

# Auditor's Annual Report on Ribble Valley Borough Council

2021/22

January 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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 completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made	No significant weaknesses in arrangements have been identified, but improvement recommendations remain.	↔
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made	No significant weaknesses in arrangements have been identified, but improvement recommendations remain.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendation made	No significant weaknesses in arrangements have been identified, but improvement recommendations remain.	↔

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary



## Financial sustainability

Ribble Valley Borough Council have effective arrangements in place to secure financial sustainability. The plans in place are deliverable and realistic. Our work confirms the Council has arrangements for planning and managing its resources to ensure it can continue to deliver its services, we have highlighted the improvement recommendations which are required to enhance this. Our findings are set out in further detail on pages 7 to 9.



## Governance

We assessed the Council's governance arrangements across a number of areas including leadership, risk management, financial reporting and management and informed decision making. We found no evidence of a significant weakness in the Council's arrangements for ensuring they have made informed decisions and properly manage risks. We identified a number of improvement recommendations in 2020-21 and are pleased to note that these have been implemented or we can see clear evidence these are in the process of being implemented. Our findings are set out in further details on pages 10 to 12.



## Improving economy, efficiency and effectiveness

The Council have effective arrangements in place for improving economy, efficiency and effectiveness. We did not identify any risks of significant weaknesses in the Council's arrangements in place for improving economy, efficiency and effectiveness, however we have identified some of the improvement recommendation raised in the previous year remain in place as they are not fully implemented. Our findings are set out in further details on pages 13 to 14.



We have completed our audit of your financial statements and issued an unqualified audit opinion on 25 November 2022, following the Accounts and Audit Committee meeting on 23 November 2022. Our findings are set out in further detail on page 5.



# Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

## Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Council's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on 25 November 2022, following the Accounts and Audit Committee meeting on 23 November 2022. Our findings are set out in further detail on page 18.

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We have not had to issue any statutory recommendations.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We have not had to issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We have not had to make any applications to court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We have not had to issue an advisory notice.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We have not had to apply for a judicial review.

# Securing economy, efficiency and effectiveness in the Council's use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 7 to 14. Further detail on how we approached our work is included in Appendix B.

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Overview of the Arrangements to ensure financial sustainability

Ribble Valley Borough Council have been continuing to work to manage finances in a sustainable way. In 2021/22 the Council made £0.427 million surplus against a previously revised budget forecasting a surplus of £0.198 million and an original budget sowing a deficit of £0.400 million. This builds on the surplus made in the previous year whilst achieving a better outcome than budgeted.

The Council's approach to financial planning continues to demonstrate a clear understanding of the costs of delivering the statutory services, whilst incorporating reserves into the financial plans to meet the costs of future projects and initiatives.

The Council considers a General Fund position of £0.7 million as a required minimum level. As at the 31<sup>st</sup> March 2022 this stood at £2.961 million. The Council included the surplus in year in this balance. As well as increasing the general fund the Council also increased earmarked reserves. Some of the earmarked reserves were used on projects in the year, but overall earmarked reserves were increased to £15 million. The earmarked reserves, includes the s31 business rates grants reserve of £2.9 million.

These reserves leave the Council with a healthy balance to fund any future shortcomings. As Councils have received the fifth single year settlement, these reserves established will help to mitigate any future uncertainties. However it is essential that the Council can agree a sustainable budget in the longer term when future government funding is known.

## Financial Pressures and building into plans

In the 2020/21 Annual Audit Report we reported the Council's Medium Term Financial Strategy (MTFS) relates to the period of 2018/19 to 2021/22 and should be updated. The Council were again given a single year allocation therefore this does limit the Council's ability to do this. However the Council does include a 3 year forecast in the annual budget which helps to clarify the Council's position in the medium term.

The Council has a history of showing an improved position than originally budgeted for. The Council reviews conditions within the year and updated the budget accordingly. This has been illustrated in the graph below, which is based on the Council RO forms. This shows there is a gap between the budget and actual, however, this can be attributed to the additional funding received to the Council through Covid grants as well as substantial savings due to vacant posts.



