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Ribble Valley
Borough Council

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** Committee will be held at **6.30 pm** on **WEDNESDAY, 14 FEBRUARY 2024** 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

5. **CLOSURE OF ACCOUNTS TIMETABLE** (Pages 7 - 36)
Report of the Director of Resources and Deputy Chief Executive enclosed.
6. **INFORMING THE AUDIT RISK ASSESSMENT 2023/24** (Pages 37 - 66)
Report of the Director of Resources and Deputy Chief Executive enclosed.

ITEMS FOR INFORMATION

7. **INTERNAL AUDIT PROGRESS REPORT 2023/24** (Pages 67 - 72)
Report of the Director of Resources and Deputy Chief Executive enclosed.

8. **AUDITORS ANNUAL REPORT 2022/23** (Pages 73 - 106)
Report of the Director of Resources and Deputy Chief Executive enclosed.
9. **INTERNAL AUDIT UPDATE - UK SHARED PROSPERITY FUND (UKSPF)** (Pages 107 - 118)
Report of the Director of Resources and Deputy Chief Executive enclosed.
10. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**
None.
11. **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

Minutes of Accounts and Audit

Meeting Date: Wednesday, 22 November 2023, starting at 6.30 pm
Present: Councillor R Walsh (Chair)

Councillors:

T Austin	L Street
S Fletcher	C McFall
J Hill	K Barnsley
R Newmark	M Graveston
G McCrum	

In attendance: Chief Executive, Director of Resources & Deputy Chief Executive, Head of Financial Services, Head of Legal and Democratic Services, Sophia Iqbal and Georgia Jones (Grant Thornton)

497 APOLOGIES FOR ABSENCE

Apologies for absence were received for the meeting from Councillor S Hirst.

498 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 27 September 2023 were approved as a correct record and signed by the Chairman.

499 DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS

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

500 PUBLIC PARTICIPATION

There was no public participation.

501 UPDATED AUDIT FINDINGS REPORT 2022/23

Georgia Jones, Key Audit Partner submitted a report on behalf of Grant Thornton which provided Members with an update as to their audit findings for Ribble Valley Borough Council. It was noted that their work was almost complete, with just a few matters outstanding, namely:

- Completion of their work on pensions, with them yet to receive the letter of assurance from Lancashire Pension Fund
- Waiting for receipt of the management representation letter.
- A review of the final set of financial statements.

Members were advised that the anticipated financial statements audit report opinion would be unqualified.

It was noted that the auditors had made two key recommendations in respect of the Value for Money work and that there are ongoing discussions with Officers in relation to this and there will be a more detailed report on this brought to the next Committee.

502

PSAA AUDIT SCALE FEE PROPOSALS FOR 2023/24

The Director of Resources and Deputy Chief Executive submitted an information report advising Committee that the Public Sector Audit Appointments (PSAA) had released details of the proposed scale fees for external audit work in respect of 2023/24. It was noted that the proposals saw the audit fees for the Council increasing from an equivalent fee of £50,832 to £127,588.

The Head of Financial Services outlined the background and reminded Members that the process for appointments for an external auditor began in February 2022. On 8 March 2022 Full Council had approved the recommendation for RVBC to opt into the sector led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

Concerns were raised as to level of the proposed increases and questions were asked as to whether any penalties would be incurred if the Council were to opt out of the sector led option.

The Head of Financial Services reminded Members that it had previously been highlighted to Committee on 22 November 2022 that the scale fees for 2023/24 would increase by approximately 150%. The Director of Resources and Deputy Chief Executive outlined the changes that have occurred over the last 10-15 years with regards to the external audit sector including the abolishment of the Audit Commission, procurement of auditors, reforms to local audit, level of scale fees, pressures in the local audit market and delays due to shortage of auditors and the increased requirements of the Financial Reporting Council (FRC). It was further confirmed that the change in scale fees had been accounted for and was already included within the Council's budget.

Georgia Jones also outlined that the audit work that they undertake is of a specialist nature and they ensure that a thorough and comprehensive audit is carried out. The audit regime has changed substantially over the last five years and the demand on auditors by regulators has increased exponentially.

503

INTERNAL AUDIT PROGRESS REPORT

The Director of Resources and Deputy Chief Executive submitted a report providing an update to Committee in respect of progress made in delivery against 2023/24 Internal Audit Plan. It provided a summary of internal audit activity covering the period September 2023 to October 2023.

Key focuses since the last Committee were noted to be the Changing Places grant claim and Treasury Management.

It was noted that a Public Sector Internal Audit Standards (PSIAS) self-assessment was undertaken by the Internal Audit Manger throughout October 2023 and one recommendation was made. 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.

504

STRATEGIC RISK REGISTER

The Director of Resources and Deputy Chief Executive submitted a report detailing the strategic risk management activity that had taken place between April and October 2023.

It was noted that it contains 16 open risks as at October 2023 which affect the delivery of the Corporate Strategy.

The Internal Audit Manager advised that 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 assurances to this Committee over the management of risks and priorities.

505

REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

506

EXCLUSION OF PRESS AND PUBLIC

There were no items under this heading.

The meeting closed at 7.06 pm

If you have any queries on these minutes please contact the committee clerk, Jenny Martin 01200 414408 jenny.martin@ribblevalley.gov.uk.

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 14 FEBRUARY 2024
title: CLOSURE OF ACCOUNTS TIMETABLE 2023/24
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To remind members of the statutory requirement to closedown our accounts by 31 May 2024 and publish them including any certificate, opinion or report issued by the auditor, by 30 September 2024.
- 1.2 To inform members of the benefits of closing down early, in particular the good governance aspects.
- 1.3 To consider the detailed timetable to be adhered to if we are to achieve the required deadlines.

2 BACKGROUND

- 2.1 The Accounts and Audit Regulations 2015 set out detailed requirements in relation to duties and rights, and also brought in changes to the key deadlines for approval of the statement of accounts and completion of the audit.
- 2.2 The Regulations have important implications for local authorities in terms of planning to ensure critical tasks are met and the approval of accounts carried out by set deadlines.
- 2.3 The deadline for the publication of the draft unaudited statement of accounts for the year ending 31 March 2024 will be 1 June 2024.
- 2.4 The deadline for the publication of the **audited** Statement of Accounts for 2023/24 is the 30 September 2024.

3 THE ACCOUNTS AND AUDIT REGULATIONS 2015

- 3.1 The principal matters covered by the regulations relevant to accounts preparation are:
 - the responsible financial officer must ensure that the accounting records kept by the authority are sufficient to enable the preparation of the statement of accounts
 - the statement of accounts is required to be prepared in accordance with the Regulations and proper practices in relation to accounts.
 - the responsible financial officer is required to certify that the accounts give a “true and fair view” of the financial position
 - at the point of certifying the accounts the authority must commence a 30 working day period for the exercise of public rights.
 - advertisement of the 30 working day period for the exercise of public rights must be published on the council’s website including a copy of the unaudited statement of accounts together with a declaration of the responsible financial officer as to the status of the accounts as unaudited and that they may be subject to change.

- conduct a review of the effectiveness of the system of internal control, which will feed into the preparation of the annual governance statement
- the authority is to allow access to the accounts and specified supporting documents during the period for the exercise of public rights
- following the conclusion of the period for the exercise of public rights, consider either by way of a committee or by the members meeting as a whole, the statement of accounts and approve the statement of accounts by a resolution of that committee or meeting.
- publication of the audited accounts is to be achieved by 30 September.
- as soon as reasonably practicable after conclusion of the audit publish a statement that the audit has been concluded and that the statement of accounts has been published, and the rights of inspection of the same.

The Regulations stipulate various responsibilities for the closure of accounts;

Members

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

Responsible Financial Officer

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

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

4 GOVERNANCE ISSUES

4.1 The early production of the statement of accounts is an essential element of good governance, therefore enabling members to;

- Receive assurance that accounting systems have operated adequately and have been closed down satisfactorily
- Have confidence that the budget for the current year has a secure foundation
- Understand the corporate financial performance during the year and also the position at 31 March
- Adopt the statement of accounts

4.2 It is important that members are aware of the comfort gained from having the statement of accounts published and also that this comfort should be provided at the earliest opportunity.

5 OTHER ISSUES

Budget Implications

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

Practical Issues

5.2 The closedown timetable shows that we are planning to present the audited statement of accounts at the proposed meeting of this committee on Wednesday 25 September 2024 for approval **(subject to approval of the proposed committee meeting timetable for 2024/25)**.

5.3 **It is important that all members endeavour to attend this meeting in order to ensure that the meeting is quorate.**

Timetable

5.4 Based on our past experience, the availability of our external auditors and the statutory deadlines, we have determined a timetable for the closure of our accounts as attached at Annex 1. We firmly believe it is important that all staff are aware of the importance of achieving these deadlines and understand the vital roles they also play. As you will see from the timetable, a number of tasks have already begun or been completed.

5.5 You will see this timetable is considerably detailed and clearly indicates who is responsible for which actions. We have used our experience from last year's closure to inform this year's deadlines. Again, we intend to monitor when we actually achieve each individual task in order to inform future timetables.

6 RECOMMENDED THAT COMMITTEE

6.1 Endorse the suggested approach for the closure of the 2023/24 accounts.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA2-24/LO/AC
5 February 2024

For further information please ask for Lawson Oddie.

