

The Audit Findings for Ribble Valley Borough Council

Year ended 31 March 2015

August 2015

Karen Murray

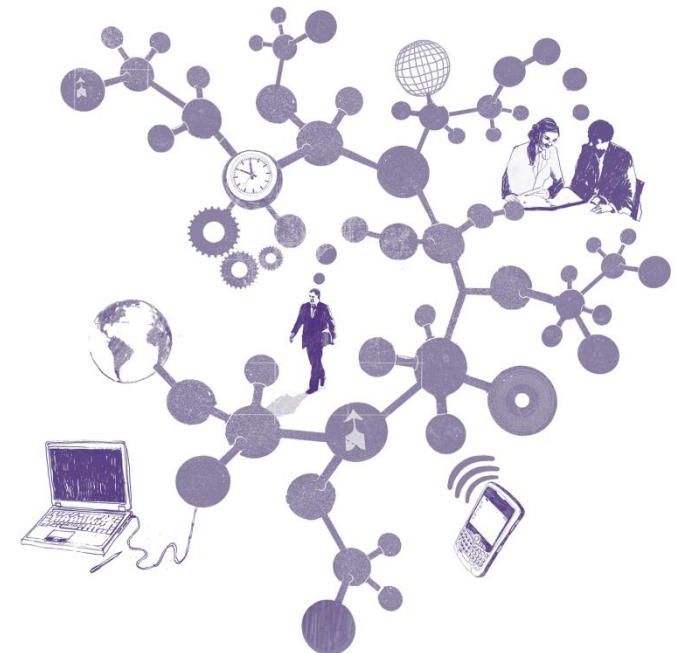
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August 2015

Dear members of the Accounts and Audit Committee

Audit Findings for Ribble Valley Council for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Ribble Valley Borough Council, the Audit Committee) , as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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.

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

Yours sincerely

Karen Murray

Chartered Accountants

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Section 1: Executive summary

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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 2015. 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 UK&I).

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 and 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 March 2015.

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

- completion of our final testing including review of completeness of disclosures in the financial statements
- review of the final version of the financial statements

- obtaining and reviewing the final management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion
- Whole of Government Accounts

We received 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 in respect of the financial statements.

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

- the accounts presented for audit were well prepared.
- We did not identify any adjustments to the accounts affecting the Council's reported financial position. The financial statements for the year ended 31 March 2015 recorded total comprehensive income and expenditure of £3.2m and a general fund balance of £2.1m. This remains unchanged.

Further details are set out in section two 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 three 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

Roles and responsibilities

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.

Findings

We draw your attention in particular to control issues identified in relation to:

- the Director of Resources has the ability to raise journal entries and has raised journals totalling £44k in the year.
- internal audit have yet to complete their 2014/15 work plan including work on the general ledger and cash receipting systems.

Further details are provided within section two 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 finance team.

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 finance 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 2015

Section 2: Audit findings

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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 the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 1 April 2015. 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 1 April 2015.

Audit opinion

Our proposed 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 (UK&I) 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 (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>In our audit plan we reported that having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Ribble Valley Borough Council, mean that all forms of fraud are seen as unacceptable. • Our audit approach requires that we test material revenue streams. 	<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 (UK&I) 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 identified that the Director of Resources has raised journals in the year.</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	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 in relation to this risk:</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 whether those controls were in line with our documented understanding • tested operating expenses including reviewing the reconciliation of the accounts payable system and undertaking testing of new year payments to confirm they have been accounted for in the correct period. 	<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 in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • We have reviewed the reconciliation of payroll costs to the general ledger • Completion of trend analysis to assess whether employee remuneration is in line with expectations 	<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
<p>Revenue recognition</p>	<ul style="list-style-type: none"> The Council recognises revenue from the provision of services when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits will flow to the Council. For the sale of goods the Council recognises revenue when the Council transfers the significant risks and rewards of ownership to the purchaser. 	<p>The Council's accounting policy is in line with the requirements of the CIPFA code and is adequately disclosed in the accounts.</p>	
<p>Estimates and judgements</p>	<ul style="list-style-type: none"> The key estimates and judgements made by the Council include: <ul style="list-style-type: none"> PPE valuations useful life of capital equipment pension fund valuations 	<ul style="list-style-type: none"> We have reviewed the estimates and judgements made in the accounts as part of our work with no matters arising. We have sample tested valuations undertaken in the year to confirm they are appropriately included in the statement of accounts. We have confirmed the entries relating to the pension scheme in the accounts agree through to the actuarial valuation. We have considered the qualifications of and the work completed by the actuary to ensure we can place reliance upon the their work. 	

