

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **ACCOUNTS & AUDIT COMMITTEE** is at **6.30pm on WEDNESDAY, 31 OCTOBER 2018** in the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (copy for information to all other members of the Council)
Directors
Grant Thornton
Press

AGENDA

Part 1 – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. Minutes of the meeting held on 25 July 2018 and Minutes of Accounts and Audit Sub-Committees held on 1 August 2018 and 13 September 2018 – copy enclosed.
3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
4. Public Participation (if any).

DECISION ITEMS

- ✓ 5. Review of Member/Officer Protocol – report of Chief Executive – copy enclosed.
- ✓ 6. Annual Audit Letter 2017/18 – report of Grant Thornton – copy enclosed.

INFORMATION ITEMS

- ✓ 7. Internal Audit Progress Report 2018/19 – report of Director of Resources – copy enclosed.
- 8. Grant Thornton Progress Update – verbal report.

Part II - items of business **not** to be discussed in public

None

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

Agenda Item No.

meeting date: WEDNESDAY, 31 OCTOBER 2018
 title: REVISITING MEMBER/OFFICER PROTOCOL
 submitted by: MARSHAL SCOTT - CHIEF EXECUTIVE
 principal author: OLWEN HEAP - ADMINISTRATION OFFICER

1 PURPOSE

1.1 To revisit the Member/Officer Protocol.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives - }
 - Corporate Priorities - }
 - Other Considerations - }
- The Protocol is a public document which provides the framework within which Members and officers should operate.

2 BACKGROUND

2.1 In November 2017 the Council was the subject of a Peer Challenge Review, one of the recommendations of the Review was that the Council should re-visit its Member/Officer Protocol. No details about the issues that had been identified were provided.

2.2 A copy of the Protocol is attached as Appendix 1.

2.3 The Protocol was presented as a standing item to each Committee to remind Members and Officers of the guidance contained within the Protocol about the respective roles of Members and officers, and how the relationship between Members and officers should be managed.

2.4 It was also an opportunity to make suggestions to the Accounts and Audit Committee on how the protocol could be strengthened and improved.

3 ISSUES

3.1 Committees made the following comments

Community Services	No changes suggested
Planning & Development	No changes suggested
Personnel	No changes suggested
Health & Housing	Lack of gender neutral language and respective accountability of elected members and staff Review every 2 years with the first one being after the Borough Elections in May 2019 Include in training/induction for new members
Licensing	No changes suggested
Economic Development	Review after elections in May 2019
Policy & Finance	Review after elections in May 2019

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – N/A.
- Technical, Environmental and Legal – N/A.
- Political – N/A.
- Reputation – N/A.
- Equality & Diversity – N/A.

5 **RECOMMENDED THAT COMMITTEE**

5.1 Note the terms of the Council's Protocol for Member/Officer Relations.

5.2 Note the comments at 3.1 made by the various Committees and consider whether any further changes should be made.

5.3 Agree to review the Protocol after the Elections in May 2019.

OLWEN HEAP
ADMINISTRATION OFFICER

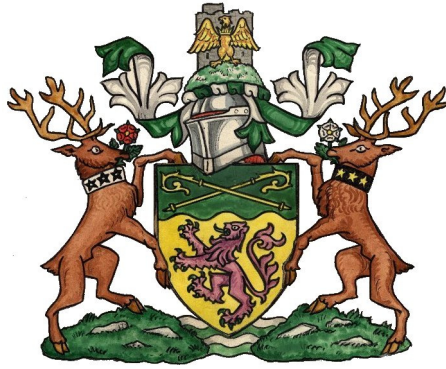
MARSHAL SCOTT
CHIEF EXECUTIVE

BACKGROUND PAPERS

(If any)

For further information please ask for Diane Rice, extension 414418.

