



Rotherham Metropolitan Borough Council

Audit progress report and sector updates

March 2026

Agenda

1	Audit progress report	03
2	Introduction	04
3	Progress as at March 2026	05
4	Audit deliverables	07
5	Sector updates	08
6	Audit Committee Resources	22
7	Appendix	23

Audit Progress Report

Introduction



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

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications: [Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Liz or Greg.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the local government sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

Progress as at March 2026

Financial Statements Audit

As you are aware, we signed our audit opinion on your financial statements for the year ended 31 March 2025 on 9 December 2025. Since we issued our 2024-25 audit opinion, we have continued to have discussions with senior management, discussing issues identified in previous audits, and emerging themes which are expected to impact on our 2025-26 audit.

We commenced our planning work for the 2025/26 audit in February and will continue throughout March and April. We intend to issue our Audit Plan to management in draft by the end of April and this shall then be presented to Audit Committee at its meeting on 16 June 2026.

Our planning work includes:

- Updating our review of the Authority's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports and noting the impact of key findings
- Understanding how the Authority makes material estimates for the financial statements

We are also working to complete some interim audit testing this year during March and April with the aim of bringing forward our audit work where possible. We have discussed this with management to determine the scope of work that is feasible for both sides to complete before the end of April. As a minimum, we expect this to be operating and payroll expenditure for months 1 to 10.

Our audit fieldwork is scheduled to commence in late June and we shall report our work in the Audit Findings (ISA260) Report due to be presented to Audit Committee at its November meeting. We aim to give our opinion on the Statement of Accounts by early December 2026, ahead of the local authority accounts backstop set at 31 January 2027.

Value for Money

Our value for money risk assessment for the year ended 31 March 2026 has now commenced. Our initial risk assessment for the year ended 31 March 2026 will build on our understanding of your arrangements, taking into account any findings from previous work on value for money.

In 2025, we reported two significant weaknesses in arrangements:

- Improving economy, efficiency and effectiveness – improving compliance of HRA stock in respect of fire safety, asbestos, lifts and water safety and fully satisfying the requirements of the Decent Homes Standard.
- Improving economy, efficiency and effectiveness – improving building compliance and asset data in relation to the Council's corporate buildings.

At the present time, no additional significant weaknesses have been identified. We shall confirm this position in our Audit Plan to then be presented to Audit Committee at its meeting on 16 June 2026.

At the time of sharing our draft report with management, we shall present our view on the progress the Council has made in addressing the significant weaknesses we identified in 2024-25 and share our draft commentary on arrangements in place during the 2025-26 financial year.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditor's Annual Report will include:

- a summary of our findings on any risks identified during our work
- our commentary on the Authority's arrangements for each of the three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.
- any recommendations made to management as a result of our work
- a follow up of progress against any recommendations raised in previous value for money work.

Progress at March 2026 (continued)

Meetings

We continue to meet regularly with your Chief Executive and Strategic Director Finance and Customer Services as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit Fees

PSAA published their scale fees for 2025/26: [Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx](#).

For Rotherham Metropolitan Borough Council the PSAA-set fee totals £429,398 for the Council audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Events

We also recently held two Local Government Accounts webinars for preparers of accounts on 5th and 11th February 2026, where we discussed a range of topics for preparing the 2025/26 statements of account.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.	June 2026	In progress - Not yet due
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	November 2026	In progress - Not yet due
Auditor's Report This includes the opinion on your financial statements.	November 2026	In progress - Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	In progress - Not yet due

Sector Updates

Public Sector Finance Leaders' Barometer

Audit Committees can obtain new analysis of the issues public sector finance leaders most prioritise, and how it might affect their organisation, here:

[The Public Sector Finance Leaders Barometer | Grant Thornton](#)

Background:

Grant Thornton's 2026 Public Sector Finance Leader's Barometer draws on the views of 100 s151 officers across local government in England to identify the top three strategic priorities, operational pressures and in-demand skills for public sector finance this year.

84% of those interviewed were confident that their medium-term financial strategies will hold, but there was consensus that the biggest risks those strategies face are largely outside the s151 officer's control: Growth in demand for statutory services; unfunded policy changes; and failure to deliver change programmes.

