



Audit Progress Report

Rossendale Borough Council

September 2025

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01

Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Accounts Committee with information about progress in delivering our responsibilities as the external auditors for the Council.

Audit for the year ending 31 March 2024

Whole of government accounts

We received confirmation from the NAO that no further work was required on the Council's WGA return. We issued our 2023/24 Audit Certificate on 20 August 2025.

Audit for the year ending 31 March 2025

Audit of financial statements

In our July progress report, we reported the NAO had issued LARRIG06 which details their guidance on rebuilding assurance where disclaimed opinions have been issued.

We have commenced our risk assessment procedures to determine the appropriate audit response to rebuilding assurance at the Council. The first part of the risk assessment considers whether we can apply the proof-in-total approach outlines in LARRIG06. This initial assessment requires significant input from the Council's finance team, we have sent our information we requests and are awaiting responses from Council officers. We have worked with management to establish a timeframe to conclude this initial assessment, we hope to have this completed by early October.

The conclusion of our initial risk assessment will establish the audit procedures we will be required to complete over the years where disclaimed audit opinions have been issued. We will continue to discuss the process and the outcome/way forward with management and will report back to a subsequent Audit & Accounts Committee.

Value for Money arrangements

We have commenced our work on the Council's value for money arrangements and will conclude this element of our work before the end of November 2025, when our draft Auditor's Annual Report is required to be issued. In 2023/24 we reported that two of the previously identified significant weaknesses had been addressed and our Auditor's Annual Report highlighted the two extant significant weaknesses in the Council's arrangements. Although progress had been made in addressing the recommendations throughout 2023/24, they were not completed and implemented by the year end. The Council has reported progress in addressing the two remaining significant weaknesses during 2024/25. We will consider the Council's progress in implementing the recommendations in 2024/25, alongside our work on the Council's arrangements during the year, in order to conclude whether the weaknesses have been addressed.

National publications

National publications

Publication/update		Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletins	CIPFA has issued one Bulletin since we provided our last progress report. For information only.
2	Consultation on the 2026/27 Code of Practice on Local Authority Financial Reporting in the UK	CIPFA/LASAAC has issued its annual consultation on the 2026/27 Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Responses are requested by 12 October 2025. For the Council to consider if they would like to respond.
National Audit Office ('NAO')		
3	Ministry of Housing, Communities & Local Government Accounts 2024-25	MHCLG has published its 2024-25 accounts. A clean audit opinion has been issued, providing assurance to Parliament on the financial statements. For information only.
4	Whole of Government Accounts 2023-24	The C&AG has disclaimed his opinion on the WGA financial statements due to severe backlogs in English local authority accounts and audits. For information only.
5	NAO Report: Using data analytics to tackle fraud and error	This report examines how well placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. For information only.
6	Publication of LARRIG 06	To highlight the publication of Local Audit Reset and Recovery Implementation Guidance ('LARRIG') 06: Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. For information only.
Other		
7	The Local Audit (Major Local Audit) (Amendment) Regulations 2025	The Statutory Instrument which amends the Local Audit Regulations 2014 has been laid in Parliament and approved, redefining the thresholds for the audit of an authority to be considered a major local audit. For information only.

National publications

CIPFA

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments.

CIPFA Bulletin 20: IFRS 16 transition clarifications

The 2024/25 Code fully adopted IFRS 16 Leases. This bulletin has been written to provide additional guidance in relation to assets held by police and crime commissioners and used by chief constables. It also includes a clarification with regards to applying IFRS 16 transition arrangements to service concession arrangements.

Link: [CIPFA Bulletin 20 IFRS 16 transition clarifications](#) – 23 June 2025

2. Consultation on the 2026/27 Code of Practice on Local Authority Financial Reporting in the UK

CIPFA/LASAAC has issued its annual consultation on the 2026/27 Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2026/27 Code will apply to accounting periods starting on or after 1 April 2026. The changes and feedback requested in the invitation to comment (ITC) for the 2026/27 Code relate to the following:

- CIPFA LASAAC's strategic plan, including the Better Reporting Group;
- Financial reporting reforms for 2026/27;
- Changes to accounting standards for 2026/27; and
- Other financial reporting or emerging issues.

