AUDIT COMMITTEE
16th June, 2026

Present:- Councillor Baggaley (in the Chair); Councillors Blackham, Elliott and Monk.

Apologies for absence were received from Councillor Lelliott, Alison Hutchinson (Independent Person) and Michael Olugbenga-Babalola (Independent Person).

Also Present:-
Judith Badger, Executive Director, Corporate Services
Natalia Govorukhina, Head of Corporate Finance
Louise Ivens, Head of Internal Audit
Rob Mahon, Service Director of Financial Services
Scott Matthewman, Service Director, Strategic Commissioning
Simon Moss, Service Director, Regeneration and Environment
Katie Stead, Policy, Improvement and Risk Manager
Greg Charnley, Grant Thornton (External Auditors)
Liz Luddington, Grant Thornton (External Auditors)
Dawn Mitchell, Governance Advisor and Clerk

1. COUNCILLORS ALLEN AND MCKIERNAN

The Chair thanked Councillors Allen and McKiernan for their work on behalf of the Audit Committee.

2. COUNCILLOR MONK

The Chair welcomed Councillor Monk to her first meeting of the Audit Committee.

3. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

4. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public in attendance at the meeting nor had any questions been received in advance of the meeting.

The member of the press present at the meeting did not have any questions.

5. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute Nos. 13 (Internal Audit Progress Report – Appendix G as defined in Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime) and

Minute No. 14 (Risk Management Directorate Presentation – Adult Care, Housing and Public Health) as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the authority holding that information))

6. MINUTES OF THE PREVIOUS MEETING HELD ON 17TH MARCH, 2026

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 17th March, 2026.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

7. EXTERNAL AUDIT PLAN AND PROGRESS REPORT

Liz Luddington, Engagement Lead and Key Audit Partner, and Greg Charnley, Audit Senior Manager, Grant Thornton, presented the 2025-26 External Audit Plan. As a result of the good arrangements in place both the production of draft financial statements and engagement with Grant Thornton, Rotherham had not been affected by any of the backstop provision for local authority audits.

In order to meet future statutory deadlines for 2025-26, Grant Thornton would be working towards an internal deadline of 30th November, 2026. A detailed project plan for the audit fieldwork period was scheduled from the beginning of July through to early November.

It was the aim for the audit work to be operationally completed by the end of October with the key outputs and reports being drafted and agreed with management in the first half of November prior to the Audit Findings (ISA260) report on the accounts and the Auditor's Annual Report on the Council's value for money arrangements being submitted to the 24th November meeting of the Audit Committee.

The report covered the key issues both for the national and local contexts. Areas of significant risk were the same as in previous years, centring around management over-ride of controls, closing valuation of land and buildings (including Council dwellings) and valuation of local government pension scheme defined benefit pension fund net balance. Materiality was calculated on a similar principle as previous years but if items went above those thresholds they would be considered separately within the audit.

The planning work for the 2025-26 audit had commenced in March 2026 and continued into April. The final accounts work would begin in July through to November.

Audit fees were set by PSAA as part of their national procurement exercise. Grant Thornton had been awarded the contract with effect from 2018-19 and was successful in the re-tendering exercise conducted in 2023. The scale fee set out in the PSAA contract for the 2025-26 audit was £429,398.

Resolved:- That the update and the audit plan be noted.

8. PUBLICATION OF UNAUDITED STATEMENT OF ACCOUNTS 2025-26

Consideration was given to a report presented by Natalia Govorukhina, Head of Corporate Finance, which introduced the draft Statement of Accounts, which had been published on the Council's website on 10th June 2026. This was slightly later than the original date of 31st May, 2026 allowing for effective quality and assurance checks to be performed, however, it complied with the 30th June statutory deadline for the publication of draft accounts. The period for local electors to exercise their rights for the public inspection phase had commenced on 11th June, 2026 and would end on 22nd July, 2026, then follow on to the external audit phase of the process.

It was proposed that the final accounts would be produced by the end of September 2026. However, Grant Thornton had indicated that, due to capacity constraints, it was likely to be late November for the completion of the audit of the accounts.

The Statement of Accounts included 4 appendices, the first was the narrative report, which was a more concise and easier to follow overview of the Council's financial standing, which covered the key areas of the accounts. Appendix 2 was the highlights report setting out key matters reported in the 2025-26 accounts; Appendix 3 was the unaudited statement of accounts 2025-26 and Appendix 4 showed the Council's response to enquiries from Grant Thornton with regard to issues that informed their audit risk assessment. The areas covered included fraud, laws and regulations and accounting estimates.

The accounts have been produced in accordance with the CIPFA Code of Practice.