These risks highlight the need for better demand modelling, earlier horizon scanning, and disciplined delivery of change programmes. However, workforce shortages, recruitment challenges, and increasing complexity, mean there's simply not enough capacity to deliver transformation at the required pace.



Interviews with 100 s151 officers identified for 2026:

The top three strategic priorities are:

- ❖ Digital transformation
- ❖ Talent attraction and retention
- ❖ Regulatory compliance

The top three top operational pressures are:

- ❖ Rising operating costs
- ❖ Complexity of regulation
- ❖ Workforce and skills shortages

The top three most in-demand skills are:

- ❖ Technical accounting
- ❖ Data analytics and business intelligence
- ❖ Change management

CIPFA Code changes to the accounting for non-investment assets

Changes introduced in the 2025/26 Code:

The 2025/26 CIPFA Code introduces substantial changes arising from the HM Treasury Thematic Review on Non-investment assets, and the requirement to keep the valuations of certain assets up to date:

- ❖ The introduction of a valuation expedient requiring valuations once every five years or on a five-year rolling basis, in each case supported by indexation in intervening years; and
- ❖ The Code requires the use of the best available indices and, where no index is available, a desktop valuation is undertaken in year three.

The following asset classes are affected by the change:

- ❖ Other land and buildings;
- ❖ Vehicles, plant, furniture and equipment (where carried at current value);
- ❖ Surplus assets; and
- ❖ Right of use assets measured at current value

Assets which are not in scope of the changes include council dwellings; vehicles; plant and equipment carried at depreciated historical cost as a proxy for current value; infrastructure; assets under construction; heritage assets; assets held for sale; intangible assets; and community assets carried at cost.

Why Indexation is important:

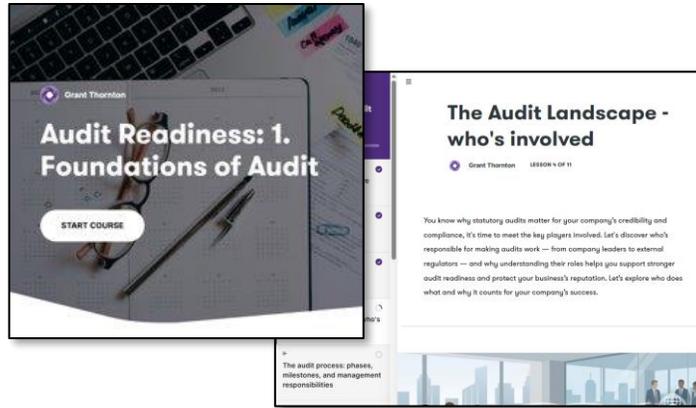
Indexation is a new requirement in the Code, intended to provide a reasonable estimate of how market values have changed, rather than an exact valuation. A range of indices are available, and authorities will need to exercise and be prepared to explain their judgements on which indices are the most appropriate to apply across their asset base. Authorities may apply indexation to 31st March 2025 carrying values, providing the assumption that existing carrying values are true and fair is valid. Where valuations are required, they must be undertaken at least once every five-years or when there are indicators of impairment.

Audit Committees can help by asking:

- ❖ Have we sought advice from an expert valuer on which indices are most appropriate for our various assets within scope of indexation?
- ❖ Have we documented our rationale regarding why we select/reject or deem there to be no indices?
- ❖ How has indexation been calculated/ applied in underlying records/ asset systems?
- ❖ Have we ensured that asset records distinguish between revaluation versus indexation, so that we have a clear record of when valuations are due and when valuations were last carried out?

Audit Readiness Training

Supporting high-quality 2025/26 accounts



As the local audit system moves from backlog recovery towards a renewed focus on timely, high-quality assurance, authorities are operating within a changing standards environment.

New statutory backstop deadlines and the introduction of Global Internal Audit Standards from April 2025 are increasing expectations around audit capability, consistency and documentation – at a time when workforce and skills pressures across local government finance and audit functions remain a recognised risk to audit quality.

In response, we've developed CPD-accredited online training to support audit teams in applying evolving standards in practice – strengthening technical confidence, improving audit documentation, and supporting more predictable and transparent audit delivery for Audit Committees.

What's included?