The invitation to comment (ITC) summarises the possible changes to the Code. Where CIPFA/LASAAC is interested in specific issues, consultation questions have been included in the ITC. However, CIPFA/LASAAC welcomes comments on any aspect of the draft 2026/27 Code. Responses are requested by 12 October 2025, 23:00. For more information, an hour-long CIPFA webinar on the 2026/27 Code consultation is being held in September 2025.

Link: [Consultation on 2026/27 Code of Practice on Local Authority Financial Reporting UK](#) – 14 August 2025

National publications

NAO

3. Ministry of Housing, Communities & Local Government Accounts 2024-25

The Ministry of Housing, Communities & Local Government (MHCLG) has published its 2024-25 accounts. Gareth Davies, the Comptroller and Auditor General (C&AG), has issued a clean audit opinion, providing assurance to Parliament on the financial statements.

The publication share highlights from his audit certificate. You can read the full certificate and report on the accounts in context in MHCLG's annual report and accounts.

Link: [Ministry of Housing, Communities & Local Government Accounts 2024-25 – 24 July 2025](#)

4. Whole of Government Accounts 2023-24

The Whole of Government Accounts consolidates the accounts of over 10,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

HM Treasury has published the Whole of Government Accounts for 2023-24. Gareth Davies, the Comptroller and Auditor General (C&AG), has disclaimed his opinion on the financial statements, providing no assurance to Parliament on the financial statements. This is due to severe backlogs in English local authority accounts and audits.

Link: [Whole of Government Accounts 2023-24 – 17 July 2025](#)

5. NAO Report: Using data analytics to tackle fraud and error

This report examines how well placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. We look at what government is already doing and set out the challenges. The report sets out:

- case studies of how the private sector and government are already using data analytics to tackle fraud and error; and
- lessons from these case studies, and our discussions with those involved in implementing them, about the strategic challenges.

Link: [Using data analytics to tackle fraud and error – 9 July 2025](#)

6. Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06

This LARRIG sets out guidance to auditors of English local authorities in circumstances where the auditor's opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024.

Its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in other LARRIGs. It provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to make a timely return to being able to determine that, based on sufficient appropriate audit evidence, the financial statements are free from material misstatement.

Whilst this is not directly applicable to Transport for the North as we gave an unqualified opinion on the accounts in 2023-24, it is included here to provide context on the local audit system as a whole.

Link: [Auditor guidance notes](#) – 9 June 2025

National publications

Other

7. The Local Audit (Major Local Audit) (Amendment) Regulations 2025

The Statutory Instrument which amends the Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014 has been laid in Parliament and approved. These Regulations provides that in “relation to a financial year beginning on or after 1st April 2025, an audit of the accounts of a relevant authority (as defined in section 2 of the Local Audit and Accountability Act 2014 (c. 2)) is a “major local audit” if the higher of the relevant authority's total income and total expenditure for that financial year exceeds £875 million”.

Link: [The Local Audit \(Major Local Audit\) \(Amendment\) Regulations 2025](#) – 17 August 2025

Financial Reporting Council's Audit Quality Inspection and Supervision Report 2025

Financial Reporting Council’s Audit Quality Inspection and Supervision Report 2025

Audit quality

The Financial Reporting Council’s (FRC) [Audit Quality Inspection and Supervision Report 2025](#) on Forvis Mazars LLP was published on 15 July 2025, based on work undertaken during the 2024/25 inspection cycle, through review of a sample of our Public Interest Entities and other FRC scope audits and other wider measures of audit quality such as the firm’s systems of quality management (SoQM). The report does not cover our audit of Public Sector entities.

