

The Audit Findings Report for Ribble Valley Borough Council

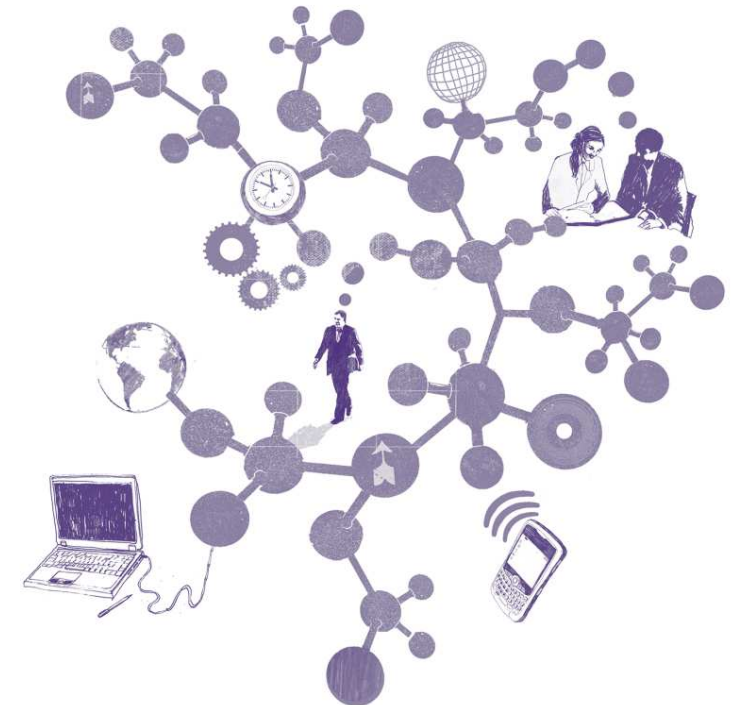
Year ended 31 March 2014

8 August 2014

Karen L Murray
Engagement Lead
T 0161 234 6364
E karen.l.murray@uk.gt.com

Andrew Cook
Manager
T 0161 234 6388
E andrew.cook@uk.gt.com

Colin P Smith
Executive
T 0161 234 6357
E colin.p.smith@uk.gt.com



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 primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control 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.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	7
3. Value for Money	18
4. Fees, non audit services and independence	22
5. Communication of audit matters	24
Appendices	
A Action plan	27
B Audit opinion	28

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Ribble Valley Borough Council's ('the Council') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 16 June 2014.

Our audit is substantially complete although we are finalising our work in the following areas:

- completion of a limited amount of housing benefit detailed testing;
- obtaining and reviewing the final management letter of representation;
- updating our post balance sheet events review, to the date of signing the opinion; and
- completing our work on Whole of Government Accounts.

We received the draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements.

We have not identified any adjustments affecting the Council's reported financial position.

The draft financial statements recorded net expenditure of £6,713k; this is unchanged in the audited financial statements. We have identified a small number of adjustments to improve the presentation of, and disclosures in, the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- the accounts were prepared to a good standard and were supported by good working papers;
- we identified few errors in the financial statements; and
- subject to the completion of our outstanding work, we intend to issue an unqualified opinion.

Further details are set out in section 2 of this report.

Value for Money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Our work has not identified any control weaknesses which we wish to highlight for your attention.

Further detail is provided in section 2 of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Director of Resources and Head of Financial Services.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Director of Resources and her team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
August 2014

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Accounts and Audit Committee on 25 June 2014.

We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you on 25 June 2014.

Audit opinion

We anticipate that we will provide the Council with an unmodified opinion. Our audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journal entries • review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed in response to the assessed risk	Assurance gained & issues arising
<p>Operating expenses</p>	<p>Creditors understated or not recorded in the correct period</p>	<p>We have undertaken the following work:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • tested key controls • substantive testing of a sample of operating expenses relating to 2013/14 to ensure they are correctly classified • substantive testing of creditors and accruals relating to 2013/14 to ensure they are correctly classified and included in the Council's accounts 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>
<p>Employee remuneration</p>	<p>Employee remuneration accrual understated</p>	<p>We have undertaken the following work:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • tested key controls • substantive testing of a sample of payroll costs to ensure they are correctly calculated, classified and included in the Council's accounts 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed in response to the assessed risk	Assurance gained & issues arising
Welfare expenditure	Welfare benefit expenditure improperly computed	We have undertaken the following work: <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the in year controls to assess the whether those controls are designed effectively • Completion of Module 3 (substantive testing) of a sample of housing benefit cases in the headline cell for eligibility and correct calculation of benefit. 	Our work is still underway to complete the testing of benefit claims. We will provide an update on completion.
Property, plant & equipment	Revaluation measurement not correct (Changes to the CIPFA Code of Practice requirements around Property, Plant and Equipment (PPE) valuations from 2013/14 Onwards)	We have: <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the in year controls to assess the whether those controls are designed effectively • tested key controls to ensure they are operating in accordance with our understanding • undertaken substantive testing of capital expenditure in the year to ensure it is correctly treated and disclosed in the accounts • reviewed the Council's PPE valuation approach to confirm the valuation in the accounts is materially correct. 	Our audit work has not identified any significant issues in relation to the risk identified.

