

The Audit Findings for South Ribble Borough Council

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2017

September 2017

Mark Heap

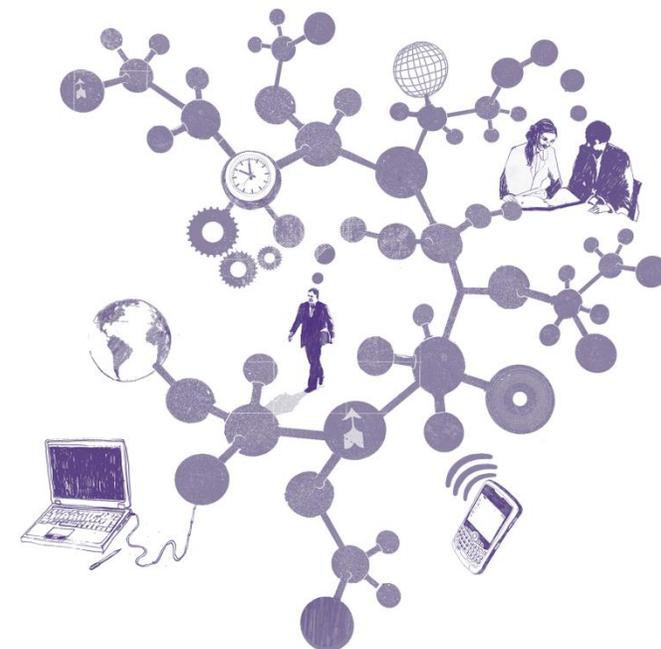
Director
T 0161 234 6375
E mark.r.heap@uk.gt.com

Simon Hardman

Manager
T 0161 234 6379
E simon.hardman@uk.gt.com

Richard Watkinson

Executive
T 0161 234 6345
E richard.Watkinson@uk.gt.com



South Ribble Borough Council
Civic Centre
West Paddock
Leyland
PR25 1DH

13 September 2017

Dear Governance Committee

Audit Findings for South Ribble Borough Council for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of South Ribble Council, the Governance Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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

Yours sincerely

Mark Heap

Engagement lead

Grant Thornton UK LLP
4 Hardman Street
Manchester
M3 3EB

T +44 161 953 6900

www.grant-thornton.co.uk

Chartered Accountants

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Section 1: Executive summary

01. Executive summary

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Purpose of this report

This report highlights the key issues affecting the results of South Ribble Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. .

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Council acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Council and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 29 March 2017.

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

- Completion of our testing – we have some queries outstanding
- Documenting your going concern considerations
- Final review of the audit file by the Engagement Lead and Audit Manager
- Review of the final version of the financial statements
- Obtaining and reviewing the management letter of representation
- Review of the revised version of the Annual Governance Statement and
- Updating our post balance sheet events review, to the date of signing the opinion
- Finalising our review of the value for money conclusion
- Whole of Government Accounts

The final draft financial statements were authorised for issue on 30 June 2017 and the accompanying working papers were available prior to this date.

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Council's reported financial position. The draft financial statements for the year ended 31 March 2017 recorded net cost of services expenditure of £13,259k; the audited financial statements show net expenditure of £13,259k. We have recommended a number of adjustments to improve the presentation of the financial statements.

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

- Whilst we requested a small number of amendments the accounts were generally of a good quality
- All requested amendments to disclosure were actioned by management

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

Subject to the clearance of the final outstanding matters, for example the completion of the review of the revised AGS, we anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the AGS and Narrative Report is misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Council's Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

Controls

Roles and responsibilities

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

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

Findings

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

Further details are provided within section two of this report.

Value for Money

Our review of the Council's arrangements to secure economy, efficiency and effectiveness has highlighted the following issues which will give rise to a qualified VFM conclusion

- the Scrutiny Committee Task Force report outlining the circumstances surrounding the commissioning of a review of the investigation of taxi licencing highlighted a number of serious governance failures
- whilst we acknowledge that improvements took place during 2016/17 our VFM Conclusion takes into consideration the whole year. The original improvement plan was only in place from December 2016. The Council has been the subject of a number of reviews, including the Peer Review which took place in March 2017 which highlighted that there were a number of issues to be addressed

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

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Further details of our work on other statutory powers and duties is set out in section four of this report.

