

# Public Document Pack



Ribble Valley  
Borough Council

[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** Committee will be held at **6.30 pm** on **WEDNESDAY, 22 NOVEMBER 2023** in the **Council Chamber, 13 Church Street, Clitheroe, BB7 2DD.**

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 - 6)
3. **DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS**

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

4. **PUBLIC PARTICIPATION**

### **ITEMS FOR DECISION**

There are no items under this heading.

### **ITEMS FOR INFORMATION**

5. **UPDATED AUDIT FINDINGS REPORT 2022/23** (Pages 7 - 50)  
Report of Grant Thornton enclosed
6. **PSAA AUDIT SCALE FEE PROPOSALS FOR 2023/24** (Pages 51 - 52)  
Report of the Director of Resources and Deputy Chief Executive enclosed.

7. **INTERNAL AUDIT PROGRESS REPORT** (Pages 53 - 60)  
Report of the Director of Resources and Deputy Chief Executive enclosed.
  
8. **STRATEGIC RISK REGISTER** (Pages 61 - 68)  
Report of the Director of Resources and Deputy Chief Executive enclosed.
  
9. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**
  
10. **EXCLUSION OF PRESS AND PUBLIC**  
There are no items under this heading.

Electronic agendas sent to members of Accounts and Audit – Councillor Robin Walsh (Chair), Councillor Stuart Hirst (Vice-Chair), Councillor Anthony (Tony) Austin, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Richard Newmark, Councillor Gaye McCrum, Councillor Lee Street, Councillor Charles McFall, Councillor Karl Barnsley and Councillor Michael Graveston.

Contact: Democratic Services on 01200 414408 or [committee.services@ribblevalley.gov.uk](mailto:committee.services@ribblevalley.gov.uk)

## Minutes of Accounts and Audit

Meeting Date: Wednesday, 27 September 2023, starting at 6.30 pm  
Present: Councillor R Walsh (Chair)

Councillors:

T Austin	G McCrum
S Fletcher	L Street
J Hill	K Barnsley

In attendance: Chief Executive, Head of Financial Services, Internal Audit Manager, Internal Auditor, Sophia Iqbal and Georgia Jones (Grant Thornton).

### 330 APOLOGIES FOR ABSENCE

Apologies for absence were received for the meeting from Councillors M Graveston, S Hirst, C McFall, and R Newmark.

### 331 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 28 June 2023 were approved as a correct record and signed by the Chairman subject to the addition of apologies from Councillor L Street.

### 332 DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS

There were no declarations of disclosable pecuniary, other registrable or non-registrable interests.

### 333 PUBLIC PARTICIPATION

There was no public participation.

### 334 ANNUAL GOVERNANCE STATEMENT

The Director of Resources and Deputy Chief Executive provided members with the Annual Governance review for 2022/23 and sought Committee's approval of the resulting Annual Governance Statement.

Members were reminded that all councils were 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 complied with their own Local Code of Corporate Governance. The code included how the Council had monitored the effectiveness of its governance arrangements in the previous financial year and detailed any planned changes in the coming period.

The report noted that:

- The Annual Governance Statement was a backward-looking review of how the Council had performed in relation to the principles set out at the beginning of the year in its own Local Code of Corporate Governance.
- In reviewing how the Council and its staff and members had acted over the period of the review, evidence had also been gathered to support the Report's conclusions.
- There had been four recommendations raised in the review which were detailed in the report.
- In May 2023 the Draft Annual Governance Statement had been published alongside the Council's Draft Statement of Accounts on the Council's website, which would be updated to reflect the approval of the audited Statement of Accounts and the approval of the Annual Governance Statement.

RESOLVED THAT COMMITTEE:

Approve the Annual Governance Statement 2022/23 as attached to the report.

335

#### AUDIT FINDINGS REPORT - GRANT THORNTON

Georgia Jones, Key Audit Partner submitted a report on behalf of Grant Thornton which outlined their audit findings and key matters arising from the audit of the Council's financial statements for the year ending 31 March 2023.

She reminded members that:

Under International Standards of Audit and the National Audit Office, Grant Thornton were required to report on whether the Council's financial statements gave a true and fair view of the Council's financial position and its income and expenditure for the year.

She informed Committee that:

- The audit had been prepared in line with the appropriate codes of practice.
- The audit had identified that adjustments to financial statements were required in relation to internal recharges. The Auditors were satisfied that the required adjustments had now been made, which had impacted gross income and expenditure, however there was no resulting impact on the net bottom-line figure. Prior period adjustments were also required to the accounts for 2021/22, which again had not impacted the net bottom-line figure. As a result, their work was still ongoing, and subject to completion of further testing, a final audit opinion would be issued.
- The Auditors were still undergoing work in relation to the Valuation of pension fund liability, and were awaiting Pension Fund Assurance, however no significant issues had been identified so far.
- Grant Thornton anticipated providing an unqualified opinion on the financial statements, subject to the outstanding matters being resolved, by the end of October 2023.

The Chairman thanked Grant Thornton for their work.

RESOLVED THAT COMMITTEE

Accepted the external auditors audit findings report for year ending 31 March 2023, with the understanding that the audit is still ongoing and a further report will be brought Committee.

## LETTER OF REPRESENTATION

The Director of Resources and Deputy Chief Executive submitted a report which included the Letter of Representation for 2022/23 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, which if it was withheld, would undermine the accuracy and reliability of the Statement of Accounts.

## RESOLVED THAT COMMITTEE

Approve the letter of representation to Grant Thornton for 2022/23.

## APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2022/23

The Director of Resources and Deputy Chief Executive submitted a report asking Committee to formally approve the Statement of Accounts for 2022/23 subject to completion of the audit.

The Head of Financial Services reminded Members that their role in approving the Statement of Accounts, following the conclusion of the audit, was to demonstrate their ownership of the statements, their confidence in the Director of Resources and Deputy Chief Executive (Section 151 Officer) and the process by which accounting records were maintained and the statements prepared.

He reported that:

- The deadline for the publication of the draft accounts had been met and the Statement of Accounts (subject to Audit) had been made available on the Council's website on 2 June 2023.
- The final position showed that the Council had taken £242,000 from general fund balances during the year compared with the Revised Estimate of £537,000, and the original planned amount of £412,000, to fund 2022/23 spending plans.
- The Council had added £83,959 to earmarked reserves for revenue purposes, rather than the forecast of £649,476, and had taken £459,709 from earmarked reserves to fund the capital programme. The overall net movement was £375,750 taken from earmarked reserves.
- The Collection Fund showed an overall net surplus of £697k.
- A presentational adjustment had been needed to the accounts due to the previous inclusion of a number of recharges. This had been applied to the 2022/23 financial statements and had resulted in a prior period adjustment for the restating of the figures used in 2021/22.

The final outturn on the general fund revenue account was a deficit of £241,738 rather than the £537k deficit forecast at the revised estimate.

There was discussion at the meeting around the increased cost of External Audit which was explained to Members by Grant Thornton. The Head of Financial Services also confirmed that the Council does complete reasonableness checks against other authorities in relation to fees. The surplus position on the Pension Fund was also noted and it was explained that this was as a result of a number of reasons as noted in the accounts, including the triannual review which had been completed.

