

# RIBBLE VALLEY BOROUGH COUNCIL

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please ask for: OLWEN HEAP  
direct line: 01200 414408  
e-mail: [olwen.heap@ribblevalley.gov.uk](mailto:olwen.heap@ribblevalley.gov.uk)  
my ref: OH/EL  
your ref:  
date: 1 April 2019

Council Offices  
Church Walk  
CLITHEROE  
Lancashire BB7 2RA

Switchboard: 01200 425111  
Fax: 01200 414488  
[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

Dear Councillor

The next meeting of the **ACCOUNTS & AUDIT COMMITTEE** is at **6.30pm on WEDNESDAY, 10 APRIL 2019** 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 13 February 2019 – copy enclosed.
3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
4. Public Participation (if any).

### DECISION ITEMS

None.

### INFORMATION ITEMS

- ✓ 5. Review of the Council's Complaints Procedure (Code of Conduct) – report of Chief Executive – copy enclosed.
- ✓ 6. Internal Audit Annual Report 2018/19 – report of Director of Resources – copy enclosed.

- ✓ 7. Audit Progress Report and Sector Update – report of Grant Thornton – copy enclosed.

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

None

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No. 5

meeting date: WEDNESDAY, 10 APRIL 2019  
 title: REVIEW OF THE COUNCIL'S COMPLAINTS PROCEDURE (CODE OF CONDUCT)  
 submitted by: CHIEF EXECUTIVE  
 principal author: DIANE RICE, HEAD OF LEGAL AND DEMOCRATIC SERVICES

## 1 PURPOSE

1.1 To provide Members with information to support the proposed review of the Council's Complaints Procedure (Code of Conduct).

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives - }
  - Corporate Priorities - }
  - Other Considerations - }
- The Council aims to be a well-managed Council. Review of Council procedures contributes to this objective.

## 2 BACKGROUND

2.1 In November 2017 the Council received a complaint relating to an alleged breach of the Council's Code of Conduct.

2.2 The Council has a procedure in place to investigate such complaints, and several policies which support managing the complaint process.

2.3 For a number of reasons it has not been possible to bring the complaint to a conclusion before the term of office of sitting Councillors comes to an end in May 2019.

2.4 The Council has given a commitment to review the complaint procedure once the outcome of the complaint is known. The current complaint must be dealt with within the existing procedure.

2.5 As some of the Members who will have to undertake this review will be new to the office of Councillor, the purpose of this report is to place on record information about how the complaint had been dealt with and the issues which have been identified by Members and Officers to assist the review. This report does not deal with the substance of the complaint.

## 3 ISSUES

### 3.1 The Process for Making a Complaint

3.1.1 The Council has Model Arrangements for dealing with a complaint that a Member has breached the Council's Code of Conduct. The complaint form, brief guidance and details of the Model Arrangements can all be found on the Council's website. The Council uses a nationally recognised procedure.

3.1.2 The Council's arrangements make no distinction between Complainants who are members of the public or Councillors.

3.1.3 The Complainant, Independent Persons and Monitoring Officer have not raised any issues with the procedure. The Subject Member has proposed an alternative procedure which would apply where the Complainant and Subject Member are from same political group or the Member complained about is the Leader of the political group. It has been suggested that political groups should deal with such complaints where both the Complainant and Subject Member are from the same group. If so, Members will need to consider how this could operate where relationships within a group prevent this.

### 3.2 The Process for Dealing with a Complaint

3.2.1 The following timeline may assist Members to assess the factors that have contributed to the delay in dealing with the complaint.

- 16 November 2017 - Complaint received.
- 17 November 2017 – Complaint acknowledged and Subject Member informed.
- 30 November 2017 - Independent Person consulted.
- 6 December 2017 – Complainant and Subject Member notified of referral for investigation. Referral to Investigating Officer.
- 7 December 2017 – copy of complaint requested by Subject Member
- 10 January 2018 – Request to arrange interviews sent.
- 15 January 2018 – Interviews with Complainant and 2 witnesses, transcripts forwarded 25 January 2018 and signed and agreed subsequently.
- 19 January 2019 – Arrangements for Subject Member to consult an Independent Person put in place.
- 12 February 2019 – Interview of Subject Member.
- 5 March 2018 – Witness interview.
- 10 April 2018 – Draft report sent to Complainant and Subject Member comments requested by 24 April 2018. Request from Subject Member for additional time to respond. Extension given until 1 May 2018.
- 25 April 2018 – Further request from Subject Member for extension of time, extended to 3 May 2018.
- 17 May 2018 – Investigating officer’s final report submitted to Monitoring Officer. The Investigating Officer concluded there was evidence of a breach of the Council’s Code of Conduct.

3.2.2 Since receipt of the complaint the matter has been considered by Committee on the following dates, a brief description of the business transacted is as follows:

- 21 February 2018 – The Accounts and Audit Committee was asked to appoint 3 Members to form a Sub-Committee to deal with the

complaint; the Sub-Committee comprised Councillors Stuart Hirst, Allan Knox and Richard Sherras.