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed in response to the assessed risk	Assurance gained & issues arising
<p>Business rates</p>	<p>Changes to business rate (NNDR) accounting and provisions for business rate appeals</p>	<p>We have:</p> <ul style="list-style-type: none"> • reviewed the Council's approach to NNDR accounting and confirmed the collection fund reflects the correct entries • Reconciled the accounting entries to the NNDR system • undertaken predictive analytical review to ensure the transactions are consistent with our expectation • reviewed the Council's NNDR provision to ensure it is materially stated 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> • The Council has adopted the standard revenue recognition policies for Local Government as set out in the Code of Practice. • The revenue recognition policies are set out in Accounting Policy 2 of the statement of accounts 	<ul style="list-style-type: none"> • The Council's policies are in accordance with the requirements of the Code of Practice for Local Government 	●
Judgements and estimates	<ul style="list-style-type: none"> • Key estimates and judgements include: <ul style="list-style-type: none"> – useful life of capital equipment – pension fund valuations and settlements – revaluations – Impairments – Provision for NNDR appeals. 	<p>The Council's estimates and judgements are reasonable and are appropriately disclosed:</p> <ul style="list-style-type: none"> • Policies and judgements are in line with the Code of Practice • Note 2 to the statements sets out the critical judgements used in applying accounting policies • Note 3 to the statements sets out the assumptions made about the future and other major sources of estimation uncertainty. This includes an assessment of the likely impact if the actual results differ from the assumptions. • Accounting policies in relation to areas of judgement and estimation are adequately disclosed 	●

Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate and disclosures sufficient

● Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Judgements and estimates - PPE	<ul style="list-style-type: none"> Page 60 of the accounts sets out the Council's programme of revaluations. This shows that a full revaluation of the Council's assets is undertaken once every 5 years. In the intervening years, the Council asks its valuer to undertake a desktop review and impairment assessment of asset values. 	<ul style="list-style-type: none"> We are satisfied that the carrying amount of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2014. However, the Council should clarify the instructions provided to the valuer to ensure that there is full consideration of any increases in the value of assets in the intervening years. 	●
Other accounting policies	<ul style="list-style-type: none"> We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards. 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention 	●

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient

- Accounting policy appropriate but scope for improved disclosure

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. We have agreed number of minor changes to correct typographical and rounding errors during the course of our work. These are not considered significant for the purpose of reporting to you. to bring to your attention

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	96	Note 29	Note 29 shows grant income received from East Lancashire PCT of £96,168. This should be split between East Lancashire CCG (£27,192) and Lancashire County Council (£68,976) to reflect the restructuring of the NHS from 1 April 2013 and the changes to public health responsibilities. The note has been amended.
2 Disclosure	-	Note 29	The 2012/13 comparative figures for the Total Grants Received for Revenue purposes and the Total Credited to Services were incorrect. These have been amended.
5 Disclosure	1,778	Note 33	The total Post Employment Benefit Charged to the CIES in Note 33 was shown as £-1,762. However, this should be £-3,540. This was due to an error in the spreadsheet formula used to prepared the note only and did not impact on the values transferred to the CIES which were correctly stated.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Our work has not identified any control weaknesses to highlight for your attention.

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed However, as part of the closedown process, the Council asks all members and relevant officers to confirm their interests and any related party transactions. Returns from a small number of members were not received in a timely way and one member did not submit the return at all, despite efforts from officers to obtain it. Although we are satisfied there are no material disclosures omitted as a result, the Council should strengthen the arrangements it has in place to ensure all members comply with the requirements to confirm related party matters.
6.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Value for Money

Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

- **The Council has proper arrangements in place for securing financial resilience** - the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness** - the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have considered the Council's arrangements to secure financial resilience against the following themes:

- Key financial performance indicators.
- Financial governance.
- Financial planning.
- Financial control.