REF: OMH/ACCOUNTS&AUDIT/311018



**RIBBLE VALLEY
BOROUGH COUNCIL**

**A Protocol for
Member/Officer
Relations**

May 2014

RIBBLE VALLEY BOROUGH COUNCIL

MEMBER/OFFICER PROTOCOL

1. INTRODUCTION

- 1.1 Ribble Valley Borough Council recognises that the relationship between its members and its officers is of vital importance in its work on behalf of the people of the Borough. The purpose of this Protocol is to guide both members and officers of the Council in their relationships with each other. It sets out and stresses the need for mutual respect between councillors and officers, based on an understanding of their respective roles and on the need to maintain the highest standard of personal and professional conduct at all times.
- 1.2 Given the variety and complexity of Member/Officer relations, the Protocol does not seek to be prescriptive or comprehensive. The intention is simply to offer guidance on some of the issues which most commonly occur and which, in turn, may help and serve as a guide in dealing with other situations which might arise.
- 1.3 The Protocol is largely a statement of current practice and convention, but by collating and emphasising these principles it is hoped to promote greater clarity and certainty.
- 1.4 The Protocol forms part of the Council's constitution and as such is available for public inspection.

2. PRINCIPLES UNDERLYING MEMBER-OFFICER RELATIONS

- 2.1 Both members and officers are servants of the public, and they are indispensable to one another. However their responsibilities are distinct. Members are responsible to the electorate and serve only so long as their term of office lasts. Officers are responsible to the Council. Their job is to give advice to Members and the Council and to carry out the Council's work under the direction and control of the Council, its committees and sub-committees.
- 2.2 Mutual respect between Members and Officers is essential to good local government.

3. ROLES OF MEMBERS

- 3.1 All members have important roles under the Council's constitution and all are subject to the same ethical framework and code of conduct. These roles include:
- representing the views of their constituents;
 - acting together as the full Council; and
 - membership of committees, sub-committees and working groups.
- 3.2 The Council and its committees are responsible for setting policies, service and performance targets and ensuring that they are delivered. They are accountable to the electorate for the delivery of policies and services. It is important to note that the law only allows for decisions to be taken by the Council, a committee or sub-committee or by an Officer. The law does not allow for decisions to be taken by a committee Chairman or by an other single member.
- 3.3 Members are not normally expected to be involved in the implementation of policies or the day-to-day management of services, but can expect reports on progress.
- 3.4 It is appropriate, however, for Members to propose initiatives and ideas about how things can be done better. It is essential that existing ways of doing things are challenged and reviewed. This needs to be done in a professional and constructive environment. Where Members have initiatives and ideas they should discuss them with the Director concerned and a way forward agreed by the parties concerned. This will usually be through the appropriate committee.
- 3.5 The Code of Conduct for Members has a number of provisions which are relevant to the relationship between Members and Officers. These are as follows:-
- A member must treat others with respect [Para.3(1)].
 - A member must not do anything which compromises or which is likely to compromise the impartiality of those who work for, on behalf of, the authority [Para. 3(2)d].
 - A member must when reaching decisions have regard to any relevant advice provided to him by –
 - (a) the authority's chief finance officer acting in pursuance of his duties under section 114 of the Local Government Finance Act 1988 or an equivalent provision in any regulations made under section 6(6) of the Local Government and Housing Act 1989; and
 - (b) the authority's monitoring officer acting in pursuance of his duties under section 5(2) of the Local Government and Housing Act 1989 (Paragraph 6).

4. ROLES OF OFFICERS

- 4.1 Officers are responsible for advising the Council and its Committees on policy and its implementation. They have a duty to give impartial advice to all Members. All officers are employed by, and accountable to, the local authority as a whole.
- 4.2 Support from officers is needed for all the Council's functions and the roles of the full Council, policy committee and individual Members representing their communities.
- 4.3 Day to day managerial and operational decisions should remain the responsibility of the Chief Executive and other officers.

5. RELATIONSHIP BETWEEN MAYOR AND OFFICERS

- 5.1 Officers will ensure that the Mayor is provided with all necessary secretarial and other support and that the dignity of the office of Mayor is respected at all times.