The Audit Readiness training is delivered through a 90-minute online training session built around seven learning modules;

- Foundations of Audit
- Planning for Audit Success
- Data and Documentation Management
- Complex areas of the audit
- Internal Controls & Risk Management
- Communication & Collaboration
- Hot Topics

Each module includes a knowledge test assessment, key takeaways and where applicable downloadable resources to support ongoing learning.

Key Benefits

Build lasting capability

Equip teams with the skills and confidence to manage audits effectively, now and in the future.

Share knowledge, not just answers

Designed to transfer expertise so teams understand the 'why' behind best practice.

Upskill your people

Helps every team member grow their technical understanding and strengthen collaboration.

Flexible learning that fits any schedule

Access training when it works for users, making it easy to build into existing workloads.

Improve outcomes and efficiency

Reduce audit queries, avoid delays, and strengthen relationships through proactive preparation.

Finance Settlement 2026/27 to 2028/29

Key information for Audit Committees to be aware of:

The Government published the final Local Government finance settlement for 2026/27 to 2028/29, valued at some £78 billion, on 9th February 2026. We note that:

- ❖ This was the first multi year settlement for a decade, helping to create certainty for financial planning.
- ❖ Councils will have up to 90% of their historic SEND-related deficit balances as at 31st March 2026 covered by a new grant.
- ❖ Some Councils impacted by historic funding cuts will receive targeted investment through a £440 million Recovery Grant uplift, aimed at increasing spend on street cleaning, pot-hole repair and services.
- ❖ There is an extra £272 million homelessness funding to invest in Homelessness, Rough Sleeping and Domestic Abuse Grant; an additional £50 million to help Councils implement the Renter's Rights Act; and an additional £39.6 billion for mayoral capacity.
- ❖ Seven councils have been granted permission for flexibility to raise council tax over the referendum limit.

[Key information table for local authorities: final local government finance settlement 2026 to 2027 - GOV.UK.](#)

There are important aspects to be aware of:

- ❖ Although all local councils with a SEND deficit will be eligible to receive the new grant funding, they will need to secure approval of a SEND local reform plan first.
- ❖ Residual SEND deficits accrued by 31st March 2026 will only be covered by statutory override until 31 March 2028. Similarly, any new deficits incurred in 2026/27 and 2027/28 are only covered by statutory override until that date.
- ❖ The new Indices of Multiple Deprivation, have brought changes in the distribution of funds between areas – some areas will gain, but others will lose.
- ❖ The government has still had to approve [Exceptional Financial Support](#) for 35 local authorities.

Audit Committees can help by asking: What does the finance settlement mean for their Council? How are we mitigating any losses? How are we planning for best value from gains?



SEND reform plans

Key information for Audit Committees to be aware of:

- ❖ Local SEND Reform plans are going to require Department for Education approval before Councils can apply for up to 90% of SEND deficits to be covered by the new High Needs Stability Grant.
- ❖ To help local authorities develop their SEND reform plans, the government has promised to share “best practice” from the safety valve and delivering better value schemes and provide each area with “advisers to help ensure spending is effective, efficient and focused on improving outcomes for children and young people.”
- ❖ From 1st April 2028, future deficits will be met by the Department for Education.
- ❖ On 23rd February 2026, the policy paper “Every child achieving and thriving” made it clear that the focus will be on providing SEND support within mainstream settings going forward.
- ❖ The government described this as the first phase of the “transition to a reformed Send system”. System wide reform is widely recognized as essential and will be easier to leverage at central government level.

- ❖ Government data indicates that Local authorities stand to benefit by £5 billion if the full 90% of grant funding offered for 2026/27 is accessed. In addition, some £4 billion of funding for new school places (and family hubs) has been announced.

Progressing your plan:

The Schools Week reports that ten days before Christmas, the Department for Education (DfE) and the NHS England had already written to Councils and health officials asking them to start work on a “local SEND reform plan” without waiting for any additional details about future funding. The plans were expected to reflect five core principles of future SEND provision needing to be early, local, fair, effective and shared.

Audit Committees can help by asking:

- ❖ How far progressed is the planning we were asked to start before Christmas?
- ❖ Do we have any best practice examples of our own from safety valve or delivering better value experience?
- ❖ Have we agreed a timetable for planning, and are we on track?
- ❖ What plans are we making to close the remaining 10% of historic deficit that we will still be accountable for after the High Needs Stability Grant covers the rest?