Grant certification

In addition to our responsibilities under the Code, we are required to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. At present our work on this claim is in progress and is not due to be finalised until 30 November 2017. We will report the outcome of this certification work through a separate report to the Governance Committee which is due in January 2018.

The way forward

Matters arising from the financial statements audit and our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the S151 Officer.

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

Acknowledgement

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

Grant Thornton UK LLP
September 2017

Section 2: Audit findings

01. Executive summary

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Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £888k (being 2% of gross revenue expenditure). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £44k. This remains the same as reported in our audit plan. As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate. These remain the same as reported in our audit plan OR report any changes.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£20,000
Related Party Transactions	Due to public interest in these disclosures and the requirement for them to be made (misstatements will also be evaluated by reference to how material they are to the other party)	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

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

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>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 South Ribble Borough 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; and • the culture and ethical frameworks of local authorities, including South Ribble Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 requires us to consider the risk of material misstatement due to fraudulent financial reporting that may arise from manipulation of expenditure recognition, especially where the body is required to meet targets. For your Council, we have concluded that the greatest risk of material misstatement relates to the completeness of operating expenses and creditor balances.</p>	<p>We:</p> <ul style="list-style-type: none"> Updated our understanding and documentation of the processes and controls in place to account for operating expenses. Performed walkthrough testing of controls in place Carried out substantive testing of expenditure within the comprehensive income and expenditure statement ensuring valid spend. Tested payables and accrued expenditure including reviewing post year end invoices and payments 	<p>Appropriate assurance has been gained from our work and there are no issues arising in relation to the expenditure cycle including fraudulent transactions.</p>
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p>	<p>We:</p> <ul style="list-style-type: none"> identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation we gained an understanding of the basis on which the valuation is carried out. undertook procedures to confirm the reasonableness of the actuarial assumptions made. reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>Appropriate assurance was gained from the work completed and there are no issues arising.</p>

Audit findings against significant risks continued

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>Valuation of property, plant and equipment The Council revalues its assets on a rolling basis over a five year. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Ongoing review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Review and challenge 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 • 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>We have written to the Council's valuers as part of our review of the competence, expertise and objectivity of the management experts. We have not received a response to our requests. We require the responses urgently to allow us to finalise our review of PPE.</p>

Audit findings against other risks

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

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	<ul style="list-style-type: none"> Update our understanding and documentation of the processes and controls in place to account for operating expenses Perform walkthrough testing of controls in place Substantive testing of expenditure ensuring valid spend and appropriate categorisation within net cost of services headings in the comprehensive income and expenditure statement Sample testing of payables and accrued expenditure including reviewing post year end payments 	Appropriate assurance has been gained and only minor queries remain. Our testing identified that internal recharges remained in the income and expenditure on the CIES. This meant that both expenditure and income were overstated by £446k
Employee remuneration	Employee remuneration accruals are understated	<ul style="list-style-type: none"> Update our understanding and documentation of the processes and controls in place in to account for employee remuneration Perform walkthrough testing of controls in place Testing of employee expenses to staff records, pay rates and classification in the general ledger Review of payroll accrual processes Review of key payroll reconciliations 	Appropriate assurance has been gained. The only issue identified is that some of the senior employee salary details had been incorrectly stated within the accounts.

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Changes to the presentation of local authority financial statements</p>	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS) tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>Code para 3.4.2.101 highlights that the new requirements require full retrospective restatement in accordance with section 3.3, paragraph 3.4.2.31 and IAS 1.' The Code says at para 3.3.4.2 that as well as giving the reason for the restatement, 'for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected' should be disclosed. No such disclosure has been made. We therefore discussed with the finance team:</p> <ul style="list-style-type: none"> The Council's understanding of the applicable Code paragraphs the overall conclusion on whether you feel that a line by line disclosure is required and disclosed whether or not any non-disclosure has a material impact on the understanding of the accounts for the user of the accounts. <p>After reviewing other sets of accounts and the changes to the CIES it was concluded that such a disclosure would not add any understanding to the reader of the accounts. Whilst we requested that such a note we agreed to accept the Council's conclusion that non-disclosure does not have a material impact on the understanding of the accounts.</p>

Audit findings against other risks continued

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570).