Audit quality inspections

We are pleased that this year’s AQR results reflect our significant progress in delivering audit quality, showing a **90%** profile of audits inspected as good or limited improvements required. Moreover, the combined results of FRC inspections together with the firm’s internal file inspections of FRC-scope audits this cycle show **86%** as either good or limited improvements required. This is a testament to our team’s commitment to audit quality and their hard work, and the effectiveness of our long-term investment in audit quality through training, technology, leadership and a culture of continuous improvement.

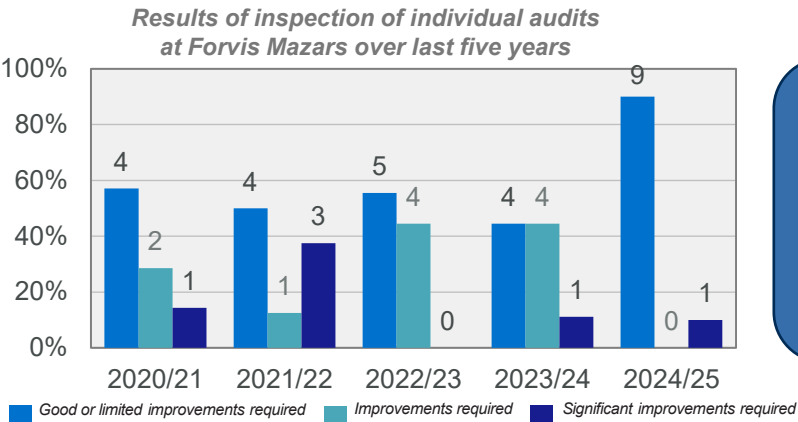
We are encouraged that the FRC recognises that the firm has continued to invest in audit quality and made good progress through our Audit Quality Transformation Plan (AQTP). The FRC also noted that the firm’s communications remain clear and consistent around the importance of audit quality, and the firm’s new four-year strategy and the firm’s new senior management continue to reinforce this message.

System of quality management (SoQM)

This is the first inspection cycle when ISQM (UK) has been applicable for the whole period, as 2023/24 was a transitional cycle from the ISQC (UK) 1. We have invested considerable time and resources in developing our SoQM and in monitoring responses, and we are pleased to see the FRC recognise this commitment. We recognise that whilst significant improvements have been made in the last year, we continue to enhance and develop our approach and documentation. We are in the process of addressing the findings raised this cycle – strengthening our responses to quality risks, design assessment and monitoring activities.

Key actions

To sustain and build on our progress, we will keep working hard and putting quality first, every time. We have strengthened our team, bringing in experienced individuals and top talent to support our success. We have taken robust actions to address the findings and root causes and apply the positive learnings. These include strengthening the firm’s policy on file archiving, reinforcing the guidance on group audits, and further improving our portfolio reviews and project management. We will sustain our efforts in ensuring that our quality plan and actions are fully embedded in our firm’s SoQM as part of ‘business as usual’ (BAU) and within the firm’s culture.



90% of audits inspected by the FRC in 2024/25 were assessed as requiring no more than limited improvements

Good practice on individual file inspections

The FRC has identified examples of good practice, including on revenue, group audits and technical insurance provisions (including the involvement of actuarial specialists). These are positive indications of the effectiveness of our actions to enhance quality which are now better embedded into our firm’s SoQM. We are sharing these good practice examples with our teams to drive consistency and enhance audit quality.

Commitment to audit quality

Audit quality remains a strategic priority for our firm and our people. Our commitment and key strategic priority is to ensure the delivery of high-quality audits and to play our part in safeguarding the public interest, restoring trust in audit and corporate governance.

Whilst we are encouraged by the improvements, we know that audit quality is not a fixed point: sustaining the delivery of quality requires consistent focus on people, processes and technology. We remain focused on continuous improvement and on delivering audits that serve the public interest in the long term.

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