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:

1. Approve the audited Statement of Accounts for 2022/23.
2. Delegate to the Director of Resources/Deputy Chief Executive in consultation with the Chairman, approval of any non-material amendments to the Statement of Accounts.

338

INTERNAL AUDIT PROGRESS REPORT 2023/24

The Director of Resources and Deputy Chief Executive submitted a report for information on progress against the 2023/24 Internal Audit Plan covering the period April 2023 to August 2023.

The report included the areas that had been a key focus, and the areas for which reviews were in progress, along with:

- An overview setting out the planned delivery for the 2023/24 Internal Audit Plan.
- A summary of internal audit recommendations that had been raised – 60 recommendations were due for implementation, of these, 50 were considered implemented, partially implemented, or superseded. Of the 10 still outstanding, 2 were originally considered high risk.
- There had been one referral made within the period which remained an open investigation.

339

REVIEW OF RISK MANAGEMENT POLICY

The Director of Resources & Deputy Chief Executive submitted a report to inform the Committee that the Risk Management Policy had been reviewed.

The document was reviewed annually, and following a full review, no required changes had been identified. The document was available on the Council's website.

340

REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

341

EXCLUSION OF PRESS AND PUBLIC

There was no exclusion of press and public.

The meeting closed at 7.28 pm

If you have any queries on these minutes please contact the committee clerk, 01200 414408 [rebecca.tait@ribblevalley.gov.uk](mailto:rebecca.tait@ribblevalley.gov.uk).

# The Audit Findings for Ribble Valley Borough Council

Year ended 31 March 2023



# Contents



## Your key Grant Thornton team members are:

### Georgia Jones

Key Audit Partner

T 0161 214 6383

E [Geogia.S.Jones@uk.gt.com](mailto:Geogia.S.Jones@uk.gt.com)

### Sophia S Iqbal

Engagement Manager

T 0161 234 6372

E [Sophia.S.Iqbal@uk.gt.com](mailto:Sophia.S.Iqbal@uk.gt.com)

### Jobelle Bongato

Assistant Manager

T 0161 234 6364

E [Jobelle.Bongato@uk.gt.com](mailto:Jobelle.Bongato@uk.gt.com)

## Section

1. [Headlines](#)
2. [Financial statements](#)
3. [Value for money arrangements](#)
4. [Independence and ethics](#)

## Appendices

- A. [Communication of audit matters to those charged with governance](#)
- B. [Action plan – Audit of Financial Statements](#)
- C. [Follow up of prior year recommendations](#)
- D. [Audit Adjustments](#)
- E. [Fees and non-audit services](#)
- F. [Auditing developments](#)
- G. [Management Letter of Representation](#)
- H. [Audit opinion](#)

## Page

3  
6  
21  
23  
  
27  
28  
29  
30  
32  
34  
35  
38

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

This Audit Findings 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. Its contents have been discussed with management and the Accounts and Audit Committee.

*Georgia Jones*

Name: Georgia Jones

For Grant Thornton UK LLP

Date: November 2023

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



# 1. 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 2023 for the attention of those charged with governance.

---

## Financial Statements

---

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 give a true and fair view of the financial position of the Council and its 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.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed on site and remotely during July-November. Our findings are summarised on pages 6 to 20. We have identified 1 adjustment to the financial statements this has impacted on the Council's Gross Comprehensive Income and Expenditure, however this is a nil impact on the net position. Audit adjustments are detailed in Appendix D. We have also raised a new recommendation for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, Appendix H or material changes to the financial statements, subject to the following outstanding matters;

- completion of our work on pensions and receipt of the letter of assurance from Lancashire Pension Fund;
- receipt of management representation letter {see appendix G}; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unqualified. However, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A further explanation of the significant weaknesses we have identified in the Council's arrangements is detailed on page 22 of this report.

---

# 1. Headlines

## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We identified 2 significant weaknesses in the Council's arrangements. Our findings are set out in the value for money arrangements section of this report (Section 3).

## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion

## Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

# 1. Headlines

---

## National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Council, especially the finance team, for their support in working with us to meet the deadlines. The team have worked with us to ensure the audit is completed to the timescales required.

---

## National context – level of borrowing

All councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Ribble Valley Borough Council has been able to pay off its PWLB debt early and so has no borrowings.

---

# 2. Financial Statements

## 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 and the Accounts and Audit Committee.

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

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unmodified audit opinion following the Accounts and Audit Committee meeting on 22 November 2023, as detailed in Appendix H. These outstanding items include:

- completion of our work on pensions and receipt of the letter of assurance from Lancashire Pension Fund;
- receipt of management representation letter {see appendix G}; and
- review of the final set of financial statements.

### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted on page 9 of this report we identified a material error which impacted the gross expenditure and income amounts in the CIES. This meant we were required to recalculate materiality resulting in a lower level. As a consequence all work completed had to be reviewed and in a number of cases further testing was needed. These additional audit procedures, are summarised on page 32 and were required to gain sufficient audit assurance in respect of our auditor's opinion on the financial statements.. The additional work has resulted in additional fees for the Council.

## 2. Financial Statements



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels have been amended from those reported in our audit plan on 28 June 2023.

We set out in this table our determination of materiality for Ribble Valley Borough Council.

Page 13

	Planning Amount (£)	Post Statements Amount (£)	Qualitative factors considered
Materiality for the financial statements	476,751	415,521	We originally used our planning materiality which equates to 2% of your gross operating expenditure for 2021/22 year. On receipt of the draft financial statements for 2022/23, following the removal of recharges, we deemed it appropriate to revise the materiality figure as the gross expenditure had reduced significantly. This level is 2% of your gross expenditure for 2022/23 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	357,563	311,641	This is based on specific risks and sensitivities at the Council, such as the lack of deficiencies in control environment and quality of financial statements in prior years.
Trivial matters	23,800	20,776	This is the threshold for matters that are clearly inconsequential, whether taken individually or in aggregate.
Materiality for senior officer remuneration	See comment alongside	See comment alongside	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures and have not set a materiality level. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors would alter the bandings reported for any individual.



## 2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Council, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design and implementation of management controls over journals</li> <li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals</li> <li>• identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration</li> <li>• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness</li> </ul> <p>Our audit work to date has not identified any issues in respect of management override of controls.</p>

# 2. Financial Statements: Significant risks

## Risks identified in our Audit Plan

### ISA240 revenue and expenditure recognition risk

#### Revenue:

ISA (UK) 240 includes a rebuttable presumed risk that revenue recognition 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 ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:

There is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited;  
The culture and ethical frameworks of local authorities, including Ribble Valley, mean that all forms of fraud are seen as unacceptable.

#### Expenditure:

In the public sector, whilst it is not a presumed significant risk, in line with the requirements of Practice Note (PN) 10: Audit of financial statements of public sector bodies in the United Kingdom - we also consider the risk of whether expenditure may be misstated due to the improper recognition of expenditure.

This risk is rebuttable if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.