In response to a question, it was clarified that when new build assets were applied to the asset register they were included at cost i.e. what was paid for the actual building. After a year they were revalued and often significantly less than the cost of building them. The significant reductions in expenditure in 2025-26 reported within the Comprehensive Income and Expenditure Statement were primary due to revaluation losses in 2024-25 resulting from the implementation of IFRS16 and the practical completion of Forge Island. The operational leases would be moved onto the balance sheet. The reduction in other operating expenditure reflected a loss on disposal in 2024-25 primarily caused by the derecognition of Council assets when schools became academies.

It was noted that the Audit Committee had had a training session on the Statement of Accounts in advance of the meeting.

Resolved: That the draft unaudited 2025-26 Statement of Accounts be noted.

9. DRAFT ANNUAL GOVERNANCE STATEMENT 2025-26

Consideration was given to the draft Annual Governance Statement (AGS) for the 2025-26 financial year as presented by Katie Stead, Policy, Improvement and Risk Manager. This was published alongside the Council's Statement of Accounts on 10th June, 2026. The paper briefly set out the process that was followed to construct this AGS and had been updated in line with the new guidance from CIPFA and had 2 new sections - Executive Summary and Forward Look.

A process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group which included the Executive Director of Corporate Services, the Service Director of Legal Services, the Head of Internal Audit and the Policy, Improvement and Risk Manager. The draft AGS was then reviewed by the Monitoring Officer, Executive Director of Corporate Services, the Chief Executive and the Leader.

Each Executive Director had overseen a self-assessment of governance within their Directorates comprising of a self-assessment form based on the Principles and Sub-Principles in the Code of Corporate Governance by each Service Director as well as a review and update of the detailed issues raised in the 2024-25 AGS. Each Executive Director and Service Director was also required to submit a Statement of Assurance based on the information arising from their review of current and previous governance issues. These were then reviewed by the Corporate Governance Group also considering which issues were of sufficient significance to require reporting in the AGS.

It sets out the assurances in place to evidence conformance with the Council's Code of Corporate Governance which was approved by the Committee in September 2025 and included the results of an internal self-assessment led by the Corporate Governance Group and review of previous issues identified.

The statement concluded that governance arrangements were effective overall during 2025-26 and highlighted progress made throughout the financial year as well as highlighting areas for further improvements.

The final statement would be submitted to the November meeting together with the final statement of accounts and updated to include any emerging governance issues.

It was suggested that there may be some benefit to further separate those services that were assessed as partially conforming with only a small number of sub-categories within the code.

Resolved: That the draft 2025-26 Annual Governance Statement be noted.

10. ANNUAL TREASURY MANAGEMENT REPORT AND ACTUAL PRUDENTIAL INDICATORS 2025-26

Consideration was given to the Annual Treasury Management Report, presented by Natalia Govorukhina, Head of Corporate Finance, which was the final treasury report for 2025-26. Its purpose was to review the treasury activity for 2025-26 against the Strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2025-26 in accordance with the requirements of the Prudential Code.

The Council received an Annual Treasury Strategy Report in advance of the 2025-26 financial year at its meeting on 5th March, 2025, and the Committee received a mid-year report at its meeting on 25th November, 2025, representing a mid-year review of treasury activity during 2025-26. In addition, quarterly updates were received by Audit Committee on 29th July, 2025 and 17th March, 2026.

This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council was required to comply with both Codes through regulations issued under the Local Government Act 2003.

Appendix 1 of the report submitted gave a summary of the Prudential Indicators for the Council.

The underlying economic and financial environment remained difficult for the Council to predict. Inflation had fallen back from historic highs in recent years and the Bank of England continued to cut interest rates. However, market sentiment had been heavily influenced by the Middle East conflict. Commentators anticipated a growing risk of inflation meaning interest rates would likely not be cut for some time and may increase to counteract inflationary pressures arising from steepening energy costs. The cost of long term borrowing form PWLB had also increased during the year, in part reflecting this sentiment. With regard to investments, the main challenge was concerns over investment counterparty risk. This background encouraged the Council to continue maintaining investments short term and with low risk counterparties.

During 2025-26 the Council had continued to pursue its short-term borrowing strategy in line with advice from its Treasury advisers. Borrowing was taken only as needed and would be refinanced in the next

few years. This had resulted in a significant increase in the net under borrowed position. The Council would continue to monitor the interest position with a view to taking out further long term borrowing if there were dips in the long term borrowing rates but currently was utilising short-term borrowing to cover immediate borrowing need in anticipation of lower rates in the future. This process was separate from the Council's financial monitoring which tracked planned and actual expenditure against planned budgets.

