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Ribble Valley
Borough Council

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** will be held at **6.30 pm** on **WEDNESDAY, 10 FEBRUARY 2021** by Zoom.

I do hope you can be there.

Yours sincerely

M. H. Scott

CHIEF EXECUTIVE

AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **TO APPROVE THE MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 10)

Copy enclosed.

3. **DECLARATIONS OF PECUNIARY AND NON PECUNIARY INTERESTS**

Members are reminded of their responsibility to declare any pecuniary or non-pecuniary interest in respect of matters contained in the agenda.

4. **PUBLIC PARTICIPATION**

ITEMS FOR DECISION

5. **REVIEW OF COUNCIL'S STANDARDS ARRANGEMENTS** (Pages 11 - 32)

Report of Chief Executive enclosed

ITEMS FOR INFORMATION

6. **AUDIT OF STATEMENT OF ACCOUNTS 2019/20 UPDATE** (Pages 33 - 66)

Report of Director of Resources enclosed.

7. **INTERNAL AUDIT PROGRESS REPORT 2020/21** (Pages 67 - 72)

Report of Director of Resources enclosed for information.

8. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**

None

9. **EXCLUSION OF PRESS AND PUBLIC**

None.

Electronic agendas sent to members of Accounts and Audit – Councillor Richard Bennett (Chair), Councillor David Birtwhistle, Councillor Ian Brown (Vice-Chair), Councillor Robert (Bob) Buller, Councillor Louise Edge, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Angeline Humpheys, Councillor Richard Newmark, Councillor David Peat and Councillor Richard Sherras.

Contact: Democratic Services on 01200 414408 or committee.services@ribblevalley.gov.uk

Minutes of Accounts & Audit Committee

Meeting Date: Wednesday, 25 November 2020, starting at 6.30pm
Present: Councillor R Bennett (Chair)

Councillors:

D Birtwhistle	J Hill
I Brown (6.40pm)	A Humphreys
B Buller	D Peat
L Edge	R Sherras
S Fletcher	

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Julie Masci and Sophia Iqbal (Grant Thornton).

Also in attendance: Councillor T Austin.

828 APOLOGIES

Apologies were submitted from Councillor R Newmark.

829 MINUTES

The minutes of the meeting held on 12 February 2020 were approved as a correct record and signed by the Chairman.

830 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of pecuniary and non-pecuniary interest.

831 PUBLIC PARTICIPATION

There was no public participation.

832 LOCAL CODE OF CORPORATE GOVERNANCE

The Director of Resources asked Committee to consider the revised Local Code of Corporate Governance. The Code is a public statement that sets out the way the Council will meet its commitments to demonstrate that it has necessary corporate governance arrangements in place to perform effectively.

The Local Code of Corporate Governance is reviewed and approved annually by this Committee and is the Council's forward-looking statement of how the governance culture of the organisation will be driven. Within the framework there are seven core principles that look to steer the application of good governance in everything that Members and staff undertake by highlighting how their work on behalf of the Council will be approached.

There were no further changes proposed to the Local Code of Corporate Governance that was currently in place at this time. With regard to embedding

good governance within the organisation, subject to restrictions around Covid-19, wider training would be undertaken in order to raise awareness levels with both staff and Members, covering the seven principles and the manner in which work should be approached as detailed in the Code.

RESOLVED: That Committee approve the Local Code of Corporate Governance as outlined in the report.

833 ANNUAL GOVERNANCE STATEMENT FOR 2019/20

The Director of Resources sought Committee's approval of the Annual Governance Statement 2019/20. All Councils are required to prepare an Annual Governance Statement each year in accordance with the "Delivering Good Governance in Local Government Framework" and to publish the extent to which they comply with their own Local Code of Corporate Governance. This includes how we have monitored the effectiveness of our governance arrangements in the previous financial year and detailed any planned changes in the coming period.

A detailed exercise had been undertaken in the annual review of the Council's governance arrangements which reflects on the Council's Code of Corporate Governance and how it actually performed. In reviewing how the Council and its staff and Members have acted over the period of review, evidence was also gathered to support the conclusion reached.

There were a number of issues raised in the 2018/19 and 2019/20 Annual Governance Reviews and progress with these was detailed in the report with regard to:

Peer Challenge review;
Refuse vehicle maintenance costs;
Communications Strategy; and
Members Code of Conduct – Complaints Process

The Annual Governance Statement had been reviewed and progress in addressing the issues raised would be monitored during the year and also reviewed at the time of next year's Annual Review. The Annual Governance Statement would be published alongside the Council's Statement of Accounts and was currently on the Council's website in draft form which would be updated once approved.

Clarification of some wording in the document was requested.

RESOLVED: That Committee approve the Annual Governance Statement 2019/20 as outlined in the report.

834 AUDIT FINDINGS REPORT

Julie Masci submitted a report on behalf of Grant Thornton which outlined the audit findings and key matters arising from the audit of the Council's financial statements for the year ending 31 March 2020. A specific section was included on the Covid-19 Coronavirus pandemic.

She informed Committee that Grant Thornton anticipated providing an unqualified opinion on the financial statements subject to several outstanding queries being resolved and that there were no significant issues to be brought to Committee's attention.

The key message arising from the audit of the Council's financial statements was that there were appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

She reported that as auditors, they were 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. With regard to this she reported that there was no anticipated impact on their audit opinion and their proposed opinion would remain unmodified in respect of going concern.

The report outlined significant audit risks both specific and non-specific to Ribble Valley as well as providing details of misclassification and disclosure changes identified during the audit and that had been amended in the final set of financial statements.

The report also highlighted other matters for communication that had not raised any issues of concern other than some delays in providing audit evidence which was mainly due to Covid-19 and the remote working environment as Grant Thornton had not been allowed to work from client premises.

With regard to the value for money conclusion based on the work performed to address the significant risks including Covid-19, Grant Thornton concluded that the Council had appropriate arrangements in place for the in-year reporting and monitoring of the financial position of the Council.

Julie asked to put on record her thanks to the Head of Financial Services and his team for their work.

RESOLVED: The Chairman thanked Grant Thornton for this report.

835 LETTER OF REPRESENTATION

The Director of Resources submitted a report which included the Letter of Representation that Grant Thornton had required to be signed before they could sign off the accounts. The letter set out assurances from the Council to Grant Thornton that relevant accounting standards had been complied with and gave further assurances that the Council had disclosed information where to withhold it would undermine the accuracy and reliability of the Statement of Accounts.

RESOLVED: That Committee approve the Director of Resources signing the Letter of Representation for 2019/20 on behalf of the Council as circulated at the meeting.