- 1 August 2018 – The Accounts and Audit Sub-Committee met and appointed Councillor Stuart Hirst as Chairman, agreed procedure rules for the hearing of the complaint, including whether the matter should be provisionally dealt with in Part 1 or 2, the role of the Independent Person and considered a request by the Subject Member to be allowed a further 28 days to submit additional witness statements.
  - 13 September 2018 – The Accounts and Audit Sub-Committee met to consider the additional witness statements submitted by the Subject Member. The meeting was closed by the Chief Executive as a result of problems he identified relating to undermining of the Council's procedure, both internally and externally and intimidation.
  - 21 November 2018 – A Special meeting of the Accounts and Audit Committee was convened to consider a report of the Chief Executive seeking the support of Members to deal with the complaint in accordance with the Council's adopted procedures. At the meeting an amendment was proposed. The Committee resolved that they confirm that maintaining high standards of conduct for all Members is essential as is preserving the Council's reputation for impartiality and fairness. The Sub-Committee decided to vary the Council's arrangements in reliance in paragraph 12 of the RVBC Model Arrangements for dealing with standards allegations under the Localism Act in order to appoint a Monitoring Officer from another authority to review the complaint and if necessary to direct reinvestigation. In addition the Committee sought to rely on paragraph 12 to invite the Local Government Association to appoint 3 Conservative Councillors from other authorities; one of whom should be a group leader, to adjudicate on this complaint under RVBC Model Arrangements as amended by the motion. The Committee requested that the Independent Person, Mr Taylor, give his advice to the Committee on the implementation of procedure and standards pursuant to paragraph 12 of the Independent Persons Protocol, and finally requested that following conclusion of the current complaint Committee should conduct a review and revise the Complaints Procedure against Councillors with proposals being brought to the next meeting of the Accounts and Audit Committee.
- 3.2.3 11 December 2018 – At the meeting of the Full Council the decision of the Special Accounts and Audit Committee on 21 November 2018 was revisited as a result of use of the Call-in Procedure.
- 3.2.4 Members were provided with advice specific to the terms of the amendment moved on 21 November 2018.
- 3.2.5 Council resolved to endorse the course of action advised by the Chief Executive in his original recommendation to Special Accounts and Audit Committee including the appointment of a third Sub-Committee Member who was not a Member of the Conservative Group and confirmed that the selection of the third Sub-Committee Member be made by agreement between the 3 Members of the Committee who were not Members of the Conservative Group to ensure that the panel reflected the requirement of political balance. Councillor Allan Knox was selected.

- 3.2.6 13 February 2019 – The matter was referred to the Accounts and Audit Committee for the replacement of Councillor Stuart Hirst as he had been removed from the Accounts and Audit Committee during changes made by Councillor Stephen Atkinson, (Leader of the Conservative Group) to the membership of Committee at the meeting of Council on 15 January 2019. At that meeting Councillor Richard Bennett was appointed as Chairman of the Committee. On the 13 February the Accounts and Audit Committee approved his appointment to the Sub-Committee.
- 3.2.7 15 March 2019 – The Accounts and Audit Sub-Committee was convened to deal with the complaint but the meeting was cancelled due to the resignation of one Member of the panel.
- 3.3 Copies of the relevant reports and minutes can be found on the Council’s website.
- 3.4 The complaint process cannot proceed until a Sub-Committee can be convened. In the period immediately before local elections, no arrangements have been made as they would be unlikely to proceed unchallenged.
- 3.5 The Process for Determining the Complaint if the Investigating Officer finds evidence of a breach of the Council’s Code of Conduct
- 3.5.1 The Investigating Officer is required to set out in the report their conclusion, and the basis of their conclusion. Providing the Monitoring Officer is satisfied with the report the Monitoring Officer then consults the Independent Person to consider whether local resolution should be attempted. In this case attempts were made at local resolution, as these failed the complaint is referred to a panel, made up of 3 Members of the Accounts and Audit Committee. As political balance applies, the Sub-Committee comprised 2 Conservatives and one other Member of the Committee. The Monitoring Officer is required to carry a pre-hearing process with the parties, this would normally be informal and by agreement. The Monitoring Officer convened the Sub-Committee (1 August 2018) to ensure this process was transparent and the process could not be criticised as solely the decision of the Monitoring Officer.
- 3.5.2 On 1 August a request was made to submit additional witness statements, whilst these could have been submitted prior to the Investigating Officer’s report being concluded the matter was deferred until 13 September to allow these statements to be included. Members of the Accounts and Audit Committee were amongst the witnesses whose statements were submitted. Consideration should also be given to additional training for Members of the Accounts and Audit Committee to manage the conflicts which have arisen in this case where witness statements have been provided by Members of the Committee. When reviewing the procedure Members may wish to consider what arrangements could be put in place to avoid a similar delay.
- 3.6 Procedural Issues which have arisen during the Process
- 3.6.1 Confidentiality
- The parties to a complaint and officers dealing with the complaint have a reasonable expectation that complaints will be dealt with in private at least after any investigation is completed. In dealing with this complaint the following problems have arisen - emails have been copied to individuals who are either not Council Members or Council officers, or have no role in dealing with the complaint. Members of the Sub-Committee and the Committee have been emailed without the Monitoring Officer or Complainant being copied in, mainly about procedural issues. The complaint has been discussed in

political group meetings and information has been leaked to the press. None of these breaches have helped to finalise the complaint in a fair and proportionate manner.

- 3.6.2 As a result the reputation of the Council has potentially been put at risk. Failure to ensure confidentiality prejudices all parties. Officers and Members cannot respond unless they are also prepared to breach confidentiality thus inaccurate information goes unchallenged. In this case this has resulted in third party involvement including the submission of requests under the Freedom of Information Act arising from knowledge of confidential matters and personal approaches about the complaint to the Independent Person at his home address. When reviewing the complaint procedure Members may wish to require additional training for Members about confidentiality and consider what sanctions could be used if breaches occur.

### 3.7 Managing the Relationship with the Independent Person

- 3.7.1 Details of the Council's procedure can be found in the Model Arrangements and the Council's protocol. The Localism Act requires the Council to appoint 1 Independent Person, the Council has 2, they are volunteers receiving no remuneration for their contribution to the work of the Council. Their role is advisory rather than judicial ie they are not decision makers. During the course of dealing with the current complaint much has been made of how the Council deals with the Independent Person's relationship with the Subject Member. The key to their role is their independence – to that end, and bearing in mind the Complainant has no access to the Independent Person, Council officers have ensured one of the Independent Persons has been independent of both 'parties', but have also ensured that the Subject Member has had access to the second Independent Person to take their advice.
- 3.7.2 James Goudie QC confirmed the Council has complied with its obligations under the Localism Act. Some Members do not accept this advice.
- 3.7.3 Due to the number of referrals to Committee (about which the Independent Persons have been kept informed) and the number of documents circulated and meetings required both Independent Persons have had to commit the equivalent of many working days to the process. Whilst both Independent persons have agreed to support the consideration of this complaint until it is determined they have also expressed the view that a change of approach is necessary before this is likely to happen, in particular they consider that the process will not be completed until Members agree to abide by the Council's procedure rather than continuously challenging the procedure and the individuals who have to implement it.
- 3.7.4 In addition to dealing with this complaint the workload of the Independent Persons has involved 5 further complaints associated with this complaint relating to the Code of Conduct. (There have also been 2 complaints to the Ombudsman about the Council and its officers, whilst these are not within the remit of the Independent Persons they have been briefed about them as part of the process.)
- 3.7.5 When reviewing the procedure Members may wish to consider a role description setting out the expected workload of an Independent Person, remuneration of the Independent Persons, appointing additional Independent Persons, and making the protocol more explicit about the issue of conflict.