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 continued

Accounting area	Summary of policy	Comments	Assessment
Going concern	The Directors have a reasonable expectation that the services provided by the Council will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed your assessment of your financial position and are satisfied with managements' assessment that the going concern basis is appropriate for the 2014/15 financial statements.	
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	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 but scope for improved disclosure

 Accounting policy appropriate and disclosures sufficient

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 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 letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no non-trivial 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
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations from the PWLB for loans. We requested permission from management to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. However, one of these requests was not received. We have performed alternative procedures, including ensuring the figures included in the accounts agreed to supporting documentation supplied by the bank.

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. We considered and walked through the internal controls for Employee Remuneration and Operating Expenses as set out on page 10 above.

The matters that we identified during the course of our audit are set out in the table below. These and other recommendations, together with management responses, are included in the action plan attached at Appendix A.

	Assessment	Issue and risk	Recommendations
1.	●	<ul style="list-style-type: none"> The Director of Resources access rights to raise journals. During the year, she has made adjustments to the general ledger of £44k. The value of amendments made indicate this is not a risk of material misstatement in 2014/15. However, allowing senior management to raise journals means there is a risk of manipulation of the Council's financial position. 	<ul style="list-style-type: none"> Consider the risks presented by allowing the Director of Resources to have access right to post journals.
2.	●	<ul style="list-style-type: none"> The internal audit work plan for 2014/15 has not been completed including the reports for General Ledger and cash receipting. While the majority of the fieldwork has been completed the work has slipped into 2015/16. 	<ul style="list-style-type: none"> Where internal audit work is not completed at the end of the year, ensure that the annual report to members explains what assurance has been gained to support the Head of Internal Audit opinion.

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

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.

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.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Misclassification		Financial instruments	Disclosure only. Some relevant debtors and creditors had been excluded from the financial instruments note.

Section 3: Value for Money

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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 undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

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

- The Council's level of available reserves and contingencies have been set to consider known future financial risks.
- The Council was able to set a balanced revenue budget for 2014-15 and has delivered within actual spending within the budget set. The Council has also set a balanced budget for 2015-16.
- The Medium Term Financial Strategy (MTFS) is clearly set out and reflects information from other relevant areas of the business. There are still savings to be identified for 2016-17 and 2017-18 with work to identify these being undertaken via the budget working group.
- Regular reports to monitor performance against the revenue and capital budget are considered by the Policy and Finance Committee.
- There is an appropriate level of senior management and member level engagement in the Council's 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.

Value for Money

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge 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. From review of the Audit Commission VFM profiles 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. However, the MTFP highlights that further savings need to be made in 2016-17 and 2017-18 and process is still to be put in place to identify how to achieve these savings.

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 2015.

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance	<p>The Council has delivered within budget for 2014/15, with an underspend of £45k transferred to the general fund reserve at the end of 2014/15, alongside a transfer of £799k to earmarked reserves. The Council currently holds a general fund balance of £2.1m and earmarked reserves of £5.9m.</p> <p>The Council has a treasury management strategy and has updated this in line with the requirements of the CIPFA treasury management code. There has been quarterly reporting of treasury management activity to the policy and finance committee throughout the year.</p> <p>Workforce at the Council is stable with a low level of turnover.</p>	Green
Strategic financial planning	<p>The Council set a balanced revenue budget for 2014-15 and maintained spending within the budget set. It also maintained actual spending within its planned capital programme for 2014-15. The Council has set a balanced budget for 2015-16.</p> <p>There is a medium term financial plan (MTFP) in place covering the three years to 2017/18. This is the Council's key financial planning document aiming to provide the Council with assurance that the Council's spending plans are affordable over the Medium Term. It is updated and approved annually, most recently presented to the Policy & Finance Committee in February 2015 with an update to the Budget Working Group in June 2015.</p> <p>The MTFP takes into account demographic trends, the current national political and economic environment and local context. It highlights a need for savings to be identified in 2016/17 of £581k, 2017/18 of £879k and 2018/19 of £1.5m. The budget forecast identifies the use of the general fund balance of £200k for each of the three years 2016/17 to 2018/19 as well as significant funding (£676k per annum) used from the new homes bonus to support the financial position. The Council has a well established budget working group which ensures senior management and member involvement in identifying future savings plans. The scale of savings required beyond 2016/17 will be significant, and while the arrangements the Council has are well placed to face this challenge significant savings will be required and difficult decisions about service provision will need to be made.</p> <p>The Council is aware of the need to identify these longer term savings and is putting plans in place to find them and to take action to deliver them. This will be monitored by the Council's budget working group.</p> <p>The Council considers delivery of statutory services through exercises such as the budget setting report and the review of the robustness of reserves and estimates specifically set out the statutory responsibilities. Requirements of service delivery are considered as part of the budget setting process, ensuring funds are available to deliver essential services before consideration of other areas.</p> <p>Regular reports to monitor performance against the revenue budget and capital budget are made to the Policy and Finance Committee.</p>	Green