836 APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2019/20

The Director of Resources submitted a report asking Committee to formally approve the Statement of Accounts for 2019/20 following completion of the audit.

The Head of Financial Services reminded Committee of Members' roles in approval of the Statement of Accounts following the conclusion of the audit that was to demonstrate their ownership of the statements, their confidence in the Director of Resources and the process by which accounting records are maintained and the statements prepared. He informed Committee that as a result of the Covid-19 pandemic the deadlines for publishing both the draft accounts and the audited accounts had been extended.

Covid-19 had impacted on the preparation of the Statement of Accounts, however the financial impact would likely be primarily in 2020/21 and perhaps 2021/22. To date in 2020/21 it had impacted around substantial falls in income, particularly during periods of lockdown, and also beyond as restrictions on services limited the numbers of users to the services. These included Ribblesdale Pool, Edisford 3G facility, trade waste services and car parking. It was inevitable that the pandemic would also impact on the achievement of the forward capital programme, the level of business rates attained and council tax received. It had also afforded the council an opportunity to review various areas of working practices and remote working.

The Head of Financial Services went on to outline the general fund outturn position for 2019/20, along with the general fund balances, earmarked reserves, business rates, collection fund and balance sheet.

The final outturn of a deficit of £96,465 means that we had taken £60,000 less from general fund balances than was estimated when the revised estimates were prepared. This left general fund balances at £2,375,646 carried forward as at 31 March 2020. The final position showed that the Council had added £2,803,867 to earmarked reserves for revenue purposes. For capital purposes £2,310,163 from earmarked reserves had been used to fund the capital programme; that meant the overall net movement was £493,704 added to earmarked reserves.

He reminded Members that during the year the Council had spent £2,781,747 on capital schemes and highlighted the main areas of expenditure. He also brought attention to those schemes that were still underway and would be carried forward into the new financial year as slippage. This accounted for £774,410.

He informed Committee that the Government had reduced the planned spending review to a one-year spending review for 2021/22 due to the uncertainty around how local government would be funded in the medium to longer term. The spending review would be announced on 25 November 2020.

The Chairman thanked the Head of Financial Services and his staff for all their hard work in achieving the closedown of the accounts.

RESOLVED: That Committee approve the audited Statement of Accounts for 2019/20.

837 REVIEW OF THE COUNCIL'S STANDARDS ARRANGEMENTS

The Head of Legal and Democratic Services submitted a report reviewing the Council's standards arrangements in the light of the recommendations of the Accounts & Audit working group and the recommendations of best practice from the Committee of Standards in Public Life. The report also included a copy of the

draft model code of conduct developed by the LGA which addressed the issues raised by both the working group and the best practice.

In view of the imminent publication of the LGA Model Code of Conduct and the fact that it reflects the recommendations of the working group, she suggested that the Council await its publication and that it be submitted to the next meeting of this committee for consideration and adoption.

The Committee of Standards in Public Life (CoSPL) had recommended that Councils review their codes of member conduct each year and as such the Head of Legal and Democratic Services suggested that this should be done at the last meeting of Accounts and Audit Committee in each municipal year.

With regard to Independent Persons, the CoSPL had recommended that Councils should have at least two, with the working group having recommended having three. The Head of Legal and Democratic Services informed Committee of the current serving Independent Person, Mr Dearing had confirmed he was willing to continue in post and it was therefore suggested that his appointment be continued and that the Council should advertise for two additional Independent Persons in accordance with the provisions of Section 28 of the Localism Act 2011. Minor amendments to the Independent Person Protocol were proposed in line with the suggestions of the working group.

The working group had also made recommendations for amendments to the Model of Procedure for dealing with complaints under the Localism Act 2011 (Arrangements), so this has been reviewed and amended, and would also be in line with the Monitoring Officer's Handbook and additional recommendations made by the CoSPL. A protocol for the Investigating officer has also been added as an Annex to the arrangements.

Members asked for clarification on several points in the protocols and requested some amendments around making the 'Arrangements' more specific in relation to the Independent Person(s).

RESOLVED: That Committee

1. approve the proposal to review the Member Code of Conduct annually at the last meeting of the Accounts and Audit Committee in the municipal year;
2. approve the amendment to the Council's arrangements under the Localism Act 2011 so that the Council shall have three Independent Persons;
3. approve the continuation of the appointment of Mr I B Dearing as an Independent Person for a period of three years;
4. authorise the Head of Legal and Democratic Services to advertise and appoint an additional two Independent Persons in accordance with Section 28 of the Localism Act 2011;
5. approve the amendments to the Independent Persons Protocol as shown in Appendix 4 to the report; and

6. approve the amendments made to the Council's arrangements for dealing with standards complaints as shown in Appendix 5 to the report with the suggested minor amendments.

838

INTERNAL AUDIT ANNUAL REPORT 2019/20

The Director of Resources submitted a report for Committee's information outlining the internal audit annual report for 2019/2020. This included the various audits that had taken place which were based on the provision of 673 days of internal audit work. It was highlighted that the large variances between planned and actual days was due to the ongoing staffing vacancies within the internal audit section. Assurance levels on the Council's key financial systems were consistently good and in all the audit work undertaken during the year, no significant control weaknesses were identified.

It was also recognised that the Covid-19 pandemic had impacted on the control environment due to the need for changing working practices in some service areas and the new work and procedures around processing the support grants.

Internal audit had reviewed the effectiveness of the Council's systems of internal control for 2019/2020 having regard to appropriate assurances obtained from other internal sources. The opinion based on this work was that the Council's systems of internal control are generally sound and effective and a 'substantial' conclusion on the adequacy and effectiveness of the Council's internal control environment was given.

RESOLVED: That the report be noted.

839

INTERNAL AUDIT PROGRESS REPORT 2020/21

The Director of Resources submitted a report for Committee's information on the internal audit progress to date for 2020/21. The report highlighted the audit work carried out since the last report to Committee. There were no finalised reports but a number of audits were underway, and to date there were no immediate highlighted concerns regarding any failings of control within services.

Progress had been particularly hindered by the continued vacancy in the role of Principal Auditor, and also the Internal Audit Assistant being used to provide valuable help in processing the various Covid-19 related grants. It was recognised that progress on the internal audit plan was not as it should be at this stage in the year and additional resources were being sought to ensure a firm audit opinion to be reached at the end of the financial year, as well as allow continued assurances to management and to committee as 'those charged with governance'.

RESOLVED: That the report be noted.

840

INDEPENDENT REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT IN ENGLAND (REDMOND REVIEW)

The Director of Resources submitted a report for Committee's information on the outcome of the Independent Review of Local Authority Financial Reporting and External Audit in England, otherwise known as the Redmond Review.

