

<b>Subject:</b>	Response to recommendations under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014	<b>Status:</b>	For Publication
<b>Report to:</b>	Full Council	<b>Date:</b>	11 <sup>th</sup> December 2024
<b>Report of:</b>	Director of Resources	<b>Lead Member:</b>	Resources
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: No	<b>Attached:</b>	No
<b>Biodiversity Impact Assessment:</b>	Required: No	<b>Attached:</b>	No
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## 1. RECOMMENDATION(S)

- 1.1 That Council notes the report and actions taken to date.
- 1.2 That Council accepts the recommendations in the auditors' letter of 27<sup>th</sup> November 2024.

## 2. EXECUTIVE SUMMARY

- 2.1 As part of the finalisation of the Council's 2019/20 accounts under audit backstop arrangements, its auditors have made recommendations which have to be brought to the attention of Full Council, in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.
- 2.2 In the financial year 2023/24, the Council put in place measures to address the control weakness noted by its auditors and has deployed additional resource to resolve discrepancies in the financial statements from 2018/19 to 2023/24 financial years by the end of the financial year 2024/25.

## 3. BACKGROUND

- 3.1 The Council adopted its financial statements for the financial years 2018/19 through to 2022/23. at the Audit and Accounts Committee on 3<sup>rd</sup> December 2024 These accounts have been adopted under the backstop regulations in place to address the national backlog relating to the completion of Local Authority Audits.
- 3.2 The Council has received recommendations from the auditors under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014 in relation to the finalisation of the statutory accounts for 2019/20. These regulations dictate that the recommendations and the Council's response are to be considered and minuted at Full Council.

## 4. DETAILS

- 4.1 The Council has received recommendations from the auditors under paragraph 2 of Schedule 7 of the Local Audit and Accountability act 2014 in relation to the finalisation of the statutory accounts for 2019/20.
- 4.2 The recommendations and respective officer reply are as follows:

- 1) That the Council should resolve and correct the discrepancies between the financial statements for the financial years 2018/19 through to 2023/24 financial years before the end of the 24 25 financial year.

To address this recommendation, the Council has deployed additional resource to resolve the discrepancies by 31<sup>st</sup> March 2025.

- 2) That the Council should carry out a bank reconciliation at 31st March 2020, 2021, 2022 and 2023.

This recommendation has been addressed and completed with reconciliations in place for those years.

- 3) That the Council should from April 2023 onwards reconcile its bank statements with the balances recorded in the general ledger on a monthly basis for each month and to complete each month's bank reconciliation within one month of the month end.

This recommendation has been addressed with timely reconciliations signed off by the Council's Head of Finance on a monthly basis.

- 4) That the Council should report its compliance with this control to each meeting of the Audit and Accounts Committee.

The Council will comply with this recommendation until further notice.

## 5. RISK

All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Failure to accept and act on the recommendations given and comply with the legislation would risk further intervention by the auditors and Secretary of State.
- Failure to address concerns raised in a timely manner would be detrimental to the public confidence in the Council's ability to ensure effective financial and operational management. This has clearly been mitigated by the swift action taken to address the concerns upon notice being given with future systems of monitoring and reporting now being in place.

## 6. FINANCE

There are no further finance aspects that are not covered in the body of the report.

## 7. LEGAL

- 7.1 Paragraphs 5(5) and 5(6) of the Local Audit and Accountability Act 2014 requires Full Council to consider the report or recommendations given by the auditors to be held before the end of the period of one month beginning with the day on which it was sent to the authority. At that meeting, members must decide—

(a) whether the report requires the authority to take any action or whether the recommendation is to be accepted, and

(b) what, if any, action to take in response to the report or recommendation.

7.2 Paragraph 10 of the Act requires the Council, as soon as is practicable after making its decision to notify the auditor of those decisions, and publish a notice containing a summary of those decisions, which has been approved by the auditor, on its website.

**8. POLICY AND EQUALITIES IMPLICATIONS**

There are no policy or equality implications arising out of this report.

**9. REASON FOR DECISION**

As required by Schedule 7 of the Local Audit and Accountability Act 2014 the Council is required to consider the recommendations of the Auditors made under paragraph 2 and confirm its acceptance of the same with action to be taken as necessary.

Background Papers	
Document	Place of Inspection
Auditors letter under para 2 of Schedule 7 of the Local Audit and Accountability Act 2014 dated 27 <sup>th</sup> November 2024.	Rossendale Borough Council, The Business Centre, Futures Park, Bacup OL13 0BB
Audit and Accounts Committee 3 <sup>rd</sup> December 2024	<a href="https://www.rossendale.gov.uk/meetings/meeting/1409/audit-and-accounts-committee">https://www.rossendale.gov.uk/meetings/meeting/1409/audit-and-accounts-committee</a>

Rossendale Borough Council  
Futures Park  
Bacup  
OL13 0BB

27 November 2024

Dear Members of the Council

**Rossendale Borough Council – Audit of Accounts 2019/20**

**Recommendations under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014**

Our audit work has identified material unexplained discrepancies between the closing balances reported in the Council's draft accounts for the 2018/19 financial year and the opening balances reported in the draft accounts for the 2019/20 financial year. Similar unexplained discrepancies were present in the subsequent draft accounts up to and including the 2023/24 financial year. In addition, the Council has not been able to provide evidence that it reconciled its bank statements with the balances recorded in its general ledger during the 2019/20, 2020/21, 2021/22, and 2022/23 financial years.

We recommend the Council should resolve and correct the discrepancies between its draft financial statements from the 2018/19 to 2023/24 financial years before the end of the 2024/25 financial year.

We also recommend the Council should

- carry out a bank reconciliation at 31 March 2020, 2021, 2022 and 2023,
- from April 2023 onwards reconcile its bank statements with the balances recorded in the general ledger on a monthly basis for each month,
- complete each month's bank reconciliation within one month of the month end, and
- report its compliance with this control to each meeting of the Audit & Accounts Committee.

These recommendations will be sent to the Secretary of State for Housing, Communities and Local Government. The Council is required to consider the recommendations at a meeting held before the end of the period of one month beginning with the day on which the recommendations were sent to them. At that meeting the Council must decide what action, if any, to take in response to the recommendations. The Council is required to publicise the meeting and, subsequently, the decision taken at the meeting.

Yours sincerely



**Alastair Newall**

**Key Audit Partner**