

# The Audit Plan for Rotherham Metropolitan Borough Council

Year ending 31 March 2026

2 June 2026



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# 1. The Backstop

## The Future of the Backstop

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 require audited financial statements to be published by a specific date.

The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support 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.

## Impact on Rotherham Metropolitan Borough Council and our response

Arrangements at the Council have continued to support both the production of draft financial statements in a timely manner and an appropriately resourced financial team to properly engage with the external auditor. As a result of the good arrangements in place, Rotherham MBC has not been affected by any of the backstop provisions.

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years when the backstop date moves to the end of November from 2027. In order to deliver to this timetable, we are developing a detailed project plan for the audit fieldwork period scheduled from the beginning of July through to early November.

We are aiming for our audit work to be operationally complete by the end of October. Our key outputs and reports being drafted and agreed with management in the first half of November prior to our Audit Findings (ISA260) report on the accounts and our Auditor's Annual Report on the Council's value for money arrangements being presented to Audit Committee on 24 November 2026.

As detailed on page 22 of this report (audit timeline) we shall ensure that weekly meetings are scheduled for the audit fieldwork period and we shall be sharing a audit progress tracking document with management on a weekly basis to ensure that continued and even progress is being made from July through the summer months to late October. This is in order to ensure that we are on track to conclude the audit and issue our audit opinion in the days following Audit Committee on 24 November 2026. We shall issue a detailed progress report to Audit Committee at its meeting on 24 September 2026.

## 2. Introduction and headlines

### Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Rotherham Metropolitan Borough Council ('the Council') for those charged with governance.

### Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body.

Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to these documents.

### Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and is risk based.

### Audit logistics

Our planning and interim work commenced in March and has continued into April. Our year-end audit will take place from July through to November. Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report and our Auditor's Annual Report on VFM arrangements, which we intend to bring to the November 2026 Audit Committee.

Our proposed fee for the audit is £429,398 (PY: £421,206) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested. We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Introduction and headlines (continued)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of control;
- closing valuation of land and buildings, including Council dwellings; and
- valuation of local government pension scheme defined benefit pension fund net balance.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £16.7m (PY £15.2m) for the Council, being 2% of your prior year gross expenditure on the deficit on the provision of services (prior year 2%).

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Our 'clearly trivial' reporting threshold for issues to be brought to the Audit Committee's attention has been set at £0.835m (PY: £0.76m).

We have set a lower materiality level for senior officer remuneration disclosures, as these are considered sensitive disclosures. We have set a lower materiality of £21,700 for the audit in this area.

## Value for Money arrangements

Our 2024/25 Auditor's Annual Report identified two significant weaknesses and seven improvement recommendations. Our 2025/26 risk assessment regarding your arrangements to secure value for money has identified one ongoing risk of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness. This was identified as a result of the significant weaknesses in arrangements reported in our 2024/25 Auditor's Annual Report and two key recommendations made as a result.


- The first key recommendation was in respect of the Council's arrangements for satisfying compliance requirements in respect of its HRA buildings stock. In 2024, the Council had itself identified issues in relation to asbestos, and fire safety, as well as a lack of capability and capacity in these areas. Whilst progress had been made up to the point of issuing our 2024/25 Auditor's Annual Report including improving compliance with Decent Homes Standard and rectifying defects relating to fire, asbestos, lifts and water safety, the Council had not yet completed all work required and there remained a high proportion (95%) of stock condition surveys yet to be completed as at March 2025.
- The second key recommendation was in respect of the Council's arrangements for building compliance requirements and maintaining up-to-date asset data in relation to the Council's corporate buildings. A range of weaknesses were identified around compliance within the operational estate, a lack of consistent fire risk assessments, a lack of asset management plans for properties leased to third parties as well as insufficient capacity and capabilities within the asset management and facilities service. Our work in 2024/25 indicated that the Council had developed an understanding of gaps in its data and was actively working on understanding of the corporate buildings estate, each building's condition, and the level of health and safety compliance. We also noted that a full stock condition survey was yet to be completed as at March 2025.

