ROSSENDALE BOROUGH COUNCIL

AGENDA ITEM: D5

Report Title:	Internal Audit Annual Report 2025/26				
Report to:	Audit & Accounts Committee		**Date:**	29th July 2026	
Report of:	Head of Internal Audit (Internal Audit Service)		**Cabinet Portfolio**	Resources	
Cabinet Lead Member	Councillor Walmsley		**Wards Affected**	All	
Key Decision:	☐	Forward Plan ☐	General Exception ☐	Special Urgency ☐	
Integrated Impact Assessment:		Required:	No	Attached:	No
Contact Officer:	Mark Baskerville Audit Manager		**Telephone:**	01772 538615	
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Valley Plan Priorities	**Thriving Local Economy**: This involves securing new inward investment, creating a sustainable economy, matching local skills with future job opportunities, and supporting town centres as unique destinations.	☐
	High Quality Environment: This includes having a "clean and green" local environment, reducing the borough's carbon footprint, improving waste and recycling rates, and delivering new homes with a good mix of housing tenures.	☐
	Healthy & Proud Communities: This priority focuses on improving the health and physical/mental wellbeing of residents, reducing health inequalities, ensuring access to better leisure facilities and health services, and fostering a sense of pride in the community.	☐
	Effective & Efficient Council: The aim is to provide good quality and responsive services, embrace new technology, be a financially sustainable council with a commercial outlook, and ensure sound governance.	☒

1. PURPOSE OF THE REPORT & EXECUTIVE SUMMARY

1.1 This report is provided to support the Audit and Accounts Committee in fulfilling its responsibility to monitor performance against the internal audit plan, and to consider a summary of internal audit activity and the level of assurance it gives over the Council's governance, risk management and internal control arrangements.

2. RECOMMENDATION

2.1 The Committee are asked to consider the Internal Audit Annual Report for 2025/26.

3. BACKGROUND & REASON FOR THE DECISION

3.1 The Global Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors) require the Head of Internal Audit to provide An annual conclusion on the council's control environment and a written report to those charged with governance, timed to support the Annual Governance Statement. This Annual Report of the Head of Internal Audit meets these requirements.

3.2 This paper reports progress with the delivery of each audit on the 2025/26 annual audit plan and includes an update on progress to deliver the 2026/27 annual plan.

3.3 To support the Audit and Accounts Committee in fulfilling its responsibility to monitor Internal Audit performance.

4. RISK

4.1 All the issues raised and the recommendation in this report involve risk considerations as set out below: adequacy of Council management of risks in respect of the areas subject to audit.

5. SECTION 151 OFFICER COMMENTS (FINANCE)

5.1 Any financial implications are commented upon in the report.

6. MONITORING OFFICER COMMENTS (LEGAL)

6.1 Any legal implications are commented upon in the report.

7. INTEGRATED IMPACT ASSESSMENT IMPLICATIONS

7.1 Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

8. POLICY/STRATEGY FRAMEWORK IMPLICATIONS

8.1. Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

9. LOCAL GOVERNMENT REORGANISATION IMPLICATIONS

9.1 N/A

10. BACKGROUND PAPERS

10.1 N/A

Audit and Accounts Committee

Internal Audit Annual Report
Year Ended 31 March 2026

Appendices

Appendices A and B are attached to support this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix A	Extracts from audit reports of all completed individual assurance assignments.
Appendix B	The scope and responsibilities of Internal Audit in support of the Head of Internal Audit's annual opinion.
Appendix C	A definition of the levels of assurance and residual risks.

Rossendale Borough Council

Internal Audit Annual Report for the year ended 31 March 2026

1 Introduction

Purpose of this report

1.1 This report summarises the work that the Rossendale Borough Council's (the Council) Internal Audit Service has undertaken during 2025/26 and the key themes arising in relation to internal control, governance and risk management across the Council.

The role of Internal Audit

1.2 The Internal Audit Service (the Service) is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the Council's control environment. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the relevant standard setter for Internal Audit in local government in the United Kingdom.

1.3 The Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector provide the relevant standards, and the Service operates in accordance with this mandatory definition, code, standards, and advice. The GIAS require the Head of Internal Audit to provide an annual audit conclusion on the Council's control environment and a written report to those charged with governance, timed to support the Annual Governance Statement. This report presents my conclusion based upon the work the Internal Audit Service has performed during 2025/26.

1.4 An Internal Audit Charter is in place that establishes the framework within which the Internal Audit Service operates to support the Council in meeting its governance, risk management and control responsibilities, while complying with applicable professional standards.

1.5 The scope of our work, management and audit’s responsibilities, the basis of my assessment, and access to this report are set out in Appendix B to this report.

Interim progress reports

1.6 Summaries of the individual pieces of audit work completed throughout the course of the year have been provided in progress reports to each meeting of the Audit, Risk and Governance Committee. Any audit reports will be provided to any members if they wish.

2 Summary assessment of internal control

Annual Audit Conclusion

2.1 I can provide reasonable assurance overall over the adequacy of design and effectiveness in the operation of the Council's frameworks of governance, risk management and control. This is a positive assurance

opinion which maintains the level of assurance provided in previous years.

2.2 In forming my opinion, I have considered the work undertaken by the Internal Audit Service during the year. This shows 75% of completed assurance audits receiving a Substantial assurance opinion and the remaining audits receiving Reasonable assurance. No audits resulted in a Limited or No Assurance opinion. This indicates that, across the areas reviewed, key controls are generally well designed and operating effectively to support the achievement of the Council's objectives.

2.3 The Council's core financial systems and governance audits continue to result in positive assurance, including payroll, accounts payable and receivables and Capita administered systems. Audits demonstrated effective financial governance, clear accountability, appropriate segregation of duties, sound budgetary control, robust reconciliation processes and effective arrangements for the administration and recovery of significant sources of income. In several areas, audit work identified evidence of continued improvement and the embedding of recommendations made in previous years, particularly in relation to financial management, debt recovery arrangements and the operation of key financial controls.

2.4 We also provided positive assurance over the Council's capital programme arrangements. Governance, project approval, budget management and risk management arrangements were operating effectively, supporting the delivery of an increasingly ambitious programme of regeneration activity. Member and senior officer oversight arrangements provide appropriate challenge and scrutiny, helping to ensure that investment decisions align with corporate priorities and that major projects are subject to effective monitoring and control.

2.5 In audits receiving Reasonable assurance we identified opportunities to strengthen arrangements further rather than significant weaknesses requiring urgent attention. On asset management, the Council is improving its understanding of the property portfolio and developing opportunities to maximise asset value. Completion of an asset management strategy and commercialisation plan and addressing capacity and skills challenges, should support these arrangements to operate at their full potential. Similarly, data management has a generally sound control framework supported by strong technical and operational controls, but improvements are needed to strengthen data governance arrangements, organisational oversight, training compliance and the consistency of policy coverage across services.

2.6 We are progressing the planned audit of contract management arrangements, a draft report on the IT audit of cyber security has been issued and a requested IT audit of CCTV was deferred and will now start in July 2026.

2.7 A common theme arising from the year's audit work is that fundamental controls are generally in place and operating effectively, but there remain opportunities to strengthen governance documentation, strategy development, policy frameworks and organisational consistency. In several areas, controls rely on experienced officers, established working practices and local management oversight rather than fully documented procedures or corporate frameworks. While this has not resulted in significant control failures, further formalisation of arrangements would

improve resilience, support succession planning and strengthen assurance over the longer term.