### 3.8 The Role of Professional Advice

3.8.1 Officers are employed to provide Members with advice. In dealing with this complaint Members have been critical of officer advice and have instead taken their own advice. Officers accept their advice can be challenged, their response is to review their advice, in this case by careful consideration of the Monitoring Officer handbook, practice in other authorities, the advice of Mr James Goudie QC, (one of the most senior lawyers dealing with this area of law) and from Hoey Ainscough Associates (the main national provider of training and advice about conduct matters). Dealing with the complaint has taken a significant amount of officer time, not in the main dealing with the issues complained about but rather the challenge to the Council's procedures, culminating in the proposal to Accounts and Audit Committee in November 2018.

### 3.9 Dealing with Complaints at the Local Level

3.9.1 The view of Members about issues such as bias have been widely canvassed, in particular the Subject Member has from the outset challenged Members on the Hearing Panel and officers involved in dealing with the complaint. Members should note that the Localism Act, in its current form, (and even if modified by the proposals currently being considered arising from the recommendations of the Committee on Standards in Public Life) requires each Council to have its own internal process to determine complaints about its Members, rather than 'outsourcing' the issue to another body as was the case prior to the abolition of the Standards Board for England. It is difficult to see in the context of the Localism Act how the complaints process can avoid the relationships that exist between Council Members and officers, particularly where Members are critical of officers when they attempt to implement the Council's agreed procedure.

3.9.2 The problems identified by Members about this local procedure include – relationships between officers and Members; the role of both in the creation of the Council's procedures; difference of political and professional opinion; interpretation of Council policies – factors Members may consider would apply equally to other areas of Council business eg applicants for planning permission or a licence to sell alcohol, a grant must all apply to those who formed the relevant policies and procedures.

3.9.3 Similarly any Complainant who is a member of the public rather than a Councillor could argue that the Council's procedure can never deliver an unbiased or fair decision about their complaint. The Council must manage these potential conflicts by having procedures in place, which are based on tested nationally recognised models rather than creating a bespoke procedure for each complaint ensuring transparency wherever possible and providing training and advice to ensure Members can deal with difficult cases with confidence and integrity. When Members review the process they may wish to request that a budget be allocated for external advice and additional staff (thereby avoiding the problems identified by the Chief Executive on the 13 September 2018).

## 4 RISK ASSESSMENT

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

- Resources – See 3.9.3 above.



- Technical, Environmental and Legal – See 3.8.1 above.
- Political – N/A.
- Reputation – See 3.6.2 above.
- Equality & Diversity – None identified.

## 5 **CONCLUSION**

- 5.1 Note the information provided above which has been collated by the Council's Monitoring Officer with the support of the Council's two Independent Persons.

DIANE RICE  
HEAD OF LEGAL AND DEMOCRATIC SERVICES

MARSHAL SCOTT  
CHIEF EXECUTIVE

### BACKGROUND PAPERS

None.

For further information please ask for Diane Rice, extension 4418.

REF: DER/EL/CMS/A&S/100419

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

Agenda Item No 6

meeting date: 10 APRIL 2019  
title: INTERNAL AUDIT ANNUAL REPORT 2018/19  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICK AINSCOW

## 1 PURPOSE

1.1 To submit to Committee the internal audit annual report 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.

## 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 resource allocation based on the risk score, with all high risk areas being covered annually.

2.3 The approved Internal Audit Plan for 2018/19 was based on the provision of 673 days of internal audit work. The detailed outturn position at 31 March 2019 is attached at Annex 1 with a summary of the final position for the year being set out in the following table.






Area of Work	Resources (Audit days)		
	Planned	Actual	Variance
Fundamental (Main) Systems	230	219	-11
Other systems work	79	26	-53
Probity and Regularity	246	123	-123
On-going checks	12	12	-
Risk Management PI's	40	37	-3
Non-audit duties (insurance)	35	40	+5
Contingencies/Unplanned work	25	5	-20
Training	6	22	+16
Vacant post		189	+189
	673	673	-

2.4 With regard to the large variances between planned and actual days for other systems work and probity and regularity, this is due to the on-going staffing issues within the Internal Audit Section. This is referred to in more detail later in this report.

2.5 All new audit reports produced during the year have been taken into account in informing the assurance opinion given later in this report.

### 3 ISSUES

3.1 In all cases, completed audits have resulted in the production of a report and action plan. Each 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

3.2 The table at Annex 2 sets out the assurance opinions issued in respect of all audits carried out since 1 April 2018.

3.3 In providing an overall level of assurance of 'substantial' I have taken into account the results of all individual audit assignments and any follow up reviews. The following table summarises the assurance opinions from Annex 2.

Assurance Level	Number of Audits
Full	15
Substantial	9
Reasonable	0
Limited	0
Minimal	0

3.4 Assurance levels on the Council's key financial systems are consistently good. Testing on the majority of systems is complete and all audit reports issued with full assurance levels. Testing is largely complete on the Main Accounting Systems, with no areas of weakness or concern identified. I am confident that following completion of all testing, a full assurance level opinion will be given.

3.5 Work carried out on risk management, council policies, etc. are key elements of the Council's governance arrangements and the main messages arising from this work have been incorporated in the corporate governance review and Annual Governance Statement.

3.6 In all of the audit work undertaken during the year we did not identify any significant control weaknesses.

#### 4 QUALITY MONITORING

- 4.1 Customer satisfaction with internal audit work is judged through auditee's responses to a customer feedback questionnaire sent out following the completion of the majority of audit assignments. The questionnaire seeks views, expressed as scores on a range from 1 to 5, on 12 aspects of the audit, covering communication, consultation, conduct and reporting. Summary results from questionnaires returned over the last twelve months are shown at Annex 3.
- 4.2 The summary shows the average scores obtained from returned surveys. Against a target level of 4 for all aspects of the audit, all questionnaires returned average scores of 4 or above.

#### 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's post.
- 5.2 This has inevitably impacted on our coverage for the year, but work has been prioritised and concentrated on the Council's fundamental systems. All testing on those systems has largely now been completed, with work on the medium and lower risk areas being included in the 2019/20 Audit Plan.

#### 6 UPDATE ON RED RISKS

- 6.1 There are currently no red risks to report.

#### 7 CONCLUSION

- 7.1 Internal audit have reviewed the effectiveness of the Council's systems of internal control for 2018/19 having regard to appropriate assurances obtained from other internal sources. The opinion based on this work, is that the Council's systems of internal control are generally sound and effective.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA6-19/MA/AC  
1 April 2019

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow.

## Annex 1

2018/19 Planned Days	Audit	Actual days to 31/03/19	Status as at 31/03/2019
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	20	Testing largely complete
20	Creditors	20	At draft report stage
20	Sundry Debtors	20	At draft report stage
30	Payroll and HR	28	✓
40	Council Tax	40	✓
40	Housing Benefits/CT Support	38	✓
40	NNDR/Business Rates Pooling	38	✓
15	Cash Receipting	15	✓
<b>230</b>		<b>219</b>	
<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	✓
<b>79</b>		<b>26</b>	
<i>Probity and Regularity</i>			
3	Joiners Arms Homeless Unit	3	✓
3	Members Allowances	3	✓
15	Recruitment/Safeguarding Arrangements	0	Not started
15	Insurance	0	Not started
5	Land Charges	5	✓
10	Fees and Charges/Cash Collection Procedures	10	✓
12	Health and Safety	12	✓
10	Car Parking	11	✓
5	VIC/Platform Gallery	0	Not started
12	Trade and Domestic Refuse Collection	12	✓
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	✓

2018/19 Planned Days	Audit	Actual days to 31/03/19	Status as at 31/03/2019
12	Data Protection	0	Not started
15	Section 106 Agreements/Planning Enforcement	0	Not started
10	Building Control	10	✓
3	Clitheroe Market	3	✓
5	Clitheroe Cemetery	5	✓
5	Licences	5	✓
5	Land and Property Leases	0	Not started
5	Outdoor Recreation	0	Not started
10	Planning Applications	10	✓
<b>246</b>		<b>123</b>	
<i>Continuous Activity/Ongoing Checks</i>			
12	Income Monitoring	12	∞
25	Contingencies/unplanned work	5	Driving Licence/Car Insurance Check
15	Risk Management	15	∞
20	Corporate Governance	20	∞
5	Performance Indicators	2	∞
<b>40</b>		<b>37</b>	
30	Insurance	40	∞
6	Training	22	Training new member of Audit team
	Vacant post	189	
<b>673</b>		<b>673</b>	

Key:



Completed



In progress



Continuous Activity

Not started

No work has been undertaken during the year on these audits.

## Internal Audit- Assurance Opinion Results 2018/19

AUDIT	ASSURANCE LEVEL
Insurances/Driving Licences	Substantial ✓✓
Healthy Lifestyles	Full ✓✓✓
Clitheroe Market	Substantial ✓✓
Fees and Charges	Full ✓✓✓
Car parking	Substantial ✓✓
Grants	Substantial ✓✓
Members Allowances	Substantial ✓✓
Clitheroe Cemetery	Full ✓✓✓
Salthill Depot Stores	Substantial ✓✓
Asset Management	Full ✓✓✓
Land Charges	Full ✓✓✓
Ribblesdale Pool	Substantial ✓✓
Housing Benefits/CT Support	Full ✓✓✓
Cash Receipting	Full ✓✓✓
Trade and Domestic Refuse Collection	Full ✓✓✓
Payroll and HR System	Full ✓✓✓
Creditors System	Full ✓✓✓
Sundry Debtors System	Full ✓✓✓
Council Tax System	Full ✓✓✓
NNDR/Business Rates Pooling	Full ✓✓✓
Building Control	Full ✓✓✓
Planning Applications	Full ✓✓✓
Health and Safety	Substantial ✓✓
Homelessness	Substantial ✓✓

Indicative assurance level of Main Accounting System is Full. Testing is largely completed at this stage, but the report has yet to be issued.

## Annex 3

Question	Audit Carried Out										
	Clitheroe Market	Healthy Lifestyles	Housing Benefits System	Pay and Display Car Parking	Ribblesdale Pool	Members Allowances	Clitheroe Cemetery	Land Charges	Building Control	Planning Applications	Homelessness
Sufficient notice given to arrange the visit (not applicable for unannounced visits)	5	5	5	5	5	5	5	5	5	5	5
A briefing sheet sent prior to audit commencing and any comments/ requests were taken into account during the audit	5	5	5	5	4	5	5	5	5	5	5
The auditors understanding of your systems and any operational issues	5	4	5	4	4	5	5	4	5	4	5
The audit carried out efficiently with minimum disruption	5	5	5	1	5	5	5	5	3	4	5
The level of consultation during the audit	5	3	5	3	4	5	5	4	3	4	5
The audit was carried out professionally and objectively	5	5	5	3	5	5	5	5	4	4	5
The draft report addressed the key issues and was soundly based	5	5	5	4	5	5	5	5	4	4	5
Opportunity to comment on findings	5	5	5	4	5	5	5	5	5	5	5
The final report in terms of clarity and conciseness	5	5	5	5	5	5	5	5	4	4	5
The prompt issue of final report	5	5	5	5	5	5	5	5	5	5	5
The recommendations will improve control and/or performance	5	5	5	5	4	5	5	4	4	3	5
Audit was constructive and added value overall	5	4	5	5	5	5	5	4	4	3	5
<b>Average</b>	<b>5</b>	<b>4.6</b>	<b>5</b>	<b>4.1</b>	<b>4.7</b>	<b>5</b>	<b>5</b>	<b>4.7</b>	<b>4.2</b>	<b>4.2</b>	<b>5</b>



# Audit Progress Report and Sector Update

## Including 2018/19 Interim Audit Update

Ribble Valley Borough Council  
Year ending 31 March 2019

29 March 2019



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# Introduction



**Mark Heap**

**Engagement Lead**

T 0161 234 6375

M 0788 045 6204

E [mark.r.heap@uk.gt.com](mailto:mark.r.heap@uk.gt.com)



**Sophia Iqbal**

**Engagement Manager**

T 0161 234 6372

M 0734 206 0309

E [Sophia.s.iqbal@uk.gt.com](mailto:Sophia.s.iqbal@uk.gt.com)

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of our interim audit work and results;
- a summary of emerging national issues and developments that may be relevant to you as a Council; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes).
- Ribble Valley Borough Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts in 2018/19. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, [www.psa.co.uk](http://www.psa.co.uk). Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. We have set out commitment to deliver a high quality audit service on page 17 of this report. We hope this is helpful. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at March 2019

## Financial Statements Audit

We reported our audit risks in our Audit Plan in February 2019. This plan set out our proposed testing to address each of the risks identified.

Our interim audit was completed in March 2019. This included:

- Review of the Council's control environment;
- Updating our understanding of the Council's financial systems;
- Review of Internal Audit reports on core financial systems;
- Early work on emerging accounting issues;
- Early substantive testing;
- A detailed review of management's assessment of going concern; and
- A detailed review of significant accounting estimates proposed by the Council for the 2018-19 accounts.

The results of this work is set out on page 6 of this report.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirms the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Our Audit Plan presented in February 2019 set out the following risk:

- The arrangements for delivering Financial Sustainability.

Work is still ongoing in these areas and we will report the findings of our work in the Audit Findings Report by the deadline in July 2019.

## Other areas

### Meetings

We will continue to meet regularly with the Director of Resources (S151) and Finance Officers. We will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We will also meet with your Chief Executive to discuss the Council's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Ribble Valley Borough Council was represented at our Financial Reporting Workshop in February 2019.

These workshops are designed to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Complete
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Included on the March 2019 agenda
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out throughout the period.	December 2019	Not yet due

# Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Internal audit</b>	<p>We have reviewed the internal audit charter and strategy for the year ended 2018/19. We have also reviewed Internal Audits work to date.</p> <p>We have written to Internal Audit regarding fraud and irregularities in accordance with the requirements of ISA 240.</p> <p>We will further review Internal Audits work on group governance when this is available. This will inform our VFM conclusion.</p>	<p>Our enquiries and our review of internal audit's work to date has not identified any weaknesses which impact on our audit approach.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment with a focus on the areas that could affect the preparation of the financial statements including:</p> <ul style="list-style-type: none"><li>• Risk assessment processes</li><li>• Monitoring of controls, and</li><li>• Information and communication.</li></ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>

	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Review of information technology controls</b>	We have performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.	No significant deficiencies noted within the general IT control environment.
<b>Walkthrough testing</b>	<p>We have completed a walkthrough test of the Council's controls operating in relation to journals.</p> <p>We will conduct walkthroughs of the areas where we consider that there is a risk of material misstatement to the financial statements. These areas are the valuation of the net pensions liability and property plant and equipment.</p> <p>Both of these areas are year end process and we have therefore not been able to complete this work at the interim visit.</p> <p>We have however documented the business processes in relation to these significant risk areas.</p>	No significant deficiencies noted within the control activities of the Council for significant risk areas.
<b>Business process documentation</b>	<p>We have obtained and documented an understanding of the Council's business processes where we have considered that the class of transaction is significant to the financial statements.</p> <p>This has therefore, been completed for:</p> <ul style="list-style-type: none"> <li>• Cash</li> <li>• Collection Fund</li> <li>• Creditors/ Purchases</li> <li>• Debtors/ Fees and Charges</li> <li>• Investments</li> <li>• Payroll</li> <li>• Pensions</li> <li>• Plant, Property and Equipment</li> <li>• Welfare Benefits</li> </ul>	No weaknesses were identified through obtaining an understanding of the business processes. The council has processes and procedures in place that encourage good internal control.

	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Journal entry controls</b>	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. We performed walkthroughs of journal entry controls to determine their design and operating effectiveness.	Testing will be undertaken during final accounts audit. No control issues were noted.
<b>Early substantive testing</b>	<p>We have undertaken early substantive testing in the areas detailed below:</p> <ul style="list-style-type: none"> <li>• Property, Plant and Equipment (Additions and Disposals)</li> <li>• Operating expenditure</li> <li>• Other revenue</li> <li>• Welfare benefits</li> <li>• Payroll Analysis</li> </ul> <p>A sample of transactions from month 1 to month 11 was tested for each transaction type which were agreed to supporting documentation.</p>	No issues were identified through our early substantive testing. All transactions sampled were agreed to appropriate and sufficient supporting documentation.



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# Sector Update

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Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local  
government

# Public Sector Audit Appointments – Report on the results of auditors’ work 2017/18

This is the fourth report published by Public Sector Audit Appointments (PSAA) and summarises the results of auditors’ work at 495 principal local government and police bodies for 2017/18. This will be the final report under the statutory functions from the Audit Commission Act 1998 that were delegated to PSAA on a transitional basis.

The report covers the timeliness and quality of financial reporting, auditors’ local value for money work, and the extent to which auditors used their statutory reporting powers.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 431 (87 per cent) audited bodies received an audit opinion by the new deadline.

The most common reasons for delays in issuing the opinion on the 2017/18 accounts were:

- technical accounting/audit issues;
- various errors identified during the audit;
- insufficient availability of staff at the audited body to support the audit;
- problems with the quality of supporting working papers; and
- draft accounts submitted late for audit.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

The most common reasons for auditors issuing qualified VFM conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates, for example Ofsted;
- corporate governance issues;
- financial sustainability concerns; and
- procurement/contract management issues.

All the opinions issued to date in relation to bodies’ financial statements are unqualified, as was the case for the 2016/17 accounts.

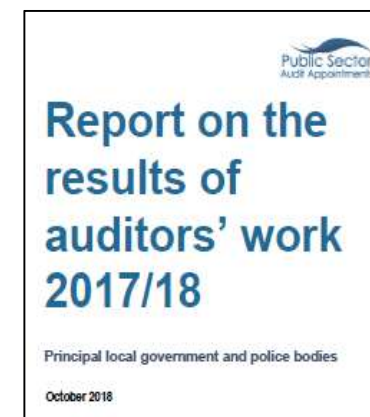
The report is available on the PSAA website:

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## PSAA Report

### Challenge question:

Has your Council identified improvements to be made to the 2018/19 financial statements audit and Value for Money Conclusion?



# National Audit Office – Local auditor reporting in England 2018

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the Comptroller & Auditor General (C&AG) took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors.

Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. External auditors have a key role in determining whether these arrangements are strong enough. The fact that only three of the bodies (5%) the NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses reported suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

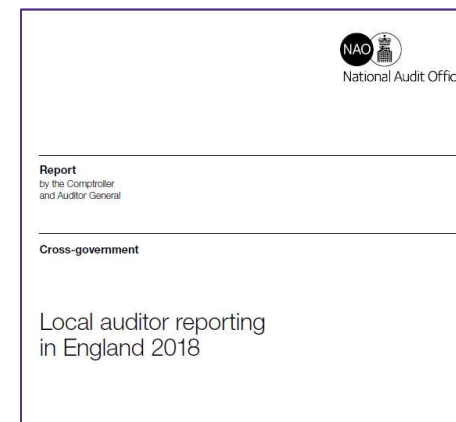
Qualified conclusions on arrangements to secure value for money locally are both unacceptably high and increasing. Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. As at 17 December 2018, auditors have yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18.

The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is too high. This is a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

Local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is serious, with trend lines pointing downwards.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>



## NAO Report

### Challenge question:

Has your Council responded appropriately to any concerns or issues raised in the External Auditor's report for 2017/18?



# National Audit Office – Local authority governance

The report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (Ministry of Housing, Communities and Local Government) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network

Not only are the risks from poor governance greater in the current context as the stakes are higher, but the process of governance itself is more challenging and complex. Governance arrangements have to be effective in a riskier, more time-pressured and less well-resourced context. For instance, authorities need to:

- maintain tight budgetary control and scrutiny to ensure overall financial sustainability at a time when potentially contentious savings decisions have to be taken and resources for corporate support are more limited; and
- ensure that they have robust risk management arrangements in place when making commercial investments to generate new income, and that oversight and accountability is clear when entering into shared service or outsourced arrangements in order to deliver savings.

Risk profiles have increased in many local authorities as they have reduced spending and sought to generate new income in response to funding and demand pressures. Local authorities have seen a real-terms reduction in spending power (government grant and council tax) of 28.6% between 2010-11 and 2017-18. Demand in key service areas has also increased, including a 15.1% increase in the number of looked after children from 2010-11 to 2017-18. These pressures create risks to authorities' core objectives of remaining financially sustainable and meeting statutory service obligations. Furthermore, to mitigate these fundamental risks, many authorities have pursued strategies such as large-scale transformations or commercial investments that in themselves carry a risk of failure or under-performance.

The report is available on the NAO website:

<https://www.nao.org.uk/report/local-authority-governance-2/>

## NAO Report

### Challenge question:

Has your Council got appropriate governance and risk management arrangements in place to address the risks and challenges identified in the NAO report?



# CIPFA – Financial Resilience Index plans revised

## The Chartered Institute of Public Finance and Accountancy (CIPFA) has refined its plans for a financial resilience index for councils and is poised to rate bodies on a “suite of indicators” following a consultation with the sector.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector’s views, CIPFA invited all interested parties to respond to questions it put forward in the consultation by the 24 August.

CIPFA has also responded to concerns about the initial choice of indicators, updating the selection and will offer authorities an advanced viewing of results.

Plans for a financial resilience index were put forward by CIPFA in the summer. It is being designed to offer the sector some external guidance on their financial position.

CIPFA hailed the “unprecedented level of interest” in the consultation.

Responses were received from 189 parties, including individual local authorities, umbrella groups and auditors. Some respondents called for a more “forward-looking” assessment and raised fears over the possibility of “naming and shaming” councils.

CIPFA chief executive Rob Whiteman said with local government facing “unprecedented financial challenges” and weaknesses in public audit systems, the institute was stepping in to provide a leadership role in the public interest.

“Following the feedback we have received, we have modified and strengthened the tool so it will be even more helpful for local authorities with deteriorating financial positions,” he said.

“The tool will sit alongside CIPFA’s planned Financial Management Code, which aims to support good practice in the planning and execution of sustainable finances.”

CIPFA is now planning to introduce a “reserves depletion time” category as one of the indicators. This shows the length of time a council’s reserves will last if they deplete their reserves at the same rate as over the past three years.

The consultation response document said this new category showed that “generally most councils have either not depleted their reserves or their depletion has been low”.

“The tool will not now provide, as originally envisaged, a composite weighted index but within the suite of indicators it will include a red, amber, green (RAG) alert of specific proximity to insufficient reserve given recent trajectories,” it said.

It also highlighted the broad support from the sector for the creation of the index. “There was little dissent over the fact that CIPFA is doing the right thing in drawing attention to a matter of high national concern,” it said.

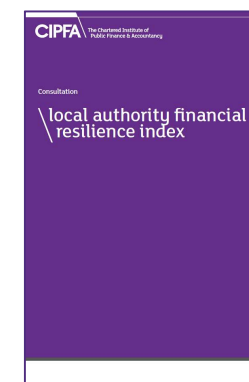
“Most respondents agreed to the need for transparency – but a sizable number had concerns over the possibly negative impacts of adverse indicators and many councils wanted to see their results prior to publication.”

As such, CIPFA plans to provide resilience measurements first to the local authorities and their auditors via the section 151 officer rather than publishing openly.