Based on our assessment we consider that we are able to rebut the significant risk in relation to expenditure, but will nevertheless, and in line with PN10, recognise the heightened inherent risk of 'other service expenditure' in our audit scoping and testing assessment.

## Commentary

As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal to still remain appropriate. Notwithstanding that we have rebutted these risks we have undertaken the following:

- reviewed and tested, on a sample basis, revenue and expenditure transactions
- obtained a listing from the cash book of non-pay payments made and received in April and May 2023 to ensure they have been charged to the appropriate year
- obtained a listing from the ledger of invoices received and paid in April and May 2023 to ensure they have been charged to the appropriate year
- substantively tested a sample of year-end accounts payable and accrual balances.

Our audit work noted a number of recharges remained in the population. Following further work we identified gross expenditure and income were both overstated by £3.142 million. We therefore reduced materiality and completed further work in all areas as required.

We also note this impacted on 2021/22 opening balances and the Council have made a prior period adjustment to the accounts. We have reviewed these adjustments made and are satisfied with the amendment.

Our audit work to date has not identified any further issues in respect of revenue and expenditure.

## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of land and buildings

The Council revalue its land and buildings on a five yearly basis, with a desktop valuation in intervening years. This valuation (£15m in 2022/23) represents a significant estimate by management in the financial statements due to the size of the numbers involved 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.

### Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's valuation of land and buildings are not materially misstated and evaluate the design of the associated controls
- 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
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

Our audit work has not identified any issues in respect of valuation of land and buildings.



## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of pension fund net liability

The Council'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 surplus is considered a significant estimate due to the size of the numbers involved (£11m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since IFRS have been adopted the Council has had to consider the potential impact of IFRIC 14 - IAS 19 - the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 1.5% effect on the surplus. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation.

With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

At the time of completing the Audit Plan the Council had, in previous years, had a net liability. The latest triennial review has been completed on the pension fund and for 2023-23 the fund is now in surplus.

### Commentary

The risk identified in our plan has been updated to reflect the pension fund surplus held in the accounts. As part of this we will also confirm the Council has completed a management assessment on the impact of IFRIC 14.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net surplus 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
- undertaken 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
- reviewed managements assessment of IFRIC 14 and completed our own audit procedures
- obtained assurances from the auditor of the Lancashire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Our audit work is ongoing in respect of valuation of the pension fund surplus, from the work completed to date we have not identified any significant issues.

At the time of writing we are awaiting the letter of assurance from the Pension Fund auditor.

# 2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Land and Building valuations – £15.570m</p>	<p>Other land and buildings comprises £9.508m of specialised assets such as leisure centres, 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 (£6.602m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Lea Hough to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. A desktop valuation was completed on all the assets.</p> <p>The assets were valued based on estimates and assumptions at a point in time, but market conditions can fluctuate. The Council has disclosed the effect if actual results differ from assumptions on Note 7 of the accounts.</p> <p>The total year end valuation of land and buildings was £15.570m, a net increase/decrease of £0.029m from 2021/22 (£15.541m).</p>	<p>We have reviewed and assessed the details supporting the estimates and judgements in this area, considering;</p> <ul style="list-style-type: none"> <li>revised ISA540 requirements in guidance note;</li> <li>assessment of management's expert, your external valuer;</li> <li>completeness and accuracy of the underlying information used to determine the estimate</li> <li>appropriateness of any alternative site assumptions</li> <li>impact of any changes to valuation method</li> <li>consistency of estimate against near neighbours/ Montague Evens report and BCIS.</li> <li>reasonableness of increase/decrease in estimate</li> <li>adequacy of disclosure of estimate in the financial statements</li> </ul> <p>The valuation method remains consistent with the prior year.</p> <p>The valuer has prepared their valuations in accordance with RICS Valuation – Global Standards.</p> <p>Our testing has not identified any significant issues in relation to the estimation of land and buildings.</p>	<p>Light Purple</p>

Page 18

## Assessment

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

## 2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																												
<p><b>Net pension surplus – £10.994m</b></p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The Council's total net pension surplus at 31 March 2023 is £11.784m and a pension liability for the unfunded element of £0.790m (PY deficit in total of £15.072m) comprising the Lancashire Pension Fund Local Government. 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 2023. Given the significant value of the net pension fund surplus, small changes in assumptions can result in significant valuation movements. There has been a £26.066m net actuarial gain during 2022/23.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed management's expert</li> <li>assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach</li> </ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Authority.</p> <p>We have used the work of PwC, as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</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>4.8%</td> <td>4.70% - 4.90%</td> <td>●</td> </tr> <tr> <td>CPI Inflation</td> <td>2.7%</td> <td>2.7%</td> <td>●</td> </tr> <tr> <td>Increase in pension payment/deferment</td> <td>2.8%</td> <td>2.7%*</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.2%</td> <td>3.95-4.25%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>22.8/21.5 Years</td> <td>22.4-24.3/ 21.0-22.6</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.6/23.8 Years</td> <td>25.3-26.6/ 23.5-24.7</td> <td>●</td> </tr> </tbody> </table> <p>*For the pensions increases, as per PWC report, Mercer used a slightly lower rate for pensions increases in payment to allow for an inflation risk premium. This was deemed a reasonable approach as per PWC.</p> <p>At the time of writing we are awaiting the letter of assurance from the Pension Fund auditor.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.8%	4.70% - 4.90%	●	CPI Inflation	2.7%	2.7%	●	Increase in pension payment/deferment	2.8%	2.7%*	●	Salary growth	4.2%	3.95-4.25%	●	Life expectancy – Males currently aged 45/65	22.8/21.5 Years	22.4-24.3/ 21.0-22.6	●	Life expectancy – Females currently aged 45/65	25.6/23.8 Years	25.3-26.6/ 23.5-24.7	●	Light Purple
Assumption	Actuary Value	PwC range	Assessment																												
Discount rate	4.8%	4.70% - 4.90%	●																												
CPI Inflation	2.7%	2.7%	●																												
Increase in pension payment/deferment	2.8%	2.7%*	●																												
Salary growth	4.2%	3.95-4.25%	●																												
Life expectancy – Males currently aged 45/65	22.8/21.5 Years	22.4-24.3/ 21.0-22.6	●																												
Life expectancy – Females currently aged 45/65	25.6/23.8 Years	25.3-26.6/ 23.5-24.7	●																												

### Assessment

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

## 2. Financial Statements: key judgements and estimates













Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for NNDR appeals - £0.916m	The Council is responsible for repaying a proportion of successful rateable value appeals. Management calculate the level of provision required. Ribble Valley's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. The provision has decreased by £0.007 million in 2022/23.	<p>To review the estimate, we have;</p> <ul style="list-style-type: none"> <li>assessed the impact of the cost-of-living crisis on the collection of debt and adequacy of provisions.</li> <li>reviewed the appropriateness of the underlying information used to determine the estimate</li> <li>reviewed the Impact of any changes to valuation method</li> <li>assessed the reasonableness of the estimate</li> <li>reviewed the adequacy of disclosure of estimate in the financial statements</li> </ul> <p>Our audit work has not identified any issues in respect of this significant estimate.</p>	Light Purple
Depreciation and useful economic lives of assets	Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Management's accounting policy is that property depreciation should be applied with a straight-line allocation over the life of the property as estimated by the valuer.	<p>We have:</p> <ul style="list-style-type: none"> <li>reviewed the accounting policy;</li> <li>recalculated the depreciation charge based on the useful economic lives as provided by the valuer as well as an overall recalculation of depreciation;</li> <li>assessed the reasonableness of the useful economic life for a sample of assets; and</li> <li>assessed the appropriateness of the policy in line with the financial reporting framework.</li> </ul> <p>Our audit work has not identified any issues in respect of this significant estimate.</p>	Light Purple

### Assessment





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

## 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
Civica Financials	ITGC assessment (design and implementation effectiveness only)					None	N/A
NEC	ITGC assessment (design, implementation and operating effectiveness)					None	N/A
Frontier	ITGC assessment (design and implementation effectiveness only)					None	N/A

### Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

## 2. Financial Statements: other communication requirements

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

Page 22

Issue	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 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, which is set out at Appendix G.