The Council had reduced its investment balances in recent years as funds had been used to meet loan maturities rather than refinancing at historically high interest rates. In 2025-26 the Council had borrowed an additional £142M from local authorities and PWLB. In addition the Council had repaid £110.2M of principal on a mix of local authority and PWLB loans.

It was noted that the report would be considered by Cabinet at its meeting on 6th July, 2026.

The Chair queried how much of the closing CFR (£25.7M less than approved via the Mid-Year report) was due to slippage on a number of capital schemes or was it due to grant funding. It was explained that wherever possible attempts would be made to maximise external funding sources which sometimes had an impact on the Council's Capital Financing Requirement (CFR) as it did not need to borrow. The Chair would be provided with a breakdown of the figures.

Resolved:- That the Treasury Management Prudential Indicators outturn position, as set out in Section 2 and Appendix 1 of the report submitted, be noted.

11. HIGHWAY STRUCTURES AUDIT REPORT UPDATE

Simon Moss, Service Director, Regeneration and Environment, presented a report setting out the actions taken and implementation of the recommendations made with regard to the Partial Assurance Internal Audit report on highway structures.

Under the Design Manual for Roads and Bridges, the Highway Authority was to carry out General Inspections (GI) every 2 years and Principal Inspections (PI) every 6 years. PIs could be risk assessed to reduce the frequency up to 12 years.

In 2024 it was acknowledged that there was a significant backlog of inspections and a range of actions were determined to manage and reduce the risk profile. One of the actions was to invite Internal Audit to undertake a further detailed review.

Internal Audit had issued a Partial Assurance opinion on the report with 9 recommendations:-

Recommendation One – Risk Reporting
This action was completed prior to the final audit report being circulated in December, 2025.

Recommendation Two – Risk Appetite
This action was completed prior to the final audit report being circulated in December, 2025.

Recommendation Three – Mine Workings
As the action was for future works, there was no deadline. However, as part of pre-construction information, a section for mine working had been highlighted in the PCI packs to be completed in the future.

Recommendation Four – Weakness in inspection data
This action was completed prior to the final audit report being circulated in December, 2025.

Recommendation Five – Safety Inspections
This action had started prior to the final report being circulated in December, 2025, however it was an ongoing activity.

Recommendation Six – Ownership of Highways Structure Assets
This was an ongoing action and agreed that it would be managed on a case-by-case basis where there was ambiguity in records of the asset ownership.

Recommendation Seven – Highways Asset Management Plan (HAMP) disclosure
This action was completed prior to the final audit report being circulated in December, 2025 as the HAMP update was in November, 2025.

Recommendation Eight – Continuing Professional Development
This was an ongoing action. It was agreed that at the time of appointment of staff (permanent or temporary) that suitable checks would be carried out as part of the onboarding process. For contract staff, suitable checks would be carried out annually at a point where purchase orders needed to be extended/renewed.

Recommendation Nine – Follow-up Inspections
This was ongoing activity.

In 2025, the Council had 365 structures listed on its highway asset register. Of those, only 9 structures had a GIs within the 2 year validation period and 43 PIs within the 6 year validation period. As of June, 2026, all the structures had an up-to-date GI and carried out within the 2 year timeframe.

The approach to PIs was to commission external contractors for the inspections which could be carried out inhouse due to third parties e.g.

Network Rail Canal and River Trust etc. In the last year 40 PIs had been commissioned and a further 50 carried out inhouse. 81 structures now had a valid PI within the timeframe with a further 31 to be reviewed and approved.

Discussion ensued with the following issues raised/clarified:-

- It was hoped that all the PIs would be complete by the end of the next financial year
- The Team in place now were suitably qualified, however, some of the PIs were being outsourced due to the specialist equipment required
- The increase in inspections was leading to an increase in defects found leading to challenging demands for resources

Resolved:- That the report be noted.

12. INTERNAL AUDIT ANNUAL REPORT 2025-26

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided information on the role of Internal Audit; the work completed during 2025-26 and highlighted the key issues that had arisen therefrom. It provided the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. It also provided information regarding the performance of the Internal Audit function during 2025-26.

Based upon the Internal Audit work undertaken and, taking into account other internal and external assurance processes, it had been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, the Council had overall an adequate and effective framework of governance, risk management and control.

There had been a reduction in the number of audit reports with Partial/No Assurance opinions from the previous year. Management continued to proactively seek audit assurance where concerns existed. Whilst the Partial Assurance opinions had identified weaknesses in the control environment or compliance with controls, the weaknesses were not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end. The work undertaken during the year had clearly focused on the key risk areas of the Council and targeted to specific areas of concern.