# Financial Sustainability

For the 2021/22 budget, the Council made assumptions for inflation of 2% for price increases. The same rate was used for pay at the early stage. With every 1% increase being a £70,000 increase on the revenue budget. When setting the 2022/23 budget an allowance was made for price increases of 3% and pay increases of 2%. At that time it was recognised inflation was beginning to rise and therefore a contingency item for extra inflation of £140,000 was agreed as part of the final original budget for 2022/23. It soon became apparent that even this contingency would not be sufficient to meet the extra inflation mainly due to the higher than anticipated pay award and rising utility costs. The budget working group continue to monitor this.

The Council are able to fund expenditure requirements with income from fees and charges, government grants, business rates and council tax income, therefore have not been required to identify or rely on any commercial portfolio income.

Financial Regulations are embedded in the organisation and provide a reliable control environment within the Council. There are also Contract Procedure Rules in place to govern the procurement of goods and services. These ensure the Council are able to control its resources and assets as well as ensuring procurement is the most effective and efficient use of services.

The Council have a Budget Working Group who work closely on the budget process. The Group reviews budgets and provide guidance to Committees on individual budgets. These are pulled together and the overall budget is then reported to Policy and Finance committee. The final budget is agreed by the Council. All committee and Council meetings are open to the public.

The Council also approve the Capital Programme each year for the following year. The 2021/22 capital programme was for £3.4 million. The main capital scheme was for the installation of a second parking deck. However the parking scheme has been carried forward whilst further options are being reviewed. Therefore the revised capital program for 2021/22 was adjusted for this. £1.7 million of capital expenditure was expected to be carried forward to 2022/23. The total capital outturn for 2021/22 was £0.893 million, with a further £0.8 million being carried forward into 2022/23 in addition to the anticipated £1.7m. The Council funds capital spend through grants and earmarked reserves. Although borrowing is considered, additional borrowing has not been required.

The Council sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets. These are presented to members in the Capital and Treasury Management Strategy.

The Councils budgets are based on a full staffing lists for each department, less an allowance for turnover. The Council also provide a priorities report to management to ensure they maintain an understanding of the workforce. The Council understand they have an aging workforce in place and the need to ensure recruitment and retention remains a focus, as well as wellbeing and training and development. Our audit on the financial statements has not identified any concerns with regards to staffing levels within the accounts department.



# Financial Sustainability

## Key Financial assumptions

As mentioned in the previous section the Council has set the 2021/22 budget based on a 2% increase for inflation on prices and pay. The 2022/23 budget increased the inflation budget to 3% whilst maintaining 2% for pay increases and including a contingency for additional inflation costs.

In 2021/22 the Council performed better than the budget and so the assumptions seemed reasonable. In 2022/23 the Council have realised the increase in utility costs will impact on the budget. As such they have agreed a further increase in the budget of £140,000 which will help to fund these increases.

The Council will continue to monitor the increases in costs and the impact on the budget. The revenue monitoring as at the end of September 2022 forecasted the Council will underspend by £0.457 million. The savings are due to an increase in grants as well as an underspend in employee costs due to vacant posts. However the Council are still to process the pay award for 2022/23, although this was budgeted at 2% it is expected to be 7%. The current increases due to energy costs amount to £74,815.

## Funding gaps and use of reserves

The Council have maintained a system of solid financial planning in the year which means that any budget gaps have been met without using reserves and using non-recurrent savings. This process also mitigates the risk of unexpected new requirements impacting on the Council's financial resilience.

In 2021/22 the Council had budgeted to use £0.4 million from general fund reserves to help finance the years spending plans. This was later revised to the Council being able to add £0.198 million to the reserves. The final outcome was to increase this to £0.427 million.

Cashflow is closely monitored and reviewed on a daily basis. Liquidity is not a major risk for the Council as it holds a reasonable amount of cash and cash equivalents and at 31 March 2022 had a balance £20 million in readily convertible short term investments.

The Council forecast the budget for the following years to cover the medium term. With the increase in prices the Council has reported to members of a budget gap of:

- £1,040,966 in 2023/24
- £1,394,296 in 2024/25
- £2,412,914 in 2025/26

These gaps include a £250,000 contribution from General Fund Reserves and are estimates the Council has calculated at a point in time. The Council has General Fund reserve balance of £2.961 million and Earmarked Reserves of £15.082 million which will help fund these in the medium term. However this would not be sustainable in the longer term.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for ensuring they can continue to deliver financially sustainable services. A number of the previous years improvement recommendations remain in place. However, overall the Council are able to plan and manage resources effectively.

# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

## Budget setting and monitoring

The Council has an appropriate annual budget setting process in place. The systems in place provide a good oversight of the budget. The Budget Working Group review the budget with Committees, once the accountants and budget holders have set the budget. The budget working group is involved with the budget setting process and provides guidance to the service committees. This allows the services committees to be equipped to review and develop their budgets.

The recommendations from the budget working group are made to the Policy and Finance Committee. This helps the committee consider budget options and make appropriate recommendations to the Council. The Council will then make the final decisions and approve the budget for the year.

In the current year the Council has not been able to complete any external consultations therefore the improvement recommendation raised last year remains. The Council should resume consultations with businesses, residents and voluntary organisations.

Budgets are monitored on a monthly basis and variances are analysed and recorded. These are then reported to the Corporate Management Team. Reports are made to each committee where members are able to review the relevant reports. These reports are then amalgamated from each committee and the overall budget monitoring is reported to the Policy and Finance Committee. This allows members to get an overall picture of the Council's finances and these are reported to Council.

Budget holders have access to real time monitoring information via the Council's financial systems. Budgets are scrutinised at all levels as documented above. The Financial Regulations also set out the accountabilities of managers for defined elements of the budget.



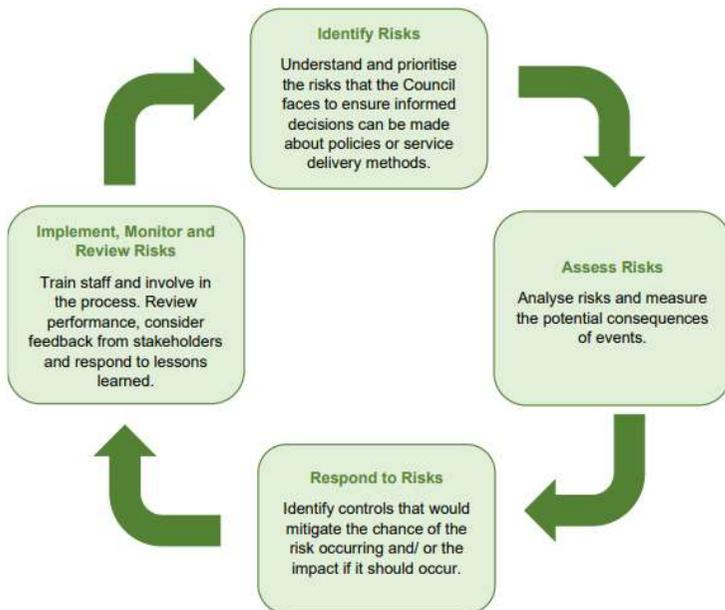
# Governance

## Risk management

The Council has begun to address the recommendations we made in the 2020/21 Annual Audit Report with regards to risk management. The Council renewed the risk policy in September 2022 and provided training to staff. All risks will now be updated on the Pentana system. However at this stage the Council is still going through the risks in place to ensure they remain relevant and applicable.

The diagram below is from the Councils policy and it shows the lifecycle of each risk.

An improvement recommendation will remain in place to ensure this system is fully implemented and members can make informed decisions to address the risks.



## Leadership and committee effectiveness

The Council has appropriate leadership in place throughout the organisation. It operates a committee structure to ensure effective decision making and good governance remains in place. There is a full Council meeting which provides overall oversight along with the Accounts and Audit Committee. The following committees remain in place with no changes from the previous year:

- Community Services
- Economic Development
- Health and Housing
- Planning and Development and
- Policy and Finance

These committees reflect the Council structure as highlighted in the Comprehensive Income and Expenditure Statement.

There are also committees for:

- Licensing,
- Personnel and
- Parish council liaison
- Emergency Committee (used as and when required).

The committees are governed by the Constitution. This is reviewed and updated on an annual basis and available on the Council's website. Through our attendance at Audit Committee meetings, we have noted that officers provide members with additional detail in respect of the presented reports so members can make an informed decision. The Council has full elections once every 4 years, and provides training to all members following the election. Ongoing training is then provided on key items, such as pecuniary interests.