We have considered the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that they are appropriate.

Significant matters discussed with management

The section addresses the requirement to communicate with those charged with governance 'significant matters, if any, arising from the audit that were discussed or subject to correspondence with management'. The items in the table below are those include as examples in ISA 260.

	Significant matter	Commentary	Conclusion
1	Business conditions affecting the Council and business plans and strategies that may affect the risks of material misstatement.	No such items in relation to the financial statements. We did consider the Council's medium term financial strategy as part of the VfM Conclusion work, but this section of our report only relates to the risk of material misstatement within the financial statements.	No issue to raise in relation to this matter.
2	Concerns about management's consultations with other accountants on accounting or auditing matters	No issues considered	No issue to raise in relation to this matter.
3	Discussions or correspondence with management regarding accounting practices, the application of auditing standards, or fees for audit or other services.	No such discussion. We have highlighted to management the material misstatement in relation to cash equivalents and short-term investments.	No issue to raise in relation to this matter

Accounting policies, estimates and judgements

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

Accounting area	Summary	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> • Accounting Policies state that activity is accounted for in the period to which it relates regardless of when the cash is paid or received. 	The recognition of revenue by the Council is in line with recognised accounting guidance. The actual policy section could be improved by including reference to all types of revenue, for example council tax and business rates.	●
Judgements and estimates	<ul style="list-style-type: none"> • Key estimates and judgements include: <ul style="list-style-type: none"> – Useful life of PPE – Revaluations – Impairments – Accruals – Valuation of pension fund net liability – Provision for NNDR appeals – Other provisions 	We considered various issues in relation to such judgements and estimates including: <ul style="list-style-type: none"> • Extent of judgement involved • Potential financial statement impact of the estimates • Adequacy of disclosure of accounting policy No issues were identified	●

Assessment

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Going concern	The s151 officer has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. Members concur with this view. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Council's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	
Other accounting policies		We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years.	

Assessment

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
2.	Matters in relation to related parties	<ul style="list-style-type: none"> From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council which is appended.
5.	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation request to those financial institutions where you hold an investment. The permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements

Other communication requirements continued

	Issue	Commentary
7.	Matters on which we report by exception	<ul style="list-style-type: none"> We are required to report on a number of matters by exception in a number of areas: <p>We have not identified any issues we would be required to report by exception in the following areas</p> <ul style="list-style-type: none"> If the Annual Governance Statement (AGS) does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit. The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Group/Council acquired in the course of performing our audit, or otherwise misleading. <p>In relation to the AGS we suggested some amendments to reflect the issues faced during 2016/17. The amendments were made in the final version of the statement which is to be approved at the September Governance Committee.</p>
8.	Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <ul style="list-style-type: none"> Note that work is not required as the Council does not exceed the threshold;

Internal controls

The controls were found to be operating effectively and we have no matters to report to the Governance Committee

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>Journal walkthrough As part of our walkthrough test to establish whether journal controls are operating as expected, we identified that there was no supporting documentation retained to support the journal selected.</p> <p>We are satisfied that the journal was valid, but it is important that supporting evidence for journals is retained. No other examples of this nature were identified from our journal testing.</p>	<ul style="list-style-type: none"> • Our testing has not identified any weaknesses in supporting documentation to support journals.