We will follow up progress against the key recommendations made in 2024/25 and ensure that our work assesses the arrangements in place during 2025/26. See pages 20 and 21 for further detail of our value for money risk assessment in the current year. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

# 3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team’s assessment	Planned audit procedures
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management's controls over journals. This will include the controls management has in place to review journal postings;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing. For example:               <ul style="list-style-type: none"> <li>• Journals created by senior management</li> <li>• Journals which impact the financial outturn</li> <li>• Year-end adjustment journals, including manual entries made around the time of the preparation of the draft financial statements;</li> </ul> </li> <li>• test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration.</li> <li>• gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Closing valuation of land and buildings, including Council dwellings</p>	<p><b>Land and buildings:</b> The Council re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £259m at 31 March 2025) and the sensitivity of this estimate to changes in key assumptions.</p> <p><b>Council dwellings:</b> The CIPFA Code requires that Council dwellings (some £875m at 31 March 2025) should be valued on the basis of existing use value as social housing and the Council has adopted a beacon methodology.</p> <p>The valuation of land and buildings and council dwellings involves subjectivity and a significant degree of judgement and estimation by management. This is due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>The closing valuation of land and buildings and council dwellings was identified as a significant risk, and one of the most significant assessed risks of material misstatement.</p>	<p>The Council holds both specialised and non-specialised buildings. The specialised assets comprise schools and leisure centres among others. The valuation approach is depreciated replacement cost (DRC) with the key valuation assumptions being the rebuild cost, building size and adjustments for obsolescence (buildings age, condition &amp; functionality). The Council also holds non-specialised assets such as car parks and offices. These valuations may be undertaken with reference to observable open market values for similar land &amp; buildings or using a capitalisation of income approach. Council dwellings are also considered non-specialised. For dwellings, the beacon methodology is applied which identifies a value based on market comparables, which is then applied to similar properties.</p> <p>For the first time in 2025/26, the Code now requires indexation in the intervening years between revaluations. The Council will be adopting this for the first time this year, and applying indexation to land and buildings not subject to a full revaluation during the financial year.</p> <p>In response to this risk we will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls around processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>• engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation;</li> <li>• test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register;</li> </ul> <p><b>(continued overleaf)</b></p>

# Significant risks identified (continued)

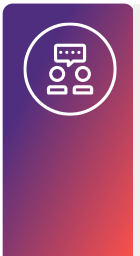
Significant risk	Planned audit procedures
<p>Closing valuation of land and buildings, including Council dwellings (continued)</p>	<ul style="list-style-type: none"><li>• agree, on a sample basis, the internal floor areas (GIAs) to the Council's CIPFA Infoshare asset management software and CAD drawings;</li><li>• for non-specialised properties valued on the existing use value (EUV) basis, obtain market comparables to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations;</li><li>• for council dwellings, valued using the beacon methodology, obtain comparables from online sold property websites and assess the valuation of the beacon property against the sale prices of comparable residential properties. Similarly, we will assess the appropriateness of adjustments for additional bedrooms with reference to comparable houses shown on sold property websites; and</li><li>• assess the Council's application of indexation to land and buildings not subject to a full valuation in 2025/26 in terms of the selection of an appropriate and relevant index for the specific land and buildings and the accurate application and calculation of the indexed valuation.</li></ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p><b>Valuation of the local government pension scheme (LGPS) defined benefit pension fund net balance (gross asset of £1.5bn and liability of £1.1bn as at 31 March 2025)</b></p>	<p>The Council's LGPS pension fund net balance, as reflected in its balance sheet, represents a significant estimate in the financial statements. The pension fund net balance is considered a significant estimate in the financial statements due to the size of the numbers involved to arrive at that net balance (gross asset of £1.5bn and liability of £1.1bn in 2025) and the sensitivity of the estimate to changes in key assumptions. In 2025, the Council identified a net LGPS pension surplus totalling £380m that was capped at £0 in the financial statements under the principles of IFRIC 14. Gross assets were reduced by £380m to reach the £0 balance sheet position.</p> <p>There is an additional net pension liability of £12.6m (at March 2025) which reflects the Council's obligations in respect of unfunded liabilities, for which there are no pension assets to offset. We have not identified the unfunded liabilities of £12.6m as being within the scope of the significant risk.</p> <p>A key aspect of our work planned is to consider whether this LGPS pension fund net surplus position remains supported by fund-level assumptions and market-based factors.</p> <p>We therefore identified the valuation of the Council's LGPS pension fund net balance as a significant risk of material misstatement.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (consulting actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the net LGPS pension balance;</li> <li>• test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary;</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report;</li> <li>• obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund;</li> <li>• evaluate the appropriateness (as applicable) of recognising a pension asset position against the Code and IFRIC 14 criteria;</li> <li>• assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs);</li> <li>• confirm that pension fund asset valuations were based on a 31 March 2026 valuation date; and</li> <li>• following the publication of the triennial valuation of South Yorkshire Pension Fund as at 31 March 2025, we will consider the impact of this on the pension fund net balance.</li> </ul>