The review had identified a number of key issues with local audit and as a result 23 recommendations had been made, some of which would require changes to primary legislation, however, many could be implemented without. These recommendations would now be considered by relevant bodies and a timescale drawn up. The report highlighted the key implications for the Council should the recommendations be implemented.

RESOLVED: That the report be noted.

841 GRANT THORNTON EXTERNAL AUDIT PLAN

Julie Masci submitted a report on behalf of Grant Thornton that provided an overview of the planned scope and timing of the statutory audit of the Council for year ending March 2020.

The document was also an aid to understanding the consequence of their work, discussing issues of risk and the concept of materiality and identified any areas where the Council may choose to request to undertake additional procedures. The contents of the plan had been discussed with management. She highlighted the partnership approach to which the Council and Grant Thornton were committed to meet the demanding deadlines.

A question was asked with regard to the appointment of an Independent Person to the Accounts and Audit Committee as recommended in the Redmond Review, however it was suggested that the Council should wait to see if the Redmond Review was accepted before any action was taken.

RESOLVED: That the report be noted.

842 HOUSING BENEFIT ASSURANCE PROCESS – INCREASED FEES

The Director of Resources submitted a report informing Members of an increase to the previously agreed fee for the housing benefit assurance process. For 2019/20 Committee were informed at their July meeting that a fee had been agreed with Grant Thornton of £5,145 plus a day rate of £860 for any additional work required. Since that meeting, Grant Thornton had informed the Council in May 2020 that the current fee levels were unsustainable and that they were therefore proposing to increase the fee to £16,000 and that any additional work resulting from errors found would be charged on top.

Committee questioned the large increase in fees and asked for an explanation from Grant Thornton, who explained that the methodology for auditing the Housing Benefit claims was prescribed by DWP and that following a costing exercise they had taken a commercial decision that the fees needed to be increased to cover the costs of carrying out the work.

RESOLVED: That a letter be written to the DWP regarding the methodology and the extra expense incurred to the Council.

843 LOCAL GOVERNMENT AUDIT AND FINANCIAL REPORTING – THE REDMOND REVIEW

Grant Thornton submitted a report for Committee's information on the outcomes of the Redmond Review outlining the recommendations that had been made and their view that it provided a clear road map to securing appropriate scrutiny and a sustainable future for local government audit.

RESOLVED: That the report be noted

The meeting closed at 7.45pm.

If you have any queries on these minutes please contact Jane Pearson (425111).

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

meeting date: WEDNESDAY 10 FEBRUARY 2021
title: REVIEW OF THE COUNCIL'S STANDARDS ARRANGEMENTS
submitted by: CHIEF EXECUTIVE
Principal Author: MAIR HILL – HEAD OF LEGAL AND DEMOCRATIC SERVICES

1 PURPOSE

1.1 To seek Committee's approval of the arrangements for the appointment of Independent Persons and to inform Committee of the Local Government Association Model Code of Conduct

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – }
 - Corporate Priorities – }
 - Other Considerations – }
- The Council has a duty to promote and maintain high standards of conduct by its Members. Review of the arrangements the Council operates supports that duty.

2 BACKGROUND

2.1 In November 2020, Committee approved an amendment to the Council's arrangements on standards so that it would have three Independent Persons and authorised the Head of Legal and Democratic Services to make arrangements for the appointment of two additional independent persons. The proposed arrangements are set out below.

2.2 Committee has previously been informed that the Local Government Association was developing a Model Code of Conduct. The final version of this Model Code was issued on 23 December 2020 and is attached at Appendix 1.

3 ISSUES

Appointment of Independent Persons

3.1 The Localism Act 2011 ("Act"), sets out a number of provisions which govern the appointments of Independent Persons.

Section 28(8) of the Act sets out the requirements for the eligibility of candidates for the post of Independent Person as follows:

"(8) For the purposes of subsection (7)—

(a) a person is not independent if the person is—

(i) a member, co-opted member or officer of the authority,

(ii) a member, co-opted member or officer of a parish council of which the authority is the principal authority,
or

(iii) a relative, or close friend, of a person within sub-paragraph (i) or (ii);

(b) a person may not be appointed under the provision required by subsection (7) if at any time during the 5 years ending with the appointment the person was—

(i) a member, co-opted member or officer of the authority, or

(ii) a member, co-opted member or officer of a parish council of which the authority is the principal authority...”

Section 28(10) of the Act sets out further who is deemed to be a relative under Section 28(8) as follows:

“For the purposes of subsection (8) a person (“R”) is a relative of another person if R is—

(a) the other person’s spouse or civil partner,

(b) living with the other person as husband and wife or as if they were civil partners,

(c) a grandparent of the other person,

(d) a lineal descendant of a grandparent of the other person,

(e) a parent, sibling or child of a person within paragraph (a) or (b),

(f) the spouse or civil partner of a person within paragraph (c), (d) or (e), or

(g) living with a person within paragraph (c), (d) or (e) as husband and wife or as if they were civil partners.”

These requirements will be made clear in any advertisement/job description for the position.

3.2 Section 28(8)(C) of the Act provides that:

“a person may not be appointed under the provision required by subsection (7) unless—

(i) the vacancy for an independent person has **been advertised in such manner as the authority considers is likely to bring it to the attention of the public.**

(ii) the person has **submitted an application** to fill the vacancy to the authority, and

(iii) the person’s appointment has been approved by **a majority of the members of the authority.** **[Emphasis added]**

It is proposed therefore that the post be advertised through the Council’s usual recruitment process. It will be advertised using an advertisement in local newspapers circulating in the area, on the Council’s website and on its social media. A formal application form will be required to be submitted either electronically or in writing using the Council’s standard application form.

3.3 It is proposed that the interview panel be: the Leader, the Leader of the Opposition, the Chairman of Accounts and Audit Committee and the Monitoring Officer. Following the interviews, the panel will make a recommendation on the candidates to be appointed which will be reported to Accounts and Audit Committee and then approval will be sought at Full Council in accordance with Section 28(8)(c). Following this approval, the Head of Legal and Democratic Services will make the formal appointment.

LGA Model Code of Conduct

- 3.4 Committee is referred to the draft LGA Model Code of Conduct enclosed at Appendix 1. Officers have been informed that the LGA will issue a guidance document by the end of March 2021 which will provide further guidance upon the application of the Model Code. It is proposed therefore that the Model Code and its guidance shall be brought to the next meeting of this Committee for further consideration of its adoption.