Local Outcomes Framework

Audit Committees should seek to understand how their organisation is implementing reporting against new local government Outcomes:

The Government published a new Local Outcomes Framework on 9th February 2026, setting out 16 national priority outcomes that central government and local government will work together in partnership to deliver:

[Local Outcomes Framework: Priority outcomes and metrics - GOV.UK](#)

Using the Outcomes Framework will be a radical shift in the way that the performance of local government is assessed. We will see a shift from process-heavy form filling by Councils for central government, to a clearer focus on what Councils are actually achieving at local level.

Prominent sector commentators such as [Solace](#) and the [Local Government Association](#) have reacted very positively.

The Outcomes in turn are supported by metrics that will be populated from robust, well known national data sources such as the Office for National Statistics; Government Departments for areas such as Health and Social Care, Education, Transport, and Work and Pensions; the Ministry of Justice; and Sport England.

New local government Outcomes:

- ❖ Housing Supply
- ❖ Housing quality and safety
- ❖ Homelessness and rough sleeping
- ❖ Multiple disadvantage
- ❖ Best start in life
- ❖ Every child achieving and thriving
- ❖ Keeping children safe (children's social care)
- ❖ Health and wellbeing
- ❖ Adult social care – quality
- ❖ Adult social care – independence, choice and control
- ❖ Adult social care - neighbourhood health / integration
- ❖ Neighbourhoods
- ❖ Environment, circular economy and climate change
- ❖ Transport and local infrastructure
- ❖ Economic prosperity and regeneration – contextual outcome
- ❖ Child poverty

Audit Committees can help by asking how existing key performance indicator metrics will align with the new national metrics.

Local Government Reorganisation and Devolution Update

Latest Developments:

- ❖ **11th January 2026:** Consultation closed for four Devolution Priority Programme areas undergoing unitarisation. Decisions are expected in March 2026.
- ❖ **20th January 2026:** The English Devolution and Community Empowerment Bill moved to Committee stage.
- ❖ **5th February 2026:** New consultations were launched on local government reorganisation proposals for another 14 different areas across England. The consultations will run for seven weeks until Thursday 26th March 2026 and can be found here: [Local government reorganisation: Policy and programme updates - GOV.UK](#).
- ❖ **12th February 2026:** All areas in England without devolution can propose foundation strategic authority boundaries by 20th March 2026. [Written statements - Written questions, answers and statements - UK Parliament](#)
- ❖ **12th February 2026:** Proposals for nine new foundation strategic authorities were announced at the same time as announcing new spatial development strategies [Areas for producing spatial development strategies - GOV.UK](#)
- ❖ **16th February 2026:** The Government confirmed that the local elections due in England on 7th May 2026 will go ahead for 30 councils where delays had previously been announced.

The [Institute for Government \(IFG\)](#) suggested in December 2025 that the government may have fundamentally misunderstood the scale of the local government reorganisation task it set itself.

For those trying to deliver the task, two sets of material from Grant Thornton may be useful:

- ❖ **March 2025 - [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)**
- ❖ **March 2025 - [Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)**



Transport connectivity

Audit Committees in all local authorities can help their residents by asking:

- ❖ Is our Transport Strategy or Plan up to date?
- ❖ How well integrated is it with other Strategies and Plans?
- ❖ What assurance do we have over effective working with partners to deliver the transport plans?

Background:

On 30th January 2026, the Institute for Government's latest [devo-lab-policy-briefing](#) highlighted that transport connectivity in much of England lags significantly behind Europe, and is innately unequal across our country:

..... approximately 39% of people can get into the centre of the city on public transport within 30 minutes, compared to 67% of people in comparably sized European cities.

Public transport connectivity in London is significantly higher than in any other region in England

The devo lab went on to explore three case studies from West Yorkshire, the Liverpool City Region, and Greater Manchester, to identify how mayoral strategic authorities are helping to improve transport connectivity in their areas.