## 2. Financial Statements: other communication requirements



Page 23

Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to bank and investment bodies. This permission was granted and the requests were sent. All these requests were returned with positive confirmation with the exception of one. We have undertaken alternative procedures by obtaining the fixed deposit agreement confirming the amount and terms of the investment.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

## 2. Financial Statements: other communication requirements



### 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).

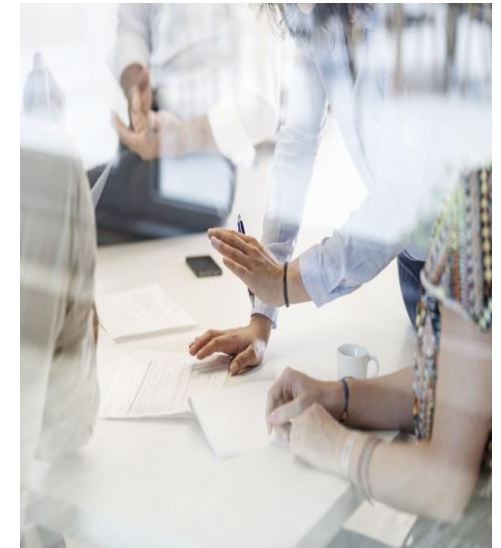
Page 24

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Council and the environment in which it operates</li> <li>the Council's financial reporting framework</li> <li>the Council's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>



## 2. Financial Statements: 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 – refer to Appendix H.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses.</li> </ul> <p>We have identified 2 significant weaknesses in respect of the Councils arrangements to secure value for money see page 22 for further details.</p>



## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
<b>Specified procedures for Whole of Government Accounts</b>	<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> <ul style="list-style-type: none"> <li>Note that work is not required as the Council does not exceed the threshold;</li> </ul>
Certification of the closure of the audit	<p>We intend to certify the certification of the closure of the 2022/23 audit of Ribble Valley Borough Council in the audit report, as detailed in Appendix H.</p>

# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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



### Governance

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

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# 3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The issues we identified are detailed in the table below, along with the further procedures we performed and our conclusions. We identified 2 significant weakness in the Council's arrangements. Our auditor's report will make reference to these significant weakness in arrangements, as required by the Code, see Appendix H.

Page Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial Sustainability – The Council has identified a gap in of £8.794m between 2024/25 and 2027/28 to fund the revenue budget, in its Medium Term Financial Plan. At this time the Council has no approved savings plan in place. Although the Council acknowledges use of earmarked reserves is not financially sustainable it has been unable to provide an alternative plan to bridge the gap.	We have reviewed, the Medium Term Financial Plan, committee meetings and held discussions with management.	The Council should develop a corporate saving and transformation programme to help it reduce spending by looking at different ways of delivering services.	Key recommendation has been made.
Economy, efficiency and effectiveness – To deliver the Corporate Strategy the Council needs a performance management framework in place so it can understand the improvements required and hold officers to account.	We have reviewed committee meetings and held discussions with key management.	The Council needs to improve its performance management arrangements.	A key recommendation has been made.

# 4. 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 and consider that an objective reasonable and informed third party would take the same view. 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 E.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

# 4. 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.

Service	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
Certification of Housing Benefit Claim	33,810	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 £33,810 in comparison to the total fee for the audit of £55,384 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.

# 4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

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 and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion



# A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

## B. Action Plan – Audit of Financial Statements

We have identified 1 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendation
● Low	<b>Note 29 Related Party Transactions</b> Our audit work noted a gift was received and no value was stated on the declaration. A value should be provided and all gifts reported to Accounts and Audit Committee for completeness and transparency.	The Council should ensure an estimate value is noted for all gifts and these should be reported to the Audit Committee. <b>Management response</b> Agree with the recommendation made. The council is currently in the process of updating guidance on Gifts and Hospitality in respect of staff.

Page 34

### Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# C. Follow up of prior year recommendations

We identified the following issues in the audit of Ribble Valley Borough Council's 2021/22 financial statements, which resulted in 4 recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and one is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Useful Asset Lives</b></p> <p>Our audit work on the useful economic lives of equipment identified an asset which will not last its useful economic life and a further asset where the asset will last beyond its useful economic life.</p>	The Council included a review of useful asset lives for assets that are not assessed by the external valuer as part of the close down process. No issues were identified in our testing for 2022/23
✓	<p><b>Aged Debtors</b></p> <p>Our audit work identified one debtor balance which was pre 1995 and a further balance which was from the year 2000.</p>	The Council have raised a number of aged debt write offs during 2022/23. No issues were identified in our testing for 2022/23
X	<p><b>Gifts and hospitality policy</b></p> <p>Our audit work on gift and hospitality noted the policy did not include any specific amounts.</p>	The policy has yet to be reviewed. However, the Council intend to completed this imminently.
✓	<p><b>Internal Control</b></p> <p>Our system documentation on journals identified an issue where accountancy staff are able to authorise their own journals. However, a compensating control is in place whereby budget monitoring procedures should flag any inconsistencies.</p> <p>We have also identified that the Head of Financial Services has administration access rights. However, we have noted he is unable to change or edit any postings which have already been made to the ledger. Although new users can be set up, they do need to be approved by the manager.</p>	The Council has accepted this recommendation and made amendments to the journal process. On a monthly basis a sample of journals are identified and reviewed by the Head of Finance.

## Assessment

- ✓ Action completed
- X Not yet addressed

# D. 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.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Impact on general fund £'000
The Council incorrectly included recharges of £3.142 million within the Net Cost of Services. This overstated the gross expenditure and gross income balances.	Cr Gross Expenditure £3,142 Dr Gross Income £3,142	Nil	Nil	Nil
<b>Overall impact</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## 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/issue/Omission	Auditor recommendations	Adjusted?
Note 27 External Audit Fee	Fees payable for the external audit fee have been amended by £265 to agree to the audit plan	✓
Annual Governance Statement	Minor amendment was made to reference the Auditors Annual Report.	✓
Note 4 Accounting Standards that have been issued but not adopted	Narrative has been amended to refer to 2022/23 and include disclosure on IFRS 16	
Note Assumptions made about the future and other major sources of estimation uncertainty	Pensions Liability – Additional disclosure included to disclose the basis used to determine the amount of the economic benefit available.	