## CIPFA Consultation

### Challenge question:

Has your Head of Finance briefed members on the Council’s response to the Financial Resilience Index consultation?



# ICAEW Report: expectations gap

The Institute of Chartered Accountants in England and Wales (ICAEW) has published a paper on the 'expectation gap' in the external audit of public bodies.

## Context:

The expectation gap is the difference between what an auditor actually does, and what stakeholders and commentators think the auditors obligations might be and what they might do. Greater debate being whether greater education and communication between auditors and stakeholders should occur rather than substantial changes in role and remit of audit.

## What's the problem?

- **Short-term solvency vs. Longer-term value:**
  - LG & NHS: Facing financial pressures, oversight & governance pressures
- **Limited usefulness of auditors reports:** 'The VFM conclusion is helpful, but it is more about the system/arrangements in place rather than the actual effectiveness of value for money'
- **Other powers and duties:** implementing public interest reports in addition to VFM
- **Restricted role of questions and objections:** Misunderstanding over any objections/and or question should be resolved by the local public auditor. Lack of understanding that auditors have discretion in the use of their powers.
- **Audit qualification not always acted on by those charged with governance:** 'if independent public audit is to have the impact that it needs, it has to be taken seriously by those charged with governance'
- **Audit committees not consistently effective:** Local government struggles to recruit external members for their audit committees, they do not always have the required competencies and independence.
- **Decreased audit fees:** firms choose not to participate because considered that the margins were too tight to enable them to carry out a sufficient amount of work within the fee scales.
- **Impact of audit independence rules:** new independence rules don't allow for external auditors to take on additional work that could compromise their external audit role
- **Other stakeholders expectations not aligned with audit standards**

- **Increased auditor liability:** an auditor considering reporting outside of the main audit engagement would need to bill their client separately and expect the client to pay.

## Future financial viability of local public bodies

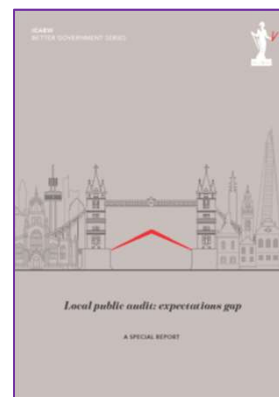
Local public bodies are being asked to deliver more with less and be more innovative and commercial. CFOs are, of course, nervous at taking risks in the current environment and therefore would like more involvement by their auditors. They want auditors to challenge their forward-looking plans and assumptions and comment on the financial resilience of the organisation..

## The ICAEW puts forward two solutions:

Solution a) If CFO's want additional advisory work, rather than just the audit, they can separately hire consultants (either accountancy firms not providing the statutory audit or other business advisory organisations with the required competencies) to work alongside them in their financial resilience work and challenging budget assumptions.

Solution b) Wider profession (IFAC, IAASB, accountancy bodies) should consider whether audit, in its current form, is sustainable and fit for purpose. Stakeholders want greater assurance, through greater depth of testing, analysis and more detailed reporting of financial matters. It is perhaps, time to look at the wider scope of audit. For example, could there be more value in auditors providing assurance reports on key risk indicators which have a greater future-looking focus, albeit focused on historic data?

More information can be found in the link below (click on the cover page)



## The expectations gap

### Challenge question:

How effectively is the audit meeting client expectations?



# Financial Foresight: Our sustainable solution for cash-strapped councils

Grant Thornton's new Financial Foresight platform helps provide local councils with financial sustainability.

Launched in early January, Financial Foresight is a unique platform that can help us provide financial sustainability to under-pressure local councils, using a combination of data, statistics and our expertise.

In December 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) estimated that 15% of councils are showing signs of financial distress. If the rate at which these councils are dipping into their financial reserves continues, the National Audit Office estimates that 10% of councils will have depleted their reserves by 2021. The latest figures from our Insights and Analytics team suggest this could be closer to 20%.

Alarm bells started to chime at Somerset, Surrey, Lancashire and Birmingham councils last year. Yet it was the catastrophic near-collapse of Northamptonshire County Council - after it chose for five years not to raise council tax to cover its spiralling costs - that shone the spotlight on this widespread problem.

Unless local councils can get to grips with the situation, we'll all feel the effects of deeper cutbacks in public spending.

## What's causing the problem?

After eight years of government austerity which followed the financial crash of 2008, many councils are now digging deep into their financial reserves in order to provide public services to their communities – from social care to fixing potholes in the road.

Pressure on funding is further impacted by rapidly rising costs – especially for demand-led services as populations grow and age. Within just a few years, many councils will not have any reserves left to fall back on, and some have already said they will be unable to provide any non-statutory services at this time. Overlay Brexit onto this situation, along with the anticipated financial pressures this will bring, and the outlook for local authorities is extremely challenging.

## How can we help?

The investments we have made in analytics coupled with the commercial success of our CFO Insights tool has enabled us to develop credible financial forecasts for every local authority in the country. From this platform we developed Financial Foresight; a unique, forward-looking financial analytics and forecasting platform designed to support financial sustainability in local government.

Financial Foresight takes account of factors such as population growth, development forecasts and demand drivers to project local authority spend, income and operating costs. It provides a baseline view on the financial sustainability of every local authority in England and allows leaders in each authority to benchmark their own outlook against others. This will help councils move on from resilience – or just getting by – to financial sustainability.

Head of Local Government Paul Dossett said: "Through Financial Foresight and our associated strategy workshops, we can support local authorities to test and appraise a range of financial strategies and levers to develop a plan for a sustainable future. The critical importance of authorities understanding their financial resilience is only going to increase, so we're proud to be leading the market with this offering."

For more information, follow the links below:

<https://www.grantthornton.co.uk/en/insights/councils-are-at-risk-but-do-they-really-know-why/>

<https://www.grantthornton.co.uk/en/insights/from-resilience-to-financial-sustainability/>

# Brexit Room - Increasing readiness and resilience within your locality

Local authorities have always navigated uncertainty and faced challenges on behalf of communities and this role has never been more important than now. Whilst the outcome of Brexit remains uncertain at a national level, it is essential for councils to set a path to ensure the continued delivery of vital services and the best possible outcomes for their local communities and economies. Whatever happens over the coming weeks and months, it is important that councils identify key Brexit scenarios and use these to frame robust local contingency plans.