The report included:-

- Legislative requirements and Professional Standards
- The Head of Internal Audit's annual opinion on the control framework, risk management and governance
- Resources and audit coverage during the year

- Summary of audit work undertaken during 2025-26, including both planned and responsive/investigatory work
- Summary of other evidence taken into account for control environment opinion
- Summary of audit opinions and recommendations made
- Internal Audit performance indicators

Audits were carried out in all areas of the Council during the year with the overall level of control found in audits to be good. 88% of audits resulted in a Substantial or Reasonable Assurance opinion with 6 Partial Assurances.

During 2025-26, 197 recommendations (210 in 2024-25) were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 17 (32 in 2024-25) were in the highest category (red).

There had been one staffing change during the year due to an experienced member of team having retired. The post had proven difficult to recruit to but the new postholder would be taking up the position shortly together with a trainee auditor. During 2025-26 this had had a minor impact on the number of days performed, however, it was the opinion of the Head of Internal Audit that resource levels throughout the year provided sufficient capacity to provide an adequate level of assurance to the Audit Committee and Executive Director of Corporate Services. Sufficient work was completed during 2025-26 to enable the Head of Internal Audit to provide her overall opinion.

The Global Internal Audit Standards (UK Public Sector) required a quality assurance framework to be established including both internal and external assessments of the work of Internal Audit. CIPFA undertook a comprehensive External Quality Assessment of the Internal Audit function during Autumn 2025 which measured conformance against the Global Internal Audit Standards, the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) and the Associated Application Note: Global Internal Audit Standards in the UK Public Sector.

The assessment confirmed that the Internal Audit function was “Generally Conforming” overall to the Standards and Principles. This was the highest classification that CIPFA awarded.

The Committee sought reassurance, given the availability and movement of staff members, that the resources sufficient to deliver the Internal Audit Plan. The Head of Internal Audit confirmed that she was confident moving forward having recruited to the senior auditor position and the new trainee auditor. It was hoped to be fully staffed by the end of the summer.

Resolved:- (1) That the work undertaken during the 2025-26 financial year and the key issues that had arisen therefrom be noted.

(2) That the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council be noted.

(3) That the Committee's satisfaction with the effectiveness and efficiency of the Internal Audit function be noted.

13. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st February to 30th April, 2026, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of April 2026, the progress of the 2025-26 audit plan, the reports finalised between February and April 2026 and performance indicators for the Team. Since the last report there had been 6 audit actions that had been deferred which had reduced to 4 by May.

Internal Audit provided an opinion on the control environment for all systems or services which were subject to audit review. The report detailed the audit opinions and a summary of all audit work concluded in the last quarter. 11 audits with 15 reports, had been finalised since the last Audit Committee, 2 of which had received Substantial Assurance, 12 received Reasonable Assurance opinion and 1 Partial Assurance.

A review of the current performance indicators was detailed in Appendix D, post-audit questionnaires and results included at Appendix E and the Quality Assurance and Improvement Plan at Appendix F. Appendix G set out details of the Internal Audit investigative work completed.

It was noted that the Liquid Logic audit had been undertaken by Salford IT on the Authority's behalf and had raised an issue with the 'Super User' profiles. The Service had taken immediate action in reducing access across the CYPS and Adults Directorates. During the time of Salford reporting the issue, Internal Audit had undertaken deep dive testing to ascertain there had been no inappropriate activity. This had been reported to the November meeting of the Committee (Minute No. 53 of 25th November, 2025 refers).

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st February to 30th April, 2026, and the key issues that have arisen from it be noted.

(2) That the performance objectives of Internal Audit and the actions being taken by audit management in respect of meeting the performance objectives be noted.

(Appendix G was considered in the absence of the press and public in accordance with Paragraph 7 of the Act (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).

14. ADULT CARE HOUSING AND PUBLIC HEALTH RISK MANAGEMENT REGISTER

Consideration was given to a report, presented by Scott Matthewman, Service Director Strategic Commissioning, providing details of the Risk Register and risk management activity within the Adult Care, Housing and Public Health Directorate.

A detailed breakdown was given of the Directorate's approach to risk management and the efforts to ensure transparency and the understanding of risk management by all staff.

In response to a query further information and assurance was provided on the risks rated red within the Directorate, which included risks, ACHPH-R49, ACHPH-R51 and 52,

Resolved: That the progress and current position in relation to risk management activity in the Adult Care, Housing and Public Health Directorate, as detailed in the report now submitted, be noted.

(The report was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (information relating to the financial or business affairs of any particular person (including the authority holding that information).

15. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for July 2026 to June 2027. The plan showed how the agenda items related to the objectives of the Committee. It was presented for review and amendment as necessary.

Resolved:- That the Audit Committee forward work plan, as now submitted, be approved.

16. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

17. URGENT BUSINESS

There was no urgent business for consideration.