2.8 The Council continues to operate within a challenging and changing environment, including the increasing demands associated with regeneration activity, digital transformation and preparations for Local Government Reorganisation. Based on the work completed during the year, the Council has generally demonstrated an ability to manage these pressures effectively whilst maintaining appropriate standards of governance, risk management and internal control. Management has been receptive to audit findings and has agreed actions to address identified improvement opportunities, providing assurance that the control environment will continue to develop and strengthen.

2.9 Descriptions of the audit work completed are set out below and Appendix A contains summaries of audit reports not previously reported to the Committee. An explanation of the assurance provided by internal audit assignments is set out in Appendix C.

2.10 It should be noted that this opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Council and is not an absolute assurance of the effectiveness of internal control arrangements and the management of risk. Neither this report nor the work of Internal Audit should be taken as a substitute for management's responsibilities for the application of sound internal control practices. The purpose of this opinion is to contribute to the assurances available to the Council which underpin the assessment of the effectiveness of its governance framework, including the system of internal control, which are summarised in the Annual Governance Statement.

Management's responses to our findings

2.11 We have discussed the issues we raised during the year with service managers and members of the Senior Management Team and agreed action plans to address the need for improved controls. Follow-up work indicates that risks identified in previous years are largely being addressed and that work is in hand to implement some agreed actions although others had not been implemented.

The Council's control framework

2.12 Our work has been organised in accordance with the Internal Audit Service's planning principles and an understanding of the Council's controls at the start of the year, which was set out as follows:

A framework for governance, risk management and control						
Governance and democratic oversight						
Corporate governance framework	Decision-making	Oversight and scrutiny	Policy setting			
Business effectiveness						
Risk management	Performance monitoring and management	Organisational design	Financial governance and planning	Working in partnership with others		
Service delivery						
Growth, environment, transport & community services			Children's services & education	Adult services, health & wellbeing		
Economic development & planning	Programmes & project management	Community services	Children's services	School improvement & services	Adult Services	Public health
Service support						
Legal services	Skills, learning & development	Core business systems	Property management	Programme management	Business intelligence	Customer access
Business processes						
Financial systems & processes		Procurement	Facilities management		Human resources	
Budget monitoring		Contract monitoring & management	Information management		Payroll processing	
Investment			Business continuity		ICT systems	

3 Summary of assurance provided by the Service

3.1 The table below summarises the assurances we provided on 2025/26 audits completed to July 2026, which contributed to our annual assurance opinion, including comparative figures from previous years. This excludes follow-up work from previous audits. The table at 3.2 reports the status of each audit on the 2025/26 annual plan.

Year	Final Reports Issued	Assurance provided				
		🟢	🟡	🔴	⚫	N/A
2025/26	**12**	**9**	**2**	**0**	**0**	**1**
	100%	**75%**	**17%**	**0%**	**0%**	**8%**
2024/25	13	10	2	1	0	0
2023/24	12	5	5	0	0	2
2022/23	16	4	10	1	-	1
2021/22	19	5	11	-	-	1
2020/21	11	4	3	-	-	3

3.2 A summary of the audits completed in the year is set out below showing the assurance level for each audit assignment.

Control Area	Audit Progress	Assurance
Governance and democratic oversight		
LGA Improvement and Assurance Framework	Final	Consultancy
Rossendale Leisure Trust	Deferred 26/27	
Business effectiveness		
Capital Programme	Final	Substantial
Contract management	Progressing	
IT - CCTV	Deferred	July 2026 start
IT - Cyber Security (continued)	Draft report	To be confirmed

Service delivery		
Asset management	Final	Reasonable
Service support		
Data management	Final	Reasonable
Business processes		
Payroll	Final report	Substantial
Council tax	Final report	Substantial
Business rates/ NNDR	Final report	Substantial
Housing benefits	Final report	Substantial
Accounts payable	Final report	Substantial
Accounts receivable	Final report	Substantial
General ledger and budget setting	Final report	Substantial
Income collection/ banking	Final report	Substantial

Stage of audit process	Number	Percentage
Complete/ final report	12	80%
Draft report	1	6%
Progressing	1	6%
Not yet started	0	0%
Deferred/ Cancelled	1	6%
Total number of audits	15	**100% (rounded)**

Progress against the 2026/27 internal audit plan

3.3 The table below reports progress with delivery of audits on the 2026/27 audit plan agreed by the committee in April. Two audits are at the initial stages with meetings held with senior managers to agree the scope and approach. With agreement from the Director of Finance, three audits of Capita administered areas – housing benefits, business rates and council tax – which were audited annually will now be audited every two years. This is due to the substantial levels of audit assurance routinely provided and to increase resources to support demand for in-year Local Government Re-organisation audit work.

Control Area	Audit Progress	Assurance
Governance and democratic oversight		
Rossendale Leisure Trust	Not started	
Business effectiveness		
Treasury Management and Investment Strategy	Not started	
IT Audit - Backup and recovery	Q2 start	
IT Audit – Security incident detection and response	Q2 start	
IT Audit – Patch and vulnerability management	Q2 start	
Service delivery		

Regeneration Portfolio – project management	Not started	
Environmental health – food safety	Planning	
Service support		
Complaints Handling	Progressing	
Business processes		
Payroll	Q3 start	
Accounts payable	Q4 start	
Accounts receivable	Q4 start	
General ledger and budget setting	Q4 start	
Income collection/ banking	Q4 start	

Stage of audit process	Planned Number	%
Complete and reported to committee	0	0%
Draft report stage	0	0%
Progressing	2	15%
Not started	11	85%
Total number of audits	**13**	100%

Implications for the annual governance statement

3.4 In preparing its annual governance statement the Council should consider this annual assurance opinion in relation to its control environment, risk management processes and corporate governance. The Council should therefore reflect the progress made in delivering the actions set out in the Council's improvement plan, describing the impact of completed actions on corporate governance and its plans to implement the remaining actions.