# Risks rebutted

Risk identified	Audit team's assessment	Planned audit procedures
<p><b>The revenue cycle includes fraudulent transactions (rebutted)</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including the Council mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams due to the low fraud risk in the nature of the underlying transactions.</p>	<p>Whilst the risk has been rebutted and we do not consider revenue recognition to be a significant risk for the Council, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p> <p>In respect of income recognised we will:</p> <ul style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code;</li> <li>• for grant income, we shall sample test grants recognised to supporting evidence and check the appropriateness of the accounting treatment in line with the CIPFA Code, including the treatment of grants credited to services or recognised as taxation and non-specific grant income. Testing will also give regard to the treatment of grant income as principal or agent;</li> <li>• for income raised from council tax and non-domestic rates, which are of a predictable nature, we shall perform a substantive analytical review based on the number and value of rateable properties, applying any annual increases to rates as appropriate;</li> <li>• agree, on a sample basis, income transactions and year end income accruals to supporting documentation and cash receipts to evidence the occurrence of these transactions and</li> <li>• we will carry out testing on sample basis of invoices raised and bank receipts either side of the reporting date of 31 March 2026 to determine whether income is recognised in the correct accounting period.</li> </ul>



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Risks rebutted (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p data-bbox="96 235 445 385"><b>The expenditure cycle includes fraudulent transactions (rebutted)</b></p> <p data-bbox="96 406 445 785">Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p data-bbox="96 806 445 1078">As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p data-bbox="96 1099 445 1335">As a result under PN10, there is a requirement on auditors to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p data-bbox="445 235 1592 299">We considered the risk that expenditure may be misstated due to the improper recognition of expenditure. We have rebutted this for all expenditure streams because:</p> <ul data-bbox="445 307 1592 1220" style="list-style-type: none"> <li>• the Council is expected to have £50.5m of general fund reserves at 31 March 2026, based on the quarter 3 forecast and assuming a £3.4m overspend at outturn; Unearmarked general fund reserves are expected to be £25m, which represents 6.9% of the 2025/26 net revenue budget (£359m). This exceeds the broad 5% target in the LG sector and as such the availability of reserves to fund the Council's expenditure does not indicate excessive pressures at the Council;</li> <li>• there is little incentive to manipulate expenditure for the Council where services are provided to the public through taxpayers' funds;</li> <li>• the Council requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits;</li> <li>• the Council has a number of contracted key suppliers with whom frequent recurrent transactions are made, which are followed by timely payments, usually within 30 days of receipt of goods. As such, regular bank payments are required to suppliers, which reduces any opportunity to exclude expenditure transactions from being reported in the general ledger;</li> <li>• whilst budget pressures have been identified in respect of adult social care, children's residential placements and home to school transport, direct payments are made to external suppliers on either a weekly or monthly basis. Therefore, there is little opportunity for the Council to exclude this expenditure from the general ledger based on the bank reconciliation procedure and predictability of these expenditure streams over a financial year; and</li> <li>• the Council has clear and transparent reporting of its financial plans and financial position, including regular reporting of budget variance analysis to its Senior Leadership Team, the Cabinet and Audit Committee.</li> </ul> <p data-bbox="445 1228 1592 1396">We also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk. We have considered the material risk of improper expenditure and we have identified a higher inherent risk in relation to completeness of operating expenditure, however, we do not consider this to be a significant risk of material misstatement at this time.</p>	<p data-bbox="1592 235 2463 442">Whilst the risk has been rebutted and we do not consider expenditure recognition to be a significant risk for the Council, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p> <p data-bbox="1592 449 2463 485">In respect of expenditure recognised (risk rebutted) we will:</p> <ul data-bbox="1592 492 2463 1328" style="list-style-type: none"> <li>• evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code;</li> <li>• update our understanding of the system for accounting for the expenditure and procedures to ensure the completeness of expenditure recorded in the financial year;</li> <li>• undertake a detailed substantive analytical procedure on pay expenditure, including checking that changes in gross pay year on year are supported by underlying data including enacted pay awards and movements in workforce numbers;</li> <li>• agree, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded;</li> <li>• inspect a sample for year end accrued expenditure not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced post year end;</li> <li>• complete substantive testing of expenditure streams in 2025/26 including sample testing material transactions; and</li> <li>• design and carry out appropriate audit procedures to ascertain that recognition of expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2026.</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- we read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council;
- we carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA;
- we carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions;
- we consider our other duties under legislation and the Code, as and when required, including:
  - giving electors within the borough the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements ;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
  - issuing an advisory notice under section 29 of the Act; and
- we certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.”