The briefing identified drivers of success as:

- ❖ **Visible leadership** from mayors to help secure investment (Andy Burnham made the Bee Network a clear personal priority, for example);
- ❖ **Embedding transport plans within wider plans** for regeneration, infrastructure, growth, decarbonisation and spatial development;
- ❖ **Having the confidence** to recognise the benefits of bold decisions such as bus franchising to improve reliability; and
- ❖ **Using place-based business cases** instead of traditional cost benefit analysis to build a wider case for the social and health benefits of investment, which is consistent with a new wider government approach to place-based decision-making: [Green Book review: The six areas set to change | Grant Thornton](#).

For a full copy of the dev-lab findings, see [Learning from the DevoLab #3: How devolution can improve transport connectivity | Institute for Government](#).

Maintaining local roads

For information:

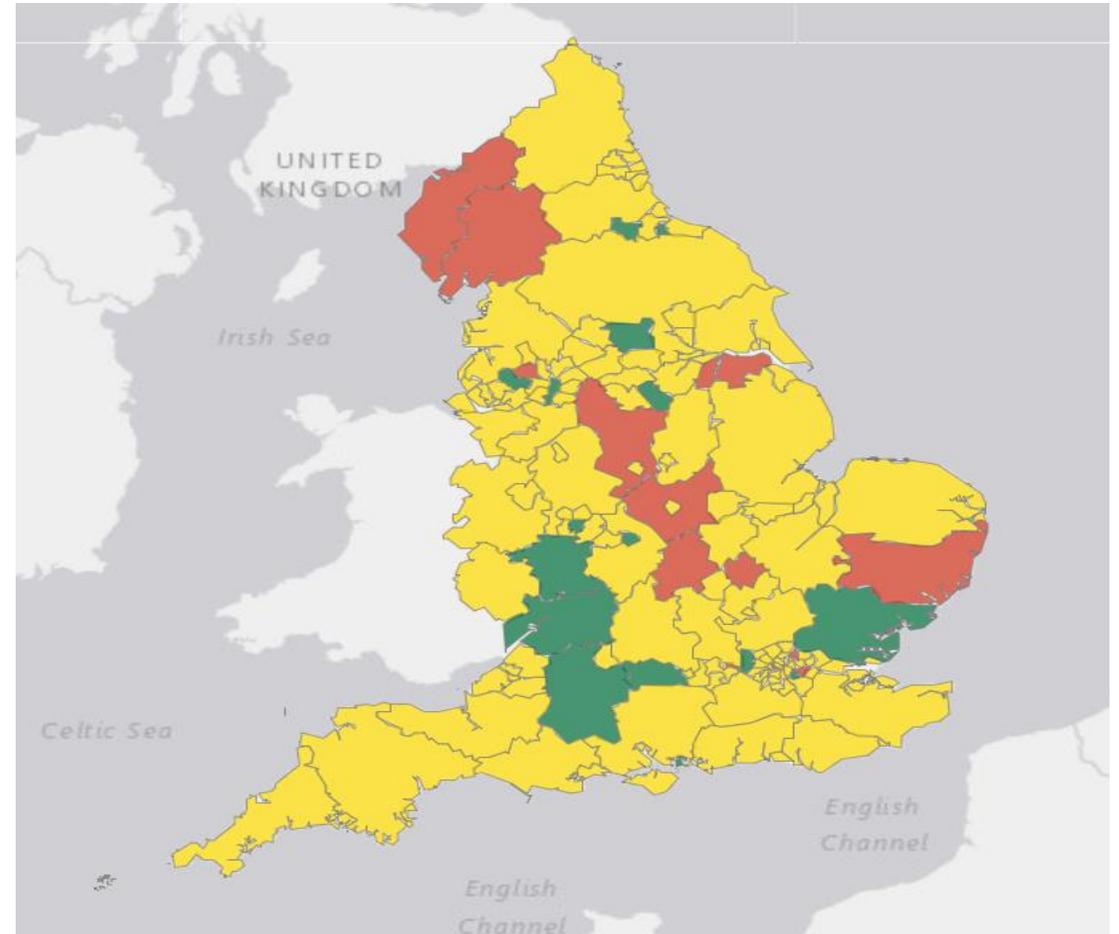
On 11th January 2026, the Department for Transport published a new interactive map with Red, Amber and Green ratings showing how effectively different local (highways) authorities are fixing potholes.