6. RELATIONSHIP BETWEEN LEADER AND OFFICERS

- 6.1 It is of fundamental importance to the effective running of the Council that there is a good working relationship between the Leader of the Council and Officers, in particular the Chief Executive. The Leader and the Chief Executive between them have the prime responsibility for providing leadership not just to the Council but to the wider community.
- 6.2 The Chief Executive will keep the Leader and Shadow Leader regularly informed on matters affecting the Council and will arrange for the necessary support to be provided to the Leader and Shadow Leader to enable him or her to fulfil the role.
- 6.3 In the absence of the Leader or Shadow Leader the Chief Executive will provide the necessary information and support to the Deputy Leader or Shadow Deputy Leader or to any other member nominated by the Leader or Shadow Leader.

7. RELATIONSHIPS BETWEEN CHAIRMEN AND MEMBERS OF POLICY COMMITTEES AND OFFICERS

- 7.1 It is clearly important that there should be a close working relationship between the Chairman of a committee and the relevant Director or Service Head. However such relationships should never be allowed to become so close, or appear to be so close, as to bring into question the Officer's ability to deal impartially with other Members and other party groups.
- 7.2 Whilst the Chairman may, if he or she so wishes, be consulted as part of the process of drawing up the agenda for a forthcoming meeting, it must be recognised that in some situations an Officer will be under a duty to submit a report on a particular matter. Similarly, an Officer will always be fully responsible for the contents of any report submitted in his or her name. Any issues arising between a Chairman and an Officer in this area should be referred to the Chief Executive for resolution. Where individual members wish

to place an item on an agenda they should notify the Chairman and the Chief Executive.

- 7.3 Finally, it must be remembered that officers within a service are accountable to their Director and/or Service Head and that whilst Officers should always seek to assist a Chairman or any other Member, they must not, in so doing, go beyond the bounds of whatever authority they have been given by their Director or Service Head.

8. OFFICER RELATIONSHIPS WITH PARTY GROUPS

- 8.1 There is now statutory recognition for party groups and it is common practice for such groups to give preliminary consideration to matters of Council business in advance of such matters being considered by the relevant Council decision making body. Officers may properly be called upon to support and contribute to such deliberations by party groups; however, this should always be with the consent of the appropriate Director. Such consent will only be refused in exceptional circumstances and after discussions between the party Leader and the Chief Executive.
- 8.2 The support provided by officers can take many forms, ranging from a briefing meeting with a Chairman or Spokesperson prior to a committee meeting to a presentation to a full party group meeting. Whilst in practice such officer support is likely to be in most demand from whichever party group is for the time being in control of the Council, such support is available to all party groups and also to independent members.
- 8.3 Certain points must, however, be clearly understood by all those participating in this type of process, Members and Officers alike. In particular:
- (a) Officer support in these circumstances must not extend beyond providing information and advice in relation to matters of Council business. Officers must not be involved in advising on matters of party business. The observance of this distinction will be assisted if officers are not expected to be present at meetings, or parts of meetings, when matters of party business are to be discussed.
 - (b) Where Officers provide information and advice to a party group meeting in relation to a matter of council business, this cannot act as a substitute for providing all necessary information and advice to the relevant Committee when the matter in question is considered.
- 8.4 Special care needs to be exercised whenever Officers are involved in providing information and advice to a party group meeting which includes persons who are not members of the Council. Such persons will not be bound by the Council's Code of Conduct (in particular, the provisions concerning the declaration of interests and confidentiality) and for this and other reasons Officers may not be able to provide the same level of information and advice as they would to a Members only meeting.

- 8.5 Officers must respect the confidentiality of any party group discussions at which they are present in the sense that they should not relay either directly or indirectly the content of any such discussion to another party group.
- 8.6 Any particular cases of difficulty or uncertainty in this area of Officer advice to party groups should be raised with the Chief Executive or in his absence, the Monitoring Officer who will discuss them with the relevant group leader.