The Annual Governance Statement also sets out how the Council operates, how decisions are made and the policies which are followed to ensure these are efficient, transparent and accountable. This statement is compliant to the CIPFA code and the Council have adopted the CIPFA/SOLACE framework of delivering Good Governance in Local Government.

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# Governance

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## Policies, procedures and controls

The Council's constitution is available on the website. It details the rules under which the Council operates, delegation by the Council to the committees and the functions of these committees. The Council's delegation scheme, standing orders and financial regulations and contract procedure rules are all included, as well as the code of conduct for members and staff. Arrangements for access of the public, members and officers of the Council to Council meetings and other information is also disclosed.

There are various policies and procedures in place which monitor and ensure compliance with legislation and regulatory standards.

In respect to the prevention and detection of fraud, the Council has an Anti-Fraud Policy, Whistleblowing Policy, as well as a Gifts and Hospitality Policy whereby Members or Officers receiving gifts must register these with the Monitoring Officer. Our financial statements audit has identified that no value is noted on the officers policy, therefore this is being amended. There is a standing item in all Council and committee meetings to disclose pecuniary and non-pecuniary interests relating to matters on the agenda. These are recorded on the Register of Interests, along with any other interests, including directorships, that have already been declared as required by the Code of Conduct. These registers have been reviewed as part of the financial statements audit and no concerns have been identified.

## Internal Audit

The Council has an inhouse Internal audit team which uses a risk based plan to complete audit assignments. This is then used to provide assurance to management for the Annual Governance Statement. The 2021/22 Head of Internal Audit Opinion confirmed the Council had been awarded substantial assurance over the adequacy and effectiveness of the Council's internal control environment. This was based on the work completed across 12 audits. The Council used the services of Mersey Internal Audit Agency to complete the plan, due to the vacancies in the section. In May 2022 the Council were able to recruit for the position of Head of Internal Audit after the vacancy being open for a substantial period. The Council completes an annual internal assessment on performance of internal audit and this is used to provide assurance to the AGS.

An external review has been completed by MIAA this shows the Council are partially compliant with the Public Sector Internal Audit Standards. However, we have noted the Council has agreed all the recommendations and these have either been implemented or in the process of being implemented.

## Treasury Management

The Council has a Treasury Management Policies and Practice's document for 2021/22, which is refreshed each year alongside the budget in February/March. A monitoring report is provided throughout the year to the Policy and Finance Committee. This includes an update on the progress of the investments and borrowings made. Following our recommendation in 2020/21 these include the impact on the financial statements.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We identified a number of improvement recommendations in the previous annual audit report and we can see the Council has implemented these or made significant progress in implementing them.

# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Identifying areas for improvement

Although the Council does have a suite of indicators it uses to monitor performance these have not been reported in 2021/22. The Council has continued to collate the data and this is included in the Pentana system. However due to staff changes the Council have not reported this to members. We understand training is programmed for early 2023 and the 2021/22 indicators will be reported along with a report to show the current year performance.

As staff are now in post we will expect this to be implemented in the short term and the Council continue to ensure indicators are reported to members on a regular basis.

The Council should also monitor performance against other Councils to ensure it is providing the correct value to residents and businesses. The Council can use its nearest neighbours to monitor against which can be geographical and/or nearest neighbours in terms of attributes. This again was an improvement recommendation raised in the last report and remains appropriate.

Reports from Internal Audit and External Audit are presented to the Accounts and Audit Committee on a regular basis. These include recommendations made and the progress against them. The Internal Audit progress reports now include a section on the follow up of recommendations and reports the actions which are due and those not due yet. We feel this can be expanded by showing the risk given to the recommendation (high/medium/low) along with details on why these have not been acted upon yet and a column to highlight the overdue recommendations.

## Working with others

Although the Council do not have any significant partners that provide key services they have a number of bodies they work with. They are the lead for the Business Rates Pool for Lancashire, which includes most of the neighbouring councils.