Assessment

- ✓ Action completed
- X Not yet addressed

Adjusted misstatements

A number of adjustments to the draft accounts have been identified during the audit process. We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £000
1 Our review of cash equivalents in the cash balance identified £13m of balances that were incorrectly disclosed in the balance sheet. Paragraph 7 of IAS 7 states: 'an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three-months or less from the date of acquisition' (IAS 7.7). For all of the items in the £13m the maturity date was more than 3 months from the date of acquisition.		0 (credit: cash and cash equivalents £13m debit: short term investments £13m)	
2			
3			
4			
Overall impact	£0	£0	£0

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
1 Our testing of expenditure identified that £446k of internal recharges were incorrectly included in the income and expenditure figures on the CIES. This means that both income and expenditure are overstated by £446k. The majority of this figure, £440k, related to the Neighbourhood, Environment and Asset Management line in the CIES.	0		Not material – no impact on reserves
2 Code para 3.4.2.101 highlights that the new requirements require full retrospective restatement in accordance with section 3.3, paragraph 3.4.2.31 and IAS 1.' The Code says at para 3.3.4.2 that as well as giving the reason for the restatement, 'for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected' should be disclosed. No such disclosure has been made.			No material impact on the understanding of the accounts
Overall impact	£0	£0	

Impact of uncorrected misstatements in the prior year

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Action
<p>1 Depreciation</p> <p>Testing of a sample of assets identified that depreciation had been incorrectly calculated as incorrect asset life information was recorded within the Council's asset register. Based on a full review of the asset register it has been calculated that depreciation was overstated by £0.491m.</p>	0	0	All the useful lives of the affected assets were corrected and so depreciation rates returned to normal levels. The Council corrected all of the affected assets and recalculated depreciation last year to evidence the fact that it was not a material misstatement.
Overall impact	£0	£0	

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	N/a	Note 36a – Leases	The Council highlighted to the audit team before the audit commenced that they had identified an error in accounts issued for auditing. The comparative figures in the note had been incorrectly input in to the financial statements. This has been corrected in the final version.
2 Disclosure	N/a	Note 30 – Senior Officer Remuneration	The note required updating to correct two errors in relation to the amounts paid to senior officers and also to improve the overall disclosure.
3 Misclassification	506	Collection Fund	Checking the business rate postings to the Collection Fund, we identified that £506k in relation to prior year agreed appeals had been incorrectly credited to business rates receivable income, rather than the Provision for appeals charges to Collection Fund line.
4 Misclassification	N/a	Note 13 – Lancashire Rates Pool	The figures in the disclosure note for Ribble Valley Borough Council and Rossendale Borough Council were transposed in the pre-audit financial statements.
5 Disclosure	N/a	Note 2 to the Collection Fund	Checking the Council tax base, at Note 2 to the Collection Fund to supporting evidence, highlighted a small error as it shows the total number of equivalent dwellings for band D as 7,280, instead of 7,230.3.
6 Disclosure	11	Note 14e – Community Assets	Community Assets column had not been correctly totalled.
7 Disclosure	N/a	Note 38 – Contingent liability	Inclusion of the potential value of the possible liability
8 Disclosure	N/a	Note 22 – Provisions	The Council included additional disclosure in the provisions note to describe the reason for the balance and why the timing of any payments is uncertain.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non-audit services and independence

06. Communication of audit matters

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 identifies one single 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.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in March 2017 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 29 March 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The issues identified in 2016 in relation to the Review of Licensing
- The development of an improvement plan to meet some of the issues raised in the review of licensing
- Issues raised in the staff survey
- The contents of the medium term financial strategy and the overall financial position of the Council
- The findings of the Peer Review and the response to the issues raised.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on pages 31 to 33

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- except for the matters we identified in respect of the Scrutiny Committee Task Force review following the investigation of matters related to the licensing service, the Council had proper arrangements. We therefore propose to give a qualified 'except for' conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources.