9. MEMBERS IN THEIR WARD ROLES AND OFFICERS

- 9.1 Officers will provide support to Members in their role as ward councillors. However the only basis on which the Council can lawfully provide support services (e.g. stationery, typing, printing, photocopying, transport etc) to Members is to assist them in discharging their role as Members of the Council. Such support services must therefore only be used on Council business. They should never be used in connection with party political or campaigning activity or for private purposes.
- 9.2 Whenever a public meeting (with the exception of Committee meetings) is organised by the Council to consider a local issue, all the Members representing the ward or wards affected must, as a matter of course, be invited to attend the meeting. Similarly, whenever the Council undertakes any form of consultative exercise on a local issue, the ward members should be notified at the outset of the exercise.

10. MEMBERS' ACCESS TO INFORMATION AND TO COUNCIL DOCUMENTS

- 10.1 Members are free to approach any Council department to provide them with such information, explanation and advice as they may reasonably need in order to assist them in discharging their role as Members of the Council. This can range from a request for general information about some aspect of a Service's activities to a request for specific information on behalf of a constituent. Such approaches should normally be directed to the Director or another Senior Officer of the department concerned.
- 10.2 As regards the legal rights of Members to inspect Council documents, these are covered partly by statute and partly by the common law.
- 10.3 Members have a statutory right to inspect any Council document which contains material relating to any business which is to be transacted at a Council, committee or sub-committee meeting. This right applies irrespective of whether the member is a member of the committee or sub-committee concerned and extends not only to reports which are to be submitted to the meeting, but also to any relevant background papers. This right does not however apply to documents relating to certain items which may appear on the 'exempt' agenda for meetings. The items in question are those which contain exempt information.

- 10.4 The common law right of Members is much broader and is based on the principle that any member has a prima facie right to inspect Council documents so far as his/her access to the documents is reasonably necessary to enable the Member properly to perform his/her duties as a Member of the Council. This principle is commonly referred to as the “need to know” principle.
- 10.5 The exercise of this common law right depends therefore upon the Member’s ability to demonstrate that he/she has the necessary “need to know”. In this respect a Member has no right to “a roving commission” to go and examine documents of the Council. Mere curiosity is not sufficient. The crucial question is the determination of the “need to know”. This question must initially be determined by the particular Director whose department holds the document in question (with advice from the Head of Legal and Democratic Services). In the event of dispute, the question falls to be determined by the relevant Committee i.e. the Committee in connection with whose functions the document is held.
- 10.6 In some circumstances (e.g. a Committee Member wishing to inspect documents relating to the functions of that Committee) a Member’s “need to know” will normally be presumed. In other circumstances (e.g. a Member wishing to inspect documents which contain personal information about third parties) a Member will normally be expected to justify the request in specific terms.
- 10.7 Whilst the term “Council document” is very broad and includes for example, any document produced with Council resources, it is accepted by convention that a member of one party group will not have a “need to know” and therefore a right to inspect, a document which forms part of the internal workings of another party group.
- 10.8 Further and more detailed advice regarding Members’ rights to inspect Council documents may be obtained from the Head of Legal and Democratic Services.
- 10.9 Finally, any Council information provided to a Member must only be used by the Member for the purpose for which it was provided i.e. in connection with the proper performance of the Member’s duties as a Member of the Council.

11. MEDIA RELATIONS

- 11.1 Officers shall assist Members in explaining proposals and policies to journalists but not in promoting individual members or their political views. Exceptions are those described in the Code of Practice on Local Authority Publicity, principally when an individual Member is speaking for the Council as a whole or for a committee which they chair.

12. CORRESPONDENCE

- 12.1 Correspondence between an individual Member and an Officer should not normally be copied (by the Officer) to any other Member. Where exceptionally it is necessary to copy the correspondence to another Member, this should be made clear to the original Member.

