planning</li> <li>❖ Pool</li> <li>❖ TIC/Gallery</li> <li>❖ Car Parks</li> <li>❖ Joiner's Arms</li> <li>❖ Exercise Referral</li> <li>❖ Market</li> </ul>	Janice Tattersall	Jane Tucker Colin Winterbottom Stephanie Hibbert / Helen Cresswell Heather Yates Sarah Hayhurst Tracy Balko Bob Watson		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
41	Thurs	29-Mar-18 (PM)	Print Bank Statement from HSBCnet and pass to cash office to allow for processing of any items in the bank account.	Trudy Holderness Sally Mason	Michelle West Donna Bailey		
42	Thurs	29-Mar-18 (PM)	Absolute deadline for return of Officer and Member Interests Forms	Andrew Cook	Julie Smith Liz Rawson Olwen Heap		
43	Thurs	29-Mar-18	All suspense accounts cleared down to nil	Andrew Cook Trudy Holderness Amy Johnson	Matthew Woodward		
	<b>Fri</b>	<b>30-Mar-18</b>	<b>Good Friday</b>				
	<b>Mon</b>	<b>02-Apr-18</b>	<b>Easter Monday</b>				

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
44	Tues	03-Apr-18 (AM)	Send <b>REMINDER</b> email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Val Taylor			
45	Tues	03-Apr-18 (AM)	Change settings on creditor and debtor transaction codes: crinv, crvat, crcrn, crcre, crcvt, dbinv, dbvat, dbrn, dbcvt	Lawson Oddie			
46	Tues	03-Apr-18 (AM)	Change default year and budget settings – including funds checking budget for purchasing.	Lawson Oddie			
47	Tues	03-Apr-18	All staff responsible for petty cash books/floats/receipts to have brought them to the Accounts Section.	Janice Tattersall	Lynne Calver Lesley Lund Irene Williamson Helen Smith Katherine Rodgers Colin Winterbottom		
48	Tues	03-Apr-18	Last date for the receipt of <b>office staff capital timesheets</b> for charging to capital schemes	Sally Mason	All capital scheme lead officers		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
49	Tues	03-Apr-18	Last date for the receipt of <b>Grounds Maintenance timesheets.</b>	Sally Mason	Alan Boyer		
50	Tues	03-Apr-18	Last date for the receipt of <b>Works Administration and Vehicle Workshop timesheets.</b>	Janice Tattersall	Adrian Harper		
51	Tues	03-Apr-18	Roll Forward purchase order commitments to new financial year and provide reports to Accountants	Amy Johnson	Louise Parrish		
52	Tues	03-Apr-18	<b>Finalise</b> PWLB <b>interest</b> and average interest rate for investments	Trudy Holderness			

Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
53	Tues	03-Apr-18	<p>All <b>remaining income</b> (received after the <b>final paying-in</b> previously made on 29 March 2018) up to the close of 31 March 2018 to be paid in to cash office (cards, cheques &amp; cash):</p> <ul style="list-style-type: none"> <li>❖ Level D reception/Planning</li> <li>❖ Pool</li> <li>❖ TIC/Gallery</li> <li>❖ Car Parks</li> <li>❖ Joiner's Arms</li> <li>❖ Exercise Referral</li> <li>❖ Market</li> </ul>	Janice Tattersall	<p>Jane Tucker</p> <p>Colin Winterbottom</p> <p>Stephanie Hibbert / Helen Cresswell</p> <p>Heather Yates</p> <p>Sarah Hayhurst</p> <p>Tracy Balko</p> <p>Bob Watson</p>		
54	Tues	03-Apr-18	Income analysis sheets for Pool, TIC/Gallery to be passed to Janice Tattersall for period up to and including 31 March 2018	Janice Tattersall	<p>Colin Winterbottom (Pool)</p> <p>Stephanie Hibbert / Helen Cresswell (TIC and Gallery)</p>		
55	Tues	03-Apr-18	Cash office to have processed any remaining balances on all bank statements up to 31 March 2018	Janice Tattersall	Michelle West Donna Bailey		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
56	Tues	03-Apr-18	Receipt of <b>Council Tax and Business Rates</b> prints	Sally Mason Lawson Oddie	Mark Edmondson		
57	Tues	03-Apr-18	Completed <b>Statement 1's &amp; 2's</b> up to & incl. 31 March 2018 to be passed to Janice Tattersall and thereafter on a daily basis	Janice Tattersall	Michelle West Donna Bailey		
58	Tues	03-Apr-18	Last date for receipt of completed and authorised <b>stock sheets</b> : ❖ Stores ❖ Paper ❖ Canteen Stock ❖ Civic Regalia	Trudy Holderness	Sally Mason Helen Smith Helen Bolton Irene Williamson Olwen Heap		
59	Tues	03-Apr-18	Last date for receipt of completed and authorised <b>stock sheets</b> : • Pool • Gallery/TIC	Amy Johnson	Colin Winterbottom		
60	Tues	03-Apr-18	Last date for receipt of completed and authorised <b>stock sheets</b> : • Pest Control	Andrew Cook	Penny Evans		
61	Tues	03-Apr-18	All <b>sundry debtor control sheets</b> for 2017/18 financial year to have been received in the Accounts Office	Val Taylor	All staff		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
62	Tues	03-Apr-18	Last date for receipt of estimated <b>debtor</b> sheets	Andrew Cook Amy Johnson Trudy Holderness	All staff		
63	Tues	03-Apr-18	Last day for receipt of holiday and lieu time records from PAs	Andrew Cook	Averil Crowther Irene Williamson Lynne Calver Colin Winterbottom Helen Smith Olwen Heap		
64	Tues	03-Apr-18	All stores receipts/issues notes to be received in accounts section	Sally Mason	Helen Smith		
65	Thurs	05-Apr-18	Last day for <b>entering old year creditor invoices</b> on Financials	Val Taylor	All staff		
66	Thurs	05-Apr-18	Bank reconciliation to have been completed and authorised	Janice Tattersall			
67	Thurs	05-Apr-18	Entry of year end cash journals	Janice Tattersall			
68	Fri	06-Apr-18	Last date for processing of office staff capital, Works Admin and Grounds Maintenance Timesheets on to Financials	Sally Mason Janice Tattersall	Matthew Woodward		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
69	Fri	06-Apr-18	Completion of non-financial elements of Narrative Report	Lawson Oddie	Val Taylor Michelle Smith Michelle Haworth		
70	Fri	06-Apr-18	Completion of <b><u>ALL</u></b> system reconciliations: <ul style="list-style-type: none"> <li>• Council Tax</li> <li>• NNDR</li> <li>• Car Parking</li> <li>• Planning</li> <li>• Building Control</li> <li>• Housing Rents</li> <li>• Licensing</li> <li>• Land Charges</li> <li>• Housing Benefits</li> </ul>	Sally Mason	Matthew Woodward		
71	Fri	06-Apr-18	Last day for receipt of <b>estimated creditor sheets</b>	Andrew Cook	All staff		
72	Fri	06-Apr-18	Capital accounts finished and journals entered	Lawson Oddie	Andrew Cook		
73	Fri	06-Apr-18	Decision taken on <b>assets to be added/written off</b>	Lawson Oddie			

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
74	Fri	06-Apr-18	General Stores to be finalised	Sally Mason	Helen Smith		
75	Mon	09-Apr-18	Capital Financial data updated in Narrative Report	Lawson Oddie			
76	Mon	09-Apr-18	Receipt of <b>IAS19 information</b> from Lancashire County Council	Lawson Oddie			
77	Fri	13-Apr-18	Compensated absences analysis and ledge entries completed	Andrew Cook	Matthew Woodward		
78	Fri	13-Apr-18	Complete <b>draft Housing Benefit subsidy</b> claim and working papers	Dawn Slater			
79	Fri	13-Apr-18	<b>Interest</b> allocated	Trudy Holderness			
80	Fri	20-Apr-18	Complete and submit <b>Housing Benefit subsidy claim</b> and working papers	Andrew Cook			

Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
81	Fri	20-Apr-18	<b>Closedown collection fund for Council Tax</b> and inform LCC, Fire and Police	Lawson Oddie			
82	Fri	20-Apr-18	<b>Central establishment and other recharges to have been completed by:</b> <ul style="list-style-type: none"> <li>• Council Offices</li> <li>• Bank Charges</li> <li>• Organisation &amp; Member Development</li> <li>• Financial Services</li> <li>• IT Services</li> <li>• Chief Executives</li> <li>• Revenue Services</li> <li>• Contact Centre</li> <li>• Legal Services</li> </ul>	Trudy Holderness  (see separate timetable)			
83	Fri	20-Apr-18	<b>Central establishment and other recharges to have been completed by:</b> <ul style="list-style-type: none"> <li>• Depot</li> <li>• Community Services</li> <li>• Grounds Maintenance</li> <li>• Vehicles and Plant</li> <li>• Balances on WKSAD and VEHCL</li> <li>• Refuse Collection</li> </ul>	Amy Johnson  (see separate timetable)			

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
84	Fri	20-Apr-18	<p><b>Central establishment and other recharges to have been completed by:</b></p> <ul style="list-style-type: none"> <li>• Use of Market Buildings</li> </ul>	<p>Andrew Cook</p> <p>(see separate timetable)</p>			
85	Fri	20-Apr-18	<p><b>IAS19/FRS17 adjustment journals (as required)</b> to be entered by</p>	Lawson Oddie			
86	Fri	20-Apr-18	Update Narrative Report with Pensions data	Lawson Oddie			
87	Fri	20-Apr-18	<p>Data produced for checking and review in respect of <b>Data Transparency requirements</b></p> <ul style="list-style-type: none"> <li>• Senior Officers Salaries/remuneration</li> <li>• Members' Allowances</li> <li>• Expenditure &gt;£250</li> <li>• Grants to Voluntary Organisations</li> <li>• Procurement ITT and Contracts/Payments &gt; £5k</li> <li>• Car Parking Account</li> </ul>	<p>Val Taylor</p> <p>Sally Mason</p> <p>Louise Parrish</p> <p>Amy Johnson</p> <p>Andrew Cook</p>			

## Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
88	Fri	27-Apr-18	<b>Final Transparency Data checked and published on the website</b>	Andrew Cook Val Taylor Louise Parrish Sally Mason			
89	Fri	27-Apr-18	<b>VAT Shelter figures</b> to be received from Ribble Valley Homes	Andrew Cook			
90	Fri	27-Apr-18	<b>Closedown collection fund for Business Rates</b> and inform LCC and Fire	Lawson Oddie			
91	Fri	04-May-18	<b>ALL Service committee accounts to be finished</b> and general fund summary account complete:  Policy and Finance Planning and Development  Community Services Economic Development  Health and Housing	Trudy Holderness  Amy Johnson  Andrew Cook			

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
92	Fri	04-May-18	Final Income and Expenditure Cleardown Run	Lawson Oddie			
<b><u>ANY FURTHER JOURNALS FOR 2017/18 FINANCIAL YEAR TO BE AGREED WITH LAWSON ODDIE BEFORE ENTERING</u></b>							
	<i>Mon</i>	<i>07-May-18</i>	<i>May Day</i>				
93	Wed	09-May-18	Finalise Narrative Report with revenue financial data	Lawson Oddie			
94	Fri	11-May-18	Produce all key financial statements: Expenditure & Funding Analysis, CIES, MiRS, Balance Sheet, Cash Flow Statement	Lawson Oddie			
95	Wed	23-May-18	Report <b>Annual Governance Statement and Findings of Review</b> to CMT	Salma Farooq			
96	Fri	25-May-18	<b>Annual Governance Statement</b> to Leader and CE for signing	Salma Farooq			
97	Fri	27-Apr-18	<b>Possible deadline for NNDR3</b>	Mark Edmondson			
96	Fri	25-May-18	Finalise all notes to the accounts	Lawson Oddie	Andrew Cook Trudy Holderness Amy Johnson		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
99	Fri	25-May-18	All working papers up to date and made available and checked for completeness on the shared area	Lawson Oddie	Andrew Cook Trudy Holderness Amy Johnson Matthew Woodward		
	<b>Mon</b>	<b>28-May-18</b>	<b>Spring Bank Holiday</b>				
100	Thurs	31-May-18	Accounts <b>final sign off</b> by Director of Resources and <b>published</b> as subject to audit on website	Jane Pearson	Lawson Oddie		
101	Thurs	31-May-18	Accounts forwarded to Grant Thornton for commencement of audit	Lawson Oddie			
102	Thurs	31-May-18	<b>Advertise accounts available for inspection on website</b> from 1 June 2018	Lawson Oddie	Sally Mason		
103	Fri	01-Jun-18	Period of <b>public inspection</b> starts (30 consecutive working days from sign off by Director of resources)	Lawson Oddie			
104	Mon	04-Jun-18	Grant Thornton commence final accounts audit	Grant Thornton			
105	Tues	12-Jun-18	Review meeting with Grant Thornton	Lawson Oddie	Grant Thornton		

Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
106	Tues	12-Jun-18	Review meeting with Grant Thornton	Lawson Oddie			
107	Tues	19-Jun-18	Review meeting with Grant Thornton	Lawson Oddie			
108	Fri	22-Jun-18	Revenue Outturn Forms to be completed by	Andrew Cook			
109	Tues	26-Jun-18	Review meeting with Grant Thornton	Lawson Oddie			
110	Fri	29-Jun-18	Capital Outturn Form to be completed by	Andrew Cook			
111	Tues	03-Jul-18	Review meeting with Grant Thornton	Lawson Oddie			
112	Fri	06-Jul-18	WGA Return to be completed by (Unaudited)	Andrew Cook			
113	Mon	09-Jul-18	Clearance meeting with Grant Thornton	Jane Pearson Lawson Oddie	Grant Thornton		

### Timetable for Closure of 2017/18 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Staff	Date Actually Done	Comments
114	Tues	10-Jul-18	<b>Complete Audit Findings Report adjustments and issue final Statement of Accounts</b> to Grant 115Thornton	Lawson Oddie	Grant Thornton		
115	Mon	16-Jul-18	Distribution date for <b>Accounts and Audit Committee and Director of Resources (CFO) sign accounts for true and fair view</b>	Lawson Oddie			
116	Wed	Potentially 25-Jul-18	<b>Potential Accounts and Audit Committee</b> meeting to consider the <b>Audit Findings Report and approve Audited Final Accounts</b>	Jane Pearson	Lawson Oddie		
117	Thurs	26-Jul-18	<b>Receipt of Accounts opinion from Grant Thornton</b>	Lawson Oddie	Grant Thornton		
118	Tues	31-Jul-18	Audited Accounts to be <b>published</b> on website by	Lawson Oddie	Sally Mason		
119	Wed	01-Aug-18	Close the Financial Year on the Financials system and roll forward balances.	Lawson Oddie			
120	Fri	28-Sep-18	<b>Whole of Government Accounts return (audited)</b> to be completed by	Andrew Cook			

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No: 6

meeting date: 21 FEBRUARY 2018  
 title: INTERNAL AUDIT ANNUAL PLAN 2018/19  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MICK AINSCOW

### 1 PURPOSE

1.1 To submit to committee the internal audit plan for 2018/19.

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 2015. The Public Sector Internal Audit Standards require the proper planning of all audit activity.