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
1	Wed	10-Jan-24	Contact valuer to arrange for desktop review valuations	Head of Financial Services	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>		
3	Fri	09-Feb-24	Lancashire Pension Fund – Request for pensions data check	Head of Financial Services	Systems and Payments Manager		
4	Mon	12-Feb-24	Send email to Heads of Service asking them to review the balance sheet Plant and Equipment items	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	All Heads of Service		
5	Fri	23-Feb-24	Deadline date for confirmation of pensions data to Your Pensions Service	Head of Financial Services	Systems and Payments Manager		
6	Fri	23-Feb-24	Deadline for responses from Heads of Service following their review of balance sheet Plant and Equipment items	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	All Heads of Service		
7	Mon	26-Feb-24 and on-going	Detailed review of “open” purchase orders , i.e. cancel/match up to invoice/keep under review to accrue, Ensure GRNs up to date	Procurement Assistant	All Senior Accountants		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
8	Mon	11-Mar-24	Inform PAs of the deadline for receipt of holiday and lieu time records into the accounts section, in order to ensure records are up to date.	Senior Accountant (Health and Housing Committee)	All PAs Community Leisure and Sports Development Manager Store Person/Admin Officer Admin Officer/Mayor's Secretary		
9	Mon	11-Mar-24	Update Intranet pages relating to the Closure of the Accounts.	Senior Accountant (Health and Housing Committee)	Accounting Technician (Policy and Finance Committee and Planning Committee)		
10	Mon	11-Mar-24	Circulation of closure email and estimated creditor/debtor sheets	Senior Accountant (Health and Housing Committee)			
11	Mon	11-Mar-24	All staff responsible for entering year end invoices onto Financials to have been contacted and any training required arranged.	Systems and Payments Manager	Payments Assistant		
12	Mon	11-Mar-24	Latest date for depreciation journal transactions to be entered on Civica Financials	Senior Accountant (Policy and Finance Committee and Planning Committee)			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
13	Mon	18-Mar-24	Send Request for all utilities meter readings to be taken as at 31 March 2024	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i> Head of Engineering Services Principal Surveyor		
14	Mon-Fri	18 Mar-24 to 29-Mar-24	Continually ensure that all suspense accounts are cleared to nil	All Senior Accountants Systems and Payments Manager	Trainee Accounting Technician		
15	Mon-Fri	18-Mar-24 to 29-Mar-24	Continually review credit balances on Debtors prior to final run of Creditor Payments	Systems and Payments Manager	Payments Assistant		
16	Mon-Fri	18-Mar-24 to 29-Mar-24	Continually review disputed creditor invoices and debit balances prior to final run of Creditor Payments	Systems and Payments Manager	Payments Assistant		
17	Fri	22-Mar-24	Request information from Onward Homes for VAT shelter arrangement	Senior Accountant <i>(Health and Housing Committee)</i>			
18	Fri	22-Mar-24	Send out year-end stocktake sheets	All Senior Accountants			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
19	Tues	26-Mar-24	Last payment run BACS/cheque dated 28 March 2024. Payment run to include ALL outstanding creditor payments (excluding disputed payments)	Systems and Payments Manager	ICT Support Officer		
20	Tues	26-Mar-24	After last payment run, send email to all staff asking them not to enter any more creditor invoices until notified	Systems and Payments Manager			
21	Wed	27-Mar-24	Complete interim review and reconciliation of all capital income and expenditure.	Senior Accountant <i>(Health and Housing Committee)</i>			
22	Thurs	28-Mar-24	Receipt of desktop asset revaluations data.	Head of Financial Services	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>		
23	Thurs PM	28-Mar-24	Send email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Systems and Payments Manager			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
24	Thurs	28-Mar-24	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> • General Stores (Depot) • Paper • Canteen Stock • Civic Regalia 	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i> Store Person/Admin Officer Printing and Stationery Officer Admin Officer/Mayor's Secretary PA to Director of Community Services		
25	Thurs	28-Mar-24	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> • Pool • Gallery/TIC 	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Community Leisure and Sports Development Manager		
26	Thurs	28-Mar-24	<p><u>ALL stock takes</u> to be carried out:</p> <ul style="list-style-type: none"> • Pest Control 	Senior Accountant <i>(Health and Housing Committee)</i>	Pest Control Officer		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
27	Thurs	28-Mar-24	All relevant staff to have been contacted to notify them that all Goods Received Notes must be entered on to the Purchasing system where goods or services have been received by the end of the day on 31 March 2024	Procurement Assistant	Trainee Accounting Technician All staff responsible for purchasing		
28	Thurs	28-Mar-24	Ensure All Creditor batches are closed and authorised and that Debtor invoices have all been authorised	Systems and Payments Manager	Payments Assistant		
29	Thurs	28-Mar-24	Ensure Creditor and Debtor Reconciliation reports balance.	Systems and Payments Manager	Payments Assistant		
30	Thurs	28-Mar-24	Ensure All Purchase Order requisitions are approved and authorised	Procurement Assistant	All staff responsible for purchasing		
31	Thurs	28-Mar-24	Enter final emergency schedule for the year on to Creditors	Systems and Payments Manager	Clerical Assistant <i>(Payments Team)</i>		
32	Thurs	28-Mar-24	All sundry debtor write off/write on adjustments to be completed	Systems and Payments Manager			
33	Thurs	28-Mar-24	Ensure Creditors/Debtors balance reports & Aged Debtors reports are set to run at overnight	Systems and Payments Manager			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
34	Thurs	28-Mar-24	<p>All income to be paid in to cash office (cards, cheques & cash) – See later instruction for any further income received on the 31 March after this paying-in:</p> <ul style="list-style-type: none"> ❖ Level D Reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks • Joiner's Arms • Exercise Referral • Market 	Accounting Technician (Community Services Committee and Economic Development Committee)	Planning Admin Assistant Community Leisure and Sports Development Manager Gallery and Information Centre Supervisor Parking Administration Assistant Joiners Arms Scheme Warden Health and Fitness Development Officer Market Officer HR Officer		
35	Thurs	28-Mar-24	Absolute deadline for return of Officer and Member Interests Forms	Senior Accountant (Health and Housing Committee)	Admin Officer/Mayor's Secretary		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
36	Thurs	28-Mar-24	All suspense accounts cleared down to nil where possible	All Senior Accountants	Trainee Accounting Technician		
37	Thurs	28-Mar-24	Full skeleton accounts prepared together with all restatements where applicable	Head of Financial Services			
	Fri	29-Mar-24	Good Friday				
	Mon	01-Apr-24	Easter Monday				
38	Mon	01-Apr-24 (AM)	Change default year and budget settings – including funds checking budget for purchasing.	Head of Financial Services			
39	Tues	02-Apr-24 (AM)	Send REMINDER email to all staff asking them not to use the purchasing, creditors or debtors modules of the Financials system until notified.	Systems and Payments Manager			
40	Tues	02-Apr-24 (AM)	Change settings on creditor and debtor transaction codes.	Head of Financial Services			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
41	Tues	02-Apr-24	All staff responsible for petty cash books/floats/receipts to have brought them to the Accounts Section.	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	PA to Chief Executive Senior Planning Admin Officer PA to Director of Community Services Arts Development Officer Community Leisure and Sports Development Manager		
42	Tues	02-Apr-24	Last date for the receipt of office staff capital timesheets for charging to capital schemes	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	All capital scheme lead officers		
43	Tues	02-Apr-24	Last date for the receipt of Grounds Maintenance timesheets.	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Amenity Cleansing and Grounds Maintenance Manager		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
44	Tues	02-Apr-24	Last date for the receipt of Works Administration and Vehicle Workshop timesheets.	Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	Head of Engineering Services		
45	Tues	02-Apr-24	Roll Forward purchase order commitments to new financial year and provide reports to Senior Accountants	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Procurement Assistant		
46	Tues	02-Apr-24	Finalise PWLB interest and average interest rate for investments	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
47	Tues	02-Apr-24	<p>All remaining income (received after the final paying-in previously made on 31 March) up to the close of 31 March to be paid in to cash office (cards, cheques & cash):</p> <ul style="list-style-type: none"> ❖ Level D reception/Planning ❖ Pool ❖ TIC/Gallery ❖ Car Parks • Joiner's Arms • Exercise Referral • Market 	Accounting Technician (Community Services Committee and Economic Development Committee)	Planning Admin Assistant Community Leisure and Sports Development Manager Gallery and Information Centre Supervisor Parking Administration Assistant Joiners Arms Scheme Warden Health and Fitness Development Officer Market Officer		
48	Tues	02-Apr-24	Income analysis sheets for Pool, TIC/Gallery to be passed to Accounting Technician (<i>Community Services Committee and Economic Development Committee</i>) for period up to and including 31 March	Accounting Technician (Community Services Committee and Economic Development Committee)	Community Leisure and Sports Development Manager Gallery and Information Centre Supervisor		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
49	Tues	02-Apr-24	Cash office to have processed any remaining balances on all bank statements up to 31 March	Accounting Technician (Community Services Committee and Economic Development Committee)	Senior Cashier		
50	Tues	02-Apr-24	Receipt of Council Tax and Business Rates reports	Head of Financial Services Accounting Technician (Policy and Finance Committee and Planning Committee)	Head of Revenues and Benefits		
51	Tues	02-Apr-24	Completed Statement 1's & 2's up to & incl. 31 March to be passed to Accounting Technician (Community Services Committee and Economic Development Committee) and thereafter on a daily basis	Accounting Technician (Community Services Committee and Economic Development Committee)	Senior Cashier		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
52	Tues	02-Apr-24	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Stores • Paper • Canteen Stock • Civic Regalia 	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i> Store Person/Admin Officer Printing and Stationery Officer PA to Director of Community Services Admin Officer/Mayor's Secretary		
53	Tues	02-Apr-24	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Pool • Gallery/TIC 	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>	Community Leisure and Sports Development Manager		
54	Tues	02-Apr-24	Last date for receipt of completed and authorised stock sheets : <ul style="list-style-type: none"> • Pest Control 	Senior Accountant <i>(Health and Housing Committee)</i>	Pest Control Officer		
55	Tues	02-Apr-24	All sundry debtor control sheets for 2023/24 financial year to have been received in the Accounts Office	Systems and Payments Manager	All staff		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
56	Tues	02-Apr-24	Last date for receipt of estimated debtor sheets	All Senior Accountants	All staff		
57	Tues	02-Apr-24	All stores receipts/issues notes to be received in accounts section	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Store Person/Admin Officer		
58	Thurs	04-Apr-24	Last day for entering old year creditor invoices on Financials	Systems and Payments Manager	All staff		
59	Fri	05-Apr-24	Last day for receipt of holiday and lieu time records from PAs	Senior Accountant <i>(Health and Housing Committee)</i>	PA to Director of Community Services PA to Chief Executive Community Leisure and Sports Development Manager Store Person/Admin Officer Admin Officer/Mayor's Secretary		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
60	Fri	05-Apr-24	Bank reconciliation to have been completed and authorised	Accounting Technician (Community Services Committee and Economic Development Committee)			
61	Fri	05-Apr-24	Entry of year end cash journals	Accounting Technician (Community Services Committee and Economic Development Committee)			
62	Fri	05-Apr-24	Last day for receipt of estimated creditor sheets	Senior Accountant (Health and Housing Committee)	All staff		
63	Fri	05-Apr-24	Capital accounts finished and journals entered	Head of Financial Services	Senior Accountant (Health and Housing Committee)		
64	Fri	05-Apr-24	Decision taken on assets to be added/written off	Head of Financial Services			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
65	Fri	05-Apr-24	Last date for processing of office staff capital, Works Admin and Grounds Maintenance Timesheets on to Financials	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i> Accounting Technician <i>(Community Services Committee and Economic Development Committee)</i>	Trainee Accounting Technician		
66	Fri	05-Apr-24	Completion of system reconciliations: <ul style="list-style-type: none"> • Council Tax • NNDR Housing Benefits	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i> Senior Accountant <i>(Health and Housing Committee)</i> Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Trainee Accounting Technician		
67	Fri	05-Apr-24	General Stores to be finalised	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>	Store Person/Admin Officer		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
68	Mon to Fri	08-Apr-24 to 12-Apr-24	Audit Planning Work	Grant Thornton Head of Financial Services			
69	Fri	12-Apr-24	Capital Financial data updated in Narrative Report	Head of Financial Services			
70	Fri	12-Apr-24	Completion of non-financial elements of Narrative Report	Head of Financial Services	Systems and Payments Manager Head of HR Principal Policy and Performance Officer Trainee Accounting Technician		
71	Fri	12-Apr-24	Receipt of IAS19 information from Lancashire Pension Fund	Head of Financial Services			
72	Fri	12-Apr-24	Complete draft Housing Benefit subsidy claim and working papers	Benefits Manager			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
73	Fri	12-Apr-24	Interest allocated	Senior Accountant (Policy and Finance Committee and Planning Committee)			
74	Fri	12-Apr-24	Completion of system reconciliations: <ul style="list-style-type: none"> • Car Parking • Planning • Building Control • Housing Rents • Licensing • Land Charges 	Senior Accountant (Policy and Finance Committee and Planning Committee) Senior Accountant (Health and Housing Committee) Accounting Technician (Policy and Finance Committee and Planning Committee)	Trainee Accounting Technician		
75	Mon	15-Apr-24	Asset revaluations as provided by the Valuation Office entered on to Technology Forge and journaled on to Financials	Senior Accountant (Policy and Finance Committee and Planning Committee)			
76	Mon	15-Apr-24	Closedown collection fund for Council Tax and inform LCC, Fire and Police	Head of Financial Services			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
77	Wed	17-Apr-24	Central establishment and other recharges to have been completed by: <ul style="list-style-type: none"> • Council Offices • Civic Suite • IT Services • Resources • Chief Executives • Economic Development 	Senior Accountant <i>(Policy and Finance Committee and Planning Committee)</i>			
78	Wed	17-Apr-24	Central establishment and other recharges to have been completed by: <ul style="list-style-type: none"> • Community Services 	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>			
79	Fri	19-Apr-24	Complete and submit Housing Benefit subsidy claim and working papers	Senior Accountant <i>(Health and Housing Committee)</i>			
80	Fri	19-Apr-24	Other recharges to have been completed by: <ul style="list-style-type: none"> • Depot • Grounds Maintenance • Vehicles and Plant • Balances on WKSAD and VEHL • Refuse Collection 	Senior Accountant <i>(Community Services Committee and Economic Development Committee)</i>			
81	Fri	19-Apr-24	Other recharges to have been completed by: <ul style="list-style-type: none"> • Use of Market Buildings 	Senior Accountant <i>(Health and Housing Committee)</i>			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
82	Fri	19-Apr-24	IAS19 adjustment journals (as required) to be entered by	Head of Financial Services			
83	Fri	19-Apr-24	Update Narrative Report with Pensions data	Head of Financial Services			
84	Fri	19-Apr-24	VAT Shelter figures to be received from Onward Homes	Senior Accountant <i>(Health and Housing Committee)</i>			
85	Fri	19-Apr-24	Possible deadline for NNDR3	Head of Revenues and Benefits			
86	Fri	26-Apr-24	Compensated absences analysis and ledger entries completed	Senior Accountant <i>(Health and Housing Committee)</i>			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
87	Fri	26-Apr-24	Data produced, checked, reviewed and published on the website in respect of Data Transparency requirements Senior Officers Salaries/remuneration <ul style="list-style-type: none"> Members' Allowances Expenditure >£250 Grants to Voluntary Organisations Procurement ITT and Contracts/Payments > £5k Car Parking Account 	Senior Accountant (Health and Housing Committee)	Systems and Payments Manager Accounting Technician (Policy and Finance Committee and Planning Committee) Procurement Assistant Senior Accountant (Community Services Committee and Economic Development Committee)		
	Thurs	02-May-24	Police & Crime Commissioner Election				
88	Fri	03-May-24	ALL Service committee accounts to be finished and general fund summary account complete	All Senior Accountants			
89	Fri	03-May-24	Final Income and Expenditure Cleardown Run	Head of Financial Services			
	Mon	06-May-24	Early May Bank Holiday				
ANY FURTHER JOURNALS FOR 2023/24 FINANCIAL YEAR TO BE AGREED WITH HEAD OF FINANCIAL SERVICES BEFORE ENTERING							

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
90	Fri	10-May-24	Finalise Narrative Report with revenue financial data	Head of Financial Services			
91	Mon	20-May-24	Produce all key financial statements: Expenditure & Funding Analysis, CIES, MiRS, Balance Sheet, Cash Flow Statement	Head of Financial Services			
92	Wed	22-May-24	Report Annual Governance Statement and Findings of Review to CMT	Internal Auditor			
93	Fri	24-May-24	Annual Governance Statement to Leader and CE for signing	Internal Auditor			
94	Fri	24-May-24	Finalise all notes to the accounts	Head of Financial Services	All Senior Accountants		
	Mon	27-May-24	Spring Bank Holiday				
95	Tues	28-May-24	All working papers up to date and made available and checked for completeness on the Info System	Head of Financial Services	All Senior Accountants Accounting Technicians		
96	Fri	31-May-24	Accounts final sign off by Director of Resources and published as subject to audit on website	Director of Resources	Head of Financial Services		
97	Fri	31-May-24	Accounts forwarded to Grant Thornton for commencement of audit	Head of Financial Services			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
98	Fri	31-May-24	Advertise accounts available for inspection on website from Monday 3 June 2024	Head of Financial Services	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>		
99	Mon	03-Jun-24	Period of public inspection starts (30 consecutive working days from sign off by Director of resources)	Head of Financial Services			
100	Fri	14-Jun-24 <i>(date to be confirmed)</i>	WGA Return to be completed (Unaudited)	Senior Accountant <i>(Health and Housing Committee)</i>			
101	Fri	28-Jun-24 <i>(date to be confirmed)</i>	Revenue Outturn Forms to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			
102	Fri	28-Jun-24 <i>(date to be confirmed)</i>	Capital Outturn Form to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			
103	Mon	01-Jul-24	Grant Thornton commence final accounts audit	Grant Thornton			
104	Tues	09-Jul-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		
105	Tues	16-Jul-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		
106	Tues	23-Jul-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
107	Tues	30-Jul-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		
108	Tues	06-Aug-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		
109	Tues	13-Aug-24	Review meeting with Grant Thornton	Head of Financial Services	Grant Thornton		
110	Tues	20-Aug-24	Clearance meeting with Grant Thornton	Director of Resources Head of Financial Services	Grant Thornton		
111	Fri	23-Aug-24	Complete Audit Findings Report adjustments and issue final Statement of Accounts to Grant Thornton	Head of Financial Services	Grant Thornton		
	Mon	26-Aug-24	Summer Bank Holiday				
112	Fri	30-Aug-24 <i>(date to be confirmed)</i>	Whole of Government Accounts return (audited) to be completed	Senior Accountant <i>(Health and Housing Committee)</i>			
113	Tues	17-Sep-24	Distribution date for Accounts and Audit Committee and Director of Resources (CFO) sign accounts for true and fair view	Head of Financial Services			

Timetable for Closure of 2023/24 Accounts

No.		Completion Date	Task	Lead Officer	Other Key Persons	Date Actually Done	Comments
114	Wed	Potentially 25-Sep-24	Proposed Accounts and Audit Committee meeting date - to consider the Audit Findings Report and approve Audited Final Accounts	Director of Resources	Head of Financial Services		
115	Thurs	26-Sep-24	Receipt of Accounts opinion from Grant Thornton	Head of Financial Services	Grant Thornton		
116	Thurs	26-Sep-24	Audited Accounts to be published on website by	Head of Financial Services	Accounting Technician <i>(Policy and Finance Committee and Planning Committee)</i>		
117	Mon	30-Sept-24	Close the Financial Year on the Financials system and roll forward balances.	Head of Financial Services			

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

meeting date: 14 FEBRUARY 2024
title: INFORMING THE AUDIT RISK ASSESSMENT
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1. To ask members to ratify the responses made by management in response to a number of questions raised by Grant Thornton. These questions cover some important areas of the auditor risk assessment where there is a requirement to make inquiries of the Accounts and Audit Committee under auditing standards.
- 1.2. Relevance to the Council's ambitions and priorities:
 - Community Objectives – none identified.
 - Corporate Priorities – assessing the Council's system of internal control contributes to the achievement of the corporate priority of being a well-managed Council.
 - Other Considerations – none identified.