The map is publicly available and for the first time, people across England can now see how well their local Council is tackling potholes; resurfacing roads; investing in long term preventative measures; and, as [GOV.UK](#) says, “*restoring pride to their local area*”.

The new ratings - the first of their kind - grade 154 local highway and can be found here: [Road Maintenance Ratings: Local Authority Map](#).

The [RAC](#) estimated in January 2026 that UK drivers spent an average of £320 in between 2023 and 2024 on repairing pothole damage. From a survey of 1,855 members the RAC found that 5% spent more than £1,000 on repairs to damaged tyres, suspension, and steering, due to poor road conditions.

With comparative data now available to the public, there is a very strong incentive for Councils to be proactive about spending the new money announced in the Finance Settlement as effectively as they can.



Unlocking land for housing

Key information for Audit Committees:

On 11th February 2026, the National Audit Office published a report that drew on interviews with 15 different local authorities about their experiences of working with the Ministry for Housing, Communities and Local Government (MHCLG) and Homes England to unlock land for housing delivery. Experiences to date show that:

- ❖ Unlocking land takes a long time. Since 2016/17, MHCLG has allocated £10.5 billion of funding to unlock land for housing. MHCLG expects that the money will have been spent by March 2034.
- ❖ It is uncertain how directly successful MHCLG interventions to unlock land so far have been. Previous funding provided capacity for building 713,000 new homes across England, but there is no direct record of how many were new builds are directly attributable to that funding.

With a new £21 billion scheme launching on 1 April 2026, the NAO recommends that MHCLG works with local authority (and other) partners to:

- ❖ Agree an approach to performance measurement with delivery partners;
- ❖ Generate timely data on both progress of unlocking land and subsequent delivery of new homes on new projects and active legacy projects; and
- ❖ Put in place evaluation and monitoring arrangements that provide continuous timely evidence.

Audit Committees can help their organisation unlock land by asking officers how they are accessing new funds; and how they will be measuring impacts of using the new funds.

As new funds become available, Audit Committees also have a role to play in asking how oversight will continue to be maintained over legacy schemes.

Key facts to be aware of:

1.5 million - Number of homes to be built by the end of this parliament.

£16 billion – committed to the new National Housing Bank from 1 April 2026 for investment capital (£10.5 billion) and housing guarantees (£5.5 billion).

£5 billion – Grant Funding through the new housing delivery fund from 1 April 2026.

Findings from the National Audit Office: [Unlocking land for housing - NAO report](#)

The Crisis and Resilience Fund

Key information for Audit Committees:

- ❖ A new Crisis and Resilience Fund (CRF) will be introduced from 1st April 2026, replacing the Household Support Fund and providing a £1 billion annual government fund in England, until March 2029, to help low-income families if they suffer financial shock.
- ❖ Culturally, there will be a big difference between the new CRF and its predecessor, the Housing Support Fund (HSF). The CRF emphasises lasting support and resilience (into the long-term), while the HSF focused on immediate crisis response.
- ❖ The new CRF will have three main aims: Effective crisis support; improving the citizen's own financial resilience (ability to withstand financial shock); and bolstering local support networks in communities.

Updated guidance was provided by the Government on 21st January 2026 [Crisis and Resilience Fund: Guidance for local authorities in England \(1 April 2026 to 31 March 2029\) - GOV.UK.](#)



Audit Committees should ask how well prepared their organisation is for the new approach.

Successful legacy planning for major events



Sector trend for Audit Committees to be aware of:

Just as UK and Ireland Ltd starts to ramp up work for the Euros 2028 to be based at nine different locations across our two countries, so Mayors and Local Government Leaders from the North of England delivered a [joint letter on 8th February 2026](#) (from the Great North to the government), calling for any future UK Olympic and Paralympic bid to be centred in the North of England. The letter highlighted the legacy benefits that can accrue for regions from major sporting events in terms of jobs, regeneration and transport links.

Successful legacies don't happen on their own though. They take careful planning to achieve.

The [International Olympics Committee's Strategic Approach to Legacy](#) has in the past emphasised:

- ❖ Embedding communication legacy objectives from the very start of the Olympics bid process;
- ❖ Developing strong partnerships to deliver the legacy; and
- ❖ Setting up effective governance for legacy measurement.