4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications:

- Resources – Resources will be required in the recruitment of additional Independent Persons.
- Technical, Environmental and Legal – N/A
- Political – N/A
- Reputation – The Council’s reputation will be enhanced by its consideration of its standards arrangements.
- Equality & Diversity – N/A

5 RECOMMENDED THAT COMMITTEE

- 5.1 Approve the arrangements for the recruitment of two Independent Persons as set out in this report.

MAIR HILL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

MARSHAL SCOTT
CHIEF EXECUTIVE

For further information please ask for Mair Hill extension 4418

REF: MJH/Accounts&Audit/100221

BACKGROUND DOCUMENTS:

- Report to Accounts and Audit Committee 25 November 2020
- Committee on Standards on Public Life - Local Government Ethical Standards, A Review by the Committee on Standards in Public Life, January 2019.

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Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidating or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - 1. reasonable and in the public interest; and**
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - 3. I have consulted the Monitoring Officer prior to its release.**

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority .

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

“**Disclosable Pecuniary Interest**” means an interest of yourself, or of your partner if you are aware of your partner’s interest, within the descriptions set out in Table 1 below.

“**Partner**” means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative, close associate; or
 - c. a body included in those you need to disclose under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none"> a) any body of which you are in general control or management and to which you are nominated or appointed by your authority b) any body <ul style="list-style-type: none"> (i) exercising functions of a public nature (ii) any body directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
--

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 10 FEBRUARY 2021
title: AUDIT OF STATEMENT OF ACCOUNTS 2019/20 - UPDATE
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To update members on the audit of the Statement of Accounts for 2019/20 and the Audit Opinion for the same.
- 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 At their meeting of 25 November 2020, members were asked to approve the audited Statement of Accounts for 2019/20.
- 2.2 At the same meeting the external auditor Grant Thornton also presented their Audit Findings Report to members, following the audit of the Statement of Accounts for 2019/20.
- 2.3 The report from Grant Thornton outlined that:

Conclusion

Our work on the audit of your financial statements is ongoing and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Accounts and Audit Committee meeting on 25 November 2020, as detailed in Appendix C. These outstanding items include:

- completion of going concern review, finalising the work on PPE valuations with the responses from the valuer, completion of cut-off testing, completion of work on the NDR Provision, and reconciling the payroll expenditure to the ledger.
- completion of a small number of outstanding audit procedures and review of the work;
- receipt of the final report from the auditor of Lancashire Local Government Pension Scheme;
- receipt of management representation letter; and
- review of the final set of financial statements and subsequent procedures.

- 2.4 As members will be aware, Councils were still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.

- 2.5 At the time of reporting the then audited financial statements to members at your meeting of 25 November, officers understood that the Audit Opinion was to be issued within the following days, in order to allow the audited Statement of Accounts together with the Audit Opinion to be published by 30 November.
- 2.6 At the time of producing this update report to members, the council have yet to receive the Audit Opinion in respect of the 2019/20 Statement of Accounts.
- 2.7 As a result, the council have been required to publish the following notice on the website explaining Grant Thornton's current position:

Audit of Accounts 2019/20

Ribble Valley Borough Council

External Audit of Accounts: Year Ended 31 March 2020

Publication of Ribble Valley Borough Council Statement of Accounts and Audit Opinion

The Accounts and Audit (England) Regulations 2015 – Regulation 10

As amended by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

The audit of the draft statement of accounts for the year ended 31 March 2020 for Ribble Valley Borough Council has not yet been completed by the external auditors, Grant Thornton UK LLP. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 require that the audited accounts and opinion is published by 30 November 2020.

The delay has arisen due to the following factors:

- the impact of Covid-19 on both the complexity of the audit and pace at which Grant Thornton are able to complete it;
- the increased assurance work that auditors are required to carry out nationally with respect to property asset valuations.

The Council is continuing to work closely with Grant Thornton, as Grant Thornton finalise their work, and the Council will publish the final statement of accounts as soon as is reasonably practicable, once Grant Thornton have concluded the audit and the Audit Report has been issued.

Therefore, this notice of delayed audit is being published in accordance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. See <http://www.legislation.gov.uk/uksi/2015/234/regulation/10/made>

3 CONCLUSION

- 3.1 The Audit Opinion in respect of the 2019/20 Statement of Accounts has yet to be issued by Grant Thornton
- 3.2 We are continuing to work closely with Grant Thornton and hope to receive the Audit Opinion soon.

HEAD OF FINANCIAL SERVICES
AA1-21/LO/AC
1 February 2021

DIRECTOR OF RESOURCES



The Audit Findings for Ribble Valley Borough Council

Year ended 31 March 2020

4 February 2021

Page 35



Contents



Your key Grant Thornton
team members are:

Julie Masci

Key Audit Partner

T: 029 2034 7506

E: julie.masci@uk.gt.com

Sophia Iqbal

Audit Manager

T: 0161 234 6372

E: sophia.s.iqbal@uk.gt.com

Stuart Richardson

In Charge Auditor

T: 0161 953 6900

E: stuart.j.richardson@uk.gt.com

Section	Page
1. Headlines	3
2. Financial statements	5
3. Value for money	18
4. Independence and ethics	21
Appendices	
A. Audit adjustments	23
B. Fees	24

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.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Ribble Valley Borough Council Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. The Council has had to administer grants to businesses. The finance team have had to adapt to cover other front line duties.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020</p>	<p>Our audit risk assessment included the impact of the pandemic on our audit and the audit plan. The plan included an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 7.</p> <p>Restrictions for non-essential travel has meant audit staff have had to work remotely although Council staff have been in the office. We have used video calling to have regular meetings with finance staff and also confirm the accuracy of information produced by the entity.</p> <p>The accounts were provided to us on the 28 August 2020. Working papers have been provided throughout the audit through our cloud based system we use called 'Inflo'. Although we are pleased to report that the Council has worked well with the audit team in collaborating to identify solutions to hurdles presented by remote working, there has been a increased challenge in this area due to the timeliness of receipt of some working papers. Our 'inflo' document sharing system has helped facilitate this but inevitably the remote working has impacted on delivery and additional resources have been necessary on both sides to complete the work in accordance with the new extended reporting timetable.</p>
<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during August-December . Our findings are summarised on pages 6 to 17. We have identified no adjustments to the financial statements that have impacted the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix A.</p> <p>Our work is complete and from the work completed there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the finalisation procedures listed on page 5.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting property, plant and equipment and pension property valuation material uncertainties.</p>

Headlines

This table summarises the key findings and other matters 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 2020 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, 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').	<p>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.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion. Our findings are summarised on pages 18 to 20.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties</p> <p>We have completed our work under the Code and expect to be able to certify the completion of the audit once at the same time that we issue our financial statements opinion.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

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) and the Code, 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

We have not had to alter our audit plan, as communicated to you on the 10 September 2020.