12.2 Official letters on behalf of the Council should normally be sent out over the name of the appropriate Officer, rather than over the name of a Member. It may be appropriate in certain circumstances (e.g. representations to a Government Minister) for a letter to appear over the name of a Member, but this should be the exception rather than the norm. Letters which for example, create obligations or give instructions on behalf of the Council should never be sent out over the name of a Member.

13. REVIEW OF PROTOCOL

13.1 This protocol is intended to provide Members and Officers with guidelines to determine their roles and relations with each other.

13.2 It is intended to be a 'live' document and will be reviewed from time to time to reflect changing circumstances.

13.3 Members or Officers with queries about the Protocol should contact the Head of Legal and Democratic Services, who is the Council's Monitoring Officer.



Annual Audit Letter

Year ending 31 March 2018

Ribble Valley Borough Council

13 August 2018



Contents



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2. Audit of the Accounts
3. Value for Money conclusion

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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Ribble Valley Borough Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Accounts and Audit Committee as those charged with governance in our Audit Findings Report on 13 July 2018.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £429,000, which is 2% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 26 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 13 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Accounts and Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Ribble Valley Borough Council in accordance with the requirements of the Code of Audit Practice.

Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you across June and July, delivering the accounts before the deadline, releasing your finance team for other work.

- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports through committee updates.
- Providing training – we invited your teams to relevant training on financial accounts and annual reporting

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's accounts to be £429,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £21,000, above which we reported errors to the Accounts and Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts, as well as the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Improper revenue recognition Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>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. 	<p>We do not consider this to be a significant risk for Ribble Valley Borough Council, and have nothing to report in this regard.</p>
<p>Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>Having identified that this presents an inherent risk for the Council, we have:</p> <ul style="list-style-type: none"> • reviewed accounting estimates, judgements and decisions made by management • analysed and tested journal entries • reviewed financial data and treatment of unusual significant transactions • reviewed significant related party transactions outside the normal course of business. 	<p>Our audit work did not identify any issues in respect of management override of controls.</p>
<p>Valuation of pension fund net liability The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We have:</p> <ul style="list-style-type: none"> • identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement • reviewed the competence, expertise, and objectivity of the actuary who carried out the Council's pension fund valuation • updated our understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made • reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>Our audit work did not identify any issues in respect of the valuation of the pension fund net liability.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment The Council revalues its land and buildings on a quinquennial basis to ensure that carrying value is not materially different from current value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We have undertaken:</p> <ul style="list-style-type: none">• a review of management's processes and assumptions for the calculation of the estimate• a review of the competence, expertise and objectivity of any management experts used• a review of the instructions issued to valuation experts and the scope of their work• liaison with the Council's valuer about the basis on which the valuation was carried out, challenging key assumptions• a review of the information used by the valuer to ensure it was robust and consistent with our understanding• testing of revaluations made during the year to ensure they were input correctly into the Council's asset register; and• an evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.	<p>Our audit work has not identified any issues in respect of the valuation of property, plant and equipment.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 26 July 2018, in advance of the national deadline.

Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Accounts and Audit Committee on 25 July 2018.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website and alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have no matters to report in this regard.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Ribble Valley Borough Council in accordance with the requirements of the Code of Audit Practice.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

Value for Money conclusion

Key Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Sustainable Resource Deployment The Council is currently in a healthy financial position with a proven track record of achieving budget savings when required. Financial plans and strategies in the medium term to 2021/22 show that the Council will need to identify and make savings as well as drawing on the available reserves.</p> <p>The Council needs to ensure that robust, credible plans are in place to deliver the savings required.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> focused our work on the significant risks that we identified in the Council's arrangements. <p>In arriving at our conclusion, our main considerations were:</p> <ul style="list-style-type: none"> the arrangements for the management and monitoring of financial performance across the Council the ability to make informed decisions around sustainable resource deployment. 	<p>The Council continues to be effective in its financial management and continues to plan for sustainable use of its resources. However, there are continuing and increasing funding challenges in the local government sector which will continue to require monitoring and management by the Council and its officers.</p>

A. Reports issued and fees

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

Reports issued

Report	Date issued
Audit Plan	12 February 2018
Audit Findings Report	13 July 2018
Annual Audit Letter	17 August 2018

Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	40,202	40,202	40,202
Housing Benefit Grant Certification	8,920	TBC	6,690
Total fees	49,122	TBC	46,892

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)



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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 7

meeting date: 31 OCTOBER 2018
 title: INTERNAL AUDIT PROGRESS REPORT 2018/19
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2018/19.