2 BACKGROUND

- 2.1. The document attached at Annex 1 details the management responses to a series of questions asked by Grant Thornton in assessing the audit risk. Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Accounts and Audit Committee. ISA(UK) emphasises the importance of two-way communication between the auditor and the Accounts and Audit Committee and specify matters that should be communicated.
- 2.2. This two-way communication assists both the auditor and the Accounts and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Accounts and Audit Committee and supports the Accounts and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.
- 2.3. The document has a series of questions to management of the council, covering:
 - General Enquiries of Management
 - Fraud
 - Laws and Regulations
 - Related Parties
 - Going Concern
 - Accounting Estimates
- 2.4. Accounts and Audit Committee should consider whether these responses are consistent with its undertaking and whether there are further comments it wishes to make.

3 RISK ASSESSMENT

- 3.1 The approval of this report may have the following implications:
 - Resources – there are no resources issues as a direct result of approving this report.
 - Technical, Environmental and Legal – None identified as a direct result of approving the recommendations this report
 - Political – None identified
 - Reputation – None identified

- Equality & Diversity – None identified as a direct result of approving the recommendations of this report

4 RECOMMENDED THAT COMMITTEE

- 4.1 Ratify the responses made to the Grant Thornton document '*Informing the audit risk assessment for Ribble Valley Borough Council 2023/24*' as attached at Annex 1.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND DEPUTY CHIEF
EXECUTIVE

AA1-24/LO/AC
5 February 2024

BACKGROUND PAPERS

None

For further information please ask for Lawson Oddie



Informing the audit risk assessment for Ribble Valley Borough Council 2023/24

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit 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 your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Ribble Valley Borough Council's external auditors and Ribble Valley Borough Council's Accounts and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Accounts and Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Accounts and Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Accounts and Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Accounts and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Accounts and Audit Committee and supports the Accounts and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Local Government's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Ribble Valley Borough Council's management. The Accounts and Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?	There have been significant movements in inflation and interest rates during the year, particularly since the budget was set and approved. This will have a material impact on the outturn position compared to the Original Estimate.
2. Have you considered the appropriateness of the accounting policies adopted by Ribble Valley Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	These are reviewed annually and will next be considered at the April meeting of the Accounts and Audit Committee. At this stage there are none anticipated.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The only financial instruments are in respect of: <ul style="list-style-type: none"> • Cash held by the Council, bank accounts, short term investments and subscribed for shares in the UK Municipal Bonds Agency plc (Local Capital Finance Company). • Long-Term Debtors, consisting of car loans and a loan to Roefield Leisure Centre. • Short-Term Debtors, representing net operational (sundry) debtors. • Long-Term and Short-Term borrowings, being loans with the Public Works Loan Board. • Short-Term Creditors, being the Council's operational creditors. There is no use of derivatives
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	None

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	We are not aware of any changes in circumstances that would lead to an impairment of non-current assets. All service assets continue to be in use.
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
Other than in house solicitors, can you provide details of those solicitors utilised by Ribble Valley Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Geldards Towers & Hamlins Beavan Britton</p> <p>For the avoidance of doubt the above are not working on open litigation or contingencies from previous years but have provided non contentious advice or advice on discrete issues.</p>

General Enquiries of Management

Question	Management response
9. Have any of the Ribble Valley Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Various advisors will have been engaged during the year across a wide range of council services eg valuation office, agents, consultants, archaeological advisors.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Credit loss provisions will be allowed for on the council's sundry debt balance, overpaid housing benefit balances being recovered from ongoing benefit, rent arrears, arrears on council tax and arrears on business rates.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Accounts and Audit Committee and management. Management, with the oversight of the Accounts and Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Accounts and Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Ribble Valley Borough Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Accounts and Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Accounts and Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Accounts and Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Ribble Valley Borough Council's management.

Fraud risk assessment

Question	Management response
<p>1. Has Ribble Valley Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Local Government's risk management processes link to financial reporting?</p>	<p>Yes</p> <p>The Internal Audit Manager undertakes a formal risk assessment annually to determine the risk-based Internal Audit Plan. However, the identification of emerging risks continues daily. This also takes into consideration the risk of fraud to the Council, focusing on core systems and mandated requirements. The Plan and subsequent Progress Reports are reported to Accounts and Audit Committee regularly throughout the year.</p> <p>The Council has reviewed and implemented their Strategic Risk Register which is reviewed regularly by HoS and CMT; and subsequently reported to Accounts and audit Committee bi-annually. The Risk Management Policy has also been reviewed in year.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>We assess the risk based priority of an audit area for inclusion in our Internal Audit Plan</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Ribble Valley Borough Council as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>There was one fraud referral made in year. The investigation was in progress at the time of writing.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Risk issues and assurance opinions are provided independently to all meetings of the Accounts and Audit Committee through the Internal Audit Manager’s Progress Report and annual Head of Audit Opinion. In relation specifically to fraud, Members would be provided with the necessary information if this arose. This may be from either Internal Audit Manager or other investigating officer. Processes for reporting are outlined in the Whistleblowing Policy, Counter Fraud, Bribery and Corruption Policy Statement and Strategy and Anti-Money Laundering Policy.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Ribble Valley Borough Council where fraud is more likely to occur?</p>	<p>Although no specific risks of fraud have been identified throughout the year, the CMT identified the overall risk of fraud as a strategic risk on the SRR (003), and the necessary controls in place to mitigate/ identify them.</p>
<p>6. What processes do Ribble Valley Borough Council have in place to identify and respond to risks of fraud?</p>	<p>Control environment, Internal Audit Plan, Whistleblowing and Counter Fraud, Bribery and Corruption Policy Statement and Strategy</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Ribble Valley Borough Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Internal Audit Manager undertakes an independent risk assessment to develop the risk-based Internal Audit Plan and considers the risk of fraud through review of controls. If recommendations are made on specific assignments to improve the control environment, these are monitored though the follow up process to ensure implemented by senior management.</p> <p>In addition to the Whistleblowing and Counter Fraud, Bribery and Corruption Policies, the Council also has an Anti-Money Laundering Policy in place and take part in the NFI as required.</p> <p>Continued staff shortages may impact the control environment.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not aware of any</p>

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Fraud risk assessment

Question	Management response
<p>9. How does Ribble Valley Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Via our Procurement arrangements, induction process, staff meetings, press releases, training and various policies. The council operate Codes of Conduct for both Members and Staff in addition to robust business and personal interest declarations.</p> <p>Financial regulations state staff should be alert to the possibility of fraud and to report any concerns. Reporting suspected irregularities is essential to the Counter Fraud, Bribery and Corruption Policy Statement and Strategy. The Council's Whistleblowing Procedure provides a clear path for individuals to raise concerns of malpractice in any aspects of the Council's work, without the fear of recrimination or victimisation</p> <p>Our policies provide examples. One issue has been reported in year which was being investigated at the time of writing.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>All posts with potential to override controls, However particularly those who have influence over any decision-making processes</p> <p>Via the control environment. Eg separation of duties, documentation of decisions, necessary authorisations, limitations on access to system permissions.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Each year, Members declare interests by completing a 'Disclosable Pecuniary Interests' form and a 'Related Party Relationships' form. These forms list any relationships and interests and are reviewed by management. Staff are also required to make any declarations of conflicts of interest</p> <p>Managed in part through the declarations of business and personal interests process.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Accounts and Audit Committee?</p> <p>How does the Accounts and Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Internal staff can submit reports directly to the Accounts and Audit Committee. The Head of Internal Audit role regularly provides a monitoring report which updates members regarding recent audits and assurance levels.</p> <p>The Audit Committee approves the annual Internal Audit Plan. They also receive regular updates on progress and in cases of breaches would receive detailed reports.</p> <p>Worked well</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

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Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Accounts and Audit Committee, is responsible for ensuring that Ribble Valley Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Accounts and Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Ribble Valley Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Local Government's regulatory environment that may have a significant impact on the Local Government's financial statements?</p>	<ul style="list-style-type: none"> • Code of Corporate Governance • Systems of internal control • Annual Governance Review • Monitoring Officer role • Codes of Conduct • Financial Regulations • Contract Procedure Rules • Counter Fraud, Bribery and Corruption Policy Statement and Strategy • Whistleblowing Policy
<p>2. How is the Accounts and Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Assurance given as part of the Annual Governance Review, where such issues are reviewed under Core Principle A – Behaving with integrity, demonstrating commitment to ethical values and respecting the rule of law.</p> <p>Where relevant, breaches would be reported to members</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>None that are known of</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Not aware of any current or potential litigation which could affect the financial statements</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Ribble Valley Borough Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Claims are identified either by receipt of a claim form or legal letter. All claims are referred to the legal section who evaluate and put in place arrangements to deal with those claims.</p> <p>Subrogated claims are referred through the internal audit team (who deal with the council's insurance) to the insurers.</p> <p>Should the need arise we would put a contingent liability or a provision in the accounts dependant on the nature/certainty/materiality of the item</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>No</p>

Related Parties

Matters in relation to Related Parties

Ribble Valley Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Ribble Valley Borough Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Local Government;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Local Government, or of any body that is a related party of the Local Government.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Local Government must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Ribble Valley Borough Council's 2023/24 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Ribble Valley Borough Council Whether Ribble Valley Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>None identified at this stage of the closedown process. Once the financial year has been closed a thorough review of transactions against declarations will be undertaken to confirm that this is the case</p>
<p>2. What controls does Ribble Valley Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Officer and Member disclosure forms completed. These are reviewed against in year transactions as part of the statement of accounts process.</p> <p>Declarations of interest are also sought from members at meetings and this is minuted.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Steps are taken to ensure that any transactions where an interest had been declared did not involve the relevant officer or member.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Any significant transactions outside of the normal course of business would be considered initially by the Council's Corporate Management Team and then by relevant service committees and if there were financial implications outside that already allowed for within the budget, such items would also be considered by the Policy and Finance Committee</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, 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 body'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.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies.

This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Ribble Valley Borough Council will no longer continue?	The council have a sound system of financial management in place, which includes work through the Budget Working Group and regular reporting to service committees. All committee decisions include risk assessments which include financial and legal considerations.
2. Are management aware of any factors which may mean for Ribble Valley Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by Ribble Valley Borough Council, does Ribble Valley Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Ribble Valley Borough Council to cease to exist?	Ribble Valley Borough Council expect to continue to deliver them for the foreseeable future
4. Are management satisfied that the financial reporting framework permits Ribble Valley Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes Yes

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;

The body's information system as it relates to accounting estimates;

The body's control activities in relation to accounting estimates; and

How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	<ul style="list-style-type: none"> • Pensions Liability • Property, Plant and Equipment Valuations
2. How does the Local Government's risk management process identify and address risks relating to accounting estimates?	Material items of income and expenditure are initially flagged for consideration to assess if there have been, or needs to be, any element of estimation. The materiality of this is then assessed against the likelihood of valuation fluctuation.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Latest best practice is followed where relevant when making any estimation. In a number of areas guidance is sought from external advisors and their expertise is followed – subject to any challenge we may make on assumptions that they may make.
4. How do management review the outcomes of previous accounting estimates?	Where a clear fixed outcome is possible to be identified, the estimation and outturn position are compared and used to help assist in any future estimations
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	The accounts closedown process is not yet at a stage to adequately answer this question, however, no changes planned at this stage.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	If the necessary in-house skills are not held by the council, external specialists would be sought.
7. How does the Local Government determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>The reasonableness of any estimations provided is always checked and challenged with the provider where relevant.</p> <p>Relevant qualifications are sought to ensure that the person or persons are able to provide what is requested.</p>
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Reference made to the organisation and their ability to provide what is required.
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Discussion with the S151 officer, for all material items, particularly in areas where there is a high level of uncertainty.</p> <p>Best fit estimation techniques are discussed and agreed.</p> <p>External advice sought where needed – ie asset and pension valuations</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Assurances from suitably qualified and experienced staff and confidence in the skills of external experts following any relevant challenge and queries.
12. How is the Accounts and Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Details are provided within the statement of accounts and clearly identified to members prior to approval.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Use of external valuer	Direct involvement in revaluation process and engagement of experts by Head of Financial Services	External Valuer Lea Hough and Co Chartered Surveyors	Valuations are compiled by a professional external valuer using professionally recognised basis	None planned
Depreciation	Based on previously identified asset lives from the prior year valuations	Set Policy		The main assumption in the depreciation is the useful life of the asset. Property assets have their useful life estimated by our expert valuer	None planned
Valuation of defined benefit net pension fund liabilities	Use of external actuary		External Actuary Mercers	Detailed information to support calculations and assumptions used is provided by the actuary based on data submitted by the employer. The only cause of uncertainty is the impact of the current economic climate on financial markets	None planned
Fair value estimates	For Debtors and Creditors, fair value is taken to be the invoiced amount			There are no borrowings	None planned

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions- NDR Appeals	Calculated based on past experience, where this is available		No	Uncertainty due to variance in appeal decisions	None Planned
Provisions- Accruals (if they are material)	N/a at this stage				None Planned
Credit loss and impairment allowances	Past experienced losses/impairments Also, stepped impairment rates based on debt age			Impact of the current economic climate on financial markets	None Planned



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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 14 FEBRUARY 2024
 title: INTERNAL AUDIT PROGRESS REPORT – FEBRUARY 2024
 submitted by: DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF RESOURCES
 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 December 2023 to January 2024.
- 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	Members Allowances			
Assurance Opinion	High Assurance			
Overall Objective	To provide assurance that claims are completed in full, in accordance with the Members Allowances Scheme, paid accurately and timely, and published appropriately. Members of the Council are currently able to claim a basic allowance, special responsibility allowance (where relevant), dependent carers allowance, travel and subsistence. Such payments totalled £253k in 2022/23.			
Recommendations/ Risk Rating	Critical	High	Medium	Low
	0	0	0	2

Findings Summary	<p>The Council's Members' Allowance Scheme was approved by Full Council in July 2023; as recommended by the Independent Remuneration Panel and Policy & Finance Committee. The Independent Remuneration Panel was established by the Council to undertake the four-yearly review in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003. Its aim was to review the existing scheme; recognising the roles, duties and responsibilities of Members, consideration of the values of allowances paid and to whom they may be paid. The Panel concluded that the Members' Allowance Scheme in operation was a fair reflection of the Councillor duties and responsibilities. It recommended that due to the change in political make-up of the Council and the additional demands and responsibilities on group leaders, that the Special Responsibility Allowance be amended to include an allowance for the leader of each political group.</p> <p>The audit focused on the allowances paid since the May 2023 local election. It found that the controls in place were robust, designed well and operated effectively. Sample testing took place in relation to payments for basic allowances, special responsibility allowances, travel and subsistence. Two low risk recommendations have been made in relation to the claiming of travel expenses to outside body/organisation meetings and publicising the detailed Members' allowances on the Council's website to ensure full transparency.</p>
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2.4 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 Rates – draft report
- Emergency Preparedness – draft report
- Commercial Waste – draft report
- Sickness Absence Management – fieldwork completed
- Housing Benefits – fieldwork
- Key Performance Indicators - fieldwork
- Safeguarding – fieldwork
- Procurement - fieldwork
- UK Shared Prosperity Fund - fieldwork

- Key Financial Controls – planning
- Climate Change – planning
- Markets - planning

Investigations

2.5 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 A further report has been issued since the last meeting, giving High assurance for Members Allowances. There are currently 13 audits where work of varying degrees is being undertaken. There has been one referral for investigation, and this remains an open investigation. Progress and coverage on the audit plan is good and will enable a sound audit opinion to be formed at the end of the financial year.

INTERNAL AUDIT MANAGER
DIRECTOR OF RESOURCES

DEPUTY CHIEF EXECUTIVE AND

AA3-24/RP/AC
14 FEBRUARY 2024

2023/24 – Internal Audit Output Delivery

ANNEX A

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

*project delivery risks reported as part of the briefing note

Review	Status/ Scheduled	Assurance Level
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.	

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Auditor's Annual Report on Ribble Valley Borough Council

For the year ended 31 March 2023

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January 2024



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

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



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation

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

Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020/21 was the first year that we reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Two significant weakness are identified in the Council's arrangements to improve economy, efficiency, and effectiveness

Our findings of the VFM audit for 2022/23 identify two significant weakness in the Council's arrangements to improve economy, efficiency, and effectiveness. The Council needs to develop a savings and transformation programme to address its significant budget gap and reduce the potential impact on the Councils reserves. It also needs to develop a performance framework. This can be used to help drive its required transformation as it the Council looks to makes informed decisions to identify the required savings. We recommend this Auditors Annual Report (AAR) and its key recommendations are discussed as an item at Full Council to enable all members to consider the issues raised in the Council's response.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	2022/23 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but six improvement recommendations made.	No significant weaknesses in arrangements but four improvement recommendations made.	One significant weakness in arrangements identified, and four improvement recommendations made.	↓
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but four improvements recommendation made.	No significant weaknesses in arrangements identified, but two improvement recommendations made.	No significant weaknesses in arrangements identified but three improvement recommendations made.	→
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but one improvement recommendation made.	No significant weaknesses in arrangements but improvement recommendation identified.	One significant weaknesses in arrangements identified and one improvement recommendation made.	↓

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

Executive summary (1 of 2)

Key recommendations

We make two key recommendations. The first on page 6 relates to financial sustainability. The Council has identified a gap of £8.794m to fund revenue budgets in the medium term. The Council has itself acknowledged that if it were to use earmarked reserves between 2024/25 and 2027/28 to fund the revenue budget, this would leave earmarked reserves of only £0.770m at the end of 2027/28. The Council also acknowledges this would not be a financially sustainable method of funding expenditure. The Council has started work in 2023/24 to address this gap but at the time of writing it does not have an approved savings programme. The scale of budget gap means the Council may require a transformative approach to achieve value for money (VfM) and maintain effective services.

Our second key recommendation (page 7) relates to the 3Es. We raised performance management as an improvement recommendation in our AAR 2020/21 and raised the lack of reporting in our AAR 2021/22. In 2022/23 the Council did not have a formal performance framework. This can mean the Council may be more likely to employ a reactive approach to challenge, rather than proactively forward planning, and lacks a mechanism to potentially anticipate issues before they emerge. Committee members received no performance reports in 2021/22 or 2022/23. Members should have sufficient information to enable them to hold officers to account for performance. Performance benchmarking is currently not built into the Council's arrangements. Given the financial pressures mentioned above, the Council will need to ensure it has effective and reported performance data to help inform key decisions.

Financial sustainability

In 2022/23 the Council did not have a current Medium Term Financial Strategy (MTFS), however did forecast service committee expenditure for three-years. It had not fully updated its MTFS since 2018/19 and we have raised this previously in our vfm reporting. We note the Council did however approve its MTFS for 2023/24 to 2025/26 at Full Council on 7 March 2023. The 2022/23 outturn position was £8.671m against an originally expected spend of £9.097m. On 7 March 2023, Full Council approved the 2023/24 budget for committee expenditure at £11.593m. Financial plans are discussed at Full Council, Policy and Finance Committee and in Service Committees on a quarterly basis.

In 2022/23 the Council did not have an approved and costed robust plan to address its identified financial gap in the medium-term and there was not a fully documented savings programme in place. We previously raised the lack of a savings plan in our AARs in 2020/21 and in 2021/22. The Council itself notes that using reserves to bridge funding gaps in future years is not sustainable. In June 2023, the Council predicted deficits in each year of the MTFS 2023-2026 based on assumptions about future financial reforms and possible levels of transitional protection. If these are realised, the Council is aware that if no other alternative could be identified, it would need to use £8.794m of its earmarked reserves between 2024/25 and 2027/28 to fund the revenue budget. This would leave earmarked reserves of only £770k at the end of 2027/28. This is not financially sustainable. The Council has itself identified that this is an issue and is starting work in 2023/24 to address this gap but had no detailed plan in place in 2022/23 and we raise this in the key recommendation on page 6.

On a positive note the Council does have a strong control of staffing costs. All staff vacancies that arise are reviewed by the relevant Head of Service and a report presented to the Corporate Management Team to make a request to reappoint to the post.



2022/23

At the time of writing we are working on our audit of your financial statements. We anticipate issuing an unqualified audit opinion on completion of the work.



Executive summary (2 of 2)



Governance

The Council has made good progress in improving its risks management arrangements to make them more robust. A new Risk Management Policy was approved by the Accounts and Audit Committee on 28 September 2022. The Policy outlines the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling them. It also includes the Council's approach for managing risk, and roles and responsibilities of managers and decision-makers. We made improvement recommendations about the Council's approach to risk management in the AAR 2020/21 and again in 2021/22 and are satisfied the Council has worked hard to address these. We have identified some good practice on the significant risk register (SRR) including risk references, residual and target scores, assurances, and individual risk owners, and service committees. We also noted that risk training was undertaken for Heads of Service in Autumn 2022. Although we make a further improvement recommendation on page 23, this is a 'good practice' recommendation and we acknowledge the Council's arrangements in 2022/23 were much improved.

On 23 November 2022, members of the Accounts and Audit Committee approved the Annual Governance Statement (AGS) for 2021/22 which identified that due to overriding COVID priorities, several key Council policies were now out of date and needed urgent review. These were also raised in the draft AGS for 2022/23 in June 2023 together with the need to improve performance and reintroduce performance reporting to members. The Council should integrate performance and financial planning aligned to its corporate plan, and trend analysis (for example in respect of income) would give further enhancement of the reporting. Joint quarterly monitoring of performance and finance would help the Council to ensure its spending was achieving value for money and delivering effective outcomes.

On 28 June 2023, the Accounts and Audit Committee received audit opinion of substantial assurance for 2022/23. In 2022/23 Internal Audit made 65 recommendations on 18 audits (76% of its agreed plan). Members are not provided with detail as to why some audits received limited or partial assurance or the actions to be taken to improve and are not told why some recommendations are not followed-up. We raise an improvement recommendation on page 24. We also recommend the Council adopts the CIPFA guidance to include at least two co-opted independent members onto its Accounts and Audit Committee to provide appropriate technical expertise which we understand the Council is already in the process of implementing.



Improving economy, efficiency and effectiveness

The Council's four-year Corporate Strategy 2019-2023 sets its strategic direction. The Strategy has five strategic ambitions, and each ambition has priority actions and success measures. As set out above to support this the Council should update its performance management framework in line with these ambitions, actions or measures. There was no annual delivery plan for the Strategy to enable reporting to elected members or to residents during 2022/23. We acknowledge that this was in part due to staffing changes and capacity. Going forward, integrated reporting would help the Council to focus spend on its priorities to deliver improvement. The Council has not yet looked at levels of delivery for statutory services and needs to plan this work as long-term financial constraints have the potential to increasingly impact its financial sustainability. The Council needs a strategic approach to assess required service levels, but as previously noted this relies on effective performance data. See our key recommendation on page 7.

In January 2023, the Council launched the 'People Survey – Life in Ribble Valley'. This was the first survey since 2018. The survey feedback will help shape the Council's Corporate Strategy 2023 - 2027. As part of putting an effective performance framework for the new Strategy in place, work on this framework also needs to develop robust KPIs with benchmarking where appropriate on performance and cost.

The Council has a Procurement Strategy 2022-2024, which is meant to be agreed at Full Council according to the Council constitution, but this agreement was outstanding in August 2023. Financial regulations and contract standing orders (CSOs) are updated annually and reported to the Policy and Finance Committee. The contracts register is available on the Council's website for contracts over £5k.

Key recommendation 1

Page 78



Financial sustainability

Key recommendation 1

The Council needs as a matter of priority to identify, document and approve a programme of savings and if required transformation, in order to address the budget gaps set out in the MTFS. The Council should consider the following as a means of achieving that, but does need to develop its own plan to achieve this in line with member approval:

- use the new corporate plan to identify its budget priorities and review service budgets.
- develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify any required reductions to non-essential spending
- consider the use of unit cost benchmarking to review the cost effectiveness of existing activities
- identify any discretionary activities for further consideration of related costs where these do not contribute to corporate plan priorities
- consult on service changes and future spending plans with the public and include public engagement annually as part of business planning
- assess the skills required to manage the programme and explore new ways of working.
- develop early ideas for savings with budget holders and present these members to enable members to see options and any potential impact of savings on residents across the service committee areas.

Why/impact

The Council has identified that if no other action is taken it would need to use £8.794m of its earmarked reserves between 2024/25 and 2027/28 to fund the revenue budget. This would leave earmarked reserves of only £0.770m at the end of 2027/28. The Council is itself clear that this is not financially sustainable. The Council is starting work in 2023/24 to address this gap but had no current savings programme in place in August 2023. The scale of budget gap means the Council may require a transformative approach to achieve VFM and maintain effective services.

Auditor judgement

The Council needs to develop a corporate savings and (potentially) transformation programme to identify potential reductions to non-essential spending and review the level at which it is delivering statutory services to ensure it continues to be financially sustainable beyond 2026/27.

Summary findings

We previously raised the lack of a savings plan in our AARs in 2020/21 and in 2021/22. As the Council has set up, using reserves to fund future budget gaps is unsustainable. On 7 March 2023, Full Council approved the 2023/24 budget for committee expenditure at £11.537m. The Council needs to identify a robust plan to address its identified financial gap in the medium-term.

Management Comments

The council will develop a savings plan that covers the life of the next budget forecast/MTFS. Due to high uncertainty around local government finance the council is cautious around the amount of detail for inclusion in such a plan. Savings flagged within the budget forecast/MTFS carry no certainty but are shown following preparation of forecasts on a prudent basis. Complex risk of damage to key stakeholder confidence in the council due to the need for savings not materialising is a key concern.

The range of recommendations that external auditors can make is explained in Appendix C.



Key recommendation 2



Improving economy, efficiency and effectiveness

Key recommendation 2

The Council needs to improve its performance management arrangements by considering the following actions:

- developing a new performance framework for the 2023-27 Corporate Strategy which sets out priority actions and success measures and is baselined. The framework should look to include a delivery plan with annual delivery targets and a suite of KPIs, with appropriate benchmarking. It should also set out the annual business planning cycle to deliver the Corporate Strategy aligned to the budget setting process. Scenario planning and sensitivity analysis would be helpful to demonstrate the potential impact of differing outcomes
- introducing performance reports with target and actual measures, RAG rating, and appropriate benchmarking
- integrated performance, finance and risk reporting to service committees on a quarterly basis.
- ensuring the Council's data quality policy is complied with and understood.
- ensuring appropriate use of the Pentana Performance System to record performance in the new framework including staff training.
- continuing to learn lessons from any external reports in a timely way to ensure good quality services for its residents that take their equality dimensions into account and complying with its statutory duties relating to environmental health.
- considering use of the Local Government Association (LGA) Corporate Peer Challenge process to test its performance and transformation plans once drafted

Why/impact

The Council needs to deliver its Corporate Strategy and in order to do this will need a performance management framework in place, underpinned by robust data. This will help the Council further understand any improvements required and enable officers to understand how they contribute or identify savings and achieve VFM. The lack of performance management can mean there is insufficient data to drive improvement. A blended approach between finance and performance will help the Council could reduce spending in the right areas.

Auditor judgement

The Council's arrangements for performance management require expansion and improvement.

Summary findings

We raised performance management as an improvement recommendation in the AAR 2020/21 and noted in the AAR 2021/22 the Council was not reporting performance. In 2022/23 the Council lacked a documented and reported performance framework. This could mean actions being more likely to be reactive, rather than using performance to forward plan or anticipate issues. It is also important to have a robust reported framework so that committee members can hold officers to account for performance. The Council also will need to use performance data to help it close its budget gap. The Council was non-compliant with statutory duties relating to water risks to commercial properties in 2022/23 and up to August 2023 due to a resourcing issue for the role at the time.

The range of recommendations that external auditors can make is explained in Appendix C.



Key recommendation 2



Improving economy, efficiency and effectiveness

Management Comments

The council has a wide range of performance management arrangements in place, whilst possibly not always badged as such. Much of this is embedded within reports, including performance narrative which is integrated within detailed financial reporting.

The council has already recognised that the reporting arrangements for performance indicators needs strengthening to better meet the needs of services. Covid unfortunately meant that priorities were corporately redirected at a time when many of our usual services were suspended, reducing the relevance of such data at that time.

This area was again impacted last financial year due to staffing changes around policy and performance, but good progress has been made by the council since recruitment to the post which is not recognised within the reporting here.

The Annual Government Report highlighted the need to return to detailed performance indicators and reports have previously been taken to Policy and Finance committee explaining the process that is being followed to allow this alongside the development of the new Corporate Strategy.

The range of recommendations that external auditors can make is explained in Appendix C.