Conclusion

Our work on the audit of your financial statements is substantially complete and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion.

These outstanding items include:

- review of the final set of financial statements and subsequent procedures.
- Confirmation of post balance sheet events to the date of our opinion
- Receipt of the final signed letter of representation

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 levels remain the same as reported in our audit plan.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	418,000	• This equates to 2% of your gross operating expenditure for 2018/19 year and is considered to be the level above which users of the financial statements would wish to be aware in the context of overall expenditure.
Performance materiality	313,500	• Based on 75% of materiality derived from the risk of misstatement
Trivial matters	20,000	• Based on a 5% of materiality
Materiality for Senior Officer Remuneration	5,000	• Due to the sensitive nature of the disclosure

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement

Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 28th August 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose.
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

The results of our work concluded that appropriate arrangements had been put in place to manage the COVID 19 situation.

Due to the potential impact of Covid-19 on the valuation of the Local Government Pension Fund (LGPS) property assets. Lancashire's LGPS accounts include a material uncertainty around the valuation of property assets and the fund auditor intends to include an emphasis of matter in their auditor's report in this regard. Your financial statements disclosures have been updated (note 6) to reflect this and our audit report will also contain an "emphasis of matter" paragraph relating to this matter. This is not a modification or qualification of the opinion and is consistent with other audited bodies where the valuer has highlighted a material valuation uncertainty

Significant audit risks

Risks identified in our Audit Plan

ISA240 revenue risk – the Council's reported revenue contains fraudulent transactions.

Under ISA (UK) 240 there is a rebuttable 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.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including Ribble Valley Borough Council, mean that all forms of fraud are seen as unacceptable.

Auditor commentary

We rebutted this risk in our Audit Plan and no changes to our assessment have been reported in the audit plan.

Significant audit risks

Risks identified in our Audit Plan

Management override of controls

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 therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Valuation of land and buildings (Periodic revaluation with desktop valuation in intervening years)

The Authority revalues its land and buildings on a five-yearly basis. In the intervening years, to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the Authority requests a desktop valuation from its valuation expert to ensure that there is no material difference. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£15 million) and the sensitivity of this estimate to changes in key assumptions.

We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We;

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work is complete, and has not identified any issues in respect of management override of controls to date.

We:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- wrote to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met
- challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation.
- test revaluations made during the year to see if they had been input correctly into the Authority's asset register

Our audit work is complete, we have discussed the requirement to disclose the material uncertainty around the PPE revaluation with the Council and the Council has subsequently made additional disclosures in Note 6. We have reviewed the responses from the valuer and corroborated the assumptions used. We identified a transposition error on one asset when recording the revalued amount, see Appendix B.

Significant audit risks

Risks identified in our Audit Plan

Valuation of the pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£15 million) in the Authority's balance sheet and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement

Auditor commentary

We;

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- have received the information and assurances requested from the auditor of Lancashire Pension Fund to enable us to conclude our procedures in this area.

The Pension Fund Auditor has included an emphasis of matter in the audit report drawing attention to a material valuation uncertainty relating to the Fund's real estate portfolio. The Council has included additional disclosures within the financial statements and we have concluded an Emphasis of Matter in our opinion in relation to these findings.

Our audit work has not identified any other issues in respect of valuation of the net liability.

Significant findings – other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary
<p>IFRS 16 implementation has been delayed by one year</p> <p>Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases.</p>	<p>Note 4 makes brief reference to IFRS16. We are satisfied that your disclosure is consistent with the requirements of IAS 8.</p>

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Provisions for NNDR appeals - £0.595m	<p>The Council is liable for successful appeals against business rates charged to business in 2019/20 and earlier financial years in their proportionate share. A provision has therefore been made for the best estimate of the amount that businesses have been overcharged up to 31 March 2020. The estimate has been calculated using the latest Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date.</p> <p>The provision has increased by £185,014 in 2019/20.</p>	<ul style="list-style-type: none"> We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate. We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other bodies in the sector. Disclosure of the estimate in the financial statements is considered adequate. 	●

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £12.999m	<p>Other land and buildings comprises £6.866m of specialised assets such as leisure centres and museums, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£6.36m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Taylor Weaver to complete the valuation of properties as at 31 March 2020 on a five yearly basis. 100% of total assets were revalued during 2019/20.</p> <p>Due to the profile of the portfolio of Council's assets, management do not deem it appropriate to value on an alternative basis. The assets valued on a DRC basis are sufficiently specialised that an alternate use would not be commercially viable for a prospective purchaser and there is little evidence of an active market for these assets to be able to value on an EUV basis.</p> <p>Contrary to RICS guidance, the Council's valuer has not disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures in Note 13 to outline Covid-19 has no impact on non current assets.</p> <p>The valuation of properties valued by the valuer has resulted in a net decrease of £2.81m. The total year end valuation of Other land and buildings was £12.999m, a net decrease of £2.021m from 2018/19 (£15.020m).</p>	<ul style="list-style-type: none"> • We have no concerns over the competence, capabilities and objectivity of the valuation expert (Taylor Weaver) used by the Council. • The valuer has agreed clear terms of reference for this work with the Council in advance of the work being performed, including within which were the assumptions that were going to be applied to this work. • We have reviewed the assumptions applied by the Valuer to the valuation performed, and have confirmed they are reasonable and appropriate given the nature of the assets held by the Council. • There have been no changes to the valuation methods this year. • We have reviewed and are satisfied with the completeness and accuracy of the information provided to the valuer to determine the estimate • We have reviewed the work done by management on those assets not revalued during 2019/20 to confirm that the value held within the financial statements is not materially different to their carrying value. 	
		<p>The Council has amended Note 4 to disclose the estimation uncertainty of Property, Plant and Equipment</p>	