Overall our work highlighted that the Council's current arrangements for achieving financial resilience are adequate, as follows:

- The Council's level of available reserves and contingencies provide adequate cover for known future financial risks.
- The Council was able to set a balanced revenue budget for 2013-14 and maintain actual spending within that budget set. The Council has also set a balanced budget for 2014-15.
- The Council maintained actual spending within its planned capital programme for 2013-14.
- The Medium Term Financial Plan (MTFP) is clearly set out and reflects information from other relevant areas of the business.
- Regular reports to monitor performance against the revenue budget and capital budget are made to the Policy and Finance Committee.
- There is an appropriate level of senior management and member level engagement in the financial management process.
- The Council has a well established budget setting process and a good track record in managing budgets and achieving savings targets.
- The Council has well established systems and procedures for producing reliable financial monitoring and forecasting information.
- A risk register is in place and "red" risks are reported to the Accounts and Audit Committee. These include finance risks. However, there is scope to improve the reporting to members on the risks facing the Council by ensuring members regularly receive a summary "Corporate Risk Register" containing details of the highest level strategic risks for them to scrutinise and consider given the potential impact on the Council achieving its overall strategic objectives.

Further details are provided in the Financial Resilience report, issued with this AFR.

Value for Money

Challenging how the Council secures economy, efficiency and effectiveness

We have considered the Council's arrangements for challenging how it secures economy, efficiency and effectiveness against the following themes:

- Prioritising resources.
- Improving efficiency & productivity.

Overall our work highlighted that the Council has adequate arrangements in place to challenge how it secures economy, efficiency and effectiveness, as follows:

- The Council is relatively low spending. The "cost per head" for services provided compares well with its nearest statistical neighbours.
- Appropriate leadership is provided on prioritising resources and spending reductions. This process is led by the Budget Working Group, which is made up of senior management and members, and the Policy and Finance Committee.
- The Council has a good track record of implementing planned efficiencies in practice and maintaining actual expenditure within reduced budgets.
- Council officers and members review the effectiveness of services on a regular basis and do consider alternative ways of delivering activities where appropriate. However, quarterly performance monitoring to the Corporate Management Team did not take place as intended in 2013-14. This should be re-introduced to ensure there is a clear and holistic view of performance across all service areas.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

Recommendations with regard to the corporate risk register and Corporate Management Team performance reporting are set down overleaf.

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission. Following completion of our work we noted the following residual risks to our VfM conclusion:

Risk area and assurance obtained	Residual risk	Recommendation
<p>Risk management and assurance framework - We are satisfied that the Council has robust risk management arrangements in place with a comprehensive departmental level risk register and red risks reported to the Accounts and Audit Committee.</p>	<p>The number of risks on the full risk register means it is difficult for members to get an overview of the high level risks that might impact on the Council's strategic objectives.</p>	<p>Council members should receive a summary “Corporate Risk Register” containing only the highest level strategic risks to scrutinise and to consider where these have the greatest potential impact on the Council achieving its overall strategic objectives.</p>
<p>Service effectiveness – We are satisfied that officers and members review the effectiveness of services through regular service reports to committees, consideration of the perception survey conclusions and a yearly corporate performance report.</p>	<p>In previous years, performance monitoring to the Corporate Management Team was undertaken on a quarterly basis so that service effectiveness across all areas could be considered formally in-year. This did not take place in 2013-14.</p>	<p>Quarterly performance monitoring to the Corporate Management Team should be re-introduced.</p>

Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our final fees charged for the Accounts audit and the indicative fees for the Grants certification audit. The Grants certification audit is not yet complete. We have not carried out any other services for the Council in 2013-14.

We have no independence issues to bring to the attention of the Council.

Fees

	Per Audit plan £	Actual fees £
Council Accounts audit	52,702	53,642
Grant certification (indicative fee at this stage)	14,080	14,080
Total audit fees	66,782	67,722

There is additional fee of £940 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NNDR3 claims. The additional fee is 50% of the average fee previously charged for NNDR3 certifications for district councils and is subject to agreement by the Audit Commission.

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

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

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Action plan

Priority

Significant deficiency – risk of significant misstatement

Deficiency - risk of inconsequential misstatement

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Strengthen the arrangements for obtaining disclosures in respect of related party matters from members.	Deficiency		
2	Council members should receive a summary “Corporate Risk Register” containing only the highest level strategic risks to scrutinise and to consider where these have the greatest potential impact on the Council achieving its overall strategic objectives.	Deficiency		
3	Quarterly performance monitoring to the Corporate Management Team should be re-introduced.	Deficiency		

Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIBBLE VALLEY BOROUGH COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Ribble Valley Borough Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Ribble Valley Borough Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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 to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Ribble Valley Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of Ribble Valley Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Karen L Murray
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

[**] September 2014



© 2014 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk