

Annual Governance Report

Ribble Valley Borough Council

Audit 2009/10

Date **September 2010**

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Chief Executive and Director of Resources.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors; (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4);
- note our assessment against the value for money criteria (Appendix 5); and
- agree your response to the proposed action plan (Appendix 6).

Yours faithfully

Clive Portman
District Auditor

15 September 2010

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	8
Value for money	Results	Page
Adequate arrangements to secure value for money	Yes	10

Audit opinion

- 1 Our work on the financial statements is substantially complete. The financial statements submitted for audit contained one material error. Officers adjusted the accounts to correct this error. I intend to issue an unqualified opinion on the financial statements. Appendix 1 contains the wording of my draft report.

Financial statements

- 2 The Financial Statements were submitted for audit by the deadline of 30 June 2010. Good working papers supported the accounts and officers answered queries on a timely basis.
- 3 The accounts contained one material error. Page 7 sets out more detail of the error with any other issues that I am required to report to those charged with governance.

Value for money

- 4 I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. The Audit Commission specifies which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each audited body.
- 5 I intend to issue an unqualified conclusion stating the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Key messages

Independence

- 6 I can confirm the audit is in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

7 I ask the Accounts and Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 7 to 9);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4);
- note our assessment against the value for money criteria (Appendix 5); and
- agree your response to the proposed action plan (Appendix 6).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 8 Our work on the financial statements is substantially complete. The financial statements submitted for audit contained one material error. Officers adjusted the accounts to correct this error.
 - 9 I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
-

Errors in the financial statements

- 10 We report to you any errors above our trivial threshold. The trivial threshold is 1% of our materiality figure of £498,000 which is £4,980.
- 11 Part of the development of the Castle was funded by a government grant which is included within the Government Grants Deferred Account (GGDA). This grant is written off to the Income & Expenditure account (I&E) in line with depreciation charges on the asset. The Castle's valuation reduced as a result of the revaluation exercise in March 2010, but there was no matching write off of the associated government grant deferred balance. This was not in line with the requirements of The Statement of Recommended Practice for Local Authority Accounting (SORP). The effect of the error was that Net Cost of Services and consequently Net Operating Expenditure and the deficit for the year were overstated by £1.588m. The error also impacted on the Balance Sheet, Statement of Movement on the General Fund Balance, the Statement of Recognised Gains & Losses and some notes to the accounts. The accounts were amended to correct this error. There is no impact on reserves and balances.
- 12 The Council bought a house under a compulsory purchase order and sold it on to the Registered Social Landlord – Ribble Valley Homes Ltd. The transactions are treated as revenue funded from capital under statute (REFCUS) in the accounts. Audit Commission technical advice suggests it is more appropriate to treat the transaction as a fixed assets addition and subsequent disposal. Officers have chosen not to amend the accounts as the amount involved (£5k) is not material.
- 13 The Council has received claims for equal pay back pay. I understand negotiation about these claims is continuing. The SORP requires Councils to make a provision for these amounts and I believe that this would be the correct accounting treatment. The Council has disclosed the amount as a contingent liability of £50,000 rather than a

provision. The accounts include an earmarked reserve for the liability. Officers have chosen not to amend the accounts as the amount involved is not material.

- 14 Note 4 to the accounts sets out the amounts paid to members for allowances and travel and subsistence claims. The amount disclosed was overstated by £8,418 due to the double counting of travel and subsistence. The note has been amended to show the correct amount.
- 15 Note 39 sets out a reconciliation of deficit on the I&E to the movement on revenue activities. The note included a line relating to the I&E deficit but the amount shown actually related to the General Fund deficit figure. The accounts were amended to correct this.
- 16 Note 41 analyses the net debt of the Council. The borrowing and total net debt figures in the note for April 2009 and March 2010 wrongly excluded short term borrowing of £78,608. The note was amended to correct this.

Recommendation

- R1 Continue to review the Council’s potential liability for equal pay claims regularly and ensure this is accounted for as a provision where appropriate.

Important weaknesses in internal control

- 17 The work we have completed through the year did not identify any material weaknesses in internal control.

Letter of representation

- 18 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation.

