

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSSENDALE BOROUGH COUNCIL (the "Authority")

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2016 issued on 13 January 2020 we reported that, in our opinion, the financial statements:

- present a true and fair view of the financial position of the Authority and Group as at 31 March 2016 and of its (the Authority's and Group's) expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

In our audit report for the year ended 31 March 2016 issued on 13 January 2020 we reported that, in our opinion, in all significant respects, the Authority had put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ending 31 March 2016.

Issue of adverse conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

In our audit report for the year ended 31 March 2016 issued on 13 January 2020 we reported an adverse conclusion in the following terms:

Basis for adverse conclusion

Our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters.

In November 2015 the Authority's internal audit provider published a report based on its review of the Authority's Empty Homes Programme (the "Programme"). The report concluded that:

- the Council's internal financial and legal procedures were overlooked or overridden
- the work of the external contractor was taken wholly on trust and warning signs were ignored
- almost every management control that the Council should have operated was overridden and
- there was only minimal oversight and supervision by members of the senior management team, and
- the Council failed to identify or control the risks associated with incurring costs on its partners' behalf and outsourcing its responsibilities to an external contractor

The formal response to the internal audit report was presented to the Authority's Accounts and Audit Committee in March 2016 through the 'Rossendale Council Public Improvement Plan – A corporate response to the Empty Homes Project and

the subsequent internal audit report.' Within this document the Authority acknowledged that there were some serious failings in the governance, financial oversight and control procedures in respect of Member involvement, procurement, monitoring and control of the Empty Homes project. Whilst the Authority noted that some actions had been taken to rectify the situation, section 7 of the report highlighted further actions and considerations in relation to the issues raised by internal audit.

The Authority recorded much of the initial financial impact of the Programme in the financial statements for the year ended 31 March 2015. A provision of £1,850,000 is included in the financial statements for the year ended 31 March 2016 for the cost of outstanding renovation works, for which contracts had been tendered and awarded during 2015/16 and the work was expected to take place during 2016/17.

These matters are evidence of weaknesses in the Authority's arrangements for:

- managing risks effectively and maintaining a sound system of internal control;
- planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; and
- working with partners and third parties effectively to deliver strategic priorities.

Adverse conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

In our audit report dated 13 January 2020, we explained that we could not formally conclude the audit on that date until we had completed our consideration of matters brought to our attention. These matters have now been dealt with.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources.

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2015 issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Paul Dossett

Paul Dossett Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

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28 July 2022