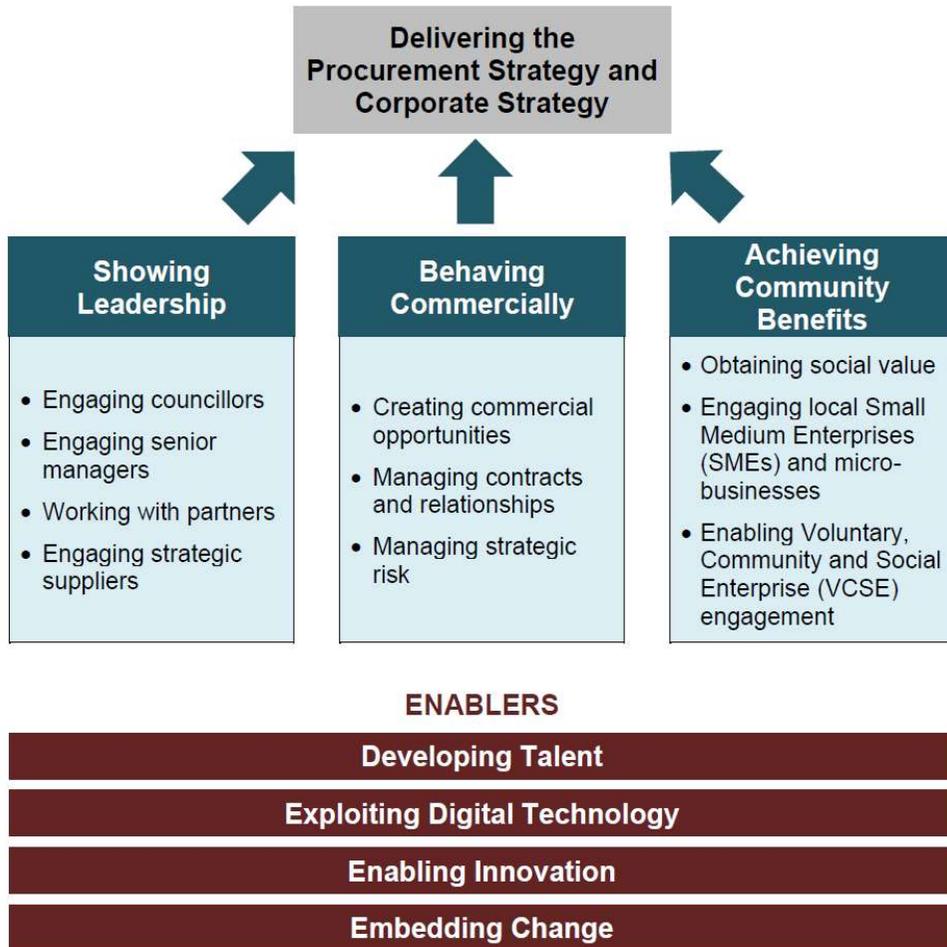
The Council have some services which are provided by Parish Councils. For these services a contribution is made to the Parish Council to fund these services. The Council also works with a number of smaller organisations.

## Climate control

The Council have shared the importance of climate control and published the Climate Change Strategy in August 2021. This highlights the Council's objective of being Carbon Neutral by 2030 and what the Council needs to do to achieve this. Climate change needs to be the central aspect of the Councils work and members and officers need to be aware of it. We note that the progress made will be reported to members in the new year.

A recent example of this impacting on the Council relates to the replacement of pest control vehicles. These were due to be replaced in 2022/23, however the Health and Housing committee requested additional funding so these can be replaced with electronic vehicles. The Policy and Finance approved the additional funds to be transferred from the Earmarked reserves so the Council can purchase the electric cars.

# Improving economy, efficiency and effectiveness



## Procurement

In the 2020/21 Annual Audit Report we reported to members that the procurement strategy was in the process of being updated and was currently in draft. The strategy has now been updated and the final version is available. This shows the themes and the enablers which will help the Council to achieve these. This in turn will help the Council achieve its ambitions.

Ambition 1	Ambition 2	Ambition 3	Ambition 4	Ambition 5
To ensure a well-managed council providing efficient services based on identified customer needs.	To sustain a strong and prosperous Ribbles Valley.	To help make people's lives safer and healthier.	To protect and enhance the existing environmental quality of our area	To match the supply of homes in our area with the identified housing needs

The image to the left is from the strategy and show the different categories required under each theme and these are explained in the detail of the report. The strategy then goes out to detail how the enablers will be used. The report is then followed by an Action Plan to show the actions need to fulfil each theme and enabler. At this stage no reporting or monitoring for this has been completed, however we would expect to see this actioned when completing the report for 2022/23.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Council's arrangements for improving the way the Council delivers its services. We note a number of the improvement recommendations raised in the previous year remain in place.

# Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	<p>The Council's Medium Term Financial Strategy (MTFS) should be updated on an annual basis and cover a forward looking medium term period.</p> <p>As part of this, and to ensure the Council is prepared for potential volatility which may adversely impact the budget, the Council should ensure a range of scenario and sensitivity analysis is completed on a regular basis and clearly reported to members on an annual basis</p>	Improvement	March 2022	<p>The management response last year stated that this would be done once there was firmer knowledge around future LG finance. This was anticipated in summer but did not materialise. The Council plan to produce the MTFS for the 2023/24 budget process.</p> <p>However the Council do provide a budget forecast for the coming three years the Council should still ensure the strategy is updated.</p>	No	The Council should ensure the MTFS is updated.
2	The Council should look to continue and develop their review of the robustness of estimates by including a review of the significant estimates made and the actual outcome .	Improvement	March 2022	The Councils budget for the year does include some discussions on the estimates used.	Yes	No
3	We consider it will be good practice, for the Council to look at the requirement to identify savings going forward as and when funding arrangements become clearer .	Improvement	March 2022	The Council have not had to make any savings in 2021/22 as well as 2022/23. Therefore this recommendation has not been actioned.	No	The Council should look into identifying potential savings and so be able to set a sustainable budget.-
4	Provide a clear distinction between controllable and non-controllable spending in the budgetary information to members and ensure it is published on the website.	Improvement	March 2022	As previous comments this has not been actioned. The service cost centres contain a mix of controllable and non-controllable spending, therefore it is not possible to present anything meaningful.	No	We would expect the Council to look into this in advance of difficult decisions being required to be made.
5	There is scope to expand the consultation process on Council budget and spending with residents, businesses and the voluntary sector.	Improvement	March 2022	The 2021/22 budget was distributed to certain commercial bodies.	Partially	The Council should consult, residents and the voluntary sector. As well as continuing the arrangements with businesses.
6	The Council should put in place a workforce plan aligned to future service delivery and ensure this is updated regularly.	Improvement	March 2022	The Council have completed a HR priorities report which is presented to members. This is updated and reported to members each year.	Yes	No

# Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
7	<p>The Council's Risk Management Policy has not been updated since 2003 It should be reviewed and updated on a regular basis.</p> <p>The Council should review the risks included in the risk register to ensure they are relevant to the Council and scored correctly.</p> <p>Training should be provided to members and officers to ensure they are relevant to the Council.</p>	Improvement	March 2022	<p>The risk management policy has been reviewed and approved by the September 2022 Audit Committee. The Council have also changed systems and training has been provided to staff. The Council reviewed the risks included to ensure only relevant once are included on the new system. Training is also in progress on ensuring the right risks are included.</p>	Partially	The Council should continue there work in this area to ensure it is a robust number of risks included which are relevant and are reported to members on a regular basis.
8	<p>In order for Internal Audit to have sufficient capacity to deliver the require assurance the Council needs to continue efforts to fill the post of Head of Internal Audit or engage alternative arrangements and review the reporting arrangements for the post.</p> <p>We also recommend that the line management reporting line be outside of the finance team to negate any potential conflict of interest.</p> <p>We also recommend an external review of Internal Audit is carried out in line with PSAIS</p>	Improvement	March 2022	<p>A Head of Internal Audit has been successfully recruited and has been in place since May 2022.</p> <p>Although the HoIA reports to the Head of Financial Services they can go direct to the, Director of Resources, Chief Executive and the Chair of the Accounts and Audit Committee if required.</p> <p>MIAA have still been completing the work which was outstanding. They are currently completing computer audit work and also the PSIAS.</p>	Yes	No
9	<p>Ensure polices are reviewed and updated on an annual or more regular basis to ensure they remain relevant.</p>	Improvement	March 2022	<p>We have not identified any out of date policies through our review.</p>	Yes	The Council should ensure a register of policies is maintained.
10	<p>The Council should ensure the register of gifts and hospitality is regularly reviewed by the monitoring officer and the Council is able to evidence this. The Council should also consider maintaining the register for gifts and hospitality electronically.</p>	Improvement	March 2022	<p>This has been addressed - following on from the financial statements audit the Council should ensure an amount is included on the policy for officers.</p>	Yes	
11	<p>We recommend that the Council include the impact on the financial position for any treasury management decisions in the treasury management performance reports.</p>	Improvement	March 2022	<p>Actioned in the reports</p>	Yes	No

# Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>12 The Council should ensure performance data is reported to full Council at least annually.</p> <p>The Council should also have Internal Audit incorporate review of performance reporting into their work plan to help provide assurance over the quality of the data.</p>	Improvement	March 2022	<p>This has not been completed for 2021/22 due to management changes. The data has been collated but not reported.</p> <p>The Council are hoping to review the performance indicators they have to ensure they are relevant and useful to meet the purpose</p>	No	Performance indicators should be review and reported to management on a regular basis.
<p>13 We recommend that a report following up on recommendations made by Internal and External Audit is presented to Accounts and Audit Committee.</p>	Improvement	March 2022	<p>External Audit recommendations are updated through follow up reports.</p> <p>Internal Audit progress reports include a table to show recommendations outstanding.</p>	Yes	To enhance this further the Council should show the risk attached to the recommendation along with an explanation of why the recommendation has not been actioned.
<p>14 We recommend that the Council introduce arrangements to benchmark costs and performance against similar bodies.</p>	Improvement	March 2022	<p>The Council have a subscription now in place with LG Infom+. The Council are looking into how this can benefit them in the future.</p>	Partially	Continue to embed this in the organisation.
<p>15 We would recommend the Council explore any opportunities to establish working arrangements with suitable partners.</p>	Improvement	March 2022	<p>The Council works with Parish Councils as well as smaller organisations.</p>	Yes	No
<p>16 The Council's procurement policy in 202-21 had not been reviewed or updated for some time. A policy has been drafted but this is not yet finalised. The Council should ensure its procurement policy is finalised as soon as possible.</p>	Improvement	March 2022	<p>Now completed and approved</p>	Yes	No

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the Council's financial statements on 25<sup>th</sup> November 2022.

## Audit Findings Report

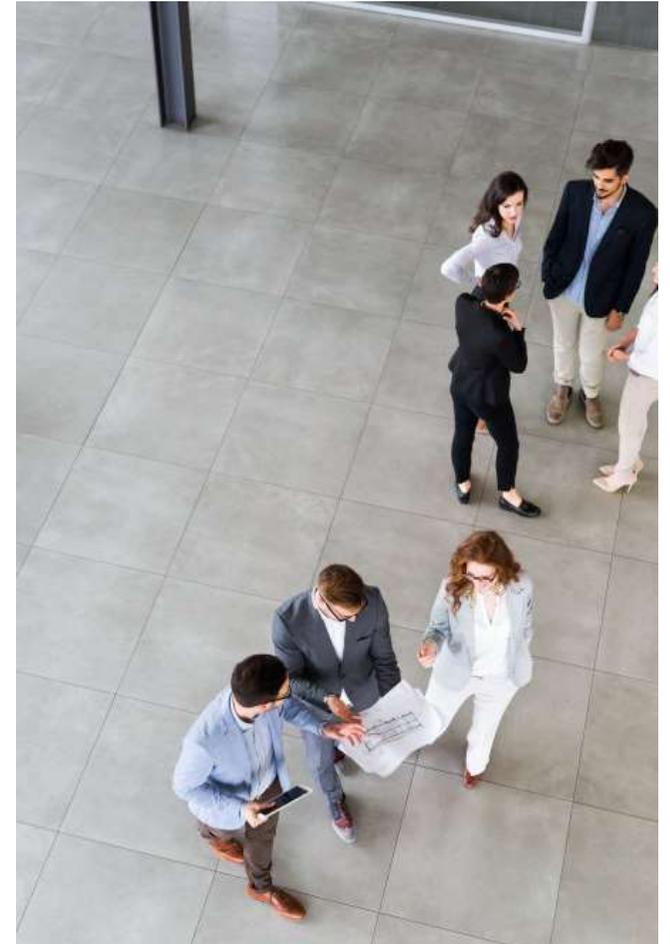
More detailed findings can be found in our AFR, which was published and reported to the Council's Audit and Accounts Committee on 23<sup>th</sup> November 2022.

## Preparation of the accounts

The Council provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



# Appendices

# Appendix A – Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure 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.



# Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	Yes or no	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.		
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.		