(ISA (UK) 315)

# 4. Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Description

### Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.

Materiality at the planning stage of our audit is £16.7m, which equates to 2% of your prior year (2024/25) gross expenditure on the deficit on the provision of services (prior year: £15.2m).

### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature where it may affect instances when greater precision is required.

### Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

## Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £21.7k.

We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.83m (PY £0.76m). If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

# Our approach to materiality (continued)

Description	Amount	Qualitative factors considered
Materiality for the Council's financial statements	£16.7m	This equates to 2% of the Council's gross expenditure on the deficit on the provision of services for 2024/25 based on the audited statement of accounts for the year then ended (£914m). Our overall risk assessment at the planning stage supports the 2% benchmark applied. In the materiality determination, we adjusted for non-recurrent items of expenditure in 2024/25 including revaluation losses on newly constructed and newly acquired buildings and council dwellings and following initial recognition of IFRS16 – taken together these reduced expenditure by £78m.
Performance Materiality (PM)	£12.52m	Performance materiality has been set at 75% of financial statement materiality, which represents an increase from 70% in the prior year. This reflects our risk assessed knowledge of potential for errors occurring. Since we did not identify any errors that impacted on usable reserves in the prior year, we determined that an increase in the measurement percentage was appropriate. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial Matters	£0.83m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. This equates to 5% of headline materiality. We will report all misstatements identified in excess of £835k to Audit Committee.
Materiality for specific transactions, balances or disclosures	£21.7k	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in the remuneration report for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

## Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will reconsider our materiality level upon receipt of the Council's draft 2025/26 financial statements which are expected at the end of June 2026.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# 5. Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Council’s financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings (ISA260) Report and a further recommendation being brought forward from our 2023/24 accounts audit. We have followed up on the implementation of our recommendations as part of our audit planning work in 2025/26 and an update against each of the recommendations raised has been included below. Management has confirmed that all recommendations have been implemented and we shall provide confirmation that prior year audit recommendations have been addressed in our Audit Findings (ISA260) report due November 2026.

Original Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
<p>● Low</p>	<p><b>Management Instructions to the valuer and valuer’s terms of engagement (recommendation raised in 2023-24)</b></p> <p>From our work to review and consider the approach to asset valuation at the Council, we identified that management provided brief instructions to the Council’s in-house RICS qualified valuers to value Council assets.</p> <p>Our understanding is that it is a mandatory requirement of the RICS Valuation – Global Standards (effective 31 January 2022) that the valuer must in turn prepare a written Terms of Engagement document, setting out how instructions will be met. No formal terms of engagement have been issued by the valuer and therefore we were unable to confirm compliance with the reference RICS requirement.</p> <p>We recommended that these instructions be further improved by adding further detail referring to the applicable LG Code guidance, with which valuers need to comply. In addition, we recommended that the Council’s in-house RICS qualified valuation expert prepare a formal Terms of Engagement document to acknowledge receipt of management’s instructions and confirm their intention to comply with management’s instructions, RICS Valuation - Global Standards, RICS UK Supplements and the LG Code.</p>	<p><b>Management update (May 2026)</b></p> <p><i>The action is complete. The instructions to the valuer have been updated to reference the appropriate code guidance and have been issued to the valuer as part of the 2025/26 valuation process.</i></p>