4 Organisational independence

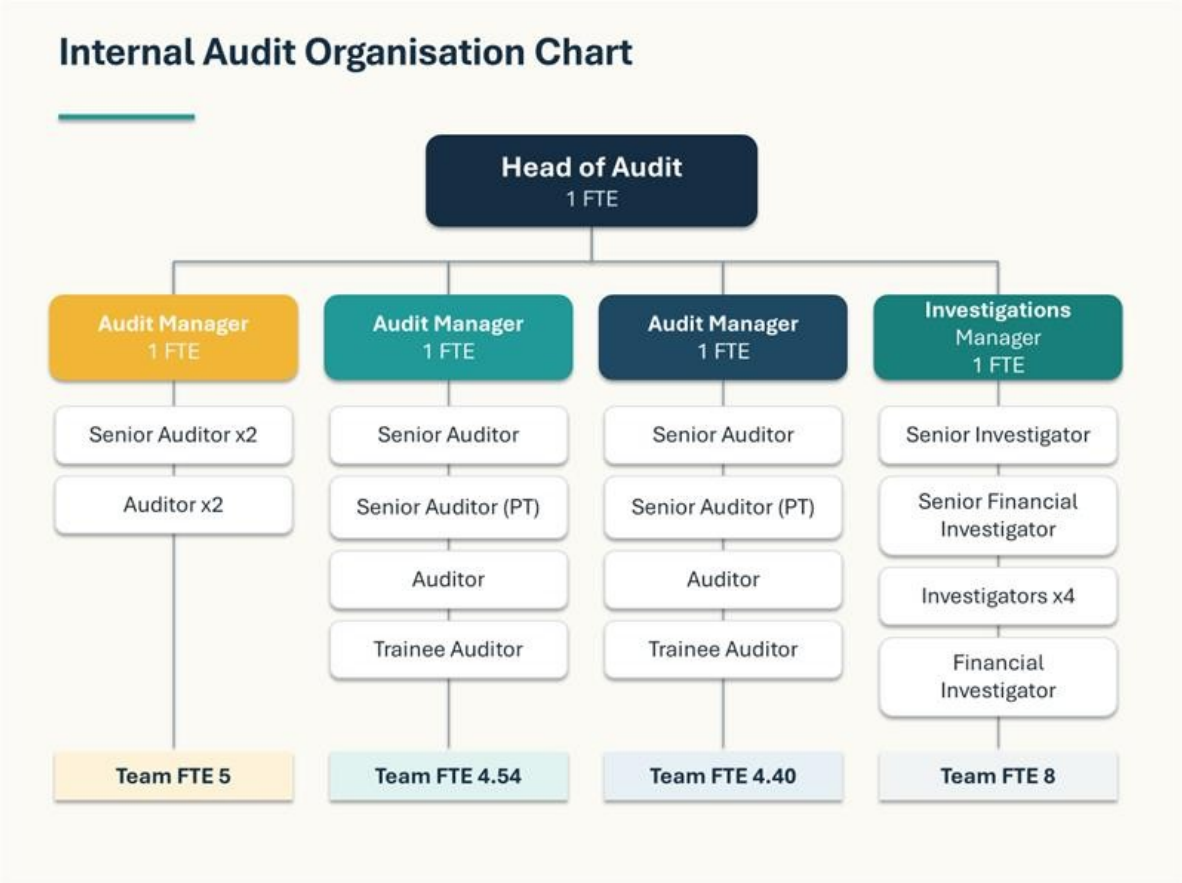
4.1 The Service has access to and support from the Council's senior management team and can operate independently within the organisation, so is properly able to fulfil its responsibilities. In accordance with its Charter the Service remains independent of the Council's other functions and, except for its support to management in relation to counter fraud work, no member of the Service has any executive or operational responsibilities.

4.2 The Service’s work programme and priorities are determined in consultation with the senior management team and the Audit and Accounts Committee but remain decisions for the Head of Internal Audit who, with the Audit Manager, has direct access to and freedom to report in their own names and without fear or favour to all officers and members. During the year, there have been no matters arising which have impacted on the independence of the Service or inappropriate scope or resource limitations on internal audit work.

5 Internal audit performance

5.1 The Internal Audit Service entered 2025/26 with six auditor vacancies at different levels, which created capacity constraints during the year. Some temporary support was obtained during the period. Recruiting experienced auditor roles proved challenging, and several vacancies were filled by trainees and less experienced auditors.

5.2 This has provided an opportunity to build future capacity within the team, with a focus on staff development, skills, capability and resilience. While audit plan delivery should be considered in the context of these staffing challenges and the investment required to support development, the work completed was sufficient to support the annual audit conclusion. Overall, the service has responded positively and is well placed to continue strengthening during 2026/27.



Client satisfaction

5.3 Internal Audit invites feedback on the quality of service provided by issuing a ‘satisfaction questionnaire’ at the end of each audit. This is an important process in terms of identifying how the audit was received by the service area and of identifying aspects of the audit process that can be improved. Responses from auditees indicated that, overall, they were satisfied with the way we conducted our work with them. There were no common themes in the responses received that highlighted particular areas for Service improvement.

Quality assurance and improvement programme

5.4 The Relevant Internal Audit Standard Setters (RIASS), including CIPFA, have issued an Application Note: Global Internal Audit Standards in the UK Public Sector. This Application Note now forms the basis for internal audit practice across the UK public sector. It is designed to help internal audit functions demonstrate conformance with the new global standards while addressing the unique context of

UK public sector bodies.

5.5 The UK Public Sector Internal Audit Standards Advisory Board (IASAB) will periodically review the Application Note and consider whether any future updates or Topical Requirements from the Institute of Internal Auditors (IIA) should be adopted in the UK context.

5.6 The Internal Audit Service has established and regularly reviews a quality assurance and improvement programme. GIAS requires that all aspects of Internal Audit activity are considered by a combination of ongoing internal monitoring, periodic self-assessments or internal assessments by others with sufficient knowledge, and independent external review at least once every five years.

Type of review	Internal review		External review
Frequency	Ongoing	Periodic	At least 5-yearly
Audit assignment quality	✓		✓
Professional and operational framework		✓	✓

External review

5.7 The GIAS require a five-yearly external quality assessment (EQA). The last EQA, was completed in March 2023 and was undertaken by the Chartered Institute of Internal Auditors. The results of this EQA were reported to the committee in April 2023. This confirmed that the Internal Audit Service 'generally conforms' to the full range of standards set out in the International Professional Practice Framework. To remain within the five yearly cycle another external review should be completed in March 2028.

Internal review

5.8 The Internal Audit Service has designed procedures and an audit methodology that conform to PSIAS and are regularly reviewed. Every auditor in the team is required to comply with these or document the reasons why not, and to demonstrate this compliance on every audit assignment. The audit managers assess the quality of each audit concurrently as it progresses. These reviews indicate that there is good evidence of compliance with our audit methodology and input from the audit managers to support the work of the auditors. As was confirmed by the results of the EQA.

Next Steps for the GIAS

5.9 Following the introduction of the Standards and the accompanying UK Public Sector Application Note, the Internal Audit Service is reviewing its arrangements to ensure continued alignment with the updated professional framework.

5.10 A self-assessment of the updated requirements has commenced. This will include reviewing internal audit methodology, documentation, reporting processes and staff awareness to identify any areas where further improvement or clarification is required. The outcome will inform the ongoing quality assurance and improvement programme and help demonstrate continued conformance with professional standards.

Appendix A

Audit Report Summaries

Capital Programme

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	1

Governance and oversight arrangements for the Capital Programme are established and operating as intended.

A fully financed programme was approved for both 2025/26 and 2026/27 by Full Council following Cabinet consideration. Reports to Members set out scheme costs, funding sources and overall affordability, with external funding incorporated within the approved programme. Alongside formal reporting, the Cabinet Regeneration Board provides regular Member-level oversight and challenge based on programme updates. At scheme level, Cabinet and Council minutes confirm that major projects, including the Bacup and Rawtenstall Market schemes, were approved by Members before significant expenditure was committed. For Bacup, reports evidence feasibility work and consideration of costs, affordability and value for money. For Rawtenstall, appraisal is demonstrated through funding approvals, consultation and progression through RIBA design stages aligned to agreed objectives.

Risk management is embedded across the programme, with risks identified and monitored at programme and project level. Mitigation actions are applied where required, supporting the management of delivery, affordability and funding risks.

Programme level oversight was provided through the Programme Board which, when it met, provided effective senior officer scrutiny and challenge across delivery, affordability, timelines and key dependencies. Where required, schemes were paused, revised or reworked. The Programme Board did not meet after August 2025 due to resourcing constraints. During this period, oversight continued through established officer led regeneration and finance discussions, supported by senior management and finance input. While these arrangements maintained oversight, they were not formally constituted or minuted and provide a lower level of documented assurance. A recommendation has been made to introduce contingency arrangements to support continuity of Programme Board governance where key individuals are unavailable.