### 3 RISK SCORING

3.1 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, based on the table shown below:

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

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

3.3 Using this risk based approach to scoring the Council's service areas, as shown at Annex 1, an operational audit plan is then produced which prioritises resource allocation based on those areas scored as higher risk. All high risk areas are covered annually with the medium 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. Low risk areas are aimed to be covered over the longer term where resources allow.

#### 4 CONSULTING ON THE ANNUAL AUDIT PLAN

- 4.1 Directors and Heads of Service were also consulted, asking for any comments on proposals. They are also asked for information on any new and emerging risks that the audit team should be aware of, and for any information on service changes.
- 4.2 Importantly, there has also been consultation with our external auditors on our proposed audit plan. In undertaking their work, there are areas where the external auditors place reliance on the work of the internal audit section. Consulting with external audit also helps avoid areas of duplication in both external and internal audit work over the course of the forthcoming financial year, enabling better and more efficient planning.

#### 5 INTERNAL AUDIT ANNUAL AUDIT PLAN 2018/19

- 5.1 Using the risk scoring exercise above, we are able to construct a better informed risk based audit plan for the coming year. The proposed audit plan for 2018/19 is attached at Annex 2.
- 5.2 Within the 2018/19 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, all medium risk areas have also been included. Should resources allow as the year progresses, it may be possible to include some of the low risk areas.
- 5.3 With regard to risk management, internal audit will continue to have a monitoring role during 2018/19. 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.
- 5.4 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.
- 5.5 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.

#### 6 RECOMMENDED THAT COMMITTEE

- 6.1 Approve the 2018/19 internal audit plan.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA3-18/MA/AC  
12 February 2018

For further information please ask for Mick Ainscow.

Scoring for all Service Areas for Risk 2018/19

ANNEX 1

		RISK FACTOR					
Audit Area		Financial Impact	Primary Objectives	Audit Experience and Assurance	Time Since Last Audit	Total	
<b>Fundamental Systems</b>	Main Accounting	3	3	1	1	8	
	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/CT Support	3	3	1	1	8	
	NNDR/Business Rates Pooling	3	3	1	1	8	
	Cash Receipting	3	3	1	1	8	
<b>Non-fundamental Systems</b>	VAT	3	3	1	1	8	
	Stores	2	2	1	2	7	
	Procurement	3	3	1	1	8	
	Treasury Management	3	3	1	1	8	
	Business Continuity	2	3	3	3	11	
	Asset Management	3	3	1	1	8	
<b>Resources</b>	Car Allowances/Staff Expenses	2	1	1	2	6	
	Car Loans/Leasing	1	1	1	3	6	
	Petty Cash/Floats	1	1	1	3	6	
	Members' Allowances	2	3	1	1	7	
	HR Recruitment/Safeguarding Arrangements	2	3	1	1	7	
	Insurance	3	2	1	2	8	
<b>Chief Executive's</b>	Land Charges	3	2	1	1	7	
	Clitheroe Market	2	2	1	2	7	
	Cemetery	2	2	1	1	6	
	Licences	2	2	1	2	7	
	Building Control	3	2	1	1	7	
	Homelessness	2	3	1	1	7	
	Environmental Health	3	3	1	1	8	
<b>Community</b>	Planning Applications	3	2	1	1	7	
	Car Parking	3	2	2	1	8	
	VIC/Platform Gallery	2	3	2	1	8	
	Trade & Domestic Refuse Collection	2	3	1	1	7	
	Museum/Café	2	2	1	1	6	
	Healthy Lifestyles/Up and Active	3	3	1	1	8	
	Ribblesdale Pool	2	3	1	1	7	
	Outdoor Recreation	1	2	3*	3*	9	
	Section 106 Agreements/ Planning Enforcement	3	2	1	1	7	
<b>Other Areas</b>	Data Protection/GDPR	1	2	2	2	7	
	Partnership Arrangements	3	3	1	1	8	
	Grants Received	3	3	1	1	8	
	Grants Paid	3	3	2	1	9	
	Flexi-time System	1	1	2	2	6	
	Fees and Charges/Cash Collection Procedures	3	2	1	1	7	
	Transparency/Open Data	1	1	1	1	4	
	Externally Contracted Provision of RVBC Services	2	2	2	1	7	
	ICT Audit	3	3	3*	3*	12	
	Land and Property Leases	2	2	3*	3*	10	
	Health and Safety	3	2	2	2	9	

\* Scored high as not previously included as a separate audit area

## PROPOSED INTERNAL AUDIT ANNUAL PLAN 2018/19

Operational Audit Plan 2018/19			Days
	Number of days available		<b>780</b>
	Less:		
	Bank Hols/Statutory	36	
	Annual Leave	71	
	Non-Audit Duties (Insurance, etc.)	35	
	College	6	<b>(148)</b>
	Actual auditing days available		<b>632</b>
Risk Score	Area Of Activity		
	<i>Fundamental Systems</i>		
8	Main Accounting	25	
8	Creditors	20	
8	Sundry Debtors	20	
8	Payroll	30	
8	Council Tax	40	
8	Housing Benefits/Council Tax Support	40	
8	NNDR/Business Rates Pooling	40	
8	Cash Receipting	15	<b>230</b>
	<i>Non Fundamental Systems</i>		
8	VAT	15	
8	Treasury Management	12	
8	Procurement	15	
11	Business Continuity	20	
8	Asset Management	12	
7	Salthill Depot Stores	5	<b>79</b>

<b>Risk Score</b>	<b>Area of Activity</b>		
	<i>Probity/Regularity</i>		
7	Members Allowances	3	
7	Recruitment/Safeguarding Arrangements	15	
8	Insurance	15	
7	Land Charges	5	
7	Fees and Charges/Cash Collection Procedures	10	
9	Health and Safety	12	
8	Car Parking	10	
8	VIC/Platform Gallery	5	
7	Trade and Domestic/Refuse Collection	12	
7	Ribblesdale Pool	5	
7	Joiners Arms Homeless Unit	3	
8	Partnership Arrangements	12	
8	Grants received	12	
9	Grants paid	12	
7	Clitheroe Market	3	
6	Clitheroe Cemetery	5	
6	Museum and Museum Café	3	
7	Licences	5	
8	Environmental Health	10	
7	Section 106 Agreements/Planning Enforcement	15	
7	Building Control	10	
7	Planning Applications	10	
7	Data Protection/GDPR	12	
8	Healthy Lifestyles/Up and Active	5	
10	Land and Property Leases	5	
9	Outdoor Recreation	5	
7	Externally Contracted Provision of RVBC services	15	
12	ICT Audit	12	<b>246</b>
	<i>Continuous Activity/Ongoing Checks</i>		
	Income Monitoring	12	<b>12</b>

	Contingencies	25	<b>25</b>
	Risk Management	15	
	Corporate Governance	20	
	Performance Indicators	5	<b>40</b>
	Total Planned Audit Work		<b>632</b>

**RIBBLE VALLEY BOROUGH COUNCIL  
REPORT TO ACCOUNTS AND AUDIT COMMITTEE**

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Agenda Item No. 7

meeting date: 21 FEBRUARY 2018  
title: SUB-COMMITTEE ARRANGEMENTS  
submitted by: CHIEF EXECUTIVE  
principal author: DIANE RICE – HEAD OF LEGAL AND DEMOCRATIC SERVICES

**1 PURPOSE**

1.1 To request Committee to constitute a Sub-Committee.

1.2 Relevance to the Council's ambitions and priorities

- Community Objectives - }
  - Corporate Priorities - }
  - Other Considerations - }
- The purpose of the Sub-Committee is to fulfil the requirements of the Council's ethical governance framework.