Recommendations for improvement

We discussed findings arising from our work with management and make a number of recommendations which can be found at Appendix A of this report.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>Medium term financial planning The medium term financial strategy is based on a number of assumptions that will result in the Council overcoming an estimated gross cumulative budget deficit in 2019/20 of approximately £3.3m. The Council plans to meet this deficit through a number of ways including new or increased charges; the extension of shared service arrangements; and the Business Transformation Programme.</p> <p>There is a risk that if the new ways of working and revised charges do not deliver then the Council will not be sustainable in future years.</p>	<p>We are considering the main assumptions in meeting the deficit in future years by reviewing some of the key ways the Council is planning to reduce expenditure (e.g. expanding shared services) or increase income (e.g. Garden Waste charges).</p>	<p>The medium term financial strategy highlighted that the Council will be facing an estimated gross cumulative budget deficit of £3.3m by 2019/20. The financial position at South Ribble is a complex one. The Council is fortunate to find itself in a position where it has no outstanding loans, short-term investments of £25m and usable revenue and capital reserves of £27m. However financial pressures remain and a number of major schemes have been identified to bridge the budget deficit. We noted that the Peer Review recommended that the Council should develop robust plans to bridge the financial gap in the council's medium term financial plan, focused around firm project plans.</p> <p>We reviewed four schemes in relation to the supporting evidence</p> <ul style="list-style-type: none"> • Charging for the collection of garden waste (£540k) – calculations provided though achievement very much dependent on take-up of the service • Council Tax increase (£457k) – calculations provided, however this at the higher end of the likely increase in savings • Expansion of shared services (£750k) – plans are developing and the savings figures are to be confirmed • Business Transformation Programme (£500k) – no detailed evidence has been sent through but some information provided to show potential breakdown <p>As highlighted in the peer review report there is a need to bring the medium term financial plan 'alive' over the next few months by bringing forward concrete project plans for the larger-scale savings projects. However our conclusion is that, despite further work being required to produce detailed project plans, the Council remain in a relatively good position in relation to the overall financial position.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements</p>

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>Improvement plan</p> <p>In December the Cabinet endorsed the development of a detailed improvement action plan, following the approval of a previous plan arising from the Scrutiny Review of Licensing, and the development and approval of the Annual Governance Statement.</p> <p>The detailed action plan includes specific milestones, with timescale and leads, which are linked to different improvement themes.</p> <p>As the improvement plan underpins the Council's Corporate Priority to be an 'efficient, effective and exceptional council' there is a risk that, without the delivery of the milestones, the corporate priority will not be achieved.</p>	<p>We will review the progress made in implementing the actions and also consider how the Council is monitoring progress.</p>	<p>Last year we qualified the Council's VfM Conclusion due to the matters identified in respect of the Scrutiny Committee Task Force review following the investigation of matters related to the licensing service. Due to the related issues remaining throughout much of 2016/17 we have concluded that we will need to include a similar except for VfM conclusion.</p> <p>However the council has looked to make some improvements.</p> <p>The Scrutiny Committee Task Force review into taxi licensing highlighted a number of serious governance concerns including:</p> <ul style="list-style-type: none"> • a major corporate governance failure within the Council which resulted in significant damage to the Council, its reputation and trust with residents • unconstitutional actions taken by members and officers • failure to follow contract procedure rules • apparent exclusions of key officers and members from the review process • member intervention in disciplinary proceedings in contravention of the Council's constitution • lack of clarity among some officers with respect to the roles of officers and members. <p>The Peer Review team stated in their report published in April 2017 that 'the council is currently seeking to recover from a number of governance issues which continue to absorb a large amount of the council's capacity and attention.'</p> <p>Given the timing of the above we have had to take the issues in to consideration in this years VfM Conclusion. However in the period between December 2016 and September 2017 the Council has responded to the issues in several different ways including:</p> <ul style="list-style-type: none"> • Developing the improvement action plan – this has been regularly reported to Scrutiny Committee • Bringing in the Peer Review team for the review of the Council in March • The development of the Improvement Reference Group in response to the findings of the Peer Review during 2017/18. <p>However due to the fact that the VfM Conclusion covers the period 1 April 2016 through to 31 March 2017 our conclusion remains that there were weaknesses in the Council's arrangements for managing risks effectively and maintaining a sound system of internal control which will lead to an 'except for' VfM Conclusion.</p>