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																								
Net pension liability – £14.971m	<p>The Council's net pension liability at 31 March 2020 is £14.971m (PY £15.413m) comprising Lancashire Local Government Pension Scheme (LGPS).</p> <p>The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2020. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £2.121m net actuarial loss during 2019/20.</p>	<p>We have no concerns over the competency, capability and objectivity of the actuary used by the Council.</p> <p>We have used the work of PwC, as auditor's expert to assess the methodology and assumptions made by the actuary. See below for consideration of the key assumptions used by the actuary.</p> <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>2.3% – 2.4%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.20%</td> <td>2.20%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.6%</td> <td>3.35% - 3.6%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.3 23.8</td> <td>20.9 – 23.2 22.5 – 24.7</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25 26.8</td> <td>24 – 25.8 25.9 – 27.7</td> <td>●</td> </tr> </tbody> </table> <p>We have reviewed the assumptions used for each of these variables. Our own independent actuary has also confirmed that they are comfortable that the assumptions used by Mercers are reasonable for the purpose of valuing the liabilities at 31 March 2020.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.4%	2.3% – 2.4%	●	Pension increase rate	2.20%	2.20%	●	Salary growth	3.6%	3.35% - 3.6%	●	Life expectancy – Males currently aged 45 / 65	22.3 23.8	20.9 – 23.2 22.5 – 24.7	●	Life expectancy – Females currently aged 45 / 65	25 26.8	24 – 25.8 25.9 – 27.7	●	●
Assumption	Actuary Value	PwC range	Assessment																								
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Assessment

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- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
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- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – matters discussed with management

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

Significant matter	Commentary
The most significant events that occurred during the year was the Covid-19 pandemic.	During the year we have considered the challenges arising from Covid-19. We are satisfied that management responded swiftly and appropriately to the challenges of Covid-19.
We also discussed the assumptions underpinning the basis of valuation used on PPE.	We are satisfied with the basis of valuation and are satisfied this meets the requirements of the Code.
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	No disagreements with management occurred during the audit.
Other matters that are significant to the oversight of the financial reporting process.	None to report.

Significant findings – 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

Management's assessment process

- Cash flow periods ended January 2022
- Judgements and assumptions taken

Auditor commentary

The 2020/21 budget was finalised in February 2020 and in late March the global pandemic of Covid-19 was announced affecting the economy and public sector bodies. The short term effects has resulted in increased costs for public service bodies to meet the needs of the public and uncertainty over future funding as the government looks to support a decline in the economy. This therefore affects the short to medium term budget forecasts for the Council.

Assumptions underpinning the budget forecast in the short term are now uncertain. The Council approved a balanced budget for 2020/21. We have assessed the reasonableness of the assumptions underlying this forecast in light of the global pandemic and have reviewed management's cashflow forecast up to January 2022.

Work performed

Management have provided us with a written assessment of going concern which we have reviewed in conjunction with cash flow forecasts and the MTFS.

Our work included:

- determining whether the conclusions made by the management regarding the decision not to disclose any going concern material uncertainties in the financial statements were prudent and appropriate;
- we have reviewed management's assessment in the light of the Council's position and the national context and assessed the underlying assumptions used to support management's preparation of the accounts on a going concern basis;
- reviewing cash flow forecasts up to November 2021 to assess the existence of any material uncertainties related to going concern and ensuring the Council have cash to meet expenditure.

Concluding comments

Based on the audit work performed over the going concern assumption adopted by management, we are satisfied that it remains appropriate for the Council to prepare accounts on a going concern basis as at 31 March 2020. The Council has a reasonable expectation that the services they provide will continue for the foreseeable future. For this reason we consider it appropriate for the entity to continue to adopt the going concern basis in preparing the financial statements.

We have completed our review of management's cash flow forecast and we do not consider there to be a material uncertainty which would cast doubt on the ability of the entity to continue as a going concern.

Other matters for communication

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.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Accounts and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council. The original letter was included in the Accounts and Audit Committee papers and we are now seeking an update as at the date of our audit opinion.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the bank and investment bodies. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations/significant difficulties	All information and explanations requested from management are being provided. Our audit identified some delays with the audit evidence provided with the financial statements which has resulted in the audit taking longer to complete than in previous years. However we acknowledge the challenging circumstances with the remote working environment.

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the 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.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect .</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • 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 <p>We have nothing to report on these matters .</p>
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>Detailed work is not required as the Council does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We will be able to certify the closure of the 2019/20 audit of Ribble Valley Borough Council.</p>

Value for Money

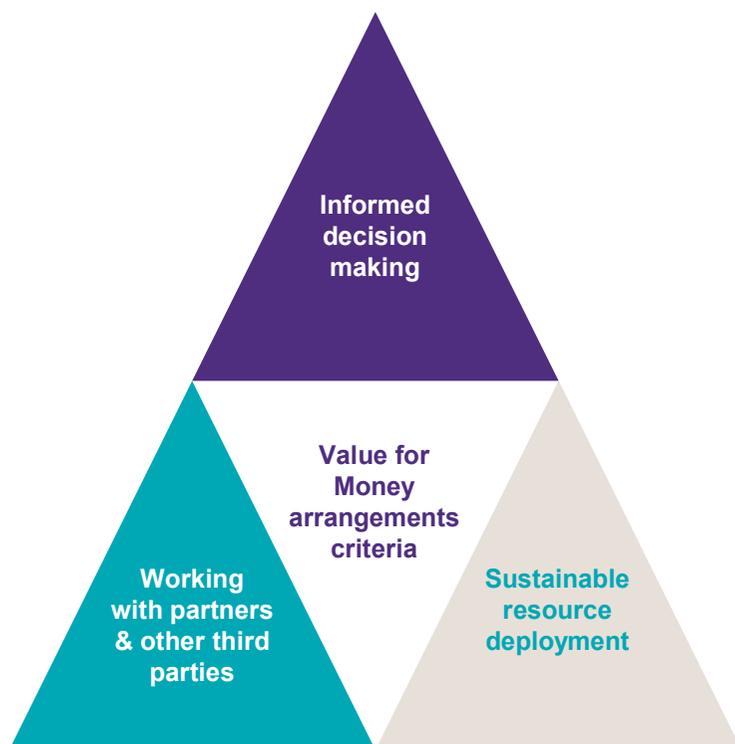
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 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 February 2020 and identified one significant risks 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 April 2020.

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 have not identified any new VfM risks in relation to Covid-19. We do not consider Covid-19 to be a significant risk given the date of the pandemic.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion

Value for Money

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:

- Financial Sustainability – reviewing the Council's financial outturn in line with the current events.

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 20.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

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.