**2 BACKGROUND**

2.1 The Council has a procedure to deal with complaints relating to potential breaches of the Council's Code of Conduct by Members, the procedure was approved by this Committee on 22 August 2012.

2.2 A copy of the procedure is attached at Appendix 1.

2.3 As can be seen from part 7(2) of the procedure, it is sometimes necessary to constitute a politically balanced Sub-Committee of three Members of the Accounts and Audit Committee.

The powers of the Sub-Committee, in the event that they are required to deal with a referral from the Monitoring Officer are set out at part 8 in Appendix 1.

2.4 Responsibility for dealing with referrals from the Monitoring Officer is set out in the Terms of Reference of this Committee, a copy is attached as Appendix 2.

2.5 The power to constitute a Sub-Committee derives not only from the arrangements approved by Accounts and Audit Committee at Appendix 1, but also from the arrangements made by Full Council as set out in the Constitution and in particular the documents setting out the powers and duties of Committees at part 3(1.2).

2.6 The Council's standing orders also provide at Standing Order 21(2) as follows:

**Sub-Committees/Working Groups**

21.2 At the first meeting of each Committee within each municipal year, the Committees shall establish such sub-committees and working groups as it deems necessary and the Members who shall sit on them.

- 21.3 The membership of any Sub-Committee shall be subject to the principles of political balance, but this will not apply to working groups.
- 21.4 Sub-Committees shall have the power to make decisions, but working groups may only consider an issue and then refer the matter back to Committee for a decision to be made.

### 3 ISSUES

- 3.1 Council staff are currently investigating a complaint.
- 3.2 No decision has been made as to whether the complaint will require referral to the Sub-Committee.
- 3.3 The next meeting of the Accounts and Audit Committee is not scheduled to take place until 11 April 2018, in order to avoid delay should a referral to the Sub-Committee be necessary, Committee is required to nominate 3 Members to form the Sub-Committee.

### 4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications
- Resources – N/A
  - Technical, Environmental and Legal – N/A
  - Political – N/A
  - Reputation – N/A
  - Equality & Diversity – N/A

### 5 **RECOMMENDED THAT COMMITTEE**

- 5.1 Nominate 3 Members of the Accounts and Audit Committee to serve as the Sub-Committee should it be required.

DIANE RICE  
HEAD OF LEGAL AND DEMOCRATIC SERVICES

MARSHAL SCOTT  
CHIEF EXECUTIVE

BACKGROUND PAPERS  
(If any)

For further information please ask for Diane Rice, extension 4418.

REF: DER/EL/A&A/210218



## Ribble Valley Borough Council Model Arrangements for dealing with standards allegations under the Localism Act 2011

### 1 Context

These “Arrangements” set out how you may make a complaint that an elected or co-opted member of this authority *[or of a parish council within its area]* has failed to comply with the authority’s Code of Conduct, and sets out how the authority will deal with allegations of a failure to comply with the authority’s Code of Conduct.

Under Section 28(6) and (7) of the Localism Act 2011, the Council must have in place “arrangements” under which allegations that a member or co-opted member of the authority *[or of a parish council within the authority’s area]*, or of a Committee or Sub-Committee of the authority, has failed to comply with that authority’s Code of Conduct can be investigated and decisions made on such allegations.

Such arrangements must provide for the authority to appoint at least one Independent Person, whose views must be sought by the authority before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the authority at any other stage, or by a member *[or a member or co-opted member of a parish council]* against whom an allegation as been made.

### 2 The Code of Conduct

The Council has adopted a Code of Conduct for members, which is attached as Appendix One to these arrangements and available for inspection on the authority’s website and on request from Reception at the Council Offices.

*[Each parish council is also required to adopt a Code of Conduct. If you wish to inspect a Parish Council’s Code of Conduct, you should inspect any website operated by the parish council and request the parish clerk to allow you to inspect the parish council’s Code of Conduct.]*

### 3 Making a complaint

If you wish to make a complaint, please write or email to –

Head of Legal and Democratic Services - Diane Rice  
Ribble Valley Borough Council  
Council Offices  
Church Walk  
Clitheroe BB7 2RA

Or – email [diane.rice@ribblevalley.gov.uk](mailto:diane.rice@ribblevalley.gov.uk)

The Monitoring Officer is a senior officer of the authority who has statutory responsibility for maintaining the register of members' interests and who is responsible for administering the system in respect of complaints of member misconduct.

In order to ensure that we have all the information which we need to be able to process your complaint, please complete and send us the model complaint form, which can be downloaded from the authority's website, and is available on request from Reception at the Civic Offices.

Please do provide us with your name and a contact address or email address, so that we can acknowledge receipt of your complaint and keep you informed of its progress. If you want to keep your name and address confidential, please indicate this in the space provided on the complaint form, in which case we will not disclose your name and address to the member against whom you make the complaint, without your prior consent. The authority does not normally investigate anonymous complaints, unless there is a clear public interest in doing so.

The Monitoring Officer will acknowledge receipt of your complaint within 5 working days of receiving it, and will keep you informed of the progress of your complaint.

#### **4 Will your complaint be investigated?**

The Monitoring Officer will review every complaint received and, after consultation with the Independent Person, take a decision as to whether it merits formal investigation. This decision will normally be taken within 14 days of receipt of your complaint. Where the Monitoring Officer has taken a decision, he/she will inform you of his/her decision and the reasons for that decision.

Where he/she requires additional information in order to come to a decision, he/she may come back to you for such information, and may request information from the member against whom your complaint is directed. The Member will be informed that a complaint has been received and may request, and save in exceptional circumstances, will receive a copy of the complaint. *[Where your complaint relates to a Parish Councillor, the Monitoring Officer may also inform the Parish Council of your complaint and seek the views of the Parish Council before deciding whether the complaint merits formal investigation.]*

In appropriate cases, the Monitoring Officer may seek to resolve the complaint informally, without the need for a formal investigation. Such local resolution may involve the member accepting that his/her conduct was unacceptable and offering an apology, or other remedial action by the authority. Where the member or the authority make a reasonable offer of local resolution, but you are not willing to accept that offer, the Monitoring Officer will take account of this in deciding whether the complaint merits formal investigation.

If your complaint identifies criminal conduct or breach of other regulation by any person, the Monitoring Officer has the power to call in the Police and other regulatory agencies.

#### **5 How is the investigation conducted?**

The Council's procedure for the investigation of misconduct complaints is as follows:

If the Monitoring Officer in consultation with the Independent Person, decides that a complaint merits formal investigation, he/she will appoint an Investigating Officer, who may be another senior officer of the authority, an officer of another authority or an external investigator. The Investigating Officer will decide whether he/she needs to meet or speak to

you to understand the nature of your complaint and so that you can explain your understanding of events and suggest what documents the Investigating Officer needs to see, and who the Investigating Officer needs to interview.

The Investigating Officer would normally write to the member against whom you have complained and provide him/her with a copy of your complaint, and ask the member to provide his/her explanation of events, and to identify what documents he needs to see and who he needs to interview. In exceptional cases, where it is appropriate to keep your identity confidential or disclosure of details of the complaint to the member might prejudice the investigation, the Monitoring Officer can delete your name and address from the papers given to the member, or delay notifying the member until the investigation has progressed sufficiently.

At the end of his/her investigation, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to you and to the member concerned, to give you both an opportunity to identify any matter in that draft report which you disagree with or which you consider requires more consideration.

Having received and taken account of any comments which you may make on the draft report, the Investigating Officer will send his/her final report to the Monitoring Officer.