# D. Audit Adjustments (continued)



Page 37

## Impact of unadjusted misstatements

To date we have not identified any non trivial amendments which have not been amended.

## Impact of prior year adjusted misstatements

The table below provides details of adjustments identified during the prior year audit within the final set of 2021/22 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
The Council incorrectly included recharges of £2.658 million within the Net Cost of Services. This overstated the gross expenditure and gross income balances.	Cr Gross Expenditure £2,658	Nil	Nil	Nil
	Dr Gross Income £2,658			
<b>Overall impact</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

# E. Fees and non-audit services

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

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Final fee</b>
Scale fee	£36,769	TBC
Value for Money audit – new NAO requirements	£9,000	TBC
ISA 540	£2,100	TBC
Additional journals testing	£3,000	TBC
Enhanced audit procedures for Payroll	£500	TBC
Enhanced audit procedures for Collection Fund- reliefs testing	£750	TBC
Increased audit requirements of revised ISAs 315/ 240	£3,000	TBC
Local risk factors	£265	TBC
<b>Total audit fees (excluding VAT)</b>	<b>£55,384</b>	<b>TBC</b>

The final fee is still to be agreed. However there will be additional fees due in relation to additional audit work needed as follows:

IFRIC14 – we have had to complete additional work around the pension surplus and the accounting requirements for this as set out under IFRIC14. The fee for this additional work is £4k. This will be charged to all our local government clients where this work has been required.

Because of the errors in relation to the recharges we needed to complete extra work involving in reviewing the changes to the accounts, working through the error, assessing the impact of the error and the additional testing required which was fairly substantial. This also necessitated bringing in additional resource to complete the testing. The additional fee relating to this is £15k

We have also identified significant weaknesses via our vfm work – this has taken some extra time in terms of needing more in depth review and internal processes which we have needed to go through - £4k.

## E. Fees and non-audit services

<b>Non-audit fees for other services</b>	<b>Proposed fee</b>	<b>Final fee</b>
<b>Audit Related Services</b> - Certification of Housing Benefit Subsidy Claim	33,810	TBC
<b>Total non-audit fees (excluding VAT)</b>	<b>£33,810</b>	<b>£TBC</b>

The fees reconcile to the financial statements.

Page 39

None of the above services were provided on a contingent fee.

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

# F. Auditing developments

## Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

**This impacts audits of financial statement for periods commencing on or after 15 December 2021.**

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> <li>the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures</li> <li>the identification and extent of work effort needed for indirect and direct controls in the system of internal control</li> <li>the controls for which design and implementation needs to be assess and how that impacts sampling</li> <li>the considerations for using automated tools and techniques.</li> </ul>
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> <li>increased emphasis on the exercise of professional judgement and professional scepticism</li> <li>an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence</li> <li>increased guidance on management and auditor bias</li> <li>additional focus on the authenticity of information used as audit evidence</li> <li>a focus on response to inquiries that appear implausible</li> </ul>
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> <li>Consideration is also being given to the potential impacts on confidentiality and independence.</li> </ul>
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> <li>clarification of the requirements relating to understanding fraud risk factors</li> <li>additional communications with management or those charged with governance</li> </ul>
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.



# G. Management Letter of Representation

## [LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP  
Royal Liver Building  
Liverpool  
L3 1PS

## [Date] – (TO BE DATED SAME DATE AS DATE OF AUDIT OPINION)

Dear Grant Thornton UK LLP

### **Ribble Valley Borough Council** **Financial Statements for the year ended 31 March 2023**

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 2023 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2022/23 ("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. Such accounting estimates include land and building valuations and pensions asset and liability valuations. 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. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable 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.

# G. Management Letter of Representation (cont.)

Page 42

- 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 Council's 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 brought to our attention 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. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. The prior period adjustments disclosed in Note 35 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xv. We have updated our going concern assessment. 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 :
  - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

- c) the Council's system of internal control has not identified any events or conditions relevant to going concern.

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.

- xv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

## Information Provided

- xvi. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Council's 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 from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. 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.
- xx. 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.
- xxi. 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.

# G. Management Letter of Representation (cont.)

- xxi. 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.
- xxii. 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.
- xxiii. 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

- xxv. 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

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

## Approval

The approval of this letter of representation was minuted by the Council's Accounts and Audit Committee at its meeting on 27 September 2023.

Yours faithfully

Name.....	Name.....
-----------	-----------

Position.....	Position.....
---------------	---------------

Date.....	Date.....
-----------	-----------

**Signed on behalf of the Council**

# H. Audit opinion DRAFT

Our draft audit opinion is included below.

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

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of Ribble Valley Borough Council (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Resources & Deputy Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Resources & Deputy Chief Executive's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Resources & Deputy Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources & Deputy Chief Executive with respect to going concern are described in the relevant sections of this report.

# H. Audit opinion (continued)

## Other information

The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. The Director of Resources & Deputy Chief Executive is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

## Responsibilities of the Authority and the Director of Resources & Deputy Chief Executive

As explained more fully in the Statement of Responsibilities set out on page 44, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources & Deputy Chief Executive. The Director of Resources & Deputy Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources & Deputy Chief Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources & Deputy Chief Executive is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

# H. Audit opinion (continued)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003) and Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

We enquired of management and the Accounts and Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management including internal audit and the Monitoring Officer and the Accounts and Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the

principal risks were in relation to processing of inappropriate journals, in this regard we tested journals posted to accrual codes post year end over performance materiality, unusual manual creditor and debtor journals, material post year end transactions and a random selection of journals throughout the period. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on material year end manual journals with high risk characteristics,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building and defined pension asset valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including significant accounting estimates related to property, plant and equipment and accruals. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:

# H. Audit opinion (continued)

- the provisions of the applicable legislation
- guidance issued by CIPFA/LASAAC and SOLACE
- the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on the 22 November 2023, we identified:

- a significant weakness in the Authority's plans and manage its resources to ensure it can continue to deliver its services. This was in relation to the Authority's medium term financial plans which were showing a significant use of earmarked reserves with no saving plans established. We recommend the Authority should develop a corporate saving and transformation programme to help it reduce spending by looking at different ways of delivering services.

- a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to the lack of performance monitoring systems which are in place. We recommend the Authority improve its performance management arrangements.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

# H. Audit opinion (continued)

## Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Ribble Valley Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Page 48

Signature:

Georgia Jones, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool

Date:





This page is intentionally left blank

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

---

meeting date: 22 NOVEMBER 2023  
title: PROPOSED AUDIT FEE SCALE FOR OPTED-IN BODIES 2023/24  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

### 1 PURPOSE

- 1.1 Public Sector Audit Appointments (PSAA) has released details of the proposed scale fees for external audit work in respect of 2023/24.
- 1.2 Relevance to the Council's ambitions and priorities:
  - This report contributes to the council's ambition to be a well-managed council providing efficient services based on identified customer needs.