Significant risk	Findings	Conclusion
Financial Sustainability	<p>During 2019/20 the Council delivered a deficit of £96k which was transferred from the General Fund reserves and a revenue contribution to the earmarked reserve of £2.8m was made. £2.3m of Earmarked reserves were used to fund the capital program. Total earmarked reserves at 31/3/2020 stood at £9.8m and general fund balance at £2.4m.</p> <p>Appropriate reporting arrangements exist at the Council. The Council's financial position is reported to the Policy and Finance Committee on a quarterly basis, alongside summary financial reports from other Committees. The COVID pandemic meant that a number of meetings were deferred and in May 2020, an emergency Council meeting was held which approved a temporary addendum to the Council's Standing Orders to allow for meetings to be held virtually. Virtual Committee meetings are now occurring and the latest financial position is reported, alongside other financial information.</p> <p>The Council has already assessed the impact of Covid 19 to date and this was reported in the Council's Covid 19 Financial update report that went to the Policy and Finance Committee in November 2020. The Council has received Covid funding totalling £803k, to meet the £671k associated costs so far of COVID 19. The Council have also reported the income lost due to Covid in the first four months of 2020/21 to Central Government, various deductions need to be made on this and the amount which can be claimed back is £193k. Collection Fund losses are estimated to be £1.980m. The Council currently expects all Covid related costs to be funded by Central Government support.</p> <p>Through regular monitoring of the costs associated with Covid and the loss of income the Council has a good understanding of the financial implications arising from the pandemic, and are well placed to assess the likely affect on the 2021/22 budget. The budget setting process has already started which will factor in these uncertainties.</p> <p>In the year, the Council received a visit to follow up on the Corporate Peer challenge review which took place in 2017. An action plan was in place to address the recommendations of this review and the peer group were happy with the progress being made. All recommendations were concluded as either complete or in progress.</p> <p>The follow up review concluded that the Council delivers good core services through a committed workforce achieving high levels of customer satisfaction and value for money.</p>	<p>We conclude that there are appropriate arrangements in place for the in year reporting and monitoring of the financial position.</p>
<p>Consistent with previous years the Council has delivered its planned outturn for 2018/19 with a net revenue underspend of £47k. The council holds £9.272m in Earmarked Reserves and £2.472m in General Fund reserves. Although the Council were estimating budget gaps these have been met by the 19/20 finance settlement.</p>		
<p>Therefore although the Council is required to make savings they are not onerous and the Council has a good track record of achieving savings. However, in light of the events taking place in 2019/20 which include the floods and now COVID 19 we will review the impact of these issues on the Council's finances.</p>		

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 May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B

Independence and ethics

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. The following non-audit services were identified as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	16,000	Self-Interest because this is a recurring fee	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 £16,000 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review because GT provides audit services	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Note 6 Estimation Uncertainty	The note needs to be amended to ensure the material uncertainty around the PPE and pensions valuation is disclosed.	Amend the accounts to include this disclosure	✓
Note 14 Heritage Assets	Revaluation increases were included in the disposals row and not revaluations.	Amend the accounts to include this in the correct row.	✓
Note 15 Financial Instruments	The disclosure in the table is not IFRS 9 compliant and refers to superseded terminology.	Amend to ensure IFRS 9 compliance	✓
Note 21 Unusable Reserves – Revaluation reserve	Amendment required to ensure that the revaluation reserve figures for revaluation reconciled through to the CIES for the deficit of revaluation of PPE Assets.	Amend the accounts to ensure the Movements in Reserves Disclosure reconciles to the revaluation reserve.	✓
Note 26 Officers' Emoluments	The note included one employee who was in the banding 50,000-54,999 and should be in £55,000- £59,999	The note has been amended	✓
Note 27 External Audit Costs	The note is to be adjusted to include the 2019/20 additional fee as well as the 2018/19 additional fee paid in 2019/20.	Amend the accounts to include this disclosure	✓
Note 34 Defined Benefit Pension Schemes	This note is to include further narrative in relation to the McCloud adjustment.	Amend the accounts to include this disclosure	✓
A number of other minor disclosure and typographical errors were identified which have been amended			

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Accounts and Audit Committee Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Revaluations – A late correction by the valuer to an asset valuation resulted in a change in value of one asset. A revaluation increase should have been included in Land and Buildings with a corresponding increase in the Revaluation Reserve. This was not adjusted by management on the grounds of materiality.	(100)	100	(100)	• Adjustment not material
Overall impact	£(100)	£100	£(100)	

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Council Audit – Fees per Audit Plan	37,106	42,672
Total audit fees (excluding VAT)	£37,106	£42,672

The fees in the financial statement include £4,500 in relation to the 2018/19 Audit as well as an audit rebate of £(3,117).

The proposed indicative fee of £37,106 has been approved by PSAA. We set out in our audit plan how the Financial Reporting Council's has set its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and robust testing. This coupled with the recent impact of Covid 19 and the time taken in managing the audit in a more remote working environment, has clearly impacted our work and we will need to review the actual audit inputs required at the conclusion of our work to assess any fee implications arising from this.

Over the past six months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes:

- Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties.
- Management's assumptions and estimates - there is increased uncertainty over many estimates including property, pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. There are similar challenges for management and ourselves on areas such as credit loss allowances and other provisions. We are discussing with management the need to include an Emphasis of Matter in the Audit Report in respect of the material uncertainty on property values.
- Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260.
- Remote working across our local government audits, the most significant impact in terms of delivery has been the move to remote working. As a firm, having reflected on government guidelines our audit staff were advised to work from home wherever possible. Naturally, working in a more remote environment means that discussions with officers and progress of our work has taken longer than normal. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines being extended by 4 months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

Fees

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services HBAP Claim	16,000	16,000
Total non- audit fees (excluding VAT)	£16,000	£16,000



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RIBBLE VALLEY BOROUGH COUNCIL

Please ask for: Jane Pearson

Our ref: JP2-20/AC

Your ref:

10 February 2021

Council Offices
Church Walk, Clitheroe
BB7 2RA

Tel: 01200 425111

www.ribblevalley.gov.uk

Dear Sirs

Ribble Valley Borough Council Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Ribble Valley Borough Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent

- b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic, from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.

- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Accounts and Audit Committee at its meeting on 25th November 2020 and reconfirmed as at the date of the audit opinion.

Name:

Position: Director of Resources

Date.....

Signed on behalf of Ribble Valley Borough Council

Yours faithfully



Jane Pearson
Director of Resources

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 10 FEBRUARY 2021
 title: INTERNAL AUDIT PROGRESS REPORT 2020/21
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report to Committee internal audit work progress to the end of January 2021.

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 ensures 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.