Key areas of judgement and audit risk

- 19 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
Impact of the current economic climate.	The audit included substantive testing to ensure income and expenditure was recorded in the correct year. Substantive testing was completed to gain assurance over the valuation and

Financial statements

Issue or risk	Finding
	impairment of fixed assets in the financial statements. I did not identify any issues.
2010/11 will see the implementation of international financial reporting standards to local government accounts. This will require planning to ensure the required information is available to enable an efficient transition to the new financial reporting requirements.	The audit team continue to liaise with key finance staff on the key changes required and the plans in place to address them. Any 'good' practice or other sources of advice will be shared as they become available.
2009 SORP - changes in accounting requirements need to be reflected in the financial statements.	Key changes for 2009/10 were implemented appropriately.
Fixed Asset Valuations - the economic downturn could continue to have a material impact on valuations.	The Council completed a full revaluation of its assets in 2009/10 and the audit testing did not identify any issues.
Issues referred to in last year's Annual Governance Report need to be addressed and reflected in the financial statements.	Issues identified in last year's Annual Governance Report were addressed.

Accounting practice and financial reporting

- 20** Members and officers do not complete declarations for potential related party transactions annually. Declarations are made when a member is elected to the Council and are not renewed regularly. Officers only complete a declaration on their appointment. It is good practice for senior officers and members to complete an annual declaration.

Recommendation

- R2** Members and Senior Officers should complete annual declarations for any potential related party transactions.

Implementation of International Financial Reporting Standards

- 21** As part of my 2009/10 audit I have completed an Audit Commission survey on the Council's progress in preparing for the implementation of International Financial Reporting Standards (IFRS). The survey indicated that the Council is preparing well for the implementation of IFRS.

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion. I have based my conclusion on my work on use of resources.

Value for money conclusion

- 22** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5.
- 23** I intend to issue an unqualified conclusion stating the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains my draft report. My detailed findings are set out below.
- 24** In the early part of 2010, the Audit Commission completed work at the Council to update its annual Use of Resources assessment. Following the announcement in May 2010 of the intended abolition of CAA, the Commission decided it would not issue scores for Use of Resources assessments. We still place reliance on work undertaken for Use of Resources to support our opinion on whether the Council has adequate arrangements in place to deliver value for money in its use of resources – known as the VFM Conclusion. The following paragraphs provide feedback on our assessment of the arrangements in place that we have considered in reaching our VFM Conclusion at the 2009/10 audit.

Managing Finances

- 25** The Council has sound financial arrangements in place that effectively support the delivery of strategic objectives. It is in good financial health and has a track record of managing spending within budgets. The Council's financial strategy focuses on future priorities and the resources needed to deliver them. This approach helps the Council to deliver its objectives, such as improving recycling rates. The Council sets and approves a comprehensive balanced and sensible budget which includes realistic savings. It has a well managed capital programme that links to priorities and is reviewed regularly. The treasury management strategy is approved annually in line with the Prudential Code and performance monitored every quarter.
- 26** The Council understands its overall costs and the specific costs of individual services. It uses benchmarking against similar councils and performance information to support planning and decision making. It understands how local factors impinge on costs and is able to explain if some spending is higher than planned – for example, concessionary fares or highways. The Council understands how rurality affects its communities. It has recently gathered demographic data on the local population, but has not yet used this to inform decisions. The Council's costs are commensurate with the service provided given the rurality and sparse population of the area. Council decisions take account of performance and the views of service users – for example

Value for money

on waste and cash collection services. It uses partnership working to reduce costs in areas such as agency staffing. It has a history of consistently meeting and exceeding efficiency targets.

- 27** The Council has good arrangements in place to produce regular and timely financial information. Budget monitoring and forecasting information is reliable, relevant and understandable. Budget holders receive the information regularly throughout the year. The Council identifies budget variations in financial performance at an early stage and takes corrective action. The 2008/09 annual accounts did not contain any material errors. The audit of the 2009/10 accounts identified one material error which did not impact on reserves and balances. Working papers are of a good standard and queries answered promptly. The Council's website covers all relevant financial and performance areas. The website now includes various features to enable easy access.

Recommendation

R3 There is scope for the Council to improve the use of cost information from partners and other stakeholders to improve its decision making and commissioning. This will help the Council to make efficient and effective use of resources.

R4 Like all councils, Ribble Valley faces significant financial pressures. The full extent of necessary spending cuts will become clearer after the Autumn 2010 Spending Review and allocation of revenue grant funding for 2011/12 and beyond. The Council has already started to plan to address the potential implications of the spending review and will need to continue to review priorities and service standards to help determine what service standards can be provided in the future.

