

Rossendale Borough Council: Audit Committee

Update and Progress Report

November 2017

Karen Murray

Engagement Lead

T 0161 234 6364

E karen.l.murray@uk.gt.com

Ian Pinches

Audit Manager

T 0161 953 6900

E ian.m.pinches@uk.gt.com

Sophia Iqbal

In Charge Auditor

T 0161 234 6372

E sophia.s.iqbal@uk.gt.com

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Contents	Page
Introduction	4
Progress at September 2017	5
Emerging issues and developments: Publications and events	8

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

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an 'essential' service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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

2014/15 work	Completed	Comments
<p data-bbox="108 362 544 439">2014/15 Accounts audit and Value for Money Conclusion</p> <p data-bbox="108 474 580 696">We have not yet issued an opinion on the 2014/15 accounts due to the issues arising in respect of the Council's Empty Homes Programme and associated HCA grant.</p>	<i>In progress</i>	<p data-bbox="809 376 1401 598">Much of the work on the Council's 2014-15 accounts is complete. However, we have yet to finalise our work in respect of the transactions relating to the Council's Empty Homes Programme and associated HCA grant.</p> <p data-bbox="809 607 1406 824">We have had a number of discussions with the HCA since February 2017 and understand that the Council is now finalising its work with the HCA in order to obtain confirmation of the final agreed funding for this scheme.</p>
2015/16 work	Completed	Comments
<p data-bbox="108 1057 544 1133">2015/16 Accounts audit and Value for Money Conclusion</p> <p data-bbox="108 1169 580 1391">We have not yet issued an opinion on the 2015/16 accounts due to the issues arising in respect of the Council's Empty Homes Programme and associated HCA grant.</p>	<i>In progress</i>	<p data-bbox="809 1070 1401 1292">Much of the work on the Council's 2015-16 accounts is complete. However, we have yet to finalise our work in respect of the transactions relating to the Council's Empty Homes Programme and associated HCA grant.</p> <p data-bbox="809 1301 1406 1518">We have had a number of discussions with the HCA since February 2017 and understand that the Council is now finalising its work with the HCA in order to obtain confirmation of the final agreed funding for this scheme</p>

2016/17 work	Completed	Comments
<p>Fee Letter We issued the 'Planned fee letter for 2016/17 in April 2016.</p>	April 2016	We issued the fee letter for 2016/17 in April 2016, with no change to the fee proposed. This was reported to the Accounts and Audit Committee in June 2016.
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016/17 financial statements.</p>	<i>In progress</i>	We will prioritise completion of the 2014/15 and 2015/16 accounts before completing our audit plan for 2016/17.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	<i>In progress</i>	We completed a substantial proportion of our interim accounts audit during March 2017. We will now prioritise completion of the 2014/15 and 2015/16 accounts to inform our 2016/17 audit plan.
<p>2016/17 Accounts audit and Value for Money Conclusion Including:</p> <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	<i>In progress</i>	We will complete our audit of the 2016/17 financial statements following completion of the 2014/15 and 2015/16 audits.

<p>Housing benefit Subsidy Certification We are required to review and certify the claim by 30 November 2017.</p>	<p><i>On track</i></p>	<p>We will complete our certification work and certify the claim before 30 November 2017.</p>
--	------------------------	---

2017/18 work	Completed	Comments
<p>Fee Letter We issued the 'Planned fee letter for 2017/18 in April 2017.</p>	<p>April 2017</p>	<p>We issued the fee letter for 2017/18 in April 2016, with no change to the fee proposed. This was reported to the Accounts and Audit Committee in June 2017.</p>
<p>Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2017/18 financial statements.</p>	<p><i>In progress</i></p>	<p>We will prioritise completion of the 2014/15, 2015/16, and 2016/17 accounts before completing our audit plan for 2017/18.</p>

Technical Matters, Sector Issues, and Grant Thornton publications

The following pages provide a summary of reports which may be of interest to members of this committee

Procurement of external audit services

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December.

Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

International Consortium on Governmental Financial Management

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found [here](#). Your Audit Manager will be able to provide you with a link to the survey if required.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.

Question:

- Have you completed the ICGFM survey on transparency and citizen engagement?

Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North, and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality.

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

You can find our Manifesto here <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>