From our conversations with the sector we know that local authorities are at different stages in their preparation for this big change.

Here's a brief summary of the issues that we are seeing:

## Organisations

- Engaging non-EEA nationals within the workforce to ensure they understand their residency rights and are not receiving incorrect information from other sources
- Loss of access to key EU databases on policing and trading standards and changes to data sharing arrangements
- Uncertainty around continuation of EU funding beyond 2020 and the implementation of the UK Shared Prosperity Fund.

## Services and suppliers

- Engaging with key suppliers to assess their risk profiles and resilience
- Dealing with the immediate strain on key services such as social care and trading standards
- Potential disruption to live procurement activities and uncertainty around the national procurement rulebook post OJEU.

## Place

- Considering scenarios for economic shock, the associated social impact in the short, medium and long-term and the potential impact on local authority financial resilience
- Potential impacts on major local employers, key infrastructure investment programmes and transport improvements
- Civil contingencies and providing reassurance and support to residents and businesses.

## Our approach

The Brexit Room is a flexible and interactive half-day workshop designed to sharpen your thinking on the impact Brexit could have on:

**Your organisation** – including considerations on workforce, funding, and changes to legislation

**Your services and suppliers** – ensuring that critical services are protected and building resilience within supply chains

**Your place** – using our proprietary Place Analytics tools we will help you to understand potential impacts on your local communities and economy and develop a place-based response, working with partners where appropriate.

We can work with you to identify key risks and opportunities in each of these areas whilst building consensus on the priority actions to be taken forward. You will receive a concise and focused write-up of the discussion and action plan to help shape the next stages of your work on Brexit.

For more information, follow the link below:

<https://www.grantthornton.co.uk/insights/brexit-local-leadership-on-the-front-line/>

## Brexit

### Challenge question:

How well advanced are your Council's plans for Brexit?





**Our external audit  
commitment**

## Our commitment to our local government clients

- Senior level investment
- Local presence enhancing our responsiveness, agility and flexibility.
- High quality audit delivery
- Collaborative working across the public sector
- Wider connections across the public sector economy, including with health and other local government bodies
- Investment in Health and Wellbeing, Social Value and the Vibrant Economy
- Sharing of best practice and our thought leadership.
- Invitations to training events locally and regionally – bespoke training for emerging issues
- Further investment in data analytics and informatics to keep our knowledge of the areas up to date and to assist in designing a fully tailored audit approach

*"I have found Grant Thornton to be very impressive.....they bring a real understanding of the area. Their insights and support are excellent. They are responsive, pragmatic and, through their relationship and the quality of their work, support us in moving forward through increasingly challenging times. I wouldn't hesitate to work with them."*

Director of Finance, County Council

## Local Government audits 2018/19 and beyond Grant Thornton's External Audit commitment

### Our relationship with our clients— why are we best placed?

- We work closely with our clients to ensure that we understand their financial challenges, performance and future strategy.
- We deliver robust, pragmatic and timely financial statements and Value for Money audits
- We have an open, two way dialogue with clients that support improvements in arrangements and the audit process
- Feedback meetings tell us that our clients are pleased with the service we deliver. We are not complacent and will continue to improve further
- Our locally based, experienced teams have a commitment to both our clients and the wider public sector
- We are a Firm that specialises in Local Government, Health and Social Care, and Cross Sector working, with over 25 Key Audit Partners, the most public sector specialist Engagement Leads of any firm
- We have strong relationships with CIPFA, SOLACE, the Society of Treasurers, the Association of Directors of Adult Social Care and others.
- We propose a realistic fee, based on known local circumstances and requirements.

### New opportunities and challenges for your community

#### The Local Government economy

Local authorities face unprecedented challenges including:

- Financial Sustainability – addressing funding gaps and balancing needs against resources
- Service Sustainability –funding gaps and pressure on services
- Transformation – new models of delivery, greater emphasis on partnerships, more focus on economic development
- Technology – cyber security and risk management

At a wider level, the political environment remains complex:

- The government continues its negotiation with the EU over Brexit, and future arrangements remain uncertain.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.

### Delivering real value through:

- Early advice on technical accounting issues, providing certainty of accounting treatments, future financial planning implications and resulting in draft statements that are 'right first time'
- Knowledge and expertise in all matters local government, including local objections and challenge, where we have an unrivalled depth of expertise.
- Early engagement on issues, especially on ADMs, restructuring, partnership working, inter authority agreements, governance and financial reporting
- Implementation of our recommendations have resulted in demonstrable improvements in your underlying arrangements, for example financial management, reporting and governance.
- Robust but pragmatic challenge – seeking early liaison on issues, and having the difficult conversations early to ensure a 'no surprises' approach – always doing the right thing
- Providing regional training and networking opportunities for your teams on technical accounting issues and developments and changes to Annual Reporting requirements
- An efficient audit approach, providing tangible benefits, such as releasing finance staff earlier and prompt resolution of issues.

## Grant Thornton in Local Government

### Our client base and delivery

- We are the largest supplier of external audit services to local government
- We audit over 150 local government clients
- We signed 95% of our local government opinions in 2017/18 by 31 July
- In our latest independent client service review, we consistently score 9/10 or above. Clients value our strong interaction, our local knowledge and wealth of expertise.

### Our connections

- We are well connected to MHCLG, the NAO and key local government networks
- We work with CIPFA, Think Tanks and legal firms to develop workshops and good practice
- We have a strong presence across all parts of local government including blue light services
- We provide thought leadership, seminars and training to support our clients and to provide solutions

### Our people

- We have over 25 engagement leads accredited by ICAEW, and over 250 public sector specialists
- We provide technical and personal development training
- We employ over 80 Public Sector trainee accountants

### Our quality

- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing
- We are fully compliant with ethical standards
- Your audit team has passed all quality inspections including QAD and AQRT

### Our technical support

- We have specialist leads for Public Sector Audit quality and technical
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas
- Specialist audit software is used to deliver maximum efficiencies