### 2 BACKGROUND

- 2.1 The duty to specify scales of fees is one of PSAA's statutory functions as the appointing person.
- 2.2 Attached is a document from the PSAA providing details of the proposals for this council's external audit fees in respect of 2023/24.
- 2.3 The 2023/24 fee scale is the first that has been announced under this second five-year appointing period, covering 2023/24 to 2027/28.
- 2.4 The final 2023/24 fee scale will be published on the PSAA website by the end of November 2023.
- 2.5 The proposals see the audit fees for this council increasing from an equivalent fee of £50,832 (before further additional charges following the recent audit work) to £127,588 as detailed at Annex 1

### 3 CONCLUSION

- 3.1 Under the proposals, the Scale Fee for this council would be £127,588 (equivalent fee £50,832 2022/23)
- 3.2 It should also be borne in mind that this is not the total of our audit fees, Housing Benefit Assurance Programme (HBAP) grant work is a further additional fee (£33,810)

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE

AA25-23/LO/AC  
13 November 2023

BACKGROUND WORKING PAPERS:

For further information please ask for Lawson Oddie, extension 4541

This page is intentionally left blank

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

---

meeting date: 22 NOVEMBER 2023  
 title: INTERNAL AUDIT PROGRESS REPORT – NOVEMBER 2023  
 submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE  
 principal author: INTERNAL AUDIT MANAGER

### 1 PURPOSE

1.1 The purpose of this report is to provide an update to the Accounts and Audit Committee in respect of progress made in delivery against 2023/24 Internal Audit Plan. It brings to your attention, matters relevant as members of the Committee and provides a summary of internal audit activity which is a requirement of the Public Sector Internal Audit Standards (PSIAS).

1.2 Detailed reports and relevant findings, recommendations and agreed actions have been provided to lead officers within the Council and are available to committee members upon request. This report covers the period September 2023 to October 2023.

1.3 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 – As defined in the Public Sector Internal Audit Standards (PSIAS) and the Accounts & Audit Regulations 2015, the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards”.

### 2 KEY MESSAGES & ISSUES

2.1 Since the last meeting of the Accounts and Audit Committee, the following areas have been a key focus:

Review Title	<b>Changing Places Grant claim</b>
Assurance Opinion	<b>N/A</b>
Overall Objective	<p>The Chief Finance Officer of each lead authority was required to sign and return a declaration no later than the 30 September 2023 to provide reasonable assurance regarding the eligibility of expenditure for the period.</p> <p>Over 250,000 people in the UK need personal assistance to use the toilet, including people with profound and multiple learning disabilities, spinal injuries and people living with stroke. Changing Places Funding aims to have larger facilities, including a changing bench and a hoist, designed to support disabled people who need assistance. In March 2023, the Council were awarded £204,000 to</p>

	install such facilities in three locations; Edisford Bridge, Ribchester and the Castle grounds.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	N/A	N/A	N/A	N/A
Findings Summary	<p>The review allowed us to provide assurance that “to the best of our knowledge and belief, and having carried out appropriate investigations and checks, in all significant respects, the conditions of the Changing Places Fund Grant Determination no 31/6222 have been complied with and that the funds have been administered in line with the principles of propriety, regularity, feasibility and value for money”. We were informed however of risks regarding delivery by the March 2024 deadline and additional capital costs may be incurred over and above the £204,000 awarded. These risks were being managed by the service and will be reported through the Council’s governance arrangements. To this end, the service sought Member approval and a subsequent Project Change Request to the Department for Levelling Up, Housing and Communities (DLUHC) was submitted to reduce the number of approved units from three to two. A further application for funding for the remaining unit will be made in a future bidding round when/ if this is announced.</p>			

Review Title	<b>Treasury Management</b>			
Assurance Opinion	<b>High Assurance</b>			
Overall Objective	The overall objective of the review was to provide assurance that the Treasury Management function is operating effectively to manage the cash flow requirements of the Council.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	0	0	0	0
Findings Summary	<p>The Treasury Management Policy was approved by the Policy and Finance (P&amp;F) Committee in March 2023. The policy is in line with the CIPFA Treasury Management Code of Practice (2021), and the P&amp;F Committee are provided with regular reports that reflect these CIPFA regulatory requirements. These are provided in a timely manner and are thoroughly broken down for Members. Processes for investments (from initial requests through to maturity) are documented thoroughly with the appropriate authorisation in place and were evidenced through detailed testing. From the sample tested, all had the relevant evidence, demonstrated by a clear audit trail and were made in line with authorised limits and institutions.</p>			

2.2 Annex A provides a summary of the profiled delivery of the 2023/24 Internal Audit Plan. The following reviews are in progress; the findings of which will be reported as per the suggested delivery:

- Council Tax – draft report
- National Non-Domestic Rate (NNDR) – draft report
- Member Allowances – draft report
- Flexi-Time System and Sickness Absence Management – fieldwork
- Emergency Preparedness – fieldwork
- Commercial Waste Management – fieldwork
- Housing Benefits – fieldwork

#### **Public Sector Internal Audit Standards (PSIAS) self-assessment**

2.3 Public Sector Internal Audit Standards (PSIAS) require the Internal Audit Service to ‘develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.’ This programme must include internal and external assessments. Internal assessments must include ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. External Quality Assessments (EQA) must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

2.4 Seven recommendations were raised as part of the previous EQA; one of which reflected non-compliance with Standards 1312 and 1320 (the requirement for the 5-yearly external assessment). This was commissioned with immediate effect and the action plan reported back to the Accounts & Audit Committee in June 2022. Six of the seven actions raised are now considered fully implemented.

2.5 The self-assessment has been undertaken by the Internal Audit Manager throughout October 2023. For the 2023/24, one recommendation has been raised. As this recommendation will enhance practice and does not currently impact compliance with PSIAS and the CIPFA Local Government Application Note, it is now considered that the Internal Audit Service conforms with the International Standards for the Professional Practice of Internal Auditing based on the self-assessment. A table of conformance and summary of actions are documented at Annex B.

#### **Investigations**

2.6 There has been one referral made within the period which remains an open investigation.

### **3 LIMITATIONS**

3.1 The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to

ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein.