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>Staff survey The staff survey, reported to Scrutiny Committee in January 2017, highlighted a number of issues in relation to the overall morale and welfare of the Council's workforce. This included:</p> <ul style="list-style-type: none"> • 48% of staff said the working environment was stressful • Over 23% said that they had been bullied or harassed at work; • Only 4% said that they felt morale was good across the Council and; • Only 16% felt that the work of their service area was valued by Councillors <p>There is an obvious risk that if these issues are not addressed urgently it will both damage the reputation of the Council and reduce the overall effectiveness of services.</p>	<p>We will consider the Council's approach to responding to the issues set out in the survey as well as seeing how it has assessed the impact of the poor morale.</p>	<p>The Council has responded to the Staff Survey and there does not appear to have been a negative impact on service delivery.</p> <p>Both the Communications Strategy and the Transformation Strategy were developed to address the issues raised in the staff survey and Scrutiny are currently doing a review of this. The Council also did a 'you said, we did' on the Council's Staff Connect.</p> <p>There is also other work ongoing such as the development of the social media policy for members and the development of a new member / officer protocol.</p> <p>We considered whether there has been any impact on the Council's survey, however the evidence suggests that it was 'business as usual'. A Local Government Association resident survey found that there were good to high levels of satisfaction among local residents with regards to all of the five indicators of resident satisfaction included in the survey. For each measure, a significantly higher proportion of respondents in South Ribble gave a positive reply compared to the proportion observed in the LGA's latest national poll.</p> <p>The year-end performance monitoring report did highlight that ten corporate plan actions were not met, however 6 of these were linked to residents satisfaction that was still above or significantly above the national average for those issues.</p> <p>We have concluded that the issues identified in the survey did not have a significant impact on the Council's performance and that the Council took on board the issues. Whilst some of the actions have been finalised in 2017/18, or are on-going, and therefore outside of the formal consideration for the VfM Conclusion, it is important that the Council takes a considered approach to deal with the issues raised.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements</p>

It is clear therefore that there has been real progress made by the Council in addressing the areas for improvement identified above since 31 March. However we do not take this into account in reaching our conclusion for 2016/17 as that only covers arrangements in place during the financial year.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

In the course of our work we discussed with management the review of budgetary issues currently taking place by the Local Government Association to ensure that it did not impact on our VfM Conclusion. Having considered management's response we concluded that it does not impact on the overall VfM Conclusion

Any other matters

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Section 4: Other statutory powers and duties

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Public interest report	<ul style="list-style-type: none">• We have not identified any matters that would require a public interest report to be issued
2.	Written recommendations	<ul style="list-style-type: none">• We have not made any written recommendations that the Council is required to respond to publicly
3.	Application to the court for a declaration that an item of account is contrary to law	<ul style="list-style-type: none">• We have not used this duty at the Council
4.	Issue of an advisory notice	<ul style="list-style-type: none">• We have not used this duty at the Council
5.	Application for judicial review	<ul style="list-style-type: none">• We have not used this duty at the Council

Section 5: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

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

Fees

	Proposed fee £	Final fee £
Council audit	43,923	43,923
Grant certification	6,968	tbc
Total audit fees (excluding VAT)	50,891	tbc

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

Grant certification

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. We will confirm this fee once our certification work is completed in November. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Independence and ethics

- Ethical Standards and ISA (UK&I) 260 require us to give you timely disclosure of matters relating to our independence.
- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. We confirm that no non-audit or audit related services have been undertaken for the Council.

Section 6: Communication of audit matters

01. Executive summary

02. Audit findings

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04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

Communication to those charged with governance

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

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

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

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

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

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

Appendices

- A. Action Plan
- B. Audit Opinion

A. Action plan

Priority

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	Copy payslips and P11d's should be made available to support the amounts reported in the financial statements for senior management remuneration.	M		
2	The Council needs to ensure that cash equivalents are only those highly liquid short term deposits, where maturity is less than 3 months from the date the deposit was made.	H		
3	The Council needs to ensure that the audit team receives a response to the letters to the two valuers sent as part of our assessment of the competence, expertise and objectivity of management experts used.	H		
4	The Council needs to continue to develop its detailed project plans for the schemes highlighted in the medium term financial strategy to continue to deliver a balanced budget.	M		
5	Consider including comments in relation to all sources of income within the resource recognition policy.	M		

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Appendix B: Draft proposed letter of representation

To be provided on the Council's letter headed paper

Grant Thornton UK LLP

xx September 2017

Dear Sirs

South Ribble Borough Council Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with the audit of the financial statements of South Ribble Borough Council for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") which give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

- i. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- ii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iii. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- iv. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- v. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- viii. All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- i. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.