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

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether the accounts: present a true and fair view of the Council's financial position; and have been prepared in accordance with the CIPFA/LASAAC Code of Practice on local authority accounting in the United Kingdom 2021-22.

Our audit of the Council's 2022/23 financial statements is complete.

Statutory recommendations

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

We did not issue any statutory recommendations in 2022/23.

Public Interest Report

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

We did not issue any public interest report in 2022/23.

Application to the Court

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

We did not make any application to the Court in 2022/23.

Advisory notice

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

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

We did not issue any advisory notice in 2022/23.

Judicial review

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

We did not apply for any judicial review in 2022/23.

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

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

Councils report on their arrangements, and the effectiveness of these arrangements as part of their Annual Governance Statement.

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

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



Financial Sustainability

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



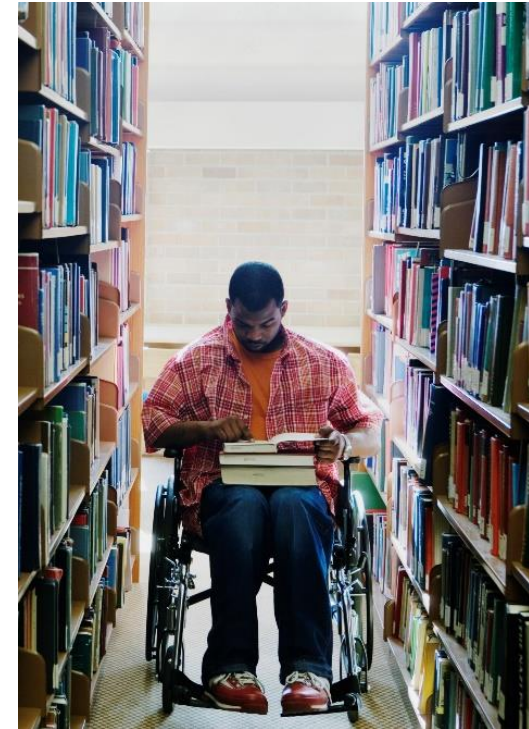
Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 11 to 27. Further detail on how we approached our work is included in Appendix B.

Financial sustainability (1 of 3)



We considered how the Council:

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

How the Council ensures that it identifies all the significant financial pressures that are relevant to its short- and medium-term plans and builds them into its plans

In 2021/22 the Council planned to spend £8.378m on net committee expenditure with the outturn position being £7.428m, resulting in an underspend of £0.955m of which £0.427m was added to general fund balances and £0.161m to ear marked reserves. In 2022/23, the annual funding settlement was again for one-year creating challenges in financial planning across the sector. The Council did not have a current Medium Term Financial Strategy (MTFS) but as in previous years, it did prepare and update a three year budget forecast which has always formed a key element of the Council's financial planning. At that time it had not updated its MTFS since 2018/19 but we note Full Council approved its MTFS for 2023/24 to 2025/26 on 7 March 2023.

On 22 February 2022, the Policy and Finance Committee proposed the 2022/23 budget for committee expenditure be set at £9.077m which was agreed at Full Council on 8 March 2022. The Council's core spending power increased by only 0.6% or £39,000 between 2021/22 and 2022/23.

Assumptions included £1.206m from New Homes Bonus (NHB) in compared with £1.516m in the previous period and £1.354m from business rates baseline funding. The Council was a part of the Lancashire Business Rates Pool and was the lead Council. Out-turn for 2022/23 identified £1.8m from business rates growth. The Council Tax increase for a Band D property was agreed as £160.69 or a £5 increase from 2021/22 (3.2%). The taxbase was set at 24,553. The Council Tax requirement was £3.945m.

The 2022/23 outturn position for the committees was £8.671m against the expected net spend of £9.097m (after in year approvals), resulting in a variance of £0.426m. This resulted in less than expected money being taken from general fund balances. The Council originally planned to take £0.412m from general fund balances to help finance the 2022/23 spending plans. However, the final position shows it used £0.242m.

On 7 March 2023, Full Council approved the 2023/24 budget for committee expenditure at £11.594m. This budget exceeded known income and was balanced by £0.759m from reserves - £0.459m from associated earmarked

reserves (i.e. release of grant funds) and £0.3m from general fund balances. The General Fund balance on 31 March 2023 was £2.719m. This compares to £2.961m in 2021/22.

The Section 25 statement reported to full Council on 7 March 2023 references the reserve levels and confirms they are adequate considering the external impacts on the budget.

Financial plans are discussed at Full Council, Policy and Finance Committee and in Service Committees on a quarterly basis and with the Budget Working Group.

The Council does not have a specific separate carbon reduction budget, but rather integrates such spend within its service and capital budgets. The Council has a climate change action plan and as decisions are made it would be helpful for the Council to cost the action plan to help ensure it can meet its carbon neutral target and ensure spending reflects its ambitions. The impact of climate change and carbon neutral is not currently separately highlighted in the new MFTS from 2023. We make an improvement recommendation in relation to this. (page 14).

How the body plans to bridge its funding gaps and identifies achievable savings

In June 2023, the Council's budget gap over the medium-term (4 years) was £8.794m, from the gap of £4.848m it identified in September 2022 although this was only based on 3-years, rather than the 4 years as in June 2023.. The Council is clear that funding this gap from reserves is not sustainable however in 2022/23 it had no savings programme in place.

In September 2022, the Policy and Finance Committee asked Service Committees to consider if they could identify savings in 2023/24 but proposals to address the gap does also require a corporate response. The Council may need to consider a transformative corporate approach to savings to ensure reductions in spending do not impact performance and VfM. As of August 2023, no plans were yet documented and approved.

We make a key recommendation that the Council as a matter of priority identifies, documents and approves a programme of savings and (if required) transformation, in order to address the budget gaps set out in the MTFS (see page 6). The scope of this programme will need agreeing with elected members.

Financial sustainability (2 of 3)

How the body plans to bridge its funding gaps and identifies achievable savings (continued)

As part of the savings programme and in future years it will be important to develop early ideas for savings with budget holders and present these to members to scrutinise to enable early engagement with key stakeholders and to enable members to see options and any impact of savings. This needs corporate oversight through the Policy and Finance Committee and the Budget Working Group.

While the Council had no formal savings programme since 2010 all budget holders are encouraged to identify savings to fund any growth items via virement requests during the year. The Council is aware that it needs to identify savings rather than use earmarked reserves and is undertaking work to address this.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Financial reporting in the Council does not clearly distinguish the cost of delivering core statutory services as distinct from discretionary areas of spend. We have raised this as an improvement recommendation previously as this information will be helpful to the Council's compilation of a robust savings programme, and we include this in our key recommendation on page 6.

The Council in its Corporate Strategy 2019/23 stated it wants to be well-managed providing efficient services and value for money. As the Council develops its new Corporate Strategy for 2024 onward it will need to ensure its spending reflects its priorities particularly for discretionary services but also the level at which statutory services are funded to realise possible savings. We include the need to link priorities and spending in our key recommendation on page 7.

There is internal consultation to ensure the annual budget meets service committee needs, ensuring key services remain funded. Financial plans are not discussed with wider stakeholders through an annual consultation exercise, and we include this in our key recommendation on page 6. We found no evidence of the need to curtail services to support short-term funding deficits. The Council has strong control of staffing costs. All staff vacancies that arise are reviewed by the relevant Head of Service and a report presented to the Corporate Management Team to make a request to reappoint to the post.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

While the Council reports some human resources information, it does not have a current costed Workforce Strategy. We note the Council's workforce is relatively stable and there are no current plans that would impact on the workforce profile, but as good practice we make an improvement recommendation to develop a long-term term and costed Workforce Strategy (see page 15).

On 8 March 2022 full Council agreed the joint Capital and Treasury Management Strategy, which is updated annually, and approved the prudential indicators, borrowing limits and minimum revenue provision. During 2022/23 the Council repaid its outstanding Public Works Loan Board loans early and it had no external debt on 31 March 2023 and no plans for new borrowing in 2023/24.

As might be expected over the year there are some service committee budget variations between budget setting, in year monitoring, and budget outturn. On 8 March 2022 Full Council set the 2022/23 budget for committee expenditure at £9.077m. Outturn for 2022/23 shows actual committee expenditure was £8.671m. The community services budget was overspent by £0.286m. The health and housing committee only spent 62% of its agreed budget figure, planning and development spent as expected at the start of the year although they had an in-year increase of £0.281m which was not then required. There were also associated movements in earmarked reserves e.g government grants not anticipated or received towards the very end of the financial year such as Homes for Ukraine funding.

The budget aligns to the Council's Corporate Plan. Ambitions in the Climate Change Strategy are considered for implementation alongside associated financial implications and budget requirements.

On 8 March 2022, the Full Council agreed its three-year capital programme and was due to spend £3.477m in 2022/23 which included £1.737m of spend moved from 2021/22. Capital outturn spending for 2022/23 was £1.157m. Part of the underspend related to £0.774m for disabled grants which are demand led so outside the Council's direct control. Service committees receive quarterly capital programme monitoring. These monitoring reports could be enhanced by providing more detail on reasons for capital projects being postponed or any performance data or outcomes on benefits realised (continued on the next slide).

Financial sustainability (3 of 3)

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system (continued)

There is significant variation between estimated and actual capital programme expenditure across the service committees as shown in the table below. Whilst this is not unusual in the current climate, we raise a related improvement recommendation on the capital programme (page 18). As an example, on 8 June 2023, the Health and Housing Committee were advised that only one of eight schemes planned for 2022/23 was completed. With slippage of £1m requested from 2022/23 to 2023/24. In 2021/22 this Committee also approved two schemes to move into 2022/23 totalling £0.658m. These were the Disabled Facilities Grant of £0.646m and £0.011m on a housing scheme. These schemes are for the distribution of grants and are therefore demand led.

Capital programme by committee for 2022/23	Original estimate £	Revised estimate £	Actual £	Original estimate to actual £	Revised estimate to actual £
Community Services	2,280,500	844,060	677,184	-1,603,316	-116,876
Economic Development	51,750	55,000	0	-51,750	-55,000
Planning and Development	26,42	0	0	-26,420	0
Policy and Finance	335,480	88,920	88,859	-246,621	-61
Health and Housing	782,540	1,397,630	391,414	-391,126	-1,006,216
Total	3,476,690	2,385,610	1,157,457	-2,319,233	-1,228,153

Committees are not provided with performance updates (in terms of expected and achieved outcomes relating to capital spending) on the capital programme however this is because capital schemes in the main relate to vehicles and plant or distribution of grants. If the Council were to undertake any big capital schemes going forward, this could be re-considered. We raise an improvement recommendation on page 16 concerning the capital programme.

How the body identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans

In 2021/22 the Council increased general fund reserves by £0.427m taking them to £2.961m at the start of 2022/23. In 2022/23 it used £0.242m of these reserves to balance its budget leaving £2.719m in general fund reserves from 31 March 2023.

In April 2022, the Council had earmarked reserves of £15.082m which reduced to £14.7m by 31 March 2023. These reserves remain inflated in 2023/24 due to Covid-19 grants by £1.7m. The Council also has a Business Rates Volatility Reserve valued at £1.682m in July 2023 to minimise the impact of the business rates reset.

In September 2022, the Policy and Finance Committee received a report from the Director of Resources who outlined a forecasted budget shortfall of £1m in 2023/24, £1.394m in 2024/25 and £2.412m in 2025/26. The Committee agreed the recommendations of the Budget Working Group to advise committees 'to examine their budgets carefully to see if any savings can be identified'. They also agreed to increase fees and charges by the rate of CPI in September and increase council tax by the maximum possible. For capital spending service committees were asked to review essential and non-essential spending.

We have raised a key recommendation on page 6 concerning the Council's financial resilience. We also identify an improvement recommendation on page 17 for the Council to introduce a range of scenario planning in respect of income risks, expenditure pressures and financial issues that may impact on the use of reserves. We think using scenario planning would help the Council with its forward financial planning.

As reported above, the Council identified that if no alternative action was taken to address the budget gap, and the assumptions made on core funding and expenditure proved correct, then this may impact on earmarked reserves by £8.794m between 2024/25 and 2027/28. The Council is starting work in 2023/24 to address this gap. In 2023/24 the Council built in 5% for a pay award and 7.5% for other inflationary pressures into its MTFs. The MTFs 2023-2026 shows no New Homes Bonus from 2024/25, in line with government announcements at that time.

The Council's significant risk register scored its financial risk as a likelihood score of 2 and an impact score of 3 giving it a total score of 6 out of 20 or 'green' in March 2023. This relates to the risk the Council may have to issue a S114 notice. The Council sees this as low risk in the short to medium terms. The Council will need to keep this under review. This score may need to be revisited to reflect the potential level of financial risk faced by the Council as funding is confirmed and the financial picture becomes clearer.

We address financial resilience in the key recommendation on page 6. and in the improvement recommendation on risk management on page 22.

Improvement recommendations



Financial sustainability

Improvement Recommendation 1

The Council currently integrates carbon reduction spend within its service and capital budgets. The Council has a number of options to consider to enable it to realise its carbon reduction ambitions and as those decisions are made and progress, it would be helpful to cost these and separately highlight them in the Medium Term Financial Plan.

Why/impact

The Council has a target to be carbon neutral by 2030. As this ambition progresses it would be helpful to cost this separately to ensure its spending in other key areas is in line with this ambition.

Auditor judgement

Having a properly costed plan for climate change adaptations and to achieve carbon neutral is needed if the Council is to achieve its ambition in this area.

Summary findings

The Council does have a climate change action plan and it needs to cost those activities to ensure it can meet its carbon neutral target and ensure spending, particularly on capital reflects its ambitions. The impact of climate change and carbon neutral is not currently separately reflected in the new MTFS from 2023.

Management Comments

Many of the actions within the climate change action plan are already included within the council’s budgets, or come at no additional cost. Additionally, many actions require further exploration before deciding on the best course of action, and as such are not able to be costed. This allows the best course of action (financially and meeting needs) to be fully explored.

It must be remembered that one size does not fit all, and a number of net zero ambitions can be met without the need to invest heavily through the capital programme when often more cost effective alternatives may be available, which help meet our targets. That having been said, all capital programme bids include details of environmental considerations. It is wrong to assume that climate change impacts have not been reflected within the council’s budgets. However the cost of introducing climate change measures needs to be considered alongside the council’s financial sustainability. We will continue to meet the actions contained within the climate change action plan and consider the most cost effective methods of achieving our aims for each action.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Improvement Recommendation 2

The Council should develop a long-term and costed Workforce Strategy to ensure it has the right blend of skills for the future.

