Audit Findings
Year ending 31 March 2018

Ribble Valley Borough Council
13 July 2018
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Headlines</td>
<td>3</td>
</tr>
<tr>
<td>2. Financial statements</td>
<td>4</td>
</tr>
<tr>
<td>3. Value for money</td>
<td>13</td>
</tr>
<tr>
<td>4. Independence and ethics</td>
<td>16</td>
</tr>
</tbody>
</table>

## Appendices

A. Fees

B. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales. No. OC307742. Registered office: 30 Kimburn Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd ("GTIL"). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.
Headlines

This table summarises the key issues arising from the statutory audit of Ribble Valley Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2018 for those charged with governance.

| Financial Statements | Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:
| | • the Council's financial statements give a true and fair view of the Council's financial position and of the Council's expenditure and income for the year
| | • have been properly prepared in accordance with the CIPFA/LASAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
| | We are also required to report whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement, and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
| Financial Statements | Our audit work was completed on site during June and July. Our findings are summarised on pages 4 to 15. We have identified no adjustments to the financial statements that have resulted in an adjustment to the financial outturn as disclosed via the Statement of Comprehensive Income and Expenditure.
| | Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Accounts and Audit Committee meeting on 25 July 2018, as detailed in Appendix B. These outstanding items include:
| | • resolving final audit queries on non-risk areas and related party transactions
| | • carrying out our final quality controls procedures
| | • receipt of management representation letter; and
| | • review of the final set of financial statements.
| | We have concluded that the other information published with the financial statements, which includes the Statement of Accounts, Annual Governance Statement and Narrative Report, are consistent with our knowledge of your organisation and with the financial statements we have audited.

| Value for Money arrangements | Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:
| | • the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion')
| | We have completed our risk based review of the Council's value for money arrangements. We have concluded that Ribble Valley Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix B. Our findings are summarised on pages 13 to 14.

| Statutory duties | The Local Audit and Accountability Act 2014 ('the Act') also requires us to:
| | • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
| | • certify the closure of the audit.
| | We have not exercised any of our additional statutory powers or duties.
| | We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.
Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment including its IT systems and controls
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Accounts and Audit Committee meeting on 25 July 2018, as detailed in Appendix B. These outstanding items include:

- resolving final audit queries on non-risk areas
- undertaking our final quality control procedures
- receipt of management representation letter; and
- review of the final set of financial statements.

Our approach to 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.

Materiality calculations remains the same as reported in our audit plan.

<table>
<thead>
<tr>
<th>Council Amount (£)</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materiality for the financial statements</td>
<td>£429,000</td>
</tr>
<tr>
<td>Trivial matters</td>
<td>£21,000</td>
</tr>
</tbody>
</table>
Financial statements

Going concern

Our responsibility
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).

Going concern commentary

<table>
<thead>
<tr>
<th>Management’s assessment process</th>
<th>Auditor commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management has determined that the Council is a going concern, considering:</td>
<td></td>
</tr>
<tr>
<td>• cash flow forecasting across subsequent periods</td>
<td></td>
</tr>
<tr>
<td>• anticipated funding settlements in the medium term</td>
<td></td>
</tr>
<tr>
<td>• tax raising powers of the Council</td>
<td></td>
</tr>
<tr>
<td>• the lack of any communications from relevant Ministry or Secretary of State indicating no longer a going concern.</td>
<td></td>
</tr>
<tr>
<td>• the Council's management have concluded that the preparation of the financial statements on a going concern basis remains appropriate</td>
<td></td>
</tr>
<tr>
<td>• management’s processes for assessing going concern in relation to the council are considered appropriate and adequate</td>
<td></td>
</tr>
<tr>
<td>• key personnel involved and their respective roles are appropriate to the circumstances of the Council.</td>
<td></td>
</tr>
</tbody>
</table>

Work performed
We have considered the assessment and sought corroborating evidence in support of the conclusion drawn

Concluding comments

Auditor commentary
• we did not identify a material uncertainty in relation to the Council’s ability to continue as a going concern.