# Progress against prior year audit recommendations

Original Assessment Issue and risk previously communicated

Update on actions taken to address the issue(s)

●  
Low

## Presentation of short-term debtors in the notes to the accounts

In the prior year (2024/25), the Council presented its short-term debtors note by counterparty type (central government bodies, other LAs etc.) which is not consistent with requirements of the Code, which states that balances should be presented by the nature (trade debtors, prepayments etc.).

Code 3.4.2.67 states that an authority shall disclose, either in the Balance Sheet or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the authority with receivables disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts.

We recommended that the presentation of the short-term debtors note be refreshed in the 2025/26 financial statements and the note disaggregated and presented based on the nature of the short-term debtors. This should enable the Council to be compliant with the requirements of the Code.

## Management response (November 2025)

*The Council will update the presentation of the short-term debtors note in 2025-26 financial statements to ensure the note is disaggregated and presented based on the nature of the short-term debtors.*

## Management update (May 2026)

*The action is complete. Templates for the associated working papers have now been updated to reflect the revised presentation requirements, and guidance has been issued to relevant staff, the new approach is fully embedded for the 2025/26 accounts closedown process.*

●  
Low

## Calculation of accumulated absences accrual

The Council has historically adjusted the year end Employee benefit expenditure annual leave accrual for officers to reflect any gross pay movements per FTE (Full time equivalent) and any fluctuations in total FTE at year end.

In the prior year (2024/25), we attempted to gain assurance over the original source data that is being adjusted each year for these variables, however, this information was not available - i.e. no records had been maintained to evidence this source data.

We recommended that work be undertaken in the remainder of 2025/26 to obtain the relevant source data used in the accumulated absences accrual. It was also recommended that a working paper be prepared by the financial accounting team and shared with the audit team as part of the working paper requests in 2025/26 in order to better demonstrate the basis for the accumulated absences accrual in the draft financial statements for year ended 31 March 2026.

## Management response (November 2025)

*The Council will consider options on how to better demonstrate the basis for the accumulated absences accrual in the financial statements in 2025-26.*

## Management update (May 2026)

*The action is complete. A report has been obtained from the iTrent payroll system detailing the balance of untaken annual leave at year-end. Work has been undertaken to confirm that the report meets the Council's requirements, and it has been used as the basis for calculating the accumulated absences accrual for the 2025/26 accounts.*

# 6. IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

eFinancials and Active Directory are in scope for the purpose of our IT audit work. eFinancials is in scope as the key accounting system at the Council and Active Directory has also been scoped in since single-sign on (SSO) is in use at the Council which allows a user to log into eFinancials from their Windows profile without having to re-enter credentials, and as such Active Directory is indelibly linked with eFinancials user access rights (security management). Active Directory is a Microsoft directory service used to manage devices, users, domains, and objects within a Windows domain network.

Based on the planned financial statement audit approach we will perform the level of assessment required, which are set out in the table below. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report due November 2026.

IT application	Audit area	Planned level IT audit assessment
eFinancials (e5) by OneAdvanced	Core Financial Reporting, including Accounts Payable and Receivable	<ul style="list-style-type: none"><li>• Detailed ITGC assessment design effectiveness</li><li>• Test the design and implementation of the ITGCs</li><li>• Follow up on IT related recommendations raised in the previous audit</li><li>• Review of cybersecurity controls.</li></ul>
Active Directory	User Access Controls: Single Sign on to eFinancials	<ul style="list-style-type: none"><li>• Detailed ITGC assessment design effectiveness</li><li>• Test the design and implementation of the ITGCs.</li></ul>

# 7. Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This deadline has been set at November 2026, and we envisage that this can be met and our 2025/26 Auditor's Annual Report presented to your Audit Committee at its November 2026 committee meeting. The three specified reporting criteria are set out below:

### Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the Council ensures that it makes informed decisions and properly manages its risks.



### Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the previous two pages along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations



### Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

# Risks of significant weakness in VFM arrangements

## Initial Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	A No significant weaknesses in arrangements identified; two improvement recommendations made to support the Council with further strengthening arrangements for financial sustainability based on its current risks and priorities.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up on the improvement recommendations made in 2024/25.
Governance	A No significant weaknesses in arrangements identified; two improvement recommendations retained from 2023/24 and one further improvement recommendation raised surrounding waiver reporting to members.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up on the improvement recommendations made in 2024/25 including those improvement recommendations initially raised during 2023/24.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant weakness in VFM arrangements

## (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Improving economy, efficiency and effectiveness</p>	<p><b>R</b></p> <p>One significant weakness in arrangements continues to be identified though with substantial progress on the key recommendations from 2023/24, which are updated. Two improvement recommendations retained from 2023/24, and one improvement recommendation raised to strengthen contract management arrangements.</p>	<p>One ongoing risk of significant weakness identified in arrangements relating to compliance requirements, in relation to the buildings held within the Council’s Housing Revenue Account and also its corporate buildings.</p> <p>We reported two key recommendations in the prior year Auditor’s Annual Report as follows:</p> <ul style="list-style-type: none"> <li>• HRA housing compliance – ensuring the programme of performing stock condition surveys and remediating defects relating to fire, asbestos, lifts and water safety continues to be delivered through to completion</li> <li>• Corporate buildings compliance and maintaining up-to-date data on condition - continuing with programme of condition surveyors to build greater understanding of the corporate buildings estate, each building’s condition, and the level of health and safety compliance</li> </ul>	<p>We will follow up progress against the key recommendations made and ensure that our work assesses the arrangements in place during 2025/26.</p> <p>We will consider:</p> <ul style="list-style-type: none"> <li>• the degree of progress made in respect of completing stock condition surveys on HRA dwellings and completing necessary remediation of defects identified from the condition surveyors</li> <li>• the progress made in completing stock condition surveys on the Council’s corporate buildings and the Council’s arrangements to remediate any defects/areas of non-compliance identified</li> </ul>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# The audit timeline

## 8. Logistics

Audit phases & key dates:



Planning and Interim  
4 weeks  
w/c 16 March 2026

Final – 20 weeks  
w/c 29 June 2026

Completion – 2 weeks  
w/c 2 November 2026

### Key elements

- Audit scoping and risk assessment to be completed
- Completion of system walkthroughs and document design effectiveness of relevant controls
- Discuss and agree timetable and deliverables with management
- Review of key judgements and estimates
- Select samples for advance audit testing and share with management
- Issue the Audit Plan to management and Audit Committee

### Key elements

- Audit team to complete fieldwork and detailed testing - using a hybrid approach (on-site and remote)
- Audit of the financial statements
- Weekly update meetings with management to help ensure progress and identify issues as they arise.
- Progress tracker to be shared with management weekly
- Value for money team to undertake enquires, collate evidence and draft their assessment on Council's arrangements

### Key elements

- Audit Findings (ISA260) Report shared and agreed with management
- Audit Findings (ISA260) Report issued to Audit Committee
- Auditor's Annual Report draft issued to management and reported to Audit Committee
- Finalise and sign financial statements and audit report before the end of November 2026

# 9. Our team and communications

## Grant Thornton core team

### Liz Luddington

Engagement Lead & Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

### Greg Charnley

Audit Senior Manager

- Key point of contact for the finance team
- Audit planning
- Project and Resource management of the delivery of the audit
- Performance management reporting

### Aanchal Singla

Audit Assistant Manager

- On-site and remote audit team management
- Day-to-day point of contact
- Audit fieldwork lead contact

### Andy Nichols

Value for Money Senior Manager

- Value for Money planning and risk assessment
- Main contact for review of VFM arrangements
- Preparation of the VFM commentary in the Auditor's Annual Report

## Pool of specialists and other technical specialists:

- Internal IT audit team
- Internal public sector financial reporting specialists that lead on the financial reporting technical review of the financial statements ('hot review').