Why/impact

Costing the workforce requirements over the long-term will enable finance to build assumptions into the MTFS and ensure the Council has the right blend of skills for the future.

Auditor judgement

Developing a costed strategy will enable the Council to plan its future workforce requirements and build in long-term assumptions for budget planning.

Summary findings

The Council does not have a current costed Workforce Strategy. We make an improvement recommendation to develop a long-term and costed Workforce Strategy.

Management Comments

The council will work towards producing a long-term costed Workforce Strategy but has no current plans that would result in the need for a change in its workforce profile. It is on this basis of no substantial service changes anticipated that the budget is produced.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Improvement Recommendation 3

The Council could consider improving its capital programme and associated reporting by:

- being able to demonstrate that capital projects clearly align with the Council's climate change action plan
- for any major projects undertaken in the future, providing elected members with clear reporting on expected and achieved outcomes relating to capital spending as part of their quarterly reports.

Why/impact

Elected members will find it helpful to receive as much information on capital spend as available. Delivery of the Council's climate change action plan is a corporate ambition which, as decisions continue to be made, would benefit from being separately reflected in other plans and strategies of the Council including the capital programme.

Auditor judgement

Going forward as further decisions are made around climate change ambitions the Council may consider separately reflecting related spend in the capital programme and assessing what additional data might be helpful to members in their decision making .

Summary findings

The Council has a limited capital programme the reporting of which could be enhanced by integrated performance reporting.

Management Comments

All of the actions that are proposed in the recommendation are items that are already in place. We have very detailed capital monitoring processes which provide reporting to corporate management team, budget working group and service committees together with overview reporting at Policy and Finance Committee level. Capital programme monitoring includes detailed scheme history, current progress reporting and slippage request reporting that explains the reasons for any delays on schemes. The main reasons for any underspend variance within the year is generally on grant funded schemes such as the Disabled Facility Grants scheme, where any unspent funding is carried over to the following financial year as part of the ongoing rolling grant scheme. It is difficult to identify how the recommendation differs from that which is already in place.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Improvement Recommendation 4

The Council should introduce scenario planning to help it plan and manage risk in respect of income risks, expenditure pressures and financial issues that may impact on the use of reserves.

Why/impact

The lack of a savings programme and reliance on reserves in the medium term presents financial uncertainty scenario planning could help the Council to reduce financial risk by planning more effectively.

Auditor judgement

Scenario planning could help the Council to manage financial risk and plan effectively.

Summary findings

The Council should introduce scenario planning in respect of income risks, expenditure pressures and financial issues that may impact on the use of reserves. The Council also needs to be planning into its scenarios the impact of legislative change just as waste collection changes that are awaited.

Management Comments

Whilst not formally given as part of the budget forecast, much work is undertaken on various scenarios as part of the detailed work with Budget Working Group, considering such items as the impact of various levels of inflation, fees and charges, council tax and potential levels of government funding. This is also given in the budget presentation that the Director of Resources and Deputy Chief Executive gives to all members each year. It is unclear how scenario planning may impact on the Key Recommendation 1 around savings plans, as certainly one scenario that can be identified is that where future government funding is not as currently anticipated. Levels of funding closer to that which we are currently seeing may be considered by some as the most likely scenario, based on the settlement announcements for local government funding in the last few years.

Additional scenarios will be considered going forward, particularly to demonstrate the high levels of uncertainty around local government funding.

Our budget gap is based on assumptions such as the ending of the New Homes Bonus Scheme, the resetting of Business Rates Retention scheme and the implementation of key financial reforms. It may well be these assumptions and the timing of them may be premature.



The range of recommendations that external auditors can make is explained in Appendix C

Governance (1 of 4)



We considered how the Council:

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

How the body monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

A new Risk Management Policy was approved by the Accounts and Audit Committee on 28 September 2022. The Policy outlines the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling them. It also outlines the Council's approach for managing risk, and roles and responsibilities of managers and decision-makers. Risk management training was delivered internally to all heads of service in Autumn 2022.

Heads of Services and the Corporate Management Team (CMT) agreed the strategic risks for inclusion in the Council's Corporate Strategic Risk Register (SRR) for 2022/23. The SRR is a critical tool for the Council to capture and report on risk activity and their risk profile. Heads of service are reviewing their Operational Risk Registers. In November 2022, the Council migrated risk to the Pentana Performance System. The SRR needs member oversight as set out in the Council's new policy.

The Council has made significant improvements to their risk management approach over the last 12 months and arrangements are fit for purpose. There are some good practice points the Council could further adopt and these are set out below and in the improvement recommendation 5 on page 22.

Internal Audit identified that Council committee reports need to include a section on risk management with links made to the relevant SRR risk reference.

The SRR should set out key controls and assurances and a direction of travel for each risk. It may be useful to identify issues, risk and impact separately. Some target dates were not been updated potentially making scrutiny more difficult for members. For example, the local plan and legislative risks were both dated 31 March 2023. This was intended in order to demonstrate that the target date has not been met.

We identified some good practice on the SRR. Each risk has a reference and residual and target scores, assurances, and are assigned to individual risk owners, and to an appropriate service committee who can challenge decisions made by officers.

The Council's constitution says the Accounts and Audit Committee should oversee and then monitor the development and implementation of a comprehensive approach to Risk Management. The Committee received the SRR soon after the year end on 12 April 2023.

In order to assist elected members in understanding risk the Council should ideally report risk quarterly to the Accounts and Audit Committee. The Council's risk policy also confirms that risks should be reported to Council and the service committees regularly.

In March 2023, the SRR had 16 risks, of these the top five were: data loss, disruption and / or damage to reputation due to a cyber-attack; high staff turnover, loss of knowledge and skills resulting in reduced resilience; failure to deliver the Council's Climate Change Strategy; failure to deliver the Local Plan; and failure to meet equalities legislation requirements.

The Council's budget was scored 6 out of 20 (green). This risk relates to the potential of a S114 notice being issued in the short to medium term. Given the recommendations we have raised in relation to the forward budget gap, the Council may wish to revisit this when future funding arrangements are confirmed to ensure the score is fully reflective of the risk.

Governance (2 of 4)

How the body monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud (continued)

The Council had a vacancy in the internal audit team in 2022/23 which was covered externally until the internal auditor post was filled in October 2022. The 5-yearly external assessment took place in Autumn 2022, and the final report shared with the Accounts and Audit Committee on 8 February 2023. The Council received partial assurance and agreed an improvement plan with most recommendations already actioned before this Committee had met.

On 23 November 2022, members of the Accounts and Audit Committee approved the Annual Governance Statement (AGS) for 2021/22 which identified that due to overriding COVID priorities several key Council policies were out of date and needed urgent review. This was also raised in the draft AGS for 2022/23 in June 2023.

In June 2023, the Accounts and Audit Committee approved and adopted a Local Code of Corporate Governance, which is reviewed annually and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). They also received an internal audit opinion of substantial assurance for 2022/23. In 2022/23 Internal Audit made 65 recommendations on 18 audits (76%) of its planned audits. During 2022/23 more detail could potentially have been provided to members for the reasons why some audits received limited or partial assurance, and why some recommendations are not followed up.

We raise an improvement recommendation on page 23 to provide members of the Accounts and Audit Committee with more detailed reports outlining why audits receive only limited or partial assurance and why some recommendations for improvements are not implemented. However we do acknowledge that this process has begun in 2023/24 as set out in management's response.

We also recommend the Council adopts the CIPFA guidance to include at least two co-opted independent members onto its Accounts and Audit Committee to provide appropriate technical expertise. We note this is currently being discussed.

The Policy and Finance Committee revised and adopted the Counter Fraud, Bribery and Corruption Policy Statement and Strategy and Anti-Money Laundering Policy on 27 September 2022.

How the body approaches and carries out its annual budget setting process

Budget papers include risks arising from inflationary pressures, the reset of business rates and the loss of NHB (New Homes Bonus). We believe this could be enhanced by increased use of sensitivity analysis or scenario planning. We have previously raised an improvement recommendation to address this in our AARs in 2020/21 and 2021/22 and have included this as part of the performance management key recommendation on page 7.

Heads of service meet with the finance team monthly to review in-year variances and their reasons, and reports go to the Corporate Management Team (CMT) for discussion and to the Council's Budget Working Group comprising elected members and CMT. Minutes of these meetings go to the Policy and Finance Committee. The budget forecast is reported to the Policy and Finance Committee twice a year and is also reported to the Budget Working Group.

Budgets are discussed quarterly at service committees and these committees propose their future budget requirements. The Council's budget and three-year forecast is then discussed at Policy and Finance Committee which makes recommendations to Full Council. The Council does consult businesses as required but there is also an opportunity to consult the local community as part of the budget setting process, and we include this in our key recommendation on page 6. We note that whilst public consultation on the annual budget is not mandated, it is good practice in local government.

Governance (3 of 4)

How the body ensures effective processes and systems are in place to ensure budgetary control

The Corporate Strategy sets out five ambitions. Ambition 1 of the Council's Corporate Strategy is to be a well-managed Council providing efficient services based on identified customer needs. Objective 1 of this Ambition is to maintain critical financial management and controls, and ensure the authority provides council taxpayers with value for money, within the current financial constraints. Responsibility for budgets sits with the relevant Head of Service and their Director.

In-year financial reporting includes a forecast for the year end outturn. As previously set out this could be enhanced by the use of scenarios, a clearer articulation of the drivers for cost pressures and action being taken to address variances to budget and outturn for revenue and capital. Budget reports do include an Action column for all variances classed as Red Variances. Relevant non-financial information, such as service activity and workforce information, is not currently fully integrated into financial information.

We include the need for more integrated reporting on finance and performance in our key recommendation on page 7.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency

The Corporate Management Team (CMT) meets weekly to discuss matters of strategic and operational importance to the Council. Weekly meetings also take place between the Chief Executive and the Leader of the Council.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour

The Council has reviewed its financial management arrangements for 2022/23 in line with the CIPFA Financial Management Code and adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

Part 3 of the Council's constitution states the Policy and Finance Committee should consider and review the Council's Performance Management Framework including the monitoring and evaluation of performance indicators and take a lead on specific improvement objectives and on the monitoring and review of the Council's performance. Due to the impact of the pandemic this process has not taken place in 2021/22 or 2022/23.

The constitution also says the Accounts and Audit Committee should oversee and monitor the development and implementation of a comprehensive approach to Risk Management. Although it did not see the Council's SRR in 2022/23 the improved risk management arrangements the Council have put in place during 2022/23 have addressed this for 2023/24.

In 2022/23 a new procurement strategy was put in place but was not approved by Full Council as required by the constitution. The contracts register shows that in some cases some contracts (for example some system maintenance contracts) are purchased on a rolling basis. The Council's contract standing orders and best practice suggest consideration of multiple years in a single contract may improve value for money.

We address compliance with the Council's constitution in our key recommendation on performance management on page 7 and in our improvement recommendations on pages 20 and 25.

There were no reported data breaches or cyber-attacks in 2022/23, however the Council's Information Technology Security Policy is out of date from 2015. The policy should be updated to recognise the arrangements that are in place for data breaches and cyber security and the potential raised threat of these from greater home working. We raise an improvement recommendation on page 22 to update the Council's arrangements for information security to include data breaches and cyber security (it could look at the recent National Cyber Strategy 2022 as a guideline).

Governance (4 of 4)

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (continued)

The Council's Corporate Strategy 2019 – 2023 aims 'to aspire to be a carbon neutral borough by 2030' and includes a priority action 'to develop an action plan to work towards being a carbon neutral borough by 2030 which is based on a better understanding of our current carbon emissions'. In 2021 it published a Climate Change Strategy but there was no formal monitoring of it or the action plan in 2022/23. This is raised in our key recommendation on performance management (page 7).

On 27 September 2022, Policy and Finance Committee agreed the Council's Counter Fraud, Bribery and Corruption Policy. On 8 November 2022, the Policy and Finance Committee agreed the updated Whistleblowing Policy, last updated in 2016.



Improvement recommendations



Governance

Improvement Recommendation 5

From a best practice point of view, the Council could further enhance risk management by:

- in the SRR adding for each risk, key controls, direction of travel for each risk. It maybe useful to identify issues, risk and impact separately
- reporting the SRR quarterly to the Accounts and Audit Committee and regular reporting on the SRR to the Council and the service committees.
- including in committee reports a section on risk management with links to the SRR relevant risk.

Why/Impact

Effective risk management enables Councils to improve governance, confidence and trust; set strategy and plans through informed decision-making; evaluate options and deliver programmes, projects, and policy initiatives; prioritise and manage resources, manage performance, resources and assets; and achieve outcomes.

Auditor judgement

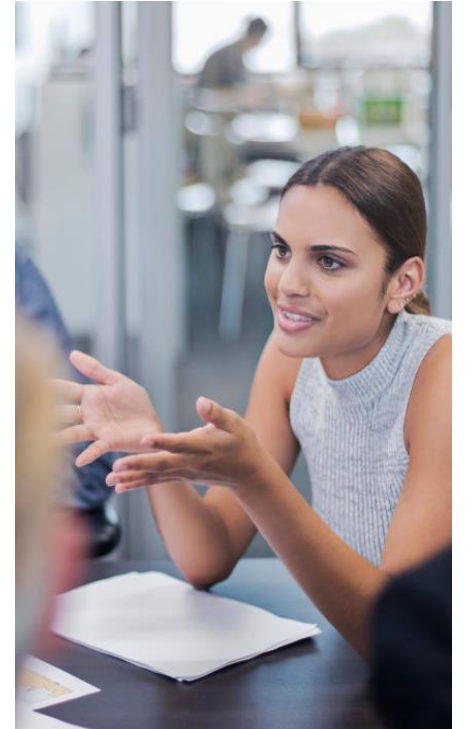
We found good practice in relation to risk and acknowledge the improvement made by the Council. This could be further enhanced with the additional points above.

Summary findings

While we found good practice in place already, it is also good practice to separate risk responsibility from internal audit to fully adopt the three lines of defence model.

Management Comments

The listed actions are already in place following the substantial review of the council's risk management arrangements during 2022/23. Substantial work has been undertaken in this area, which has become even more embedded during 2023/24. As explained to the external auditor, direction of travel was not included on the first report as there was no history around those risks to provide this information. The second report, which was reported to Accounts and Audit Committee later in 2023 was able to provide such additional information as direction of travel. The ownership of corporate risks by service committees will be further developed in line with the Risk Management Policy.



Improvement recommendations



Governance

Improvement Recommendation 6

The Council should consider the following to help improve member accountability on the Accounts and Audit Committee:

- providing elected members on the Committee with more detail as to why some audits receive only limited or partial assurance and what is recommended to improve assurances.
- ensuring elected members are informed about the implementation of audit recommendations.
- adopting the CIPFA guidance to include at least two co-opted independent members onto the Accounts and Audit Committee to provide appropriate technical expertise to support elected members.

Why/impact

The Accounts and Audit Committee is a key component of the Council’s governance framework, set up to support good governance and strong public financial management. It plays an essential role in providing a high-level focus on probity, assurance and reporting and is concerned with the robustness of the Council’s arrangements to implement its policies and to manage its resources. To deliver its role it needs the right balance of skills and assurances.

Auditor judgement

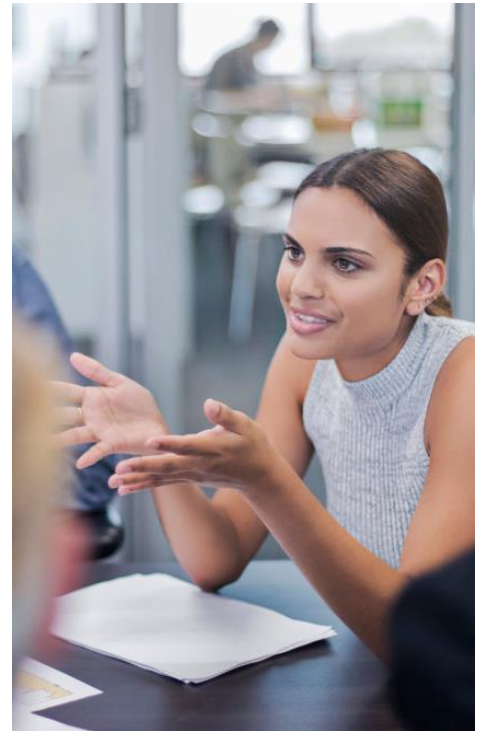
Elected members would benefit from having more detailed reports explaining why some audits receive only limited or partial assurance and what is recommended to improve assurances. They also need to be kept informed about the implementation of audit recommendations and to hold officers to account for following up recommendations. Elected members would benefit from support in technical areas, and we recommend that two co-opted independent members are invited to join the Accounts and Audit Committee to provide appropriate technical expertise to support elected members. It should be noted that we are aware that the items above are in progress and being implemented in 2023/24.

Summary findings

Elected members on this Committee need more detailed internal audit reports and we think they would also benefit from having lay member support to provide technical expertise.

Management Comments

The recommendations listed here are items that were openly explained by the council’s Internal Audit Manager as actions that were already being undertaken during 2023/24 to improve our internal audit reporting to members, during the VFM meetings with the external auditor. Members have already received this improved reporting format in September and November. Discussion have previously been had at Accounts and Audit committee and it was agreed that further reports be brought in respect of co-opted independent members.



The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations



Governance

Improvement Recommendation 7

The Council is working with DLUHC and Local Digital and has secured funding. Work is ongoing and funding is supplementing work already underway, The Council could further consider the following:

- updating the Council's Information Technology Security Policy to include home working considerations, arrangements for data breaches and cyber security.
- taking guidance from the National Cyber Strategy 2022

Why/impact

Cyber security is crucial to ensuring services are kept up and running, it is also vital to ensuring the public trust councils with their information. A cyber-attack could have very serious consequences, both in terms of disrupting services and by damaging a council's reputation.

Auditor judgement

The Council could be exposed to a greater threat from cyber security because its arrangements are out of date.

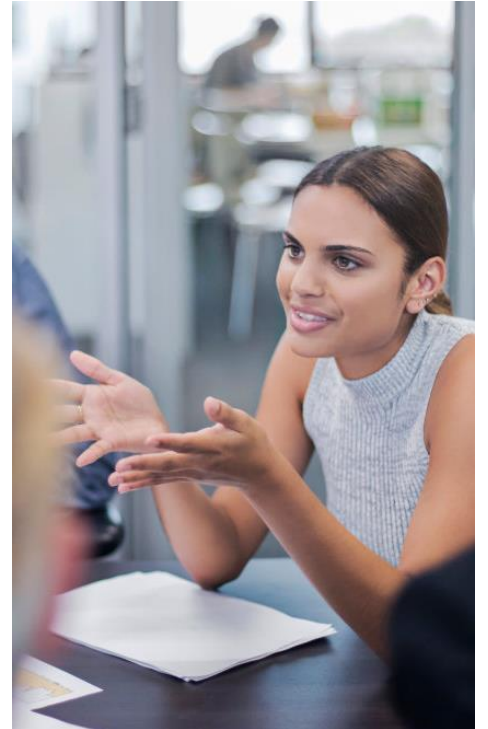
Summary findings

While there were no reported data breaches or cyber-attacks in 2022/23, we find the Council's Information Technology Security Policy is out of date from 2015 and does not consider arrangements for data breaches and cyber security or for raised threat of these from greater home working.

Management Comments

Extensive work is underway following receipt of funding through DLUHC/Local Digital Cyber support team, supporting schemes that are included in the capital programme and the development of our policies.

The Information Technology Security Policy will be refreshed as part of ongoing work in this area, but this does not mean that our current arrangements that are in place are out of date.



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness (1 of 2)



We considered how the Council:

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

Page 97

How financial and performance information has been used to assess performance to identify areas for improvement

The Council's four-year Corporate Strategy 2019/23 sets its strategic direction. The Strategy has five strategic ambitions and for each includes priority actions and success measures. As noted previously the Council needs to update its performance management framework in line with these ambitions. The main reason for not updating the framework was staffing changes and capacity partly as a result of the pandemic. Instead, in 2022/23 the Council relied on its previous performance framework. The lack of capacity meant there was little or no service committee performance reporting for 2021/22 or for 2022/23 and no annual delivery plan for the Strategy was reported in during 2022/23.

One of the actions in the Corporate Strategy is to aspire to be a carbon neutral borough by 2030. It was agreed that an action plan be developed including an understanding of its carbon emissions. In 2021 the Council published its climate change strategy. This can now be enhanced by including a performance framework.

The Council has the Pentana Performance System to record performance, but this needs to be used with the new performance framework aligned to the Corporate Plan for 2024-28. During 2022/23 the Council consulted residents on its new Corporate Plan priorities and received 770 responses. An effective performance framework will help the Council achieve the ambition in the plan and ensure the Council can report to elected members and to residents on its annual achievements. It would be helpful as part of this to have robust KPIs with benchmarking where appropriate.

The Council has already acknowledged that it needs to reintroduce performance reporting and develop meaningful indicators for its new Corporate Plan during 2023/24.

The Council needs to integrate performance and financial planning aligned to its corporate strategy. Joint quarterly monitoring of performance, risk and finance would help to ensure spending was achieving value for money and delivering effective outcomes.

It is recommended by the Local Government Association (LGA) that councils have a Corporate Peer Challenge every five years which makes recommendations for improvement. The last LGA CPC review was undertaken in 2017. The Council should consider obtaining an updated review to assist the Council in developing a medium-term transformation programme and identify key improvement priorities.

The Council did not use learning from a Local Government and Social Care Ombudsman report in a timely way to aid improvement. An initial report was shared with the Council in April 2021. It found the Council at fault in the way it dealt with a disabled resident. It had no system in place to identify disabilities and make reasonable adjustments to services. In July 2022, the Ombudsman issued a public interest report for the Council's non-compliance with their recommendations. This went to Policy and Finance Committee in September 2022. The Council has learnt from the findings of the report and now has a policy on reasonable adjustments for disabled people; a system to maintain adequate records relating to decisions on reasonable adjustments for disabled service users; and has made officers aware of their legal obligations under equalities legislation. The Council notified the Ombudsman it complied by November 2022, and the Ombudsman was satisfied by December 2022.

In June 2023 in the Annual Governance Statement 2022/23 the Council also recognised it needs to improve performance and reintroduce performance reporting to members.

Improving economy, efficiency and effectiveness (2 of 2)

How the body evaluates the services it provides to assess performance and identify areas for improvement (continued)

The Council needs to look at levels of delivery for statutory services. It needs to plan this work as long-term financial constraints continue to impact financial sustainability across the sector. The Council needs a strategic approach to assess required service levels, and effective performance data will help the Council in doing this.

In October 2022 members of the Housing and Health Committee were advised that the environmental health department has suffered with depleted staff numbers in 2021 and 2022. Members were advised some non-statutory functions such as bin emptying had not taken place but neither had some statutory services relating to private water supply risk assessing/sampling, and some industrial permitted operation inspections. The Council was non-compliant with statutory duties relating to water risk inspections to 119 properties in 2022/23 and up to August 2023 and we include this in our key recommendation on performance management on page 7.

Unit cost benchmarking with nearest neighbours shows high spend per head on waste collection, cultural and related services and council tax collection. We include a recommendation to review and challenge the cost effectiveness of existing activities and identify those which do not add sufficient value in our key recommendation on page 6.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified

The Council challenges Lancashire County Council in relation to the highways works it delivers on their behalf to ensure it remains cost effective. Given the scale of the future budget gap we recommend the Council has a wider conversation with its stakeholders to encourage further partnership working and help it find savings in the medium-term.

In January 2023, the Council launched the 'People Survey - Life in Ribble Valley' to find out what matters to those living, working, studying, or visiting the borough. This was the first survey since 2018 due to COVID. The survey feedback is expected to help shape the Council's Corporate Strategy 2023 - 2027. The Council is also developing a new online 'People's Panel' that is representative of the population. The People's panel will help inform the development of policies and strategies, inform decision-making and identify areas for service improvements.

Where the body commissions or procures services, how the body assesses whether it is realising the expected benefits

The Council has a Procurement Strategy 2022-2024, however this has not been agreed/approved at Full Council. The Strategy covers the same themes as the National Procurement Strategy for Local Government.

Financial regulations and contract standing orders are updated annually and reported to the Policy and Finance Committee. These were last at Committee on 28 March 2023

Improvement recommendations



Improving economy, efficiency and effectiveness

Improvement Recommendation 8

The Council has the required arrangements in place in respect of Procurement requirements. The Council could consider improving its procurement and contract management arrangement by:

- taking the procurement strategy to Full Council to agree.
- provide training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and VFM.

Why/impact

The Council has an important responsibility to ensure that procurement and contract management arrangements maximise the use of public finances, that value for money is achieved, and procurement delivers strategic priorities.

Auditor judgement

The Council's arrangements for procurement and contract management could be improved in some areas to further help ensure it is achieving VFM.

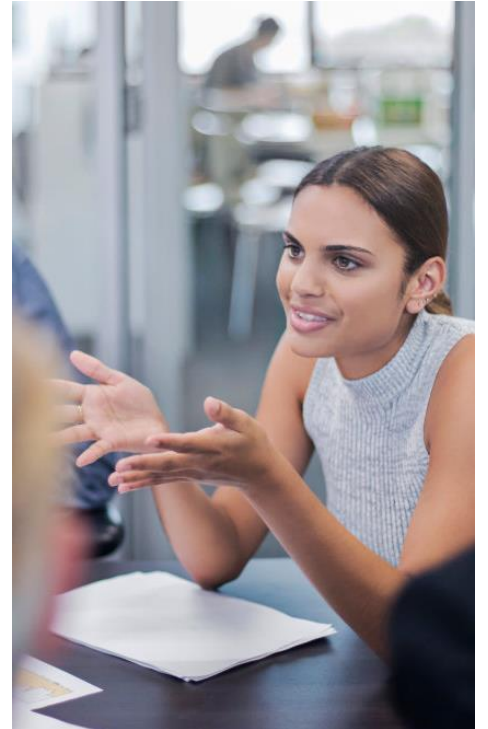
Summary findings

The Council has an up-to-date Procurement Strategy 2022-2024 that needs to be agreed by Full Council as required by the constitution. The contract register is available on the Council's website for contracts over £5k.

Management Comments

The Procurement Strategy will be reviewed again in the coming months and it will be ensured that this is agreed by Full Council

Further training where relevant will be provided on procurement and contract management. This will include the Procurement Act 2023 through the official learning and development offer for local government (Government Commercial Function)



Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action required?
1	The Council's MTFS should be updated annually and cover a forward look medium-term period. As part of this the Council should ensure a range of sensitivity analysis and scenario planning methods are used and reported to members annually	Improvement	January 2023	The Council has a MTFS for 2023-2026. Sensitivity analysis and scenario planning methods are still not fully used.	Partly the Council now has an MTFS for 2022/23.	Yes, sensitivity analysis and scenario planning methods are still not fully used. We include this in our key recommendation (page 6).
2	We consider it good practice for the Council to look at the requirement to identify savings going forward programme	Improvement	January 2023	The Council did not action this in 2022/23.	No	Yes, we raise a key recommendation (page 6)
3	Provide a clear distinction between controllable and non-controllable spending information provided to members and publish it on the website.	Improvement	January 2023	The Council did not action this in 2022/23.	No	Yes, we include this in our key recommendation (page 6).
4	There is scope to expand the budget consultation to groups such as residents, businesses and the third sector	Improvement	January 2023	The Council does include consultation with business but does not consult the public or the third sector	Partly	Yes, we include this in our key recommendation (page 6).
5	The Council's risk management policy has not been updated since 2003 and needs updating. The Council should review the risks in the risk register to ensure they are scored correctly, and risk management training should be provided to members.	Improvement	January 2023	The Council has a new risk management policy, and has provided training for staff	Yes	No (only a good practice recommendation made)
6	The Council should maintain a register of policies	Improvement	January 2023	Some policies are still out of date, this was raised by the Council in the Annual Governance Statement for 2022/23.	No	Yes, and we raise in our performance management key recommendation (page 7)

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on the Council's financial statements.

Other opinion/key findings

We had no significant unadjusted findings in relation to the other information produced by the Council, including the Narrative Report or Annual Governance Statement.

Audit Findings Report (AFR)

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit Committee on 27 September 2023.

Issues arising from the accounts:

All adjusted misstatements identified for the Council's 2022-23 financial statements are disclosed in the 2022-23 AFR, Appendix C. There were no unadjusted misstatements.

Preparation of the accounts

The Council provided draft accounts in line with the national deadline. The quality of the draft financial statements and the supporting working papers continue to be of a good standard.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The Council is below the required threshold set for WGA procedures.

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

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



Appendices

Appendix A – Responsibilities of the Council

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

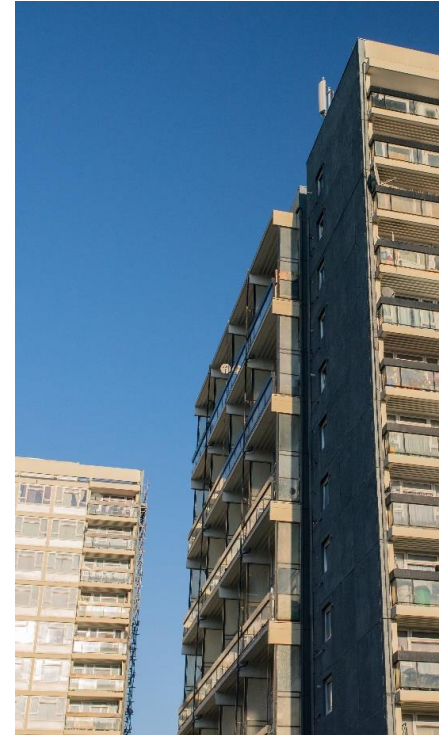
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records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

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

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

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

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



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. We identified no such risks.

Appendix C – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	Yes	Pages 6 and 7
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	Pages 14, 15, 16, 17, 22, 23, 24, 27

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 14 FEBRUARY 2024
 title: INTERNAL AUDIT UPDATE – UK SHARED PROSPERITY FUND (UKSPF)
 submitted by: DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF RESOURCES
 principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

1.1 The purpose of this progress report is to provide an update to the Accounts and Audit Committee relating to the internal audit review of the UK Shared Prosperity Fund (UKSPF).

1.2 Relevance to the Council’s ambitions and priorities:

- To ensure a well-managed Council providing efficient services based on identified customer needs.
- To sustain a strong and prosperous Ribble Valley.
- To help make people’s lives safer and healthier.
- To protect and enhance the existing environmental quality of our area.

2 KEY MESSAGES

2.1 The UKSPF was launched by the Department for Levelling Up, Housing and Communities (DLUHC). Ribble Valley Borough Council has been allocated £1,967,754 (plus capacity funding) over the three-year funding period (2022/23 to 2024/25). The DLUHC approved the Council’s Investment Plan on the 5th December 2022 with funding allocations as follows:

Allocation 2022/23 (£)			Allocation 2023/24 (£)	Allocation 2024/25 (£)
Capital	Revenue	Capacity	477,610	1,251,339
189,000	49,805	20,000		

2.2 The release of payments for the financial year 2023/24 and 2024/25 is dependent on the submission of a Statement of Grant Usage for 2022/23 and 2023/24 spend and corresponding reporting and monitoring returns.

2.3 The overall objective of the internal audit review is to provide assurance that to the best of our knowledge and belief, and having carried out appropriate investigations and checks, the conditions attached to UKSPF are complied with. The audit is focussing on the following sub-objectives:

- **Expenditure** – expenditure to date is valid, accurate, timely and made in accordance with conditions of the funding.

- **Procurement** – rules applied are in accordance with the Public Contracts Regulations 2015, and the Council’s local procurement procedures as included in the Constitution.
 - **Risk Management** – risks have been identified, managed and reported in line with expectations.
 - **Performance & Reporting** – reports (both internal and external) are accurate and reflect the current position.
- 2.4 The DLUHC has set out the requirements of the funding for all local authorities delivering the UKSPF. This is in relation to (but not exhaustive of) reporting and performance, evaluation and equality. The following links provide more detail in relation to key aspects of the audit and have formed the basis of our review:
- Assurance & Risk – [UK Shared Prosperity Fund - Assurance & Risk](#)
 - Procurement - [UK Shared Prosperity Fund - Procurement](#)
- 2.5 A detailed report and relevant findings, recommendations and agreed actions will be agreed with lead officers within the Council and Members will be provided with assurances following completion.

3 CONCLUSION

- 3.1 The Council has been awarded substantial grant funding under UKSPF. As would be expected, the government have stringent requirements around the management and use of these resources, applying to this council and any onward awarded bodies. There are key controls that the council must ensure are in place and the audit will help provide assurances around their operation. Returns will ultimately need to be approved by the Council’s S151 Officer.

INTERNAL AUDIT MANAGER
DIRECTOR OF RESOURCES

DEPUTY CHIEF EXECUTIVE AND

AA4-24/RP/AC
14 FEBRUARY 2024

Guidance

UK Shared Prosperity Fund: assurance and risk (5)

This page provides information on assurance and risk for the UK Shared Prosperity Fund.

From: [Department for Levelling Up, Housing and Communities](#)

[\(/government/organisations/department-for-levelling-up-housing-and-communities\)](/government/organisations/department-for-levelling-up-housing-and-communities)

Published 19 July 2022

Last updated 8 March 2023 —

5.1 In accordance with the [Cabinet Office Government Functional Standards](#) (<https://www.gov.uk/government/publications/grants-standards>) the assurance for each DLUHC programme provides three separate and defined levels of assurance, referred to as the three lines of defence.

5.2 The first line should be delivered at an operational management level where the management responsibility is owned.

Related content

[UK Shared Prosperity Fund: procurement \(8\)](#)
[\(/guidance/uk-shared-prosperity-fund-procurement-8\)](/guidance/uk-shared-prosperity-fund-procurement-8)

[UK Shared Prosperity Fund: additional information](#)
[\(/government/collections/uk\)](/government/collections/uk)

5.3 Where the grant recipient is a LLA via a Grant Determination Letter, the first line of defence is provided by the LLA and is the responsibility of the Chief Finance Officer as they act at an operational management level within the LLA in receipt of the funding. The Chief Finance Officer is therefore responsible for the delivery of HMG investment, with propriety, regularity, and value for money.

5.4 We recognise the wider legislation and regulations governing local authorities throughout the United Kingdom and as such seek a proportionate approach to assurance. The assurance and performance management for the UKSPF does not duplicate the LLA statutory duties and rules to use public money well.

5.5 Reporting carried out by LLAs to DLUHC will be used to secure evidence of the first line of defence. The Chief Finance Officer will be required to provide written confirmation that they have undertaken all the necessary checks to ensure that the LLA and the programme specific project(s) have in place the processes to ensure proper administration of its financial affairs with regard to the funding programme, and these are in active use. This is particularly relevant to financial administration and transparency of governance.

5.6 The second line of defence should be independent of the first line activity and oversee the management of the risk to ensure that the first line has been appropriately constructed and is delivering as intended. Local Government accountability aligns with the devolved nature of the Fund in seeking assurance that UKSPF activity will be delivered in line with statutory duties of the LLA and the Fund prospectus.

5.7 The third line of defence should be undertaken by independent audit or an independent body to secure an [objective opinion on the effectiveness of governance, risk management and internal controls](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004659/Final-) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004659/Final-

[-shared-prosperity-fund-additional-information\)](#)

[UK Shared Prosperity Fund: branding and publicity \(6\)](#) ([/guidance/uk-shared-prosperity-fund-branding-and-publicity-6\)](#))

[UK Shared Prosperity Fund: equalities \(9\)](#) ([/guidance/uk-shared-prosperity-fund-equalities-9\)](#))

[UK Shared Prosperity Fund: overview \(1\)](#) ([/guidance/uk-shared-prosperity-fund-overview-1\)](#))

Collection

[UK Shared Prosperity Fund: additional information](#) ([/government/collections/uk-shared-prosperity-fund-additional-information\)](#))

[CO Govt Functional Std GovS015 WEB.pdf](#).' This is inclusive of the second and first lines of defence.

5.8 In respect of this assurance framework, The Government Internal Audit Agency (GIAA) will provide independent risk-based assurance over the design and operation of controls within the arrangements for the UKSPF – as operated within DLUHC – and if required, other government departments.

5.9 The scope and timing of this independent assurance will be discussed and agreed with the DLUHC Audit and Risk Assurance Committee, the Accounting Officer and the respective Senior Responsible Officers (SROs).

5.10 GIAA will liaise with internal audit teams operating within devolved administrations as appropriate.

Further first and second line of defence detail:

First line of defence: Chief Finance Officer

5.11 To secure the first line of defence the Chief Finance Officer will be required to complete two annual returns to DLUHC. As part of routine reporting, the Chief Finance Officer will give the following assurance updates:

- confirm that the Chief Finance Officer has assured themselves that the LLA has in place the processes that ensure proper administration of financial affairs relating to their UKSPF allocation;
- respond directly to questions addressing the governance and transparency for aspects of UKSPF grant management including, procurement, conflict of interest, subsidy control, counter fraud and risk;

5.12 Reflecting the devolved nature of the Fund, the second line of defence is the wider Local Government Accountability Framework which scrutinises local authority activity. This sits within our commitment to continue to improve wider local government transparency and reporting, DLUHC's specific UKSPF performance reporting and departmental intelligence of local government.

5.13 DLUHC co-ordinates work across government departments that brings different analysis together on a common basis to understand the overall fiscal position of local authorities, and particular risks and opportunities. This will support and manage any risk emerging in the delivery of the UKSPF.

5.14 Local government audit also plays a vital role in providing local authorities with accurate and reliable financial information to plan and manage their services and finances effectively. Local audit also ensures local authority financial arrangements, including whether value for money is being achieved, are transparent to the taxpayer, and facilitates assurance for the public sector.

5.15 This independent structure provides further oversight of the work of the LLA Chief Finance Officers, whose assurance and work is essential to the delivery of the UKSPF.

5.16 In the event that assurance risks or concerns arise from the Second Line of Defence DLUHC may undertake additional desktop audit of UKSPF delivery, in engagement with the LLA.

5.17 We will keep this Second Line of Defence under review, as the department takes forward the objectives of the Levelling Up White Paper to improve transparency, the information and incentives available to local decision makers.

Published 19 July 2022

Last updated 8 March 2023 [+ show all updates](#)

Guidance

UK Shared Prosperity Fund: procurement (8)

This page provides information on procurement for the UK Shared Prosperity Fund.

From: [Department for Levelling Up, Housing and Communities](#)

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8.1 The overarching public procurement guidance within section 7.6.2 of the Prospectus launched on 13 April 2022 remains applicable to the UK Shared Prosperity Fund (UKSPF).

8.2 Lead local authorities (LLAs) are best placed to decide the most beneficial approaches to maximise

Related content

[UK Shared Prosperity Fund: branding and publicity \(6\)](#) (</guidance/uk-shared-prosperity-fund-branding-and-publicity-6>)

[UK Shared Prosperity Fund: assurance and risk \(5\)](#) (</guidance/uk->

the impact of the UKSPF interventions within their local area. We know LLAs have the necessary experience and knowledge of delivering such projects in a legally compliant way. With the opportunity to undertake competitions for grant funding, commissioning and procurement activities, or use in-house teams to achieve objectives, senior representatives need to be assured that the following minimum standards and legal obligations will be compliantly followed by their authority in delivery of this fund:

- Constitution of the Authority including any local Grant / Contract rules, processes or procedures;
- Public Contracts Regulations (PCR) 2015 or Public Contracts (Scotland) Regulations 2015 including any amendments or any subsequent legislation that replaces the Act;
- All other applicable legislation to activity undertaken, such as Modern Slavery Act 2015, IR35 (Intermediaries Legislation), Equality Act 2010, Subsidy Control Act 2022, etc; and
- [The Government Grants Functional Standard \(https://www.gov.uk/government/publications/grants-standards\)](https://www.gov.uk/government/publications/grants-standards) with specific focus to compliance on following areas:
 - [Fraud Risk Assessment \(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (FRA) – pages 15-19
 - [Due Diligence \(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) - pages 20-24

8.3 LLAs should also consider and implement wherever possible:

- sustainability and green measures in procurement plans, aligned with the government's [net zero strategy](#)

[shared-prosperity-fund-assurance-and-risk-5\)](#)

[UK Shared Prosperity Fund: additional information](#)

[\(/government/collections/uk-shared-prosperity-fund-additional-information\)](#)

[UK Shared Prosperity Fund: overview \(1\)](#)

[\(/guidance/uk-shared-prosperity-fund-overview-1\)](#)

[UK Shared Prosperity Fund: reporting, monitoring and performance](#)

[management \(3\)](#)

[\(/guidance/uk-shared-prosperity-fund-reporting-and-performance-management-3\)](#)

Collection

[UK Shared Prosperity Fund: additional information](#)

[\(/government/collections/uk-shared-prosperity-fund-additional-information\)](#)

<https://www.gov.uk/government/publications/net-zero-strategy>);

- innovative procurement, including the factoring in of social value into procurement; and
- government initiatives, guidance and policy such as the Sourcing and Consultancy Playbooks, Construction Playbook, the Outsourcing Playbook and government guidance on Resolution Planning.

8.4 It will be the responsibility of every LLA to ensure that minimum standards stated in 8.2 are applied, monitored and maintained throughout the 3-year period of the UKSPF grant.

8.5 Where non-contracting authorities are involved in UKSPF project delivery, they should adopt such policies and procedures that are required in order to ensure that value for money has been obtained in the procurement of goods or services funded by the Grant. This should include adopting the following minimum procedures unless different thresholds have been approved internally via the LLAs appropriate internal governance process, such as Cabinet:

Value of contract	Minimum procedure
£0 - £2,499	Direct award
£2,500 - £24,999	3 written quotes or prices sought from relevant suppliers of goods, works and / or services
Over £25,000	Formal tender process

8.6 LLAs shall be responsible for ensuring that these policies and procedures are applied by non-contracting authorities as appropriate, reported upon and monitored.

Fraud Risk Assessment (FRA)

8.7 LLAs shall be responsible for ensuring that Fraud is a key consideration in all spend activity and that the following minimum standards are met:

- follow [Grants Functional Standards on Fraud Risk Assessment](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (PDF, 695 KB) (FRA) – pages 15-19.
- undertake FRAs at an appropriate level to each individual project dependent on risk.
- ensure that UKSPF spend is undertaken in accordance with effective authority fraud prevention policy and procedure, and via engagement with colleagues specialising in this area.
- ensure that relevant evidence and data to prevent fraud is gathered as part of due diligence undertaken ahead of releasing funds.
- implement reporting and monitoring requirements that will identify irregularities or issues in use of funds which can be investigated further.
- store and file all work undertaken on FRA in the event of any issues or audit requirements.

Due Diligence

8.8 LLAs shall be responsible for ensuring that proportional due diligence is applied to all UKSPF spend and that the following minimum standards are met:

- follow [Grants Functional Standards on Due Diligence](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1070064/2022-20-11-Grants-Standard-SEVEN-v2.3.pdf) (PDF, 695 KB) – pages 20-24.
- undertake due diligence at an appropriate level to each individual project dependent on risk.
- ensure that UKSPF due diligence is undertaken in accordance with effective authority

procedures through Teams specialising in this area.

- ensure that key areas of due diligence identified for projects in which you invest are reported on and monitored throughout the term of delivery.
 - store and file all work undertaken on due diligence in the event of any issues or audit requirements.
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