Appendix C: Draft proposed letter of representation

To be provided on the Council's letter headed paper

- i. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- ii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are **[either]** immaterial to the results of the Council and its financial position at the year-end **[or]** for the reasons noted on the schedule **[or]** for the reasons noted below :

- **[list other reasons]**

The financial statements are free of material misstatements, including omissions.

- i. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- ii. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- i. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- ii. We have communicated to you all deficiencies in internal control of which management is aware.
- iii.

- i. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- ii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- iii. We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- iv. We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- v. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- vi. We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- vii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- i. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- i. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the **[**Council's Cabinet/Audit Committee**]** at its meeting on.

Yours faithfully

Appendix C: Draft proposed letter of representation

To be provided on the Council's letter headed paper

Approval

The approval of this letter of representation was minuted by the **[**Council's Cabinet/Audit Committee**]** at its meeting on,

Yours faithfully

Name.....

Position.....

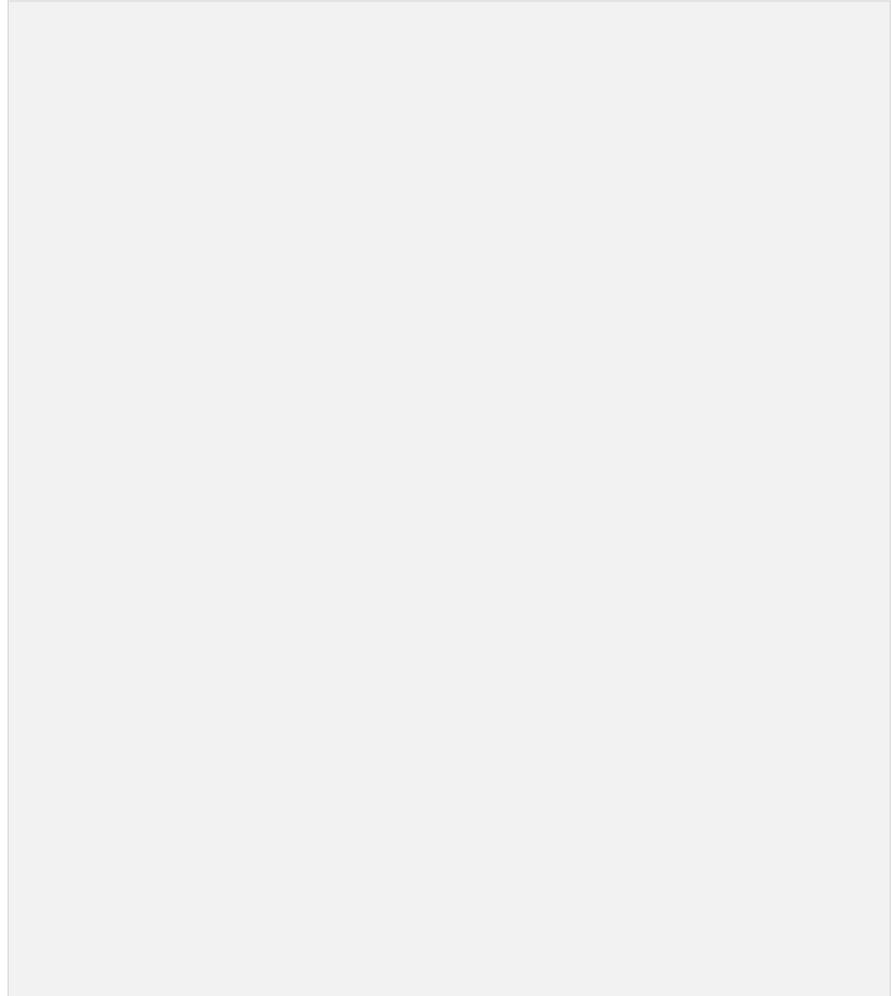
Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council





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