3 PROGRESS TO END OF JANUARY 2021

3.1 The full internal audit plan for 2020/21 is attached as Annex 1 alongside progress to date. In summary resources for the year are detailed below, together with progress to the end of January:

Audit Area	2020/21 Planned Days	Actual Days to 31 January 2021
Fundamental Systems	220	105
Other Systems Work	74	0
Probity and Regularity	225	52
Continuous Activity/On-going checks	112	87
Staff Training and Development	50	86
Staffing Levels (i.e. vacancies)	0	217
Covid-19 Related	0	45
Annual Leave and Bank Holidays	99	59
Remaining Employee Days to 31 March 2021	0	129
	780	780

- 3.2 Work on Fundamental Systems is generally programmed to be undertaken towards the end of the financial year in order to ensure that there is an adequate sample size for the audit. Some preparatory work has been undertaken in these areas, in addition to residual work from the 2019/20 financial year by way of finalising and issuing reports.
- 3.3 In addition to our systems work we carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.4 Progress in the current financial year has been particularly hindered by the continued vacancy in the role of Principal Auditor, and also as the Internal Audit Assistant post has been used earlier in the year to provide valuable help in the processing of the various Covid-19 related grants. Members should note that it will be ensured that any further audit work on this service area will not be undertaken by the Internal Audit Assistant postholder.
- 3.5 Once again it has not been possible to fill the Principal Auditor post. The post is currently being reviewed again prior to a further attempt to recruit in the coming weeks.
- 3.6 The situation regarding recruitment difficulties for audit roles is a national one, and is certainly being experienced by neighbouring authorities. The situation has also been exacerbated by the Covid-19 pandemic.
- 3.7 It is recognised that progress on the internal audit plan is not as had been hoped at this stage of the year and additional resources are currently being sought to help make up for this shortfall. This will then allow a firm audit opinion to be reached at the end of the financial year, and will also allow continued assurances to be given to management, and also to committee as 'those charged with governance', as the year continues.

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 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:

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

- 4.2 At this stage there are no finalised reports in respect of the 2020/21 financial year, with reports that have been issued having been in respect of finalising work from the 2019/20 audits.
- 4.3 A number of audits are underway or close to completion and the outcome of these will be reported to your next meeting.

- 4.4 As mentioned above at 3.7, we are currently sourcing additional resources to assist in the backlog of audits and existing staff are also focusing on the fundamental system work and those areas with a high-risk score.
- 4.5 There are no immediate highlighted concerns regarding any failings in systems of control within services. Many services have continued to operate in a usual manner under Covid-19, with relatively minor amendments to controls needed.
- 4.6 There are other higher-risk processes (due to their being new) that have been put in place such as for the assessment and payment of business support grants. However much of these feed in to existing processes, i.e. System Creditors, or have had new controls put in to place.

5 UPDATE ON RED RISKS

- 5.1 All Heads of Services are required to ensure that a review of the risks that fall in their service areas is undertaken. As members will be aware, risks are graded on a red, amber and green rating, with any red risk requiring to be reported to CMT and also to this committee.
- 5.2 This requirement is in respect of risks that are scored as red after all mitigating action and controls have been put in place.
- 5.3 At the time of writing this report there are no net red risks identified for reporting to members. In respect of Covid-19 this is on the basis that government financial support continues and that other current and future local and national controls are adhered to.

6 CONCLUSION

- 6.1 Progress to date is unfortunately well behind that originally planned and as a result additional external resources are being sought in order to make up for this shortfall. This will also help ensure that a firm audit opinion can be reached at the end of the financial year and also help ensure assurance can be given to committee and management as the year progresses.
- 6.2 The Principal Auditor post has once again been advertised unsuccessfully. The post is currently being reviewed again prior to a further attempt to recruit in the coming weeks.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA2-21/LO/AC
1 February 2021

INTERNAL AUDIT PROGRESS TO THE END OF JANUARY 2021

Total Planned Days for the Year 2020/21	Actual Days To End January 2021	Audit Area	Status as at 31 January 2021
Fundamental Systems			
25		Main Accounting	Not yet started
20	46	Creditors	Testing Underway – additional working paper preparation following receipt of CIPFA matrices
20	4	Sundry Debtors	Draft 2019/20 Report Issued
30		Payroll	Not yet started
35	6	Council Tax	Preparatory work
40	31	Housing Benefits/CT Support	Testing Underway
35	17	NNDR/Business Rates Pooling	Finalisation of 2019/20 Report
15	1	Cash Receipting	Preparatory work
220	105		
Non-Fundamental Systems			
15		VAT	Not yet started
12		Treasury Management	Not yet started
15		Procurement	Not yet started
20		Business Continuity	Not yet started
12		Asset Management	Not yet started
74	0		
Probity/Regularity			
10	4	Clitheroe Market	Testing Underway
15		Recruitment/Safeguarding Arrangements	Not yet started
15	7	Insurance	2019/20 Report Completed
5		Cemetery	Not yet started
10	1	Fees and Charges/Cash Collection Procedures	Preparatory work
12		Health and Safety	Not yet started
12	15	Car Parking	Testing Underway – additional working paper preparation following receipt of CIPFA matrices
5		VIC/Platform Gallery	Not yet started
12		Trade and Domestic Refuse Collection	Not yet started
5		Ribblesdale Pool	Not yet started
12		Partnership Arrangements	Not yet started
24		Grants Paid and Received	Not yet started
3		Museum and Museum Cafe	Not yet started
8	4	Environmental Health	Testing underway

Total Planned Days for the Year 2020/21	Actual Days To End January 2021	Audit Area	Status as at 31 January 2021
15		Section 106 Agreements/Planning Enforcement	Not yet started
10	19	Building Control	Finalisation of 2020/21 Report
10	1	Planning Applications	Preparatory work
12		Data Protection/GDPR	Not yet started
5		Edisford Sports Complex	Not yet started
5		Land and Property Leases	Not yet started
5		Parks and Outdoor Recreation	Not yet started
5	1	Homelessness	Preparatory work
10		ICT General Controls	Not yet started
225	52		
Continuous Activity/Ongoing Checks			
12	6	Income Monitoring	Continuous and ongoing work
25	1	Contingencies/unplanned work	
15	4	Risk Management	Continuous and ongoing work
20	26	Corporate Governance	Completion of the review for the 2019/20 Financial Year
5	2	Performance Indicators	Continuous and ongoing work
35	41	Insurance	Continuous and ongoing work
	7	Other Clerical Duties (ie FOI responses)	Continuous and ongoing work
112	87		
Staff Training and Development			
50	86	Training	Budgeted days set prior to college timetabling released
50	86		
Staffing Levels			
0	217	Vacant post	Ongoing recruitment difficulties for the Principal Auditor post
0	217		
Covid-19 Related			
0	45	Covid-19 Related	Largely secondment to assist with grant payments
0	45		
Annual Leave and Bank Holidays			
99	59	Annual Leave and Bank Holidays	
99	59		
Remaining Available Days to 31 March 2021			
-	129	Remaining Available Days	Excludes any use of additional resources
	129		
780	780		

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