For economic legacy, [World Economic Forum](#) data published in February 2026 highlights the importance of strong and realistic forecasting.

In the North of England, it is clear that the sense of partnerships is already strong.

As the Leaders of Westmorland and Furness Council, and Cllr Mark Fryer, leader of Cumberland Council, both said:

“It is unlikely that stood alone any city or county (in the North) could have realistic hopes of pulling off such a major coup. But the combined ambition and offer of the authorities across the North of England is a far stronger proposition.”

Local authorities throughout England oversee sporting and cultural events on many different levels. Wherever there is investment, Audit Committees can ask: Have we set and communicated goals?; Are we measuring impact?; and what governance is there over how we forecast and measure?

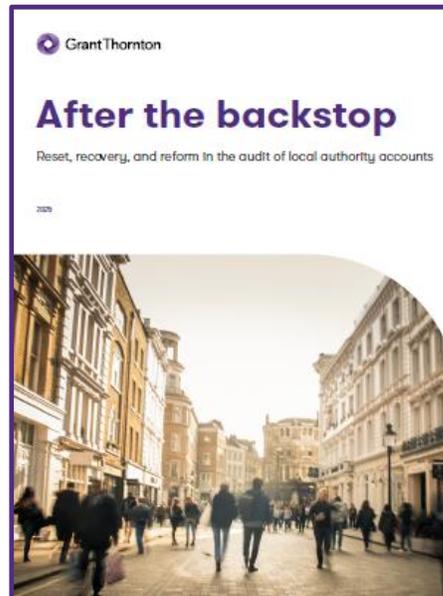
After the Backstop:

Reset, recovery and reform in the audit of local authority accounts

Our latest thought leadership report ‘After the Backstop: Reset, recovery and reform in the audit of local authority accounts’ was published in December 2025.

In this report we explored the development and implementation of a ‘reset’ of the local audit system, the immediate and longer-term consequences of the ‘backstop’ before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next. We also set out a series of recommendations for the Local Audit Office, the UK Government, local bodies, Audit Committees, and auditors.

The full report is available here: [Local audit reset: What comes after the backstop? | Grant Thornton](#)



Gareth Davies, Head of the National Audit Office, informed Parliament [in a keynote speech on 10th February 2026](#) that the use of disclaimed audit opinions to meet backstop dates, coming after years of backlogs in the accounts, means that *“we have no independent assurance about how local government spent billions of pounds of public money”*.

By coincidence, we were joined at a webinar by some 140 local government finance professionals and Audit Committee members on the same day to discuss reset, recovery and reform in the local audit market. Insight from the discussion can be found here: [After the Backstop | Grant Thornton](#).

Key recommendations to Audit Committees are:

- ❖ Recruit independent members with appropriate skills and experience.
- ❖ Hold management and auditors to account.
- ❖ Report to full Council on an annual basis with their assessment of the accounts preparation and audit process.
- ❖ Understand the approach to be taken to rebuilding audit assurance where previous accounts were disclaimed:
- ❖ Ensure appropriate consideration is given to future financial management where local government reorganisation applies.

Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

Appendix

Letter regarding 2025-26 audit timelines

10 March 2026

Dear Chair of Audit Committee

Copied to: Strategic Director of Finance and Customer Services (s151)

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

For years ended 31 March 2025 by 27 February 2026;

for years ended 31 March 2026 by 31 January 2027; and

for years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As you know, The Authority has always received a full, unqualified 'clean' audit opinion prior to any backstop dates. Whilst this places the Authority in a good place compared to a number of local authorities who are dealing with backstopped, disclaimed opinions, the audit has been completed in the July-December period in recent years. It will be important that the Authority works together with us to bring forward completion of the audit, albeit this requires only a modest adjustment to the timetable at Rotherham with the aim of concluding the audit and issuing the opinion in November rather than December.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We have been liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

(cont.)

Letter regarding 2025-26 audit timelines (cont.)

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Authority's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's deadline.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We have undertaken early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Authority's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Elizabeth Luddington

Key Audit Partner & Engagement Lead for Rotherham Metropolitan Borough Council



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