Theme	Summary findings	RAG rating
Financial governance	<p>The Council has well established systems and procedures for producing reliable financial monitoring and forecasting information. Budget monitoring reports are presented to the policy and finance committee throughout the year. The budget is prepared by Director of Resources and Budget Working Group on an annual basis. Policy and Finance committee provides challenge before Council approval. This is done before the start of the financial year.</p> <p>Officers understand the financial management challenges and risks facing the Council and are taking appropriate action to secure a stable financial position. The updated MTFP assesses the forward position and actions required to deal with any emerging issues. This highlights the significant savings that need to be delivered to support the balanced budget in 2016/17 2017/18 and 2018/19. The budget working group is responsible for identifying these savings.</p> <p>The Council makes good use of its website to communicate financial issues to stakeholders including the Council leader's message. The explanatory forward to the accounts also clearly sets out the position from the last year and challenges going forward.</p> <p>Changes in the year to the composition of the Accounts and Audit committee have been recognised. Training for new members is being put in place to ensure the Committee remains effective.</p> <p>A risk register is in place. risks are reported to and monitored by service committees on a regular basis. The Council's "red" risks are reported to the Accounts and Audit Committee at every meeting.</p>	Green
Financial control	<p>Budget processes are robust with required savings to balance the budget clearly identified and monitored through the year.</p> <p>Although the Council has a good record of containing its costs and delivering savings in line with budget, there is much work to be done the position going forwards is more challenging. The Council has not yet identified how it will meet savings requirements for 2016/17 and 2017/18.</p> <p>When savings plans are formulated these are supported by relevant information to evaluate the viability of the proposal and potential implications on services. Previous savings have been delivered with minimal impact on service delivery and performance reporting shows the Council has largely been able to sustain the level of provision over the last few years. However, the scale of the savings challenge has now increased so the Council will need to consider in more detail how it will manage the potential implications on services for local people.</p>	Green

Theme	Summary findings	RAG rating
Prioritising resources	<p>There is appropriate leadership provided on prioritising resources and spending reductions. This process is led by the Budget Working Group, and the Policy and Finance Committee. The size of the Council means that senior management are close to the detail of resources and spending. Senior management sit on the budget working group and are involved in the setting of budgets and identification of savings. The senior team has a good level of understanding of resources, taking a rational view of its priorities and the spending reductions required. This provides clarity for members.</p> <p>The Council has a good track record of implementing planned efficiencies in practice and maintaining actual expenditure within reduced budgets. However, the MTFS highlights that further savings need to be made in 2016/17, 2017-18 and 2017/18 and the Council recognises that delivering these levels of savings will be difficult and will need to remain under constant review.</p>	Green
Improving efficiency & productivity	<p>Council officers and members review the effectiveness of services on a regular basis and consider alternative ways of delivering activities where appropriate.</p> <p>Options for alternative service delivery are reviewed and considered where appropriate. However, the Council has stated its aim of keeping services in house where possible and has sought to do this.</p> <p>Regular revenue and budget monitoring reports are submitted to the Policy and Finance Committee. These set out progress against planned efficiency savings. Performance reports do not indicate any significant adverse impact on service provision or priorities to date.</p> <p>Council has a record of achieving planned savings. The Council needs to ensure this continues going forward when addressing the future savings needed to be delivered as well as ensuring that income assumptions continue to be reasonable.</p>	Green

Section 4: Fees, non-audit services and independence

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Fees, non-audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Council audit	53,602	53,602
Grant certification on behalf of Audit Commission	14,080	14,080
Total audit fees	67,682	67,682

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical 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.

Ethical standards and International Standards on Auditing ISA (UK&I) 260 require us to give you full and fair disclosure of matters relating to our independence. In this context, we disclose the following to you:

- a member of the Council's Accountancy section is a former employee of Grant Thornton UK LLP. He does not have direct responsibility for preparing the Council's accounts and therefore we do not consider there to be an impact on our independence.

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) 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

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Consider the risks in allowing the Director of Resources to have access rights to post journals	Medium	Allowing the Director of Resources to have this access right is felt to unavoidable given the small size of the Council and it's finance team. We have considered the risk that this presents. Given the relatively small number and low value and the fact that this is immaterial to the operation of the Council, we conclude the risk to be manageable.	
2	Where internal audit work is not completed at the end of the year, ensure that the annual report to members explains what assurance has been gained to support the Head of Internal Audit opinion.	Medium	Agreed	31 March 2016 Internal Audit Manager

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

We have audited the financial statements of Ribble Valley Borough Council for the year ended 31 March 2015 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, 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 2014/15.

This report is made solely to the members of Ribble Valley Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2014/15, 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 also 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 2015 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 2014/15 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 are required to 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; or
we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
we designate under section 11 of the Audit Commission Act 1998 a 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 in October 2014.

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 review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, 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 2015.

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 2014, 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 2015.

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.

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