Governing the Business

- 28** The Council has strong procurement procedures which support the priorities in the sustainable community strategy. However, there is scope to improve the understanding of community needs and equality and diversity issues. The Council has gathered demographic data on the local population during the past year, but has not yet used this to inform commissioning and procurement decisions.
- 29** The Council has improved its framework to oversee data quality in 2009/10. It has procedures in place with partners who provide data to the Council, but still needs to strengthen arrangements to ensure the quality of partnership data. Information and analysis are in formats that aid decision making. Effective performance management arrangements are in place. The Council has effective arrangements in place for data collection and reporting of national performance indicators. Over the past year, it has extended these arrangements to include local performance indicators to improve the quality of this data. Sound arrangements are in place to ensure data security and manage information management risks.
- 30** The Council has strong ethical and governance arrangements in place. Member training and development is good. Members are clear about their role within the Council and the wider community. Arrangements for partnership governance and engagement are good. The Council informs residents about the work of the standards committee through a regular newsletter. Arrangements to ensure compliance with laws

and regulations are sound. The complaints procedure is available on the Council's website and complaints reported and monitored.

- 31** Risk management arrangements are adequate but there is scope for improvement. The Council has a comprehensive risk register in place but risk management needs embedding throughout the Council's decision making processes. During 2009/10 members did not receive any reports on risk management until the year end. Reports to members need to be more comprehensive, clearly setting out the controls in place to mitigate risks identified and action taken to mitigate any residual risk. The Council has begun to address this. The Council should update risk management training for staff, especially those who manage the risks, to ensure they fully understand the risk management system. The Council has communicated its anti fraud and corruption policy to staff. Standing orders, codes of conduct and the scheme of delegation are reviewed and updated regularly. The Council has improved the Internal Audit section and it now complies with CIPFA standards.

Recommendation	
R5	To demonstrate a greater awareness and understanding of the full range of community needs, the Council should use information on equality and diversity to inform procurement and commissioning decisions.
R6	The Council should strengthen its data quality arrangements in relation to information from partners to ensure that this data is robust.
R7	Strengthen risk management arrangements with more training for those managing risks and regular reporting to members. Embed risk management throughout the Council's decision making processes.
R8	To ensure the effectiveness of counter-fraud arrangements, the Council needs to review its processes against best practice. This review should take account of the latest guidance around money laundering and counter terrorism.

Managing Resources

- 32** During 2009/10, for the first time, we examined the Council's management of natural resources. The Council understands its use of resources and its impact on the environment. It has information on carbon emissions, energy use and water consumption and has a strategy and action plan to reduce its carbon emissions by 5 per cent a year. The Council is working to reduce its environmental impact and has set up initiatives to reduce the use of energy, fuel, water and raw materials. Specific projects aim to improve resource efficiency in estates, energy and water use, recycling, waste disposal and food procurement.
- 33** The Council is working to increase biodiversity in the parks, forests and open spaces that it owns. However, the Council does not yet have comprehensive information about the impact of these initiatives by which to monitor performance. The Council works with partners to identify and manage environmental risks, especially from flooding. For example, it has identified which areas are at greatest risk of flooding and has distributed information to residents.

Value for money

Recommendation

R9 To maximise the effectiveness of its environmental strategy, the Council should ensure that all activities are subject to systematic performance management and monitoring.

Glossary

Annual governance statement

34 A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

35 A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

36 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Qualified

37 The auditor has some reservations or concerns.

Unqualified

38 The auditor does not have any reservations.

Value for money conclusion

39 The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Appendix 1 – Independent auditor’s report to Members of Ribble Valley Borough Council

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Ribble Valley Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Ribble Valley Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Director of Resources and auditor

The Director of Resources’ responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to

form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

Appendix 1 – Independent auditor’s report to Members of Ribble Valley Borough Council

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Ribble Valley Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Clive Portman

District Auditor

Audit Commission

2nd Floor

Aspinall House

Aspinall Close

Middlebrook

Bolton

BL6 6QQ

Date:

Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Table 2

		Income and Expenditure Account		Balance sheet	
Adjusted misstatements	Nature of adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Government Grants Deferred Account	Corresponding write off of the government grant deferred balance associated with the Castle's impairment.		1,588	1,588	1,588
Members Allowance note	Note 4 to the accounts sets out the amounts paid to members for allowances and travel and subsistence claims. The amount disclosed was overstated by £8,418 due to the double counting of travel and subsistence. The note has been amended to show the correct amount	No overall effect on Income & Expenditure account and Balance Sheet.			
Cashflow statement note	Note 39 sets out a reconciliation of deficit on the I&E to the movement on revenue	No overall effect on Income & Expenditure account and Balance Sheet.			

Appendix 2 – Amendments to the draft accounts

		Income and Expenditure Account	Balance sheet
	<p>activities. The note included a line relating to the I&E deficit but the amount shown actually related to the General Fund deficit figure. The accounts were amended to correct this.</p>		
<p>Net debt note</p>	<p>Note 41 analyses the net debt of the Council. The borrowing and total net debt figures in the note for April 2009 and March 2010 wrongly excluded short term borrowing of £78,608. The note was amended to correct this.</p>	<p>No overall effect on Income & Expenditure account and Balance Sheet.</p>	

Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell us why in the representation letter. If you believe the affect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 3

Description of error	Accounts affected	Value of error
The Council has received a number of claims in respect of back pay. At this time we understand negotiation in relation to these claims is ongoing. The SoRP requires a provision to be made in relation to these amounts. The Council has disclosed the amount as a contingent liability of £50,000 rather than a provision. There is an earmarked reserve in place in relation to the liability.	Income & Expenditure account Balance Sheet	£50k
Transactions regarding a compulsory purchase order treated as REFCUS rather than a fixed asset addition and subsequent disposal.	Income & Expenditure account. Balance Sheet (although no net effect).	£5k

Appendix 4 – Draft letter of representation

To:

Clive Portman
District Auditor
Audit Commission
2nd Floor
Aspinall House
Aspinall Close
Bolton
BL6 6QQ

Ribble Valley Borough Council - Audit for the year 2009-10 ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Ribble Valley Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year 2009-10 ended 31 March 2010.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements, in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, which give a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed below are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows;

- The Council has been aware of a number of equal pay claims over the last few years and therefore set aside funds by means of an earmarked reserve to provide for such payments when and if they may materialise. The amount of such payments has not been determined and therefore a reliable estimate cannot be made. As such we have made reference to the claims via the contingent liabilities section within the statement of accounts and we have also set aside funds via an earmarked reserve.
- The accounting treatment of a Compulsory Purchase Order which took place in 2009-10 has been explained to those charged with governance within the Council. The reason for not changing the accounting treatment for this transaction is that

the Council did not intend to retain the asset but instead to transfer to a Registered Social Landlord to bring the property back into use as soon as possible.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements including the appropriateness of the measurement method, the completeness and appropriateness under the financial reporting framework and where relevant, if subsequent events require adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;

Appendix 4 – Draft letter of representation

- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Accounts and Audit Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Ribble Valley Borough Council

I confirm that the this letter has been discussed and agreed by the Council on [date]

Signed

Name

Position

Date

Appendix 5 – Value for money criteria

KLOE	Met
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Strategic asset management	N/A
Workforce	N/A

Appendix 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2009/10 - Recommendations						
8	Continue to review the Council's potential liability in respect of equal pay claims on an ongoing basis and ensure this is accounted for as a provision where appropriate	2				
9	Members and Senior Officers should complete annual declarations for any potential related party transactions.	2				
11	There is scope for the Council to improve the use of cost information from partners and other stakeholders to improve its decision making and commissioning. This will help the Council to make efficient and effective use of resources.	2				
11	Like all councils, Ribble Valley faces significant financial pressures. The full extent of necessary spending cuts will become clearer after the Autumn 2010	3				

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	Spending Review and allocation of revenue grant funding for 2011/12 and beyond. The Council has already started to plan to address the potential implications of the spending review and will need to continue to review priorities and service standards to help determine what service standards can be provided in the future.					
12	To demonstrate a greater awareness and understanding of the full range of community needs, the Council should use information on equality and diversity to inform procurement and commissioning decisions.	2				
12	The Council should strengthen its data quality arrangements in relation to information from partners to ensure that this data is robust.	2				
12	Strengthen risk management arrangements with more training for those managing risks and regular reporting to members. Embed risk management throughout the Council's decision making processes.	3				
12	To ensure the effectiveness of counter-fraud	1				

Appendix 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	arrangements, the Council needs to review its processes against best practice. This review should take account of the latest guidance around money laundering and counter terrorism.					
13	To maximise the effectiveness of its environmental strategy, the Council should ensure that all activities are subject to systematic performance management and monitoring.	2				

The Audit Commission

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