- 3.2 Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.
- 3.3 Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. Reports are prepared for your sole use and no responsibility is taken by the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

#### 4 CONCLUSION

- 4.1 Committee is asked to consider the report.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE

AA23-23/RP/AC  
22 NOVEMBER 2023



## 2023/24 – Internal Audit Output Delivery

ANNEX A

Review	Status/ Scheduled	Assurance Level
<b>2022/23 c'fwd reviews (contributing to the 2023/24 Opinion)</b>		
Disabled Facilities Grant	Final Report	Substantial
Key Financial Systems	Final Report	Substantial
Payroll	Final Report	Substantial
Electoral Registration	Planning	
<b>2023/24 reviews</b>		
<b>Chief Executive's</b>		
Emergency Preparedness	Fieldwork	
Key Performance Indicators	Planning	
Records Retention Management	Q4	
Climate Change	Q4	
<b>Community Services</b>		
Commercial Waste Management	Fieldwork	
Safeguarding	Planning	
Car Parking & Enforcement	Q3	
Markets	Q3	
Ribblesdale Pool	Q4	
<b>Resources</b>		
Housing Benefits	Fieldwork	
Council Tax	Draft Report	
National Non-Domestic Rates (NNDR)	Draft Report	
Flexi-Time System and Sickness Absence Management	Fieldwork	
ICT Audit – <i>scope tbd</i>	Q3	
Member Allowances	Draft Report	
Treasury Management	Final Report	High
Mandatory Training	Q3	
Procurement	Q3	
Biodiversity Net Gain (BNG)	Completed	Conditions Met
Changing Places	Completed	Conditions Met*
UK Shared Prosperity Fund (UKSPF)	Q3/ Q4	Ongoing
Budgetary Control	Q4	
Key Financial Controls	Q4	

\*project delivery risks reported as part of the briefing note

<b>Review</b>	<b>Status/ Scheduled</b>	<b>Assurance Level</b>
Economic Development & Planning		
Tourism & Events	Q4	
Governance, Risk Management, Follow Up & Contingency		
Risk Management	Q1 – Q4	Continuous
Follow Up	Q2/ Q4	Q2 completed
Contingency	As required	
Planning & Reporting		
PSIAS self-assessment	Completed	N/A
Investigations	As required – one open investigation.	

## PSIAS Self-Assessment: Summary of Conformance

ANNEX B

The following table provides a summary of conformance against each of the PSIAS based on the self-assessment conducted by the Internal Audit Manager in October 2023.

Standard / Areas Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core Principles	Fully Conforms
Code of Ethics	Fully Conforms
Attribute Standard 1000	Fully Conforms
Attribute Standard 1100	Fully Conforms
Attribute Standard 1200	Fully Conforms
Attribute Standard 1300	Fully Conforms
Performance Standards 2000	Fully Conforms
Performance Standards 2100	Fully Conforms
Performance Standards 2200	Fully Conforms
Performance Standards 2300	Fully Conforms
Performance Standards 2400	Fully Conforms
Performance Standards 2500	Fully Conforms
Performance Standards 2600	Fully Conforms
<b>Overall Rating</b>	<b>Fully Conforms</b>

The following PSIAS Quality Assurance & Improvement Plan (QAIP) outlines recommendations that would enhance practice and do not currently impact compliance with PSIAS and the CIPFA Local Government Application Note.

### Quality Assurance & Improvement Plan

PSIAS requirement	Corrective Action
<b>2330:</b> The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.	The Council operates a Document Retention Policy with which the Internal Audit Service complies. However, there is a council-wide review and subject to any changes, the Internal Audit Manual will be reviewed and updated.

This page is intentionally left blank

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

---

meeting date: 22 NOVEMBER 2023  
title: STRATEGIC RISK REGISTER – BI-ANNUAL REVIEW  
submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE  
principal author: INTERNAL AUDIT MANAGER

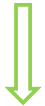




### 1 PURPOSE

- 1.1 To provide the Accounts and Audit Committee with details of the strategic risk management activity that has taken place between April and October 2023.

### 2 BACKGROUND

- 2.1 The Council has recognised that risk management is a process that helps ensure the successful delivery of the Corporate Strategy and strategic aims. A programme of improvement was introduced that revised the Risk Management Policy, provided refresher training to risk owners to reflect current risk management practices and the migration to Pentana; to help facilitate the process and ensure risk management is embedded throughout the organisation.
- 2.2 As per the Accounts & Audit Committee terms of reference, the role of members is to ‘*oversee and then monitor the development and implementation of a comprehensive approach to Risk Management*’. To this end, Officers have reviewed the Strategic Risk Register to ensure that risks and subsequent actions are identified, monitored and reported effectively, and to a level determined as acceptable by the Corporate Management Team (CMT).
- 2.3 The current Strategic Risk Register contains 16 open risks as at October 2023 (as outlined in Annex A). These are risks affecting the delivery of the Corporate Strategy rather than those encountered in the everyday work of managers and staff.
- 2.4 As at October 2023, the Council’s highest strategic risks (*and relevant residual risk score*) continue to be:
- **Risk Ref 1** - Data loss, disruption and/ or damage to reputation due to a cyber attack (*residual risk score: 12*).
  - **Risk Ref 9** - High staff turnover, loss of knowledge and skills resulting in reduced resilience (*residual risk score:12*).
  - **Risk Ref 10** – Failure to deliver the Council's Climate Change Strategy to reduce carbon emissions; adversely affecting the natural environment (*residual risk score:12*).
  - **Risk Ref 12** – Failure to deliver new Local Plan (*residual risk score:12*).
- 2.5 The following activity has taken place during the period April to October 2023. For reference, Annex B details the risk matrix and scoring methodology as outlined in the Risk Management Policy:

Revised risk scores

<b>Risk Ref</b>	<b>Risk Description</b>	<b>Update Position – October 2023</b>	<b>Movement</b>
<b>4</b>	Failure of the Council to embed appropriate safeguarding arrangements.	The new Safeguarding Policy has been ratified and training will be provided to support the arrangements. As new staff are appointed, they will receive safeguarding training as part of their induction.	10 to 5 
<b>5</b>	Reduced funding resulting in inability to deliver discretionary services.	This risk has been re-assessed based on the risk covering the life of the Medium-Term Financial Strategy (MTFS) rather than current budget year, following receipt of the draft VFM recommendations from Grant Thornton.	6 to 9 
<b>13</b>	Failure to meet requirements of the Equalities legislation.	The Council has drafted the Equalities Strategy and is awaiting review and ratification. Once approved, the Strategy will be cascaded to all relevant parties and an action plan developed.	12 to 9 
<b>14</b>	Service/ local economy provision does not match community requirements or expectations.	The People's Survey has been completed and the findings reported to Members. These will be used to development of the Corporate Strategy and Climate Change Strategy. The Peoples' Panel has been established to support further public consultation to inform decision making.	9 to 8 
<b>15</b>	Partnership working opportunities are not taken advantage of to improve the borough infrastructure.	The Council continue to maximise use of s106 agreements to support the development of an improved local infrastructure, and work with other organisations to deliver the objectives. The Council are also utilising the UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) to deliver improved infrastructure for the communities.	9 to 6 

New / Closed risks

- None.

**3 GOVERNANCE ISSUES**

3.1 All Officers and Members have an individual responsibility for the management of risk. The Risk Management Policy outlined these responsibilities, including Council and Committee duties. Each risk has not only been assigned individual risk owners, but also an appropriate service committee who can challenge decisions made by officers. These committees would

then provide assurance to the Accounts & Audit Committee over the management of risks and priorities.