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

2 BACKGROUND

2.1 Internal audit ensure that sound internal controls are inherent in all the Council's systems. All services are identified into auditable areas and then subjected to a risk assessment process looking at factors such as financial value and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score, with all high-risk areas being covered annually.

2.3 The full internal audit plan for 2018/19 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:






Audit Area	2018/19 Planned Days	Actual Days to 19 October 2018
Fundamental (Main) Systems	230	69
Other Systems	79	26
Probity and Regularity	246	78
On-going checks	12	6
Risk Management, Performance Indicators	40	37
Non-Audit Duties (Insurance)	35	28
College/Training	6	15
Contingencies/unplanned work	25	5
Vacant Post		88
Available Audit Days to 31 March 2019		321
	673	673

2.4 The position with regards to audit work carried out as at the 19 October 2018 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

2.5 During the year we aim to review all of the Council's fundamental systems. Reviews have so far been completed in relation to the Housing Benefits and Cash Receipting Systems. Testing is also underway on the Council Tax system.



3 ISSUES

- 3.1 During the first six months of this year time has been spent carrying out audits on Fees and Charges, Clitheroe Market, Car Parking, Ribblesdale Pool, Grants Paid/Received, Members Allowances, Salthill Depot Stores, Healthy Lifestyles/Up and Active, as well as assurance work around Corporate Governance. The annual exercise has also been carried out to verify staff driving licences and insurance certificates.
- 3.2 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.3 At present we use an assurance system for all audits carried out. Each completed audit report contains a conclusion which gives a level of assurance opinion as follows:

Level 1	Full		The Council can place full reliance on the levels of control in operation
Level 2	Substantial		The Council can place substantial reliance on the levels of control in operation
Level 3	Reasonable		Generally sound systems of control. Some minor weaknesses in control which need to be addressed
Level 4	Limited		Only limited reliance can be placed on the arrangements/ controls in operation. Significant control issues need to be resolved.
Level 5	Minimal		System of control is weak, exposing the operation to the risk of significant error or unauthorised activity

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 This report covers audit work and reports issued since the last report to Committee on 25 July 2018. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
26.07.18	Full 	Healthy Lifestyles/Up and Active – looked at all areas including charging, income recording and banking of monies. System operating well with no issues arising.
13.08.18	Substantial 	Grants Paid/Received – looked at sample across all services to ensure transparency. Good controls in place with minor recommendations regarding the supporting documentation for grants approved and the reporting of all grants to committee.

Date of Report	Assurance Opinion	Report Details
16.08.18	Substantial ✓✓	Members Allowances – examination into the payment of allowances to members between April 2017 and June 2018. Vast majority were correct with three minor overpayments which have now been recovered.
01.10.18	Substantial ✓✓	Salthill Depot Stores – all areas of operation were examined. Good controls in place. Minor recommendation regarding maintaining up to date office inventory.
04.10.18	Full ✓✓✓	Housing Benefits Systems and Processes – control systems in place were operating effectively. No recommendations arising.
12.10.18	Full ✓✓✓	Ribblesdale Pool – all areas of operation at the pool were examined with no issues and no recommendations arising.