	Service delivery	Audit reporting	Audit progress	Technical support
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Annual client service review</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Plan</li> <li>• Audit Progress and Sector Update Reports</li> <li>• The Audit Findings (ISA260) Report</li> <li>• Auditor's Annual Report on VFM arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> <li>• Quarterly liaison meetings with the three statutory officers</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues</li> </ul>

# 10. Our fee estimate

## Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Closing valuation of land and buildings, including council dwellings and investment properties
  - Valuation of the local government pension scheme (LGPS) defined benefit pension fund net balance.

## Previous year

In 2024/25 the scale fee set by PSAA was £417,703. The actual fee charged for the audit was £421,206. At the time of drafting this Audit Plan, the £5,057 fee variation for the IFRS 16 implementation has now been approved by PSAA.

	Audit Fee for 2024/25	Proposed fee for 2025/26
Rotherham Metropolitan Borough Council Scale Fee (per PSAA contract)	£417,703	£429,398
IFRS 16 implementation review (first year adoption of the new accounting standard)	£5,057	N/A
PSAA fee adjustment relating to external expert work on valuations	(£1,554)	£-
<b>Total (Exc. VAT)</b>	<b>£421,206</b>	<b>£429,398</b>

# Our fee estimate (continued)

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £429,398.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# 11. Independence considerations

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, we confirm that there are no matters that we are required to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view.

The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Furthermore, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration we can confirm that we are independent as at the audit planning stage and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

## Non-audit fees

- A schedule of our fees and grants assurance services (audit-related services) is set out on page 28 of this report, including an assessment of any perceived or actual threats to our independence and, where relevant, safeguards applied
- Once the Financial Reporting Council's Ethical Standard is applied to the fourth accounting period, the permitted level of non-audit fees for that period cannot exceed 70% of the audit fee (ES4.15). Based on the current fees this would not have an impact on the non-audit services that we would be able to provide to you.
- We will update our Audit Findings (ISA260) report due November 2026 for any additional grant assurance services that commence subsequent to the date of this Audit Plan.
- All of the non-audit fees charged are for audit-related services and these are limited to the certification of grant claims to central government and its departments. This work is permitted by AGN 01 issued in February 2025 and represents routine additional work undertaken on an annual basis by external audit suppliers to local government.

External audit fee	Total fees for grants assurance services	Grants assurance service fees as a percentage of the audit fee
£429,398	£42,935	10%

# Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the Council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

# Fees and non-audit services

The following table sets out non-audit services charged from the beginning of the financial year to the date of issue of this Audit Plan, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The grants assurance services (audit-related services) listed below are consistent with the Council’s policy on the allotment of non-audit work to your auditor and none of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams providing services to Rotherham Metropolitan Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived threats from these fees.

## Grants Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Housing Benefits claim 2024/25	42,935 (core fee)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the base fee for this work is £42,935 in comparison to the total fee for the audit of £429,398 and in particular relative to Grant Thornton UK turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	The external auditor has not prepared any elements of the form MPF720A submission and are carrying out work on the information submitted to the Department for Work and Pensions (DWP) by the Council. We do not expect material misstatements to the financial statements to arise from this service. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management (because our report will inform the findings presented by management to DWP)	We will perform the proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the local authority at the same time. If any amendments need to be made to form MPF720A as a result of the reporting accountant's work, these will be discussed and agreed with the member of informed management who is authorised by the Executive Director of Corporate Services to make these amendments. Amendments to the form can only be made by local authority staff and are initialled by the authorised signatory (Executive Director of Corporate Services (s151)). We agree the factual accuracy of our findings with a member of informed management before issuing it to the DWP. We are satisfied from previous experience that the purpose of our testing and the potential impact of our findings on the form is understood by a member of informed management.

This covers all services provided by us to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# 12. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings (ISA260) Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance (Continued)

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

# 13. Financial reporting changes

## Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

## New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

### Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

### Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

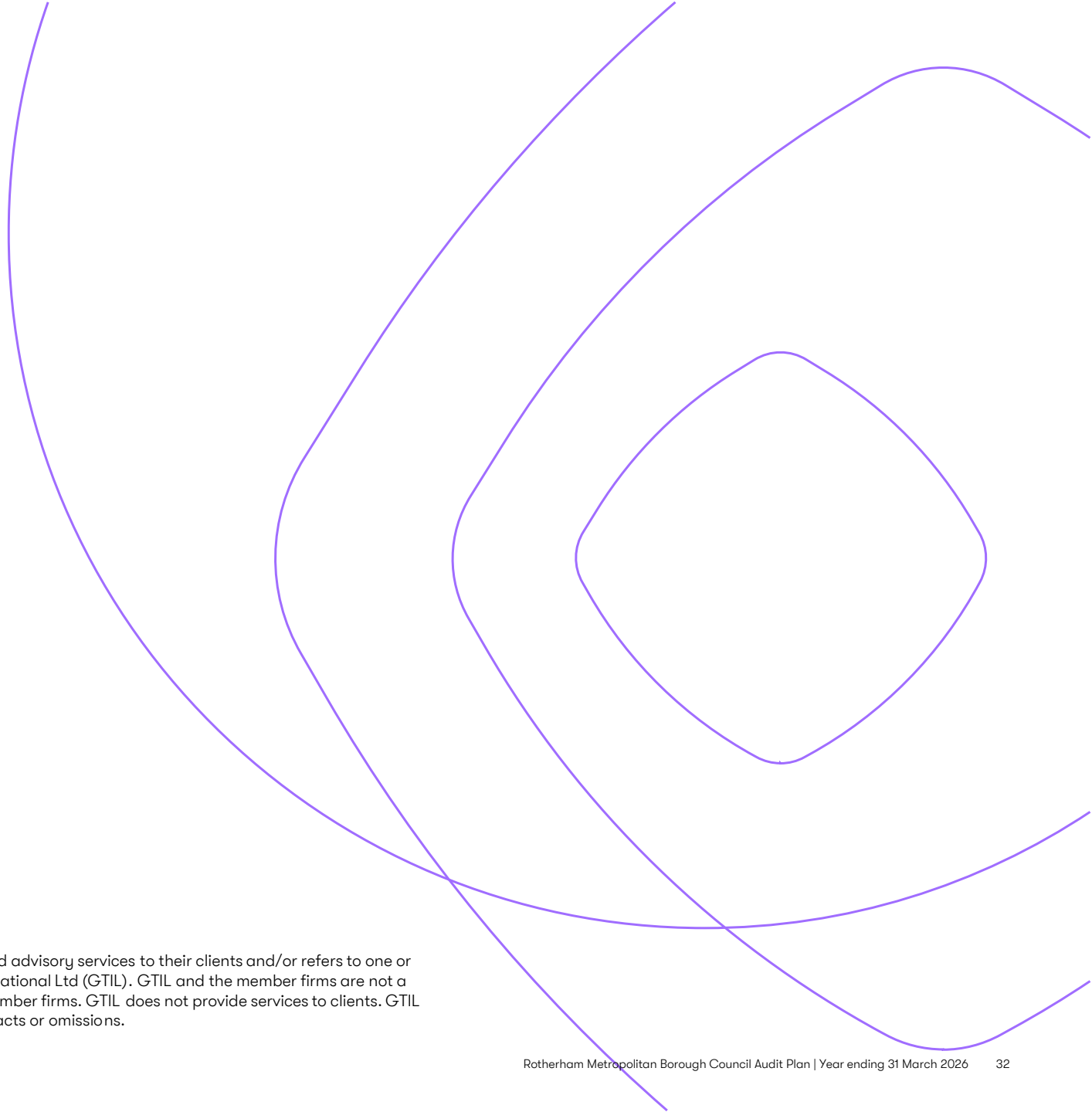
### IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027/28.



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