Auditor commentary
• we have considered management’s assessment of going concern as the basis for preparing the Council’s accounts. As a result of this work there is no anticipated impact on our audit opinion, and our proposed opinions at Appendix B are unmodified in respect of going concern.
## Significant audit risks

<table>
<thead>
<tr>
<th>Risks identified in our Audit Plan</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improper revenue recognition</strong></td>
<td><strong>Auditor commentary</strong></td>
</tr>
<tr>
<td>Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</td>
<td>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:</td>
</tr>
<tr>
<td></td>
<td>• there is little incentive to manipulate revenue recognition</td>
</tr>
<tr>
<td></td>
<td>• opportunities to manipulate revenue recognition are very limited</td>
</tr>
<tr>
<td></td>
<td>• the culture and ethical frameworks of local authorities, including Ribble Valley Borough Council, mean that all forms of fraud are seen as unacceptable.</td>
</tr>
<tr>
<td></td>
<td>Therefore we do not consider this to be a significant risk for Ribble Valley Borough Council.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Management override of controls</strong></th>
<th><strong>Auditor commentary</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>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. We identified management override of controls as a risk requiring special audit consideration.</td>
<td>Having identified that this presents an inherent risk for the council, we have:</td>
</tr>
<tr>
<td></td>
<td>• reviewed accounting estimates, judgements and decisions made by management</td>
</tr>
<tr>
<td></td>
<td>• analysed and tested journal entries</td>
</tr>
<tr>
<td></td>
<td>• reviewed financial data and treatment of unusual significant transactions</td>
</tr>
<tr>
<td></td>
<td>• reviewed significant related party transactions outside the normal course of business.</td>
</tr>
<tr>
<td></td>
<td>Our audit work has not identified any issues in respect of management override of controls.</td>
</tr>
</tbody>
</table>
## Significant audit risks

### Risks identified in our Audit Plan

<table>
<thead>
<tr>
<th>Valuation of property, plant and equipment</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor commentary</strong></td>
<td></td>
</tr>
<tr>
<td>The Council revalues its land and buildings on a quinquennial basis to ensure that carrying value is not materially different from current value. This represents a significant estimate by management in the financial statements.</td>
<td></td>
</tr>
<tr>
<td>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Valuation of pension fund net liability</th>
<th>Auditor commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor commentary</strong></td>
<td></td>
</tr>
<tr>
<td>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</td>
<td></td>
</tr>
<tr>
<td>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We have undertaken:

- a review of management's processes and assumptions for the calculation of the estimate
- a review of the competence, expertise and objectivity of any management experts used
- a review of the instructions issued to valuation experts and the scope of their work
- liaison with the Council's valuer about the basis on which the valuation was carried out, challenging key assumptions
- a review the information used by the valuer to ensure it was robust and consistent with our understanding
- testing of revaluations made during the year to ensure they were input correctly into the Council's asset register; and
- an evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.

Our audit work has not identified any issues in respect of revenue recognition.

Our audit work has not identified any issues in respect of the valuation of the pension fund net liability.
Reasonably possible audit risks

**Risks identified in our Audit Plan**

**Employee remuneration**
Payroll expenditure represents a significant percentage of the Council’s operating expenses.
As the payroll expenditure comes from a number of individual transactions and an interface with a sub-system there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.

**Operating expenses**
Non-pay expenses on other goods and services also represents a significant percentage of the Council’s operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.
We identified completeness of non-pay expenses as a risk requiring particular audit attention.

**Commentary**

**Auditor commentary**
We have undertaken the following work in relation to this risk:
- documented our understanding of processes and key controls over the transaction cycle
- undertaken walkthrough of the key controls to assess whether those controls were in line with our documented understanding
- undertaken substantive analytical procedures and investigated any significant adjusting items
- agreed the payroll related accruals (e.g. unpaid leave accrual) to supporting documents and reviewed any estimates for reasonableness.