Section Two – Background and Scope

Agreed recommendation from the audit	Reference	Priority
Management will consider the introduction of contingency arrangements to support continuity of Programme Board meetings in the absence of key individuals.	4.1	●

2.1 Background

This audit has been undertaken in accordance with the 2025/26 Internal Audit Plan as approved by the Audit and Accounts Committee. The audit covers the period 1 April 2025 to 31 March 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

Rossendale Borough Council delivers a programme of capital investment to support renewal and regeneration, including major schemes such as the Bacup and Rawtenstall market renewal projects. These projects are intended to support economic regeneration and require effective governance, clear accountability, and robust financial and performance management.

This review examines the adequacy and effectiveness of governance and oversight arrangements for the capital programme, with a focus on project appraisal and approval, budget and resource allocation, and the monitoring and delivery of schemes.

Weak governance, appraisal, or monitoring arrangements increase the risk that projects progress without robust business cases or strategic alignment, cost and delivery issues are not identified promptly, and intended outcomes and value for money are not achieved.

2.3 Financial Information

The Council approved capital expenditure of £24.272m in 2025/26 and £30.177m in 2026/27, reflecting a significant increase in planned investment year-on-year. The programme supports regeneration and operational priorities and is funded through a combination of external grants, borrowing, capital receipts, and reserves.

2.4 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Governance and corporate oversight;
- Project assessment and approval;
- Risk management;
- Capital budget control and financial reporting; and

Section Two – Background and Scope

- Performance monitoring, delivery and accountability.

The audit involved discussions with key officers and a review of relevant policies, procedures, and documentation to gain an understanding of the arrangements in place for managing the capital programme for renewal and regeneration. The conclusions set out in Section Three are based on this and evidence obtained on a sample basis. This included testing controls in relation to the Bacup and Rawtenstall market project developments that were approved in 2024 with budgets of £8.38m and £4.2m respectively.

Asset Management - Commercialisation

Overall assurance rating

Reasonable assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	1

Rossendale Borough Council's arrangements for the commercialisation of its land and property assets are generally effective. The control framework operates adequately overall, but improvements are needed to strengthen certain areas to fully achieve its objectives. A comprehensive understanding of the council's property portfolio is essential to maximise income and reduce costs. To this end, a property asset review project started in 2022 with the aim of identifying and reviewing all council land and property, to be completed over five years. At the time of audit five of the ten Wards had been reviewed and senior managers had recently approved additional resources to help meet the deadline.

There are no documented property asset management strategy or commercial plans setting out the council's long-term priorities, objectives, or cost-saving measures. Managers agree that a plan is needed, but due to a lack of resource it has not been completed. However, cabinet reports and business plans document processes for acquisitions and disposal within the financial limits. Oversight is provided by the Programme Board, made up of members and senior managers who monitor progress of programmes, projects, ward reviews, and resource planning. An Income and Savings Group has been established, comprising senior managers, to develop and review projects to maximise income from land and buildings, reduce operating costs, raise revenue through asset disposals and strategic partnerships with businesses and community stakeholders, and generate income through acquisitions, rental income and leases renewals. Managers recognised the need to develop and strengthen staff skills, particularly in operational and commercial areas such as dealing with negotiations and purchasing. However, there are no formal training matrix, mandatory courses, or documented procedure notes to guide staff in their duties.

The Team effectively use monitoring spreadsheets to manage asset compliance and utilisation, financial information to maximise income and reduce costs, and to document the ward review project. A council strategic priority is to utilise digital technology to deliver responsive, efficient and cost-effective services, with an outcome of maximising income to support effective management of property assets. Managers are currently exploring implementing technology through current and new systems, to reduce spreadsheet work and deliver service efficiencies and cost savings. Monitoring spreadsheets are supported by asset case files stored in a strongroom, including key documents such as ownership deeds and signed lease agreements. Weekly debtor reports are reviewed by Finance and Property Services teams, who take action to recover unpaid debts, including reminders, payment plans, or legal proceedings. There are no corporate key performance indicators specific to asset management

commercialisation. However, Members and senior managers regularly attend oversight groups developing and updated ideas to support commercial opportunities and the Team work collaboratively with corporate accountants to inform strategic decision making. Risks and mitigating actions are managed through the corporate risk register and the business plan.

Agreed recommendation from the audit	Reference	Priority
Consideration should be given to developing and publishing a single property asset management strategy and commercial plan which sets out the council's objectives, priorities and arrangements for effective management of its land and property assets to maximise income and reduce costs. Content could include: • Service objectives, vision and strategies; • Legal and regulatory compliance requirements; • Governance, oversight, and reporting arrangements, including an assessment of key risks; • Commercial priorities and long-term savings plan to inform property rentals, renewals, usage and expiries; • Collaborative work with businesses and community stakeholders; • Framework for acquisitions and disposals in line with the Scheme of Delegation approval limits; and • Service roles and responsibilities.	4.1	
Staff skills and competencies should be developed to support service requirements and delivery through: • Identifying and administering relevant training; and • Producing procedure guidance notes listing daily job processes to support understanding and delivery of key tasks and as aide memoire in the event of staff absences.	4.1	
To support the council's strategic priority of utilising digital technology to deliver responsive, efficient and cost-efficient services, opportunities to automate the asset management procedures and processes should be identified and implemented where practicable and cost-effective.	4.3	

2.1 Background

This audit has been undertaken in accordance with the 2025/26 Internal Audit Plan as approved by the Audit & Accounts Committee. The audit covers the period April 2025 to December 2025 and has been conducted in conformance with the Global Internal Audit Standards.

Section Two – Background and Scope

2.2 Context

The Economic Development Department is responsible for implementing the Council's Economic Development Strategy. Its role includes promoting growth through collaboration with strategic partners, businesses, and community stakeholders. The Property Services Team (the Team) within the Department manages property related activities aimed at maximising income and reducing costs through asset sales, acquisitions, leases, and community projects. They oversee 400 tenants and handle major strategic projects involving garages, allotments, industrial sites, offices, and residential units, as well as managing the day-to-day queries about leases, property ownership, and applications from individuals or organizations seeking to buy or lease Council-owned land.

2.3 Financial Information

The Economic Regeneration net budget in 2025/26 was £207.2k, compared with £225.5k in 2024/25.

2.4 Previous Audit

An internal audit of asset management commercialisation has not previously been carried out.

2.5 Scope of Audit

In this audit we reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Strategy and governance;
- Property monitoring and compliance;
- Maximising asset utilisation; and
- Reporting and risk.

Section Two – Background and Scope

Data Management

Overall assurance rating

Reasonable

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	4	0

The audit reviewed the Council's data management arrangements across key services and provides an overall Reasonable assurance rating. The Council has established a solid governance framework, with responsibilities allocated for the roles of Senior Information Risk Owner (SIRO) and Data Protection Officer (DPO), defined data ownership, and some ongoing oversight activities. Strong technical controls, system security measures, and established operational processes, particularly within Revenues and Benefits, demonstrate positive practice. However, current policies do not fully cover essential data governance requirements such as GDPR principles and lifecycle management, areas normally addressed through a dedicated data protection policy.

Most Benefits and Council Tax applications were submitted online and supported by appropriate lawful bases, privacy notices, and an existing Data Protection Impact Assessments (DPIA). Across the areas reviewed, personal data was processed under Legal Obligation or Public Task, meaning consent was not required. The Garden Waste service collected only limited personal data but relied on a generic privacy notice and had no service-specific DPIA; transparency could be improved by adding clearer privacy information within FAQs and at the point of registration. Legal Services processed basic personal data, and occasionally special category data, within the IKEN system through document attachments and emails. System controls were limited, although data collection responsibilities remained with originating services. Planned system replacement is expected to strengthen data handling. Reintroducing the annual Data Management Questionnaire would further support compliance across all services.

Access controls were generally strong across all services, though the level of maturity varied. Revenues and Benefits demonstrated the most robust approach, with conflict-of-interest checks, annual access reviews, detailed audit trails, and external assurance. Garden Waste also had solid controls through role-based access, MFA for corporate users, and available audit logs. IKEN access was restricted to only four authorised users within the Legal Services team which minimised risk. Data was securely hosted across all services with Revenues and Benefits using ISO 27001-certified UK Tier 4 data centres with encryption and Garden Waste operated within Bartec's encrypted cloud environment. Legal Services stored limited information on the locally hosted IKEN system. No breaches or unauthorised access had been reported. Physical and server security remained strong, supported by enhanced building entry controls and virtual hosting with automated backups. Revenues and Benefits and Garden Waste had clear retention periods with automated deletion of out-of-date records. In contrast, IKEN relied on staff manually entering closure

and deletion dates before data could be removed, a known issue that is expected to be resolved through the planned system replacement. Data sharing was managed through formal agreements that set out required standards for security, handling, and retention.

Freedom of Information (FOI) training delivered by Legal Services had recently been expanded to include Data Protection whilst comprehensive Information and Cyber Security training was available, though completion was not mandatory or consistently monitored. Evidence of uptake was only identified within Revenues and Benefits, indicating inconsistent embedding of training across the organisation.

Agreed actions from the audit	Reference	Priority
The Council should develop and implement a dedicated Data Protection Policy that combines all GDPR and Data Protection Act requirements, including roles and responsibilities, the full data lifecycle, expectations for DPIAs, privacy notices, incident reporting, training and data subject rights.	4.1	
Develop and implement service-specific privacy notices and Data Protection Impact Assessments (DPIAs) for each area with distinct processing activities and make these easily accessible to data subjects.	4.2	
Reinstate the annual Data Management Questionnaire capturing key data governance controls, including data quality, retention, privacy notices, DPIAs, security, and staff training. Ensure these are reviewed by the SIRO/DPO to strengthen organisational oversight and ensure early identification of compliance gaps.	4.3	
The Council should introduce mandatory data protection and information security training for all relevant staff, supported by routine monitoring of completion rates and timely follow-up of non-completion.	4.4	

2.1 Background

This audit has been undertaken in accordance with the 2025/26 Internal Audit Plan as approved by the Audit & Accounts Committee. The audit covers the period April 2025 to January 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The Council relies on effective data management to support the delivery of its statutory services, safeguard sensitive information, and enable informed decision-making across the organisation. As the Council modernises through new digital systems, shared services, and greater use of data in service planning, ensuring the accuracy, accessibility, and security of its information become increasingly important. Robust data governance is essential not only for operational efficiency but also to ensure compliance with UK GDPR and the Data Protection Act 2018. This audit sought to assess the adequacy of the Council's data management arrangements, including policies, controls, and practices, to determine whether they effectively supported organisational objectives and mitigated risks related to data quality, security, retention, and usage. To achieve this, we looked at arrangements within Revenues and Benefits, Legal Services and the Operations Service.

2.3 Scope of Audit

In this audit we reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Governance and accountability;
- Data collection, retention and sharing;
- Data storage and access; and
- Data handling and security risks.

Payroll

Overall assurance rating

Substantial

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Overall, the audit concluded that payroll processes are well-managed, with evidence of strong internal controls and ongoing improvements in documentation, system access, and procedural compliance.

The organisational structure chart was produced and approved by the Corporate Management Team in July 2025. All officers listed on the chart were accurately reflected in the payroll system, with correct alignment of names and role titles. Tax thresholds were correctly input into the CHRIS21 payroll system in accordance with central government guidance and system access was appropriately restricted.

Starting and final salary payments were correctly calculated and processed in line with contractual terms. New starters were added to the organisational structure chart, and leavers had accurate end dates on the payroll system. Improvements were noted in the collation and retention of HR documentation for new starters, including completed personal file checklist, signed contract, proof of identity, and evidence of right to work in the UK. Exit interview completion rates showed improvement compared to the previous year, supported by increased involvement from HR in assisting line managers. Not all leavers agreed to participate or attended their scheduled interviews, but we acknowledge that there will always be some level of non-engagement.

Controls over overtime, mileage, and expense claims were effective. All claims were calculated using the correct rates, supported by retained evidence such as receipts, and approved by line managers prior to processing. Voluntary deductions were appropriately supported by either direct officer requests or third-party instructions. Sickness absences were supported by completed and signed sickness declaration forms retained on file. No officers were on maternity leave during the period reviewed, and therefore no testing was undertaken in this area.

Reconciliation procedures were robust. Exception reports were produced monthly to support the review of payroll accuracy prior to approval by the Head of Finance and Principal Accountant. Net pay posting reports were confirmed to match the Civica system totals for the period, providing assurance over the completeness and accuracy of payroll transactions.

Section Two – Background and Scope

2.1 Background

This audit has been undertaken in accordance with the 2025/26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period January to August 2025 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The council uses the Complete Human Resource Information System (CHRIS21) to administer and calculate payroll. HR and payroll functions are undertaken by council officer's and system access is restricted to those in HR, payroll and ICT service.

The council employed 172 officers at the time of our review, with an approximate monthly net pay of £370k.

2.3 Previous audit

An internal audit of payroll was last carried out in September 2024. This resulted in a substantial assurance opinion being issued with one improvement action.

2.4 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Non-compliance with tax legislation related to employees, including the incorrect processing of deductions from salaries may lead to fines and penalties being imposed by HM Revenue and Customs;
- Access to the payroll system is not restricted or personal data is not stored securely;
- Unauthorised amendments to pay are processed resulting in inaccurate or untimely payment of salaries;
- Amendments relating to new starters and leavers are processed incorrectly or without sufficient authorisation, potentially resulting assets belonging to the Council being lost or stolen;
- Salaries and deductions are incorrectly calculated leading to employees being over or under paid;
- Bogus employees are set up on the payroll system enabling misappropriation of Council funds

Council Tax

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Overall, we are satisfied that the control framework for the administration of Council Tax is operating effectively, with key controls consistently applied across the areas reviewed. A revised Debt Management Policy has been developed and progressed through the appropriate governance channels, including Management Team, Overview and Scrutiny Committee, and Cabinet approval. The policy provides comprehensive coverage of recovery processes across both Council Tax and Non-Domestic Rates.

Property bandings and precepts recorded within the system were accurate and aligned with those published on the Council's website. Valuation Office Agency (VOA) reports were reconciled to the Northgate system in a timely manner, with evidence of independent checking to support accuracy and completeness.

Discounts and exemptions were correctly applied, with sufficient supporting evidence retained to demonstrate eligibility. Where required, property inspections were undertaken in line with the service's inspection schedule, while in other cases, appropriate alternative documentation was available. End dates were consistently recorded where applicable, ensuring that reliefs were applied only for valid periods. Recovery processes for accounts in arrears were operating in accordance with the Debt Management Policy. Appropriate action was taken in response to missed payments, including the issue of reminders, arrangement of instalment plans, and progression to liability orders and enforcement action where necessary. Reminders were generally issued promptly, with any delays appropriately justified and subsequently addressed.

Write-offs were processed in line with policy requirements and authorised at the correct level, including Cabinet approval for higher-value cases. Refunds were appropriately supported, with all accounts verified as being in credit at the time of processing and segregation of duties clearly evidenced. Performance monitoring arrangements remain well established, with regular engagement between Council and Capita staff through operational and governance meetings. Collection rates are reported through formal channels, including Overview and Scrutiny Committee. While performance for the final quarter of 2024/25 fell marginally below target, the variance was minimal and attributed to ongoing challenges in recovering historic arrears. As such, no further action has been deemed necessary by management.

Section Two – Background and Scope

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2024 to 31 March 2025 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

Council Tax administration and recovery is outsourced to Capita PLC. The council's Service Assurance (SA) team monitor contract performance against a service level agreement. The systems referred to in this report are NEC, for managing property database and recovery action, and the Info@Work electronic document management system (EDMS) for storing supporting evidence.

2.3 Financial Information

As at end of March 25 the total Council Tax collected was £48,730,112.24

2.4 Previous Audit

An internal audit of Council Tax was previously carried out in 2024-25. This resulted in a substantial opinion being issued.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Debt Management Policy
- System Accuracy
- Discounts and Exemptions
- Recovery Action
- Refunds and Write Offs
- Performance and Oversight

Business Rates/ NNDR

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

Overall, we are satisfied that the control framework to administer Non-Domestic Rates (NNDR) continues to operate effectively. Billing calculations were accurately generated using annually updated system rates, which were confirmed to be consistent with the parameters published by central government. Valuation Office Agency (VOA) schedule reports were reconciled to the NEC system promptly (within four weeks of receipt) and were independently reviewed and authorised by a second officer.

Reductions and exemptions were administered appropriately and supported by adequate evidence and authorisation. Discounts reviewed were supported by relevant documentation or approved application forms prior to being awarded, whilst exemption applications were assessed and confirmed as eligible before being applied, with end dates recorded where applicable. An inspection timetable was maintained to monitor empty properties and ensure exemptions remained valid, with testing confirming that inspections were undertaken in accordance with the agreed schedule and appropriate action was taken where necessary.

A revised Debt Management Policy has been developed and progressed through the Council's governance process. During the audit, we confirmed that the policy had been approved by Management Team, reviewed by the Overview and Scrutiny Committee and approved by Cabinet. The policy provides a comprehensive framework for the recovery and write-off of both Council Tax and Non-Domestic Rates debt, covering pre- and post-liability order action, action following enforcement agents and write-off procedures.

Refunds and write-offs were processed in accordance with established procedures and were supported by appropriate evidence and authorisation. All write-offs reviewed had been adequately approved, with supporting documentation retained on the I&W documentation system. Refunds were supported by sufficient evidence and were processed for appropriate reasons in line with the Debt Management Policy. In addition, all refunds exceeding £100 were reviewed and approved by an officer independent of the individual who processed the transaction, providing assurance over the effectiveness of segregation of duties controls.

Key Performance Indicators (KPIs) were reviewed and agreed by the Operational and Governance Board in April 2024, including the annual NNDR

collection target of 98.4% for 2024/25. Performance exceeded the target throughout the year and the final collection rate achieved was 98.4%, meeting the agreed target. We also confirmed that KPI targets and performance outcomes were reported quarterly to Members through the Overview & Scrutiny Committee as part of the Council's performance reporting arrangements.

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2024 to 31 March 2025 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The council outsource the NNDR service to Capita PLC. The council's service assurance (SA) team monitor contract performance through key performance indicators which are reported to members quarterly. The systems referred to in this report are NEC, for managing accounts, properties and recovery action, and the Info@Work electronic document management system (EDMS) for retaining supporting evidence.

2.3 Financial Information

As at end of March 25 the total net Liability for NNDR was £14.3m.

2.4 Previous Audit

An internal audit of NNDR was previously carried out in 2024/25. This resulted in a substantial opinion being issued.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Debt Management Policy
- System Accuracy
- Reductions and Exemptions
- Refunds and Write-offs
- Performance and Oversight

Housing Benefits

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The control framework in place surrounding the Housing Benefits function is operating effectively. New claims and claim adjustments have been processed in accordance with the information received, supported by sound decision making and monthly quality checking on new claims and change in circumstances. Any errors found were investigated and resolved. The payment process consists of appropriate verification and separation of duties between both Capita and council finance officers. Reconciliations are performed on the BACs payment weekly and the process is followed from an extract created each week for the payments to process and reconcile through to the final payment. Key performance indicators were agreed by the Operational and Governance Board for 2024/25. Targets were met for all quarters in the year, including the number of days to process new claims for Housing Benefit and Council Tax Support.

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2024 to 31 March 2025 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The council outsources the housing benefit (HB) and council tax support (CTS) claims service to Capita PLC. The council's Service Assurance team monitor performance against this contract through key performance indicators and thematic exercises, and report quarterly to Members for oversight.
There is a risk that the council may fail to maintain an accurate Housing Benefit and Council Tax Support database, which could lead to fraudulent or incorrect payments. In addition, delays in processing benefit claims may result in poor value for money and reputational damage to the council. There is also a risk that incorrect or fraudulent claims-such as those involving void properties or multiple property claims-may be accepted, causing financial loss. Furthermore, if changes in claimants' circumstances are not identified promptly, this could lead to overpayments and potentially fraudulent payments.

Section Two – Background and Scope

2.3 Financial Information

There were 378 housing benefit and 1459 council tax support new claims during the period April 2024 to March 2025, with an average monthly BACS payment of £966k.

2.4 Previous Audit

An internal audit of housing benefit and council tax support was last carried out in 2024. This resulted in a substantial assurance opinion being issued with no proposed actions.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- New Claim Eligibility and Processing
- Change in Circumstances and Quality Checking
- Reconciliation
- Performance and Oversight

Income Collection/ Banking

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	1

Rossendale Borough Council operates a strong and well-established financial control framework, particularly in relation to electronic income receipting, banking, and reconciliation. Clear statutory roles, defined officer delegations, robust audit and procurement requirements, committee oversight, and transparent reporting provide a solid foundation for effective financial governance and are supported by a comprehensive and regularly reviewed Constitution.

Controls over electronic income, which represents the vast majority of income by value and volume, are robust and operating effectively. Automated feeds into the financial system, regular reconciliations, clear responsibility for allocation and investigation, and documented management review provide a high level of assurance. Income coding and receipting processes are accurate and consistent, with only minor evidence-retention improvements identified.

Banking and reconciliation arrangements are effective. Bank reconciliations are completed regularly, independently reviewed, and increasingly timely, with historic variances largely resolved. Unallocated and non-billed income is actively monitored, investigated, and resolved within reasonable timescales. While processes rely heavily on manual spreadsheets, compensating review controls are effective.

The main area of control weakness relates to petty cash and cheque handling. Low volumes and values significantly limit risk exposure, but weaknesses in physical security and documentation reduce overall assurance in this area. These issues are partially mitigated by management oversight and reconciliations, but improvements are desirable to strengthen control design and evidential standards. Improvement action has already been taken in response to audit findings, and a secure key safe has been fitted in the Finance office and key holders have been formally recorded.

Overall, despite structural constraints associated with a small finance team and issues regarding physical handling, the control framework provides a substantial level of assurance.

Section Two – Background and Scope

Agreed actions from the audit	Reference	Priority
To ensure processes and controls are operating as intended, management should consider standardising and requiring completion of paying-in books, with clear retention requirements.	4.3	

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2025 to 1 April 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The Council uses the Webpay receipting system to record income, which is reconciled in conjunction with other systems, such as the Civica modules for general ledger and debtors and the Northgate modules for council tax and national non-domestic rates (NNDR). Cash and cheque transactions have significantly reduced, with the council's stated aim to no longer accept cash directly. Most income is now received electronically.

2.3 Previous Audit

An internal audit of Income and Bank Reconciliation was previously carried out in 2024/25. This resulted in a Substantial Assurance opinion being issued.

2.4 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Financial Procedures and Separation of Duties
- Identifying, receipting and banking income
- Reconciliation

General Ledger

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The annual budget for the fiscal year 2025/26 was approved by the Cabinet and Council members in March 2025. The reported figures were consistent with system reports and the budget-setting master spreadsheet. Quarterly financial monitoring reports were submitted to members, providing a detailed breakdown of the council's budget along with a supporting narrative for any variances. Budget monitoring for individual services was assigned to responsible accountants, with quarterly meetings held with the respective budget holders, at which key issues, such as variances, were discussed and addressed.

Setting up or amending new cost centres or detail codes is restricted to the accountants and support staff. This accessibility is set up in the 'User Profiles' within Civica and is typically performed by the one of the accountants. The user list for the general ledger is periodically reviewed to ensure that it is kept up to date and to take into account any new starters , leavers etc. it was discussed and confirmed that the external auditor still have access to the Civica system to provide support as needed.

Ledger code additions were supported by reasonable explanations and approved, and journal entries included a narrative reason with supporting evidence, such as creditor invoices and included a clear references on the Civica system, making the purpose of the journals evident. The principal accountant manages the suspense accounts, and suspense accounts balances were either cleared or had their balances transferred to another code at year-end. The cash income suspense account had an approximate £20k imbalance, which is being actively investigated with the intention to allocate the amount correctly or return the income if the bank permits. If unresolved, the amount will be written off once the statute-barred limit is reached. Control accounts are reconciled monthly and approved by the Principal Accountant or Head of Finance.

In response to an action item from the 2023/24 audit, a comprehensive list of key control accounts and suspense accounts has been established. Some control accounts were balanced while others had known variances at year-end. The Creditors and Debtors control accounts had known variances of £60k, -£6k, and £600, respectively, due to previous system issues. These variances have been previously identified and steps are on place to resolve these variances. The £ 60K variance was resolved in December 2025.

Section Two – Background and Scope

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2025 to 31 March 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

2.2 Context

The purpose of this internal audit is to evaluate the accuracy, completeness, and integrity of the general ledger . The general ledger is a critical component of the company's financial reporting system, serving as the primary record of all financial transactions. This audit aims to ensure that the general ledger accurately reflects the company's financial position and performance, and that it complies with relevant accounting standards and internal policies.

2.3 Financial Information

The council agreed a net revenue budget for 2025/26 of £11,535m in March 2025.

2.4 Previous Audit

An internal audit of the General Ledger previously carried out in 2025. This resulted in a substantial opinion being issued.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Budget Setting and Monitoring
- Code Creation and Amendment
- Journals and suspense accounts
- Control Account Reconciliation

Accounts Payable

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The audit provides an overall substantial assurance opinion that key controls are well designed and operating as intended. The audit reviewed the Council's Accounts Payable arrangements, with particular focus on the effectiveness of key financial controls and compliance with statutory 30-day payment requirements.

Core invoice processing and payment controls are well designed and operate effectively once invoices are recorded in the financial system. There is appropriate segregation of duties for most transactions, supported by secondary approval and dual bank authorisation for higher-value payments. Sampled purchase orders were approved within delegated limits, creditor payment runs are subject to senior officer review and final authorisation by the Head of Finance, and a clear audit trail is retained. Payment performance following invoice input is strong, with 95% of invoices paid within 30 days based on Civica input dates, indicating that Accounts Payable processes are functioning effectively.

Overall control effectiveness is reduced by issues occurring before Accounts Payable involvement. A number of invoices were already more than 30 days old at the point they were recorded as received, meaning that reported payment performance based on input dates may overstate actual compliance with statutory 30-day payment expectations and reduce transparency, if invoices are received to the Council but not forwarded promptly to Accounts Payable. Inconsistent purchase order discipline and delays in the completion of goods receipt notes are also contributing to delayed invoice input by Accounts Payable, with delayed PO and/or GRN invoices more likely to be paid late. Management has highlighted several contributory factors to delayed invoice input, including late invoicing by some suppliers (particularly agency suppliers), invoices being sent directly to service areas rather than to Finance, firewall activity blocking emails, and capacity constraints affecting timely purchase order and goods receipt processing. While these issues sit outside the direct control of Accounts Payable, they have an impact on payment timeliness. Work is ongoing with services and suppliers to improve engagement and compliance in this area. We acknowledge that further controls beyond ongoing engagement and education, such as changes to reporting arrangements, would not be cost-effective.

Non-compliance with segregation of duties requirements for goods receipting was identified in a small number of low-value cases. These instances occurred within officers' approval limits and in service areas experiencing capacity pressures, and do not indicate a systemic failure of control. The current wording of Section 20.3 of the Constitution could be reviewed at the next scheduled update to provide greater operational clarity and better reflect working arrangements in smaller teams.

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2025 to 31 March 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

Section Two – Background and Scope

2.2 Context

The Finance Service administers the creditor database, processes invoices and reconciles spending to the general ledger. The council uses Civica financial software in conjunction with an imaging software package to create and automatically match invoices to purchase orders and goods received notes once completed by services.

2.3 Financial Information

The Council has paid a total of 4617 purchase ordered invoices with a total spend of circa £17.5 million within the 2025-26 period.

2.4 Previous Audit

An internal audit of Accounts Payable was previously carried out in 2024/25. This resulted in a Substantial Assurance opinion being issued.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Approvals and Separation of Duties
- Purchase Orders and Invoices
- Payment Processing and Exception Reports
- General Ledger Coding
- Control Account Reconciliation

Section Two – Background and Scope

Accounts Receivable

Overall assurance rating

Substantial assurance

See Appendix A for Rating Definitions

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The audit provides substantial assurance that the Council's arrangements for managing sundry debt and debtors are largely effective and operating as intended. The controls that support day-to-day income management, including invoice raising, income collection, reconciliations, and write-offs, are consistently applied and well understood by officers. Collection performance for newly raised debt is strong, supported by clear procedures, effective system controls, and recent improvements to policy and governance.

Invoice processing is well controlled, with appropriate authorisation and good standards of accuracy and timeliness. Income collection arrangements are functioning effectively, with prompt allocation of payments and high recovery rates for new debt. Financial systems provide strong assurance that income is correctly recorded and monitored and write-offs are processed in line with approved policies and governance requirements. Oversight of debt has improved during the year, with clearer reporting, stronger engagement with services, planned training, and evidence of improved performance.

The main area of ongoing risk relates to historic aged debt, particularly balances that pre-date April 2020, including amounts that may be irrecoverable due to statutory time limits. While these debts are visible in reports, progress in resolving them has been limited due to large volumes and lack of resources. We are encouraged by confirmation that any debt up to and including 31/03/2025 will be managed by Capita for recovery over a 6-12 month period. These debts will remain on the RBC ledger, and there is sufficient doubtful debt provision in place if write-off is required. As the Council prepares for Local Government Reorganisation, continued focus on ownership, tracking, and timely decisions on recovery or write-off will be important to support transparency and a sound opening financial position for the successor authority.

Management has acted in response to previous audit recommendations and completed action relating to letter generation highlighted by the review, with action regarding aged debt ongoing. Overall, the Council continues to manage current debt well. Addressing historic debt decisively remains the key challenge to strengthening the Council's financial position ahead of reorganisation, and we acknowledge the steps the council is taking to address this.

2.1 Background

This audit has been undertaken in accordance with the 2025-26 Internal Audit Plan as approved by the Audit, Risk & Governance Committee. The audit covers the period 1 April 2025 to 31 March 2026 and has been conducted in conformance with the Public Sector Internal Audit Standards.

Section Two – Background and Scope

2.2 Context

The council use the Civica Debtor system to manage and maintain the debtor database and raise invoices. This system is administered by the Finance Service, who control user access and report the overall debt position to senior managers and members. All service areas can raise debtor invoices or request that invoices are raised on their behalf. The system generates reminders and final notices to be issued at defined intervals if a debt is not paid promptly. If the system recovery procedure is exhausted, the Finance Service liaises with individual services and the Legal Service to escalate recovery, with action such as termination of service and pursuing legal recovery options.

2.3 Financial Information

Invoices raised in the year, to the end of Q4 totalled £5.87 million. As of 24th March 2026, £67.5k (4.8%) of new debts raised in the year were considered outstanding or overdue (discounting instalment plan accounts and those within 30 days of invoice) giving a collection rate of 95.2%.

2.4 Previous Audit

An internal audit of Accounts Receivable was previously carried out in 2024/25. This resulted in a Moderate (Reasonable) Assurance opinion being issued.

2.5 Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Invoice guidance and amendments
- Policy and recovery processes
- Ledger coding and reconciliation
- Aged debt and write off

Recommendations from Audits Reported in July 2026

Capital Programme

Agreed recommendation from the audit	Reference	Priority
Management will consider the introduction of contingency arrangements to support continuity of Programme Board meetings in the absence of key individuals.	4.1	

Asset Management – Commercialisation

Agreed recommendation from the audit	Reference	Priority
Consideration should be given to developing and publishing a single property asset management strategy and commercial plan which sets out the council's objectives, priorities and arrangements for effective management of its land and property assets to maximise income and reduce costs. Content could include: • Service objectives, vision and strategies; • Legal and regulatory compliance requirements; • Governance, oversight, and reporting arrangements, including an assessment of key risks; • Commercial priorities and long-term savings plan to inform property rentals, renewals, usage and expiries; • Collaborative work with businesses and community stakeholders; • Framework for acquisitions and disposals in line with the Scheme of Delegation approval limits; and • Service roles and responsibilities.	4.1	
Staff skills and competencies should be developed to support service requirements and delivery through: • Identifying and administering relevant training; and • Producing procedure guidance notes listing daily job processes to support understanding and delivery of key tasks and as aide memoire in the event of staff absences.	4.1	
To support the council's strategic priority of utilising digital technology to deliver responsive, efficient and cost-efficient services, opportunities to automate the asset management procedures and processes should be identified and implemented where practicable and cost-effective.	4.3	

Data Management

Agreed actions from the audit	Reference	Priority
The Council should develop and implement a dedicated Data Protection Policy that combines all GDPR and Data Protection Act requirements, including roles and responsibilities, the full data lifecycle, expectations for DPIAs, privacy notices, incident reporting, training and data subject rights.	4.1	●
Develop and implement service-specific privacy notices and Data Protection Impact Assessments (DPIAs) for each area with distinct processing activities and make these easily accessible to data subjects.	4.2	●
Reinstate the annual Data Management Questionnaire capturing key data governance controls, including data quality, retention, privacy notices, DPIAs, security, and staff training. Ensure these are reviewed by the SIRO/DPO to strengthen organisational oversight and ensure early identification of compliance gaps.	4.3	●
The Council should introduce mandatory data protection and information security training for all relevant staff, supported by routine monitoring of completion rates and timely follow-up of non-completion.	4.4	●

Income Collection/ Banking

Agreed actions from the audit	Reference	Priority
To ensure processes and controls are operating as intended, management should consider standardising and requiring completion of paying-in books, with clear retention requirements.	4.3	●

Appendix B

Scope, responsibilities and assurance

Approach

C.1 The Internal Audit Service operates in accordance with Global Internal Audit Standards 2024. The scope of internal audit work encompasses all of the Council's operations, resources and services including where they are provided by other organisations on its behalf.

Responsibilities of management and internal auditors

C.2 It is management's responsibility to maintain systems of risk management, internal control and governance. Internal audit is an element of the internal control framework assisting management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal auditors cannot therefore be held responsible for internal control failures.

C.3 We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. We have reported all such weaknesses to management as they have become known to us, without undue delay, and have worked with management to develop proposals for remedial action.

C.4 Internal audit procedures alone do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation into such activities in a particular area.

C.5 Internal audit's role includes assessing the adequacy of the risk management processes, key internal control systems and corporate governance arrangements put in place by management and performing testing to ensure those controls were operating effectively for the period under review.

Basis of our assessment

C.6 My opinion on the adequacy of control arrangements is based upon the result of internal audit work undertaken and completed during the period in accordance with the plan approved by the Audit, Risk and Governance Committee. Sufficient, reliable and relevant evidence has been obtained to support the recommendations made.

Limitations to the scope of our work

C.7 Other than as set out in the audit plan for the year there have been no limitations to the scope of the audit work.

Limitations on the assurance that internal audit can provide

C.8 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from our work as internal auditors. These limitations include the possibility of faulty judgement in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of

management overriding controls. Further, there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in the future.

C.9 Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

Access to this report and responsibility to third parties

C.10 This report has been prepared solely for Rossendale Borough Council. It forms part of a continuing dialogue between the Internal Audit Service, the chief executive, Audit, Risk and Governance Committee and management of the Council. It is not therefore intended to include every matter that came to our attention during each internal audit assignment.

C.11 This report may be made available to other parties, such as the external auditors. However, no responsibility is accepted to any third party who may receive this report for any reliance that may be placed on it and, in particular, the external auditors must determine the reliance placed on the work of the Internal Audit Service.

Appendix C

Audit assurance and residual risks

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance**: the framework of control is adequately designed and/ or effectively operated.
- **Reasonable assurance**: the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.
- **Limited assurance**: there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.
- **No assurance**: there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.

Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **Extreme residual risk**: critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the county Council's services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the Council's reputation. *Remedial action must be taken immediately*
- **High residual risk**: critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the Council's business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the Council's reputation. *Remedial action must be taken urgently*.
- **Medium residual risk**: failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken*.
- **Low residual risk**: matters that individually have no major impact on achieving the service's objectives, but where combined with others could give cause for concern. *Specific remedial action is desirable*.