**6 What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?**

The Monitoring Officer will review the Investigating Officer's report and discuss its contents, and conclusion with the Independent Person and, if he is satisfied that the Investigating Officer's report is sufficient, the Monitoring Officer will write to you and to the member concerned *[and to the Parish Council, where your complaint relates to a Parish Councillor]*, notifying you that he is satisfied that no further action is required, and give you both a copy of the Investigating Officer's final report. If the Monitoring Officer is not satisfied that the investigation has been conducted properly, he may ask the Investigating Officer to reconsider his/her report.

**7 What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct?**

The Monitoring Officer will review the Investigating Officer's report and will then either send the matter for local hearing before the Hearings Panel or, after consulting the Independent Person, seek local resolution.

**7.1 Local Resolution**

The Monitoring Officer may consider that the matter can reasonably be resolved without the need for a hearing. In such a case, he/she will consult with the Independent Person and with you as complainant and seek to agree what you consider to be a fair resolution which also helps to ensure higher standards of conduct for the future. Such resolution may include the member accepting that his/her conduct was unacceptable and offering an apology, and/or other remedial action by the authority. If the member complies with the suggested resolution, the Monitoring Officer will report the matter to the Accounts and Audit Committee *[and the Parish Council]* for information, but will take no further action. However, if you tell the Monitoring Officer that any suggested resolution would not be adequate, the Monitoring Officer will refer the matter for a local hearing.

## 7.2 Local Hearing

If the Monitoring Officer considers that local resolution is not appropriate, or you are not satisfied by the proposed resolution, or the member concerned is not prepared to undertake any proposed remedial action, such as giving an apology, then the Monitoring Officer will report the Investigating Officer's report to the Sub-Committee comprising three Members of the Accounts and Audit Committee. Membership of the Sub-Committee will be ????? which will conduct a local hearing before deciding whether the member has failed to comply with the Code of Conduct and, if so, whether to take any action in respect of the member.

Essentially, the Monitoring Officer will conduct a "pre-hearing process", requiring the member to give his/her response to the Investigating Officer's report, in order to identify what is likely to be agreed and what is likely to be in contention at the hearing, and provide advice as to the manner in which the hearing will be conducted. At the hearing, the Investigating Officer will present his/her report, call such witnesses as he/she considers necessary and make representations to substantiate his/her conclusion that the member has failed to comply with the Code of Conduct. For this purpose, the Investigating Officer may ask you as the complainant to attend and give evidence to the Sub-Committee. The member will then have an opportunity to give his/her evidence, to call witnesses and to make representations to the Sub-Committee as to why he/she considers that he/she did not fail to comply with the Code of Conduct.

The Sub-Committee, with the benefit of any advice from the Independent Person, may conclude that the member did not fail to comply with the Code of Conduct, and so dismiss the complaint. If the Sub-Committee concludes that the member did fail to comply with the Code of Conduct, the Chairman will inform the member of this finding and the Sub-Committee will then consider what action, if any, the Hearings Panel should take as a result of the member's failure to comply with the Code of Conduct. In doing this, the Sub-Committee will give the member an opportunity to make representations to the Panel and will consult the Independent Person, but will then decide what action, if any, to take in respect of the matter..

## 8 What action can the Sub-Committee take where a member has failed to comply with the Code of Conduct?

The Council has delegated to the Sub-Committee such of its powers to take action in respect of individual members as may be necessary to promote and maintain high standards of conduct. Accordingly the Sub-Committee may –

- 8.1 Publish its findings in respect of the member's conduct;
- 8.2 Report its findings to Council *[or to the Parish Council]* for information;
- 8.3 Recommend to the member's Group Leader (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- 8.4 Instruct the Monitoring Officer to *[or recommend that the Parish Council]* arrange training for the member;

- 8.5 Remove *[or recommend to the Parish Council that the member be removed]* from all outside appointments to which he/she has been appointed or nominated by the authority *[or by the Parish Council]*;
- 8.6 Withdraw *[or recommend to the Parish Council that it withdraws]* facilities provided to the member by the Council, such as a computer, website and/or email and internet access; or
- 8.7 Exclude *[or recommend that the Parish Council exclude]* the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

The Sub-Committee has no power to suspend or disqualify the member or to withdraw members' or special responsibility allowances.

## **9 What happens at the end of the hearing?**

At the end of the hearing, the Chairman will state the decision of the Sub-Committee as to whether the member failed to comply with the Code of Conduct and as to any actions which the Sub-Committee resolves to take.

As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal decision notice in consultation with the Chairman of the Sub-Committee, and send a copy to you, to the member *[and to the Parish Council]*, make that decision notice available for public inspection and report the decision where the complaint relates to a Parish Council Member to the next convenient meeting of the Parish Council.

## **10 Who are the Hearings Panel?**

The Sub-Committee will be made up of 3 Members of the Accounts and Audit Committee and will be politically balanced subject to availability/Members having conflicting interests.

The Independent Person is invited to attend all meetings of the Hearings Panel and his views will be sought and taken into consideration before the Hearings Panel takes any decision on whether the member's conduct constitutes a failure to comply with the Code of conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

## **11 Who is the Independent Person?**

The Committee has 2 Independent Persons who applied for the post following advertisement of a vacancy for the post, and were appointed by a positive vote from a majority of all the members of Council on 17 July 2012.

## **12 Revision of these arrangements**

The Committee may by resolution agree to amend these arrangements, and has delegated to the Chairman of the Accounts and Audit Committee the right to depart from these arrangements where he/she considers that it is expedient to do so in order to secure the effective and fair consideration of any matter.

### **13 Appeals**

There is no right of appeal for you as complainant or for the member against a decision of the Monitoring Officer or of the Hearings Panel

If you feel that the authority has failed to deal with your complaint properly, you may make a complaint to the Local Government Ombudsman.

Part 3(1) of the Constitution,  
July 2017

### **TERMS OF REFERENCE OF ACCOUNTS AND AUDIT COMMITTEE**

1. To review all matters relating to Internal and External Audit. The Committee will have the right of access to all information it considers necessary and can consult directly with Internal and External Auditors.
2. To monitor arrangements for discharging the Council's responsibilities for efficient and effective financial and operational resource management. In pursuing this aim, it will consider:
  - the soundness, adequacy and application of controls;
  - compliance with policies, procedures and statutory requirements;
  - arrangements for safeguarding the Council's assets and interests;
  - the integrity and reliability of management information and financial records;
  - the economic, efficient and effective use of resources.
3. To approve the annual Statement of Accounts and receive the External Auditor's Annual Governance Report.
4. To approve the Annual Audit Plan of the External Auditor.
5. To monitor the External Auditor's progress with the Annual Audit Plan.
6. To approve the Annual Internal Audit Plan.
7. To monitor Internal Audit progress with the Annual Audit Plan, evaluating the effectiveness of Internal Audit and the use of Audit resources and where necessary recommending adjustments to the Internal Audit Plan.
8. To review and comment upon liaison arrangements between Internal and External Audit with a view to optimising the effective deployment of Audit resources.
9. To evaluate the adequacy and effectiveness of the Council's financial and operational policies and procedures including financial and accounting management through discussions with the External Auditors, Internal Auditors, and appropriate officers.
10. To receive and review the findings of both External and Internal audit examinations and to ensure that management takes appropriate action to implement agreed recommendations and to remedy any internal accounting, organisational and operational control weaknesses identified.
11. To receive and comment upon the annual Internal Audit Report and accept the Annual Governance Statement.
12. To annually monitor the effectiveness of the Code of Corporate Governance.
13. To advise and assist the Council on the adoption and revision of the Members' Code of Conduct and monitor the operation of the Members' Code of Conduct.
14. To make arrangements to fulfill the Council's duty to promote and maintain high standards of conduct by Councillors.
15. To make arrangements to determine complaints relating to a breach of the Council's Code of Conduct or any matter which is referred by the monitoring officer.

Part 3(1) of the Constitution,  
July 2017

16. To grant dispensations to Councillors from the requirements relating to interests set out in the Members' Code of Conduct;
17. To make arrangements to ensure Councillors receive training and advice relating to the Members' Code of Conduct;
18. To consider and approve any emergency variations from the Council's Financial Regulations and Contractual Standing Orders.
19. To oversee and then monitor the development and implementation of a comprehensive approach to Risk Management.
20. To review matters of local community concern including partnerships and services provided by 'other' organisations which do not fall within the remit of service committees.
21. To receive reports and other evidence from organisations, individuals and partnerships that the Committee or working groups consider relevant to their work.
22. To evaluate and monitor performance information and approve annual targets.
23. To refer directly to the Council any matters it shall see fit.

The exercise of (14) (15) and (16) above in relation to the parish councils wholly or mainly in its area and the members of those parish councils.



# Grant Thornton

An instinct for growth™

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12 February 2018

Dear Jane

## **Certification work for Ribble Valley Borough Council for year ended 31 March 2017**

We are required to certify the Housing Benefit subsidy claim 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.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2016/17 relating to subsidy claimed of £7.080 million. Further details are set out in Appendix A.

There are no issues arising from our certification work which we wish to highlight for your attention.

The indicative fee for 2016/17 for the Council was based on the final 2014/15 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2016/17 was £6,690. This is set out in more detail in Appendix B.

Yours sincerely

*Grant Thornton UK LLP*

Grant Thornton UK LLP

**Appendix A - Details of claims and returns certified for 2016/17**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment value</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£7,079,582	No	N/A	No	See below

**Findings from certification of housing benefits subsidy claim**

Our testing of a sample of individual benefit claims did not identify any errors that would require additional testing.

**Appendix B: Fees for 2016/17 certification work**

<b>Claim or return</b>	<b>2016/17 indicative fee (£)</b>	<b>2016/17 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	£6,690	£6,690	NIL	N/A
<b>Total</b>	<b>£6,690</b>	<b>£6,690</b>	<b>NIL</b>	

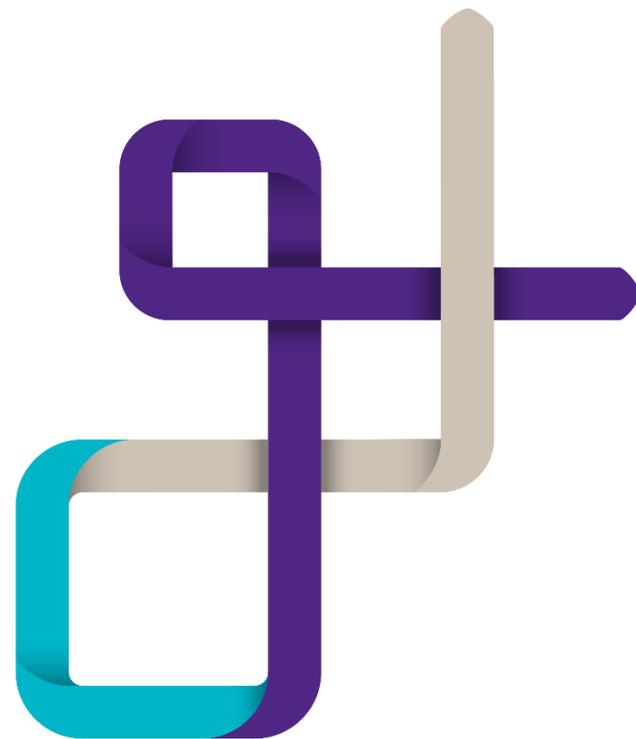


# External Audit Plan

*Year ending 31 March 2018*

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Ribble Valley Borough Council  
12 February 2018



# Contents



## Your key Grant Thornton team members are:

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Director

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E: mark.r.heap@uk.gt.com

Ian Pinches  
Audit 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 planning 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.

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# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Ribble Valley Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Ribble Valley Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements (including the Annual Governance Statement) that have been prepared by management with the oversight of those charged with governance (the Accounts & Audit Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Accounts & Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

---

## Significant risks

Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management over-ride of controls
- valuation of land and buildings
- valuation of pension fund net liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

---

## Materiality

We have determined planning materiality to be £429,000 (PY £414,000), which equates to 2% of gross expenditure in the prior year accounts. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £21,000 (PY £21,000).

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## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk:

- Management provide regular updates to members detailing the Council's medium-term financial position. Whilst the Council has been successful in recent years in managing net expenditure, the Council will need to find savings over the period 2018-2021. The Council needs to ensure that robust, credible plans are in place to deliver the savings required.

---

## Audit logistics

Our interim visit will take place in February 2018 and our final visit will take place in June - July 2018. Our key deliverables are this Audit Plan and our Audit Findings Report. Our fee for the audit will be no less than £40,202 (PY: £40,202) for the Council.

---

## Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

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# Deep business understanding

## Changes to service delivery

### Commercialisation

The scale of investment activity, primarily in commercial property, has increased as local authorities seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle. Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code. A new version is due to be published in December 2017.

### Devolution

The Cities and Local Government Devolution Act 2016 provides the legal framework for the implementation of devolution deals with combined authorities and other areas.

With devolution settlements being agreed in surrounding areas and city regions, Lancashire continues to explore new ways of working and proposals for the future delivery of services across the county.

Grant Thornton, in conjunction with the District Councils' Network & Local Government Association, have developed a Transformation in Localities Toolkit due for release in the coming months to help explore the options available.

## Changes to financial reporting requirements

### Accounts and Audit Regulations 2015 (the Regulations)

The Department of Communities and Local Government (DCLG) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.

### Changes to the CIPFA 2017/18 Accounting Code

CIPFA have introduced other minor changes to the 2017/18 Code which confirm the going concern basis for local authorities, and updates for Leases, Service Concession arrangements and financial instruments.

## Key challenges

### Budget strategy

The Council is on course to deliver a balanced budget in 2017/18.

However, the Council needs to continue to manage its finances well in order to ensure it can continue to balance its budget in the medium-term. With continuing reductions in central government funding, the medium term financial strategy includes identification of savings as well as use of reserves.

The Council needs to ensure that robust, credible plans are in place to deliver the savings required.

### Business Growth

Growing the business base in the Borough has been a long-standing objective of the Council. In recent years the Council has made good progress, as evidenced by recent developments within the Borough.

The Council will need to continue to work effectively with its private and public sector partners

## Our response

- We will consider your arrangements for managing and delivering your financial plans as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.

# Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>The revenue cycle includes fraudulent transactions</b>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of local authorities, including Ribble Valley Borough Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for Ribble Valley Borough Council.</p>
<b>Management over-ride of controls</b>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness</li> <li>• obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness</li> <li>• evaluate the rationale for any changes in accounting policies or significant unusual transactions.</li> </ul>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of property, plant and equipment</b>	<p>The Council revalues its land and buildings using a five year programme. Valuations are undertaken by the Council's external valuer. Additional valuations are undertaken, above and beyond those planned as part of the five-year programme, if these are considered necessary to ensure that the carrying value of land and buildings is not materially different from current value at the Balance Sheet date.</p> <p>The valuation of land and buildings is a key estimate made by management in order to produce the financial statements. We have identified this estimate and the assumptions underpinning the estimate as a risk which requires special audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>consider the competence, expertise and objectivity of any management experts used</li> <li>discuss / enquire with the valuer the basis on which the valuation is carried out and challenge the key assumptions</li> <li>review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding</li> <li>test revaluations made during the year to ensure they are correctly reflected in the Council's asset register</li> <li>evaluate the assumptions made by management for those assets not revalued during the year, and how management has satisfied themselves that these are not materially different to current value.</li> </ul>
<b>Valuation of pension fund net liability</b>	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>identify the controls put in place by management and the controls established by the Lancashire County Pension Fund to ensure that the pension fund liability is not materially misstated</li> <li>assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation (on behalf of external audit suppliers to local government, the National Audit Office has commissioned an auditor's expert to undertake a review of the actuaries engaged by local government pension funds, including the Lancashire Pension Fund)</li> <li>consider the expert's findings and follow-up on any implications for our audit</li> <li>undertake procedures to confirm the reasonableness of the actuarial assumptions made, particularly if these are specific to Ribble Valley Borough Council</li> <li>check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>

# Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Completeness of Employee Remuneration</b>	<p>The Council employs around 235 staff. Expenditure on payroll costs continue to be a significant, material transaction stream.</p> <p>Given the large number of transactions associated with the Council's payroll there is a risk that payroll expenditure could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>confirm our understanding of the Council's processes and the associated controls in place to ensure that Council employees receive the correct pay each month and that the amounts paid are completely and accurately recorded in the General Ledger and reported as part of the financial statements</li> <li>test the year-end reconciliation of the payroll system to the general ledger</li> <li>test for reasonableness any accruals posted to the Council to reflect amounts due to employees but not paid at the year-end.</li> </ul>
<b>Completeness of Operating Expenses / Creditors</b>	<p>The Council purchases goods and services from a range of suppliers. At the year-end management uses judgement to estimate the value of goods or services consumed which have not yet been paid for so that where an invoice has not been received appropriate accruals can be reflected in the Balance Sheet. This forms part of the closedown process for both capital and revenue transactions and the use of estimates is required to enable the Council to close its ledgers promptly.</p> <p>Given the use of estimation techniques, we identified completeness of non-pay expenditure as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>gain an understanding of the Council's process for initiating, processing, recording and reporting accounts payable invoices and other types of non-pay expenditure incurred by the Council</li> <li>test the year-end reconciliation of the accounts payable system to the general ledger</li> <li>assess the accruals process established by management and consider whether it is sufficiently comprehensive to ensure year-end accruals are not materially misstated</li> <li>test a sample of year end accruals and creditor balances in the year-end balance sheet to confirm these accurately reflect year-end liabilities</li> <li>test a sample of payments made in April 2018 to confirm the associated invoices have been accounted for in the correct financial year.</li> </ul>

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# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements
  - issue of a report in the public interest
  - making a written recommendation to the Council, copied to the Secretary of State.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

# Materiality

## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

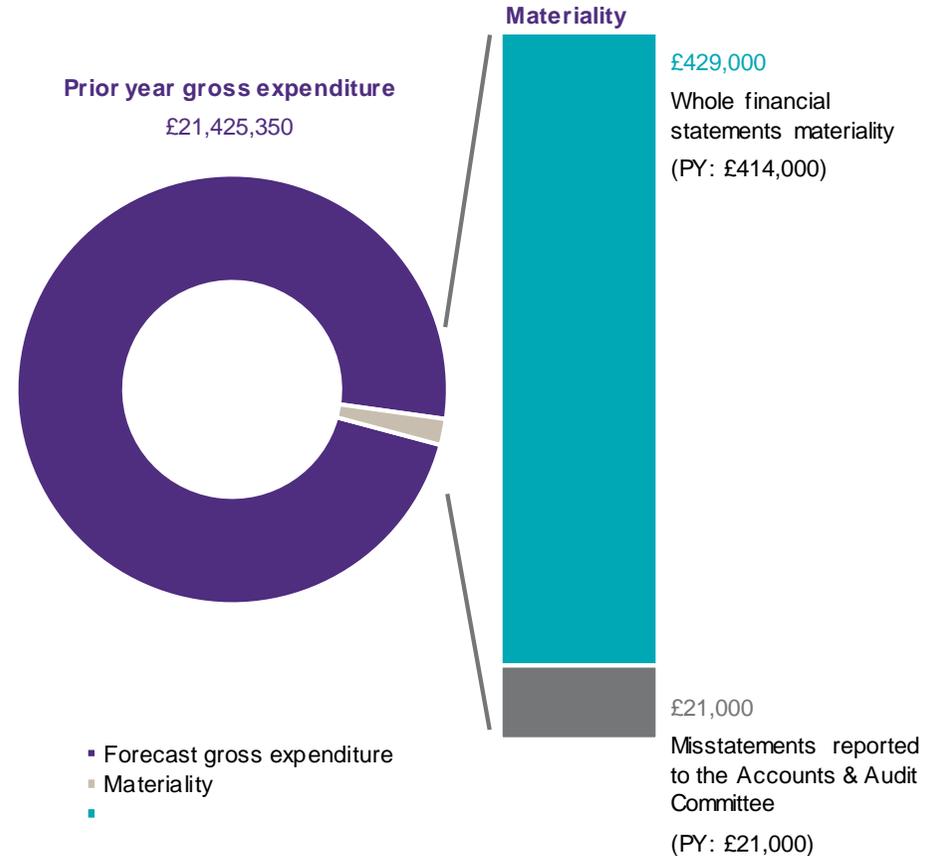
We propose to calculate financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £429k (PY £414k), which equates to 2% of your reported gross expenditure for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Accounts & Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £21,000 (PY £21,000).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Accounts & Audit Committee to assist it in fulfilling its governance responsibilities.



# Value for Money arrangements

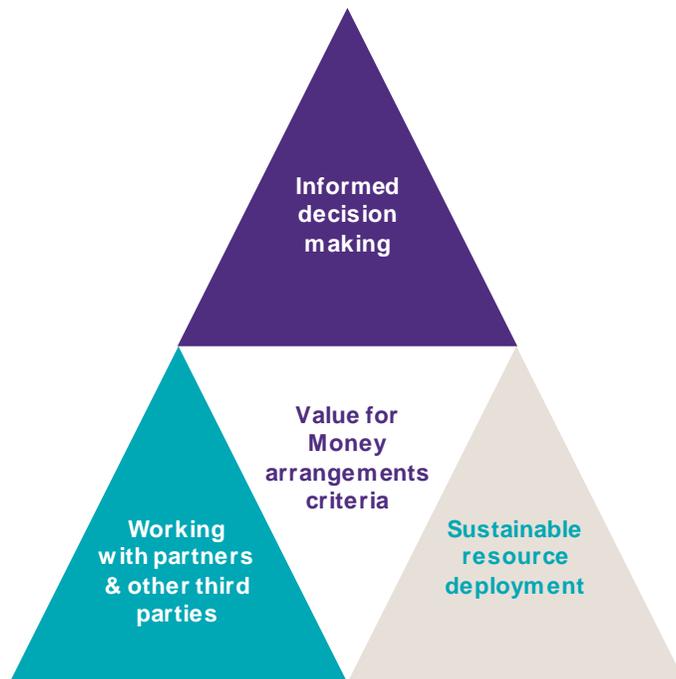
## Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

*"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."*

This is supported by three sub-criteria, as set out below :



## Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



### Sustainable Resource Deployment

The Council have been able to manage the financial resources available with limited impact on front line services. However, financial plans and strategies in the medium term to 2020/21 show that the Council will need to identify and make savings in delivery as well as drawing on the available reserves. The Council needs to ensure that robust, credible plans are in place to deliver the savings required.

We will continue to be mindful of VFM risks, in particular those relating to sustainable resource deployment, throughout the course of the audit.

We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report.

# Audit logistics, team & audit fees



**Mark Heap, Engagement Lead**  
Director



**Ian Pinches, Audit Manager**  
Manager

## Audit fees

The planned audit fees are no less than £40,202 (PY: £40,202) for the financial statements audit; and £8,920 indicative fee for the Council's grant certification work. Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, would be shown under 'Fees for other services', but there are no indications such additional work is required.

In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

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# Early close

## Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

## Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

Following a trial run and experience from the prior year, the risks of a delayed audit or additional audit fees being incurred are limited if the Council continue to ensure that:

- you produce draft financial statements of good quality, by the deadline you have agreed with us; including all notes, the narrative report and the Annual Governance Statement
- good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we will provide
- the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- you respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

---

# Independence & non-audit services

## **Auditor independence**

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## **Non-audit services**

No non-audit services were identified.

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# Appendices

## A. Revised ISAs

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# Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

<b>Section of the auditor's report</b>	<b>Description of the requirements</b>
<b>Conclusions relating to going concern</b>	We will be required to conclude and report whether: <ul style="list-style-type: none"><li>• the directors use of the going concern basis of accounting is appropriate</li><li>• the directors have disclosed identified material uncertainties that may cast significant doubt about the Council's ability to continue as a going concern.</li></ul>
<b>Material uncertainty related to going concern</b>	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Council's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
<b>Other information</b>	We will be required to include a section on other information which includes: <ul style="list-style-type: none"><li>• responsibilities of management and auditors regarding other information</li><li>• a statement that the opinion on the financial statements does not cover the other information unless required by law or regulation</li><li>• reporting inconsistencies or misstatements where identified.</li></ul>
<b>Additional responsibilities for directors and the auditor</b>	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
<b>Format of the report</b>	The opinion section appears first followed by the basis of opinion section.

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## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No. 10

meeting date: 21 FEBRUARY 2018  
 title: INTERNAL AUDIT PROGRESS REPORT 2017/2018  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MICK AINSCOW

### 1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2017/18.

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 2017/18 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2017/18 Planned Days	Actual Days to 9 February 2018
Fundamental (Main) Systems	230	191
Other Systems	74	54
Probity and Regularity	242	200
On-going checks	12	11
Risk Management, Performance Indicators	40	32
Non-Audit Duties (Insurance)	30	35
College	20	20
Contingencies/unplanned work	25	25
Available Audit Days to 31 March 2018		105
	<b>673</b>	<b>673</b>

2.4 The position with regards to audit work carried out up to 9 February 2018 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 During the year we aim to review all of the Council's fundamental systems. Reviews have so far been completed in relation to the Housing Benefits, Council Tax, NNDR, Sundry Debtors and Cash Receipting Systems. Testing is underway on the Payroll, Main Accounting and Creditors systems and all will be completed by 31 March 2018.

### 3 ISSUES

- 3.1 In addition to our systems work we continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.2 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 18 October 2017. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
16.10.17	Full 	Castle Museum/café – all aspects of operation were examined to ensure the Council were charging for all income due. No issues arising.
17.10/17	Full 	Housing Benefits Systems and Processes – control systems in place were operating effectively. No recommendations arising.

Date of Report	Assurance Opinion	Report Details
19.10.17	Full ✓✓✓	Healthy Lifestyles Income – looking at charging, income recording and banking of monies. Systems operating well - no issues arising.
21.11.17	Full ✓✓✓	Ribblesdale Pool – all areas of operation at the pool were examined. No recommendations arising.
28.11.17	Full ✓✓✓	Treasury Management – control systems in place were sound and operating effectively. No recommendations arising.
30.11.17	Full ✓✓✓	Trade and Domestic Refuse Collection – looking at all areas of collection to ensure processes operating as intended. No issues arising.
04.12.17	Substantial ✓✓	Land Charges – controls in place operating effectively. Minor recommendation regarding searches being carried out when Land Charges Officer was absent.
11.12.17	Full ✓✓✓	Asset Management – looking at purchase and disposal of assets, recording in asset register, all assets properly insured. No recommendations arising.
08.02.18	Full ✓✓✓	Building Control – system was operating well with no weaknesses identified and no recommendations arising.

## 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. Any outstanding ones are being pursued from the officers concerned.

## 6 UPDATE ON RED RISKS

### **Clitheroe Market Redevelopment**

- 6.1 Latest position – detailed discussions with Barnfield Construction continue to take place regarding the scheme. Further revisions are currently being undertaken by the developer following the most recent meeting, to reflect the issues raised.

## 7 CONCLUSION

- 7.1 Progress to date with the 2017/2018 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA2-18/MA/AC  
12 February 2018

For further information please ask for Mick Ainscow.

## INTERNAL AUDIT PLAN 2017/18

ANNEX 1

2017/18 Planned Days	Audit	Actual days to 09/02/18	Status as at 09/02/18
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	15	Testing underway
20	Creditors	8	Testing underway
20	Sundry Debtors	20	✓
30	Payroll and HR	13	Initial testing
40	Council Tax	40	At draft report stage
40	Housing Benefits/CT Support	40	✓
40	NNDR/Business Rates Pooling	40	At draft report stage
15	Cash Receipting	15	✓
<b>230</b>		<b>191</b>	
<i>Other Systems Work</i>			
15	VAT	15	✓
12	Treasury Management	12	✓
15	Procurement	15	✓
20	Business Continuity	0	Not started
12	Asset Management	12	✓
<b>74</b>		<b>54</b>	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	At draft report stage
5	Members Allowances	5	✓
15	Recruitment/Safeguarding Arrangements	13	Testing underway
15	Insurance	3	Initial testing
5	Land Charges	5	✓
12	Fees and Charges/Cash Collection Procedures	12	✓
12	Health and Safety	16	At draft report stage
10	Car Parking	10	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	12	✓
15	Externally contracted Provision of RVBC Services	8	Initial testing
10	Environmental Health	10	✓
15	Transparency/Open Data	14	Testing complete
5	Healthy Lifestyles/Up and Active	5	✓
5	Ribblesdale Pool	5	✓
5	Museum/Café	5	✓

## INTERNAL AUDIT PLAN 2017/18

2017/18 Planned Days	Audit	Actual days to 09/02/18	Status as at 09/02/18
12	Partnership Arrangements	9	Testing underway
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	11	Testing underway
10	Building Control	10	✓
10	Flexitime System	10	✓
10	Planning Applications	10	✓
<b>242</b>		<b>200</b>	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	11	∞
25	Contingencies/Unplanned Work	25	Driving Licence/Car Insurance check and Election Duties/Postal Vote Opening
15	Risk Management	7	∞
20	Corporate Governance	20	∞
5	Performance Indicators	5	∞
<b>40</b>		<b>32</b>	
30	Insurance	35	∞
20	Training	20	∞
	Available audit days to 31/3/2018	105	
<b>673</b>		<b>673</b>	

**Key:**



Continuous Activity



Completed

Not started    No work undertaken in the current year on these audits

## QUALITY MONITORING

Annex 2

Question	Ribblesdale Pool	Healthy Lifestyles	Housing Benefits System	Treasury Management
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	5	4
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	5	5	5	4
The auditors understanding of your systems and any operational issues	4	5	5	4
The audit carried out efficiently with minimum disruption	5	5	5	5
The level of consultation during the audit	4	5	5	4
The audit was carried out professionally and objectively	5	5	5	4
The draft report addressed the key issues and was soundly based	5	5	5	4
Your opportunity to comment on findings	5	5	5	5
The final report in terms of clarity and conciseness	5	5	5	5
The prompt issue of final report	5	5	5	5
The recommendations will improve control and/or performance	5	5	5	4
Audit was constructive and added value overall	5	5	5	3
<b>Average</b>	<b>4.8</b>	<b>5</b>	<b>5</b>	<b>4.3</b>

**5 = Very Good    4 = Good    3 = Satisfactory    2 = Just Adequate    1 = Poor**