4 CONCLUSION

4.1 The Committee is asked to note the risk management activity that has occurred during the period.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE

AA24-23/RP/AC  
22 NOVEMBER 2023





STRATEGIC RISK REGISTER

ANNEX A

Risk Description			Inherent Risk Score			Original Residual Risk Score (APRIL 2023)			Current Residual Risk Score (OCTOBER 2023)			Change in Risk Score (since last review)					
Risk #	Risk Theme	Inherent Risk Description (prior to controls in place)	Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating		Target Score	Original Target date	Responsible Officer	Responsible Director	Service Committee
Ambition 1	To ensure a well-managed Council providing efficient services based on identified customer needs.																
<a href="#">SRR001</a>	Cyber	Data loss, disruption and/ or damage to reputation due to a cyber attack.	4	5	20	3	4	12	3	4	12	↔	8	31/03/2024	Head of Financial Services	Director of Resources	Policy & Finance
<a href="#">SRR002</a>	Financial	Inability to set an affordable and sustainable budget over the short to medium-term.	3	5	15	2	3	6	2	3	6	↔	6	05/03/2024	Head of Financial Services	Director of Resources	Policy & Finance
<a href="#">SRR003</a>	Fraud	Heightened levels of fraud, including cyber fraud, due to pressures in the current economic climate.	2	4	8	1	3	3	1	3	3	↔	3	31/01/2024	Head of Financial Services	Director of Resources	Accounts & Audit
<a href="#">SRR004</a>	Safeguarding	Failure of the Council to embed appropriate safeguarding arrangements.	3	5	15	2	5	10	2	5	5	↓	5	31/12/2023	Head of Cultural & Leisure Services	Director of Community Services	Community Services
<a href="#">SRR005</a>	Discretionary service provision	Reduced funding resulting in inability to deliver discretionary services.	3	5	15	2	3	6	2	3	9	↑	6	05/03/2024	Head of Financial Services	Director of Resources	All
<a href="#">SRR006</a>	Business Continuity	The Council is unable to ensure the resilience of key operations and business activities due to a lack of robust business continuity plans.	4	5	20	3	3	9	3	3	9	↔	6	31/03/2024	Head of Environmental Health	Chief Executive	Policy & Finance
<a href="#">SRR007</a>	Health & Safety	Death or lifechanging injury due to a lack of robust health and safety processes.	4	5	20	3	3	9	3	3	9	↔	6	31/03/2024	Head of Environmental Health	Chief Executive	Policy & Finance
<a href="#">SRR009</a>	Workforce	High staff turnover, loss of knowledge and skills resulting in reduced resilience.	4	4	16	4	3	12	4	3	12	↔	9	31/03/2024	Head of HR	Director of Resources	Personnel
<a href="#">SRR013</a>	Equality & Diversity	Failure to meet requirements of the Equalities legislation.	4	4	16	3	4	12	3	4	9	↓	6	31/03/2024	Head of Legal & Democratic Services	Chief Executive	All
<a href="#">SRR016</a>	Policies	Failure to identify and embed legislative requirements due to lack of/ outdated	4	4	16	3	3	9	3	3	9	↔	6	31/12/2024	Head of Human Resources	Director of Resources	Policy & Finance

STRATEGIC RISK REGISTER

ANNEX A

Risk Description			Inherent Risk Score			Original Residual Risk Score (APRIL 2023)			Current Residual Risk Score (OCTOBER 2023)			Change in Risk Score (since last review)					
Risk #	Risk Theme	Inherent Risk Description (prior to controls in place)	Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating	Likelihood	Impact	Risk Rating		Target Score	Original Target date	Responsible Officer	Responsible Director	Service Committee
		policies and procedures.															
<i>Ambition 2 &amp; 5</i>			<i>To sustain a strong and prosperous Ribble Valley.</i>														
<a href="#">SRR015</a>	Partnership working	Partnership working opportunities are not taken advantage of to improve the borough infrastructure.	4	4	16	3	3	9	2	3	6	↓	6	31/03/2024	Head of Strategic Planning and Housing	Director of Economic Development & Planning	Economic Development
<a href="#">SRR011</a>	Delivery of Local Plan	Failure to deliver the Local Plan leading to harm to the borough's environment, heritage assets and communities and missed opportunities for economic and housing growth.	3	4	12	2	3	6	2	3	6	↔	4	31/03/2024	Head of Strategic Planning and Housing	Director of Economic Development & Planning	Planning & Development
<a href="#">SRR012</a>	Delivery of new Local Plan	Failure to deliver new Local Plan.	5	4	20	4	3	12	4	3	12	↔	9	31/12/2023	Head of Strategic Planning and Housing	Director of Economic Development & Planning	Planning & Development
<i>Ambition 3</i>			<i>To help make people's lives safer and healthier</i>														
<a href="#">SRR014</a>	Engagement	Service/ local economy provision does not match community requirements or expectations.	4	4	16	3	3	9	2	4	8	↓	6	31/12/2023	Head of Strategic Planning and Housing	Director of Economic Development & Planning	Economic Development
<i>Ambition 4</i>			<i>To protect and enhance the existing environmental quality of our area.</i>														
<a href="#">SRR008</a>	Emergency Planning	Failure to plan and/ or respond to emergency events when they occur.	4	5	20	3	3	9	3	3	9	↔	6	31/03/2024	Head of Environmental Health	Chief Executive	Policy & Finance
<a href="#">SRR010</a>	Climate Change	Failure to deliver the Council's Climate Change Strategy to reduce carbon emissions; adversely affecting the natural environment.	4	4	16	4	3	12	4	3	12	↔	9	31/03/2024	Head of HR	Chief Executive	Policy & Finance

# STRATEGIC RISK REGISTER

## Annex B: Risk Matrix

A risk matrix is a key tool used to analyse the probability and impact of a risk. The Council uses a 5X5 risk matrix, with the score determined by multiplying the 'likelihood' score with the 'impact' score. Scoring risks allows them to be compared with other risks and enables risk owners to prioritise and allocate more resources to those risks posing the greatest threat to the organisation's objectives.

Once completed the risk profile will clearly illustrate the priority of each risk scenario. The categories available are green (low risk, residual score 1-6), amber (medium risk, residual score 8-12) or red (high risk, residual score 15-25). A target risk score is also identified. This is the level of risk we are aiming for when any actions identified are completed.

		IMPACT				
		Marginal (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
LIKELIHOOD	Almost Certain (5)	5	10	15	20	25
	Likely (4)	4	8	12	16	20
	Possible (3)	3	6	9	12	15
	Unlikely (2)	2	4	6	8	10
	Very Unlikely (1)	1	2	3	4	5

Green risks sit within our level of risk tolerance, amber risks sit above our level of risk tolerance but remain within an acceptable level and red risks sit above our acceptable level. If the residual risk score is considered too high, actions are required to change the way we manage the likelihood or impact of the risk. There are four options:

**Treat:** Introduce additional suitable and proportionate controls or actions to reduce the likelihood or impact of the risk to an acceptable level or establish a contingency to be enacted if the risk materialises.

**Tolerate:** Take an informed decision to accept the consequence and likelihood of the risk accepting the existing level of risk identified, subject to regular monitoring arrangements by management. Actions may not be able to be implemented due to disproportionate cost compared to the benefit obtained, or it is out of the Council's control.

**Terminate:** An informed decision to not become involved in a risk situation, stop the activity that gives rise to the risk or carry out the activity in a different way to ensure that controls can be implemented.

**Transfer:** Pass the risk to a third party who shares or bears the impact if the risk materialises, through contracts, insurance or other means.

This page is intentionally left blank