5 CURRENT STAFFING ISSUES

- 5.1 Due to Internal Audit staff leaving the council during 2018/19, both the Senior Auditor and Audit Technician posts have at some point been vacant. We successfully recruited to the Audit Technician post in June 2018, but have so far been unable to appoint to the Senior Auditor post.
- 5.2 The Senior Auditor post is currently being advertised for a third time, with a closing date of 16 November and with interviews scheduled to take place on 29 November. If we successfully recruit on the 29 November it is likely that any successful candidate will be unable to start until the new calendar year if they are required to work any notice period with their current employer.
- 5.3 Assuming a start date of 3 January 2019 this would mean 133 days with the post vacant, equating to 19.8% of the total available auditing days detailed in the 2018/19 Audit Plan.
- 5.4 This will inevitably impact on our coverage for the year, but we will prioritise and complete all our work on the Council's fundamental systems, with work on the lower risk areas being covered by the 2019/20 Audit Plan.

6 QUALITY MONITORING

- 6.1 Customer feedback questionnaires are issued following the completion of the majority of audit work carried out. These questionnaires ask for the auditees view on the work that has been undertaken. No questionnaires have been returned since the last meeting but the outstanding ones are currently being pursued from the officers concerned.

7 UPDATE ON RED RISKS

7.1 Clitheroe Market Redevelopment

Latest position – At the meeting of Policy and Finance Committee on 25 September 2018, members decided to pause progress on the existing scheme to enable a further report to be brought to committee advising on the most appropriate way forward with the re-development of the site.

8 CONCLUSION

- 8.1 Progress to date with the 2018/19 audit plan is of some concern due to the level of staff vacancies that have been experienced to date, but we are confident that we will be able to prioritise and complete all our work on the Council's fundamental systems, with work on the lower risk areas being covered by the 2019/20 Audit Plan.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA19-18/MA/AC
19 October 2018

Annex 1

2018/19 Planned Days	Audit	Actual days to 19/10/18	Status as at 19/10/18
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	0	Not started
20	Creditors	0	Not started
20	Sundry Debtors	0	Not started
30	Payroll and HR	0	Not started
40	Council Tax	16	Initial testing
40	Housing Benefits/CT Support	38	✓
40	NNDR/Business Rates Pooling	0	Not started
15	Cash Receipting	15	✓
230		69	
<i>Other Systems Work</i>			
15	VAT	5	Initial Testing
12	Treasury Management	4	Initial Testing
15	Procurement	0	Not started
20	Business Continuity	0	Not started
12	Asset Management	12	✓
5	Salthill Depot Stores	5	✓
79		26	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	At draft report stage
3	Members Allowances	3	✓
15	Recruitment/Safeguarding Arrangements	0	Not started
15	Insurance	0	Not started
5	Land Charges	5	At draft report stage
10	Fees and Charges/Cash Collection Procedures	10	✓
12	Health and Safety	0	Not started
10	Car Parking	11	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	0	Not started
15	Externally contracted Provision of RVBC Services	0	Not started
10	Environmental Health	0	Not started
12	ICT Audit	0	Not started
5	Healthy Lifestyles/Up and Active	5	✓
5	Ribblesdale Pool	5	✓
3	Museum/Café	0	Not started
12	Partnership Arrangements	0	Not started
12	Grants received	12	✓
12	Grants paid	12	✓
12	Data Protection/GDPR	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started

2018/19 Planned Days	Audit	Actual days to 19/10/18	Status as at 19/10/18
10	Building Control	0	Not started
3	Clitheroe Market	3	✓
5	Clitheroe Cemetery	4	Testing complete
5	Licences	5	Testing complete
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	0	Not started
246		78	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	6	∞
25	Contingencies/unplanned work	5	Driving Licence/Car Insurance Check
15	Risk Management	15	∞
20	Corporate Governance	20	∞
5	Performance Indicators	2	∞
40		37	
35	Insurance	28	∞
6	Training	15	Training new member of Audit team
	Vacant post	88	
	Available audit days to 31/3/2019	321	
673		673	

Key:

∞ Continuous Activity

✓ Completed

Not started No work undertaken in the current year on these audits