Our audit work has not identified any issues in respect of employee remuneration.

We have:
- updated our 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
- tested the year-end reconciliation of the accounts payable system to the general ledger
- assessed the accruals process established by management and considered whether it is sufficient comprehensive to ensure year-end accruals are not materially misstated
- tested a sample of year-end accruals and creditor balances in the year-end balance sheet to confirm they accurately reflect year-end liabilities
- tested a sample of payments made in April 2018 to confirm the associated invoices have been accounted for in the correct financial year.

Our audit work has not identified any issues in respect of operating expenditures.
Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

<table>
<thead>
<tr>
<th>Significant matter</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant events or transactions that occurred during the year</td>
<td>• There were no such events that required us to raise them with management.</td>
</tr>
<tr>
<td>Business conditions affecting the council, and business plans and strategies that may affect the risks of material misstatement</td>
<td>• There were no such issues that required us to raise them with management.</td>
</tr>
<tr>
<td>Concerns about management’s consultations with other accountants on accounting or auditing matters</td>
<td>• There were no such events that required us to raise them with management.</td>
</tr>
<tr>
<td>Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services</td>
<td>• There were no such events that required us to raise them with management.</td>
</tr>
<tr>
<td>Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information</td>
<td>• There were no such matters that required us to raise them with management.</td>
</tr>
</tbody>
</table>
# Accounting policies

<table>
<thead>
<tr>
<th>Accounting area</th>
<th>Summary of policy</th>
<th>Comments</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue recognition</td>
<td>Accounting Policies included at Note 2 states that activity is accounted for in the period to which it relates regardless of when the cash is paid or received.</td>
<td>The recognition of revenue by the Council is in line with recognised accounting guidance and in line with CIPFA's recommended approach.</td>
<td>green</td>
</tr>
</tbody>
</table>
| Judgements and estimates | Key estimates and judgements include:   
  - useful life of capital equipment  
  - pension fund valuations and settlements  
  - revaluations  
  - impairments  
  - PPE valuations. | • We have reviewed the estimates and judgements made in the accounts and they appear reasonable.  
  • We have sample tested valuations undertaken in the year to confirm they are appropriately included in the statement of accounts.  
  • We have confirmed the entries relating to the pension scheme in the accounts agree through to the actuarial valuation. We have considered the qualifications of and the work completed by the actuary to ensure we can place reliance upon the their work.  
  No significant issues have been identified from this work. | green      |
| Other critical policies | We have reviewed the Council's accounting policies and disclosures against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years. |                                                                                                                                             | green      |

**Assessment**
- ☢ Suboptimal accounting policy which could potentially be open to challenge by regulators
- 🟢 Accounting policy appropriate but scope for improved disclosure
- 🟢 Accounting policy appropriate and disclosures sufficient

© 2018 Grant Thornton UK LLP | Audit Findings Report for Ribble Valley Borough Council | 2017.18
Financial Statements

### Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Matters in relation to fraud</td>
</tr>
<tr>
<td>2</td>
<td>Matters in relation to related parties</td>
</tr>
<tr>
<td>3</td>
<td>Matters in relation to laws and regulations</td>
</tr>
<tr>
<td>4</td>
<td>Written representations</td>
</tr>
<tr>
<td>5</td>
<td>Confirmation requests from third parties</td>
</tr>
<tr>
<td>6</td>
<td>Disclosures</td>
</tr>
</tbody>
</table>
Financial statements

Other responsibilities under the Code

We set out below details of other matters which we, as auditors, are required by the Code to communicate to those charged with governance.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Other information</td>
<td>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unqualified opinion in this respect – refer to appendix C.</td>
</tr>
</tbody>
</table>
| 2 Matters on which we report by exception                           | We are required to report on a number of matters by exception in a number of areas:  
  - If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit  
  - If we have applied any of our statutory powers or duties  
    We have nothing to report on these matters. |
| 3 Specified procedures for Whole of Government Accounts             | We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.  
  - this work is not required as the Council does not exceed the threshold. |
| 4 Certification of the closure of the audit                         | We intend to certify the closure of the 2017/18 audit of Ribble Valley Borough Council in the audit opinion, as detailed in Appendix C. |
Value for Money

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:

Risk assessment

We carried out an initial risk assessment in January and February 2018 and identify a significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 12 February 2018.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment.

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council’s arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council’s arrangements. In arriving at our conclusion, our main considerations were:

• the arrangements for the management and monitoring of financial performance across the Council
• the ability to make informed decisions around sustainable resource deployment.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on page 14.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

• the Council has proper arrangements in all significant respects to ensure it deliver value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix C.
Key findings
We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

<table>
<thead>
<tr>
<th>Significant risk</th>
<th>Findings</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Resource Deployment</td>
<td>During the year the Council monitors its budget performance promptly and appropriately, reporting to the relevant committees and management for decision making, and to the Audit Committee for scrutiny of the risk management of financial performance and the related controls.</td>
<td>Auditor view: The Council continues to be effective in its financial management and continues to plan for sustainable use of its resources. However, there are continuing and increasing funding challenges in the local government sector which will continue to require monitoring and management by the Council and its officers.</td>
</tr>
<tr>
<td></td>
<td>Financial performance is clearly linked to the broader strategic objectives of the Council, and addressed in the policy and finance business plans, and mitigating actions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Monitoring arrangements in place at the Council enabled early identification of financial pressures in year, and identifying future challenges as part of the budget-setting process.</td>
<td></td>
</tr>
</tbody>
</table>
Independence and ethics

Independence and ethics

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 confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of 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 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix A.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

<table>
<thead>
<tr>
<th>Service</th>
<th>£</th>
<th>Threats</th>
<th>Safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit related</td>
<td></td>
<td></td>
<td>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £8,920 in comparison to the total fee for the audit of £40,202 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors mitigate the perceived self-interest threat to an acceptable level.</td>
</tr>
<tr>
<td>Certification of Housing</td>
<td>8,920</td>
<td>Self-Interest (because this is a recurring fee)</td>
<td></td>
</tr>
<tr>
<td>Benefit Subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council’s policy on the allotment of non-audit work to your auditors.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.
Appendix A

Fees

We confirm below our final fees charged for the audit and provision of non-audit services/confirm there were no fees for the provision of non audit services.

Audit Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Proposed fee</th>
<th>Final fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Audit</td>
<td>£40,202</td>
<td>£40,202</td>
</tr>
<tr>
<td>Grant Certification (Housing Benefit Subsidy)</td>
<td>£8,920</td>
<td>TBC</td>
</tr>
<tr>
<td>Total audit fees (excluding VAT)</td>
<td>£49,122</td>
<td>TBC</td>
</tr>
</tbody>
</table>

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). 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, are shown under 'Fees for other services'.
Appendix B

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor’s report to the members of Ribble Valley Borough Council

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Ribble Valley Borough Council (the "Authority") for the year ended 31 March 2018 which comprise the Statement of Accounting Policies, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the notes to the core financial statements and the Collection Fund. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

• give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
• have been prepared properly in accordance with the CIPFA/LASAC code of practice on local authority accounting in the United Kingdom 2017/18, and
• have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to
This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, except as assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you when:

• the Director of Resources’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
• the Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information
The Director of Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 8 to 139, including the Narrative Report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority’s arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the ‘Delivering Good Governance in Local Government: Framework (2016)’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.
Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 40 the Authority is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibilities for the administration of those affairs. In this authority, that officer is the Director of Resources. The Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practice as set out in the CIW/A/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which gives a true and fair view of the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources is responsible for ensuring the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit Committee is Those Charged with Governance.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements - Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure that it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

TO BE SIGNED & DATED

Mark Heap
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Manchester M3 3BB
July 2018