Rotherham Metropolitan Borough Council

Audit progress report and sector updates

16 September 2026

Agenda

Audit Progress Report

Grant Thornton

Introduction

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

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

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

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

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

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

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Progress as at 15 September 2026

Financial Statements Audit

Officers' engagement in the audit process and timely response to auditor requests have been good to date and, based on our past experience of working with the Council, we expect this to continue up to the point of concluding our audit.

Audit Progress

- We commenced our audit fieldwork in early July and remain on track to issue our audit opinion by end November 2026.
- The majority of our audit samples were issued by the end of August.
- We intend to meet management's expectation for work to be well progressed with all significant risk areas of the audit, which can give rise to material findings, by the end of September.
- In particular, we are underway with assessing the Council's adoption of the new indexation requirement applicable to land and buildings for the first time in 2025/26, and this assessment shall continue throughout September. This is the sole change in accounting standard applicable to this year's accounts audit and we shall continue to complete and review this work by the end of this month. This is so that, if significant queries arise, finance officers and management have sufficient time to respond to and resolve these ahead of the Audit Findings (ISA260) Report, which we plan to share in draft with management and then present to Committee in November 2026.

In addition, the Council's draft financial statements are subject to a technical review this year termed a 'hot review'. This is a biennial review and strong engagement from the finance team will be key to progressing and closing out the review. This process has already started with the Grant Thornton team sharing the technical queries log on 20 August with completed responses from the finance team expected later this month. The Council has a consistent track record of completing past 'hot reviews' to a good standard, and we have no concerns to flag at this stage.

Financial Statements Audit Progress as at 15 September 2026

Audit area	Stage	Stage completion
Valuation of Land and Buildings including Surplus Assets (significant risk)	In progress	
Valuation of Council Dwellings (significant risk)	In progress	
LGPS Defined Benefit Pension Scheme Net Surplus (significant risk)	In progress	
Journals entry testing (significant risk)	In progress	
Property, Plant and Equipment - Additions, Disposals, Depreciation	In progress	
Investment Property	In progress	
Debtors	In progress	
Creditors	In progress	
Bank and Cash	In progress	
Borrowings	Complete	
PFI Liabilities	In progress	
Reserves (including Capital Expenditure and Financing and MRP Charge)	In progress	
Employee Expenses	In progress	
Other Service Expenditures (including Audit Fees, Pooled Budget & Joint Arrangements testing)	In progress	
Housing Benefits Expenditure	Complete	
Gain/Loss on the Disposal of Assets	In progress	
Interest Payable and Similar Charges	Complete	
Fees, charges and other income	In progress	
HRA rental income	In progress	
Grant income (inc. DSG)	In progress	
Internal recharges	In progress	
Income from Council Tax and Business Rates	In progress	
Expenditure and funding analysis	In progress	
Officers' remuneration	Complete	
Financial instruments	In progress	
Related party transactions	In progress	
Legal fees testing and enquires of Monitoring Officer	In progress	
Cash flow statement	Complete	

Progress as at 15 September 2026

Value for Money

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

In our Audit Plan, we reported the findings from our VFM risk assessment to you at your June 2026 Audit Committee against the following three reporting criteria:

1. Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services
2. Governance: how the body ensures that it makes informed decisions and properly manages its risks
3. Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

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 weakness in arrangements reported in our 2024/25 Auditor's Annual Report.

The ongoing risk of significant weakness relates to compliance requirements for the buildings held within the Council's Housing Revenue Account and its corporate buildings.

We are now in the process of following up on progress against the two key recommendations made in the prior year:

- HRA housing compliance - ensuring the programme of stock condition surveys and defect remediation across fire, asbestos, lifts and water safety continues through to completion. We shall consider the degree of progress made in completing stock condition surveys on HRA dwellings and completing necessary remediation of defects identified from the condition surveys.
- Corporate buildings compliance and condition data - continuing with the programme of condition surveys to build greater understanding of the corporate buildings estate, each building's condition, and the level of health and safety compliance. We shall consider 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.

Our detailed VFM work began in August. Since our work commenced, we have held meetings with the Council's Executive and Service directors to obtain further understanding of the progress the Council has made in responding to the significant weakness identified in prior years. When we reach the concluding stage of our work, we shall discuss the findings and recommendations with management and obtain management responses to the recommendations. Our Auditor's Annual Report will be reported to the Audit Committee in November 2026.

Progress as at 15 September 2026 (continued)

Meetings

Since commencing our work in respect of the audit year 2025/26, we have continued to meet with the Chief Executive and Executive Director of Corporate Services on a quarterly basis. We meet regularly with finance officers throughout the audit process.

Audit Fees

PSAA published their scale fees for 2025/26: 2025/26 audit fee scale - PSAA

For Rotherham Metropolitan Borough Council, the PSAA scale fee for 2025/26 audit of the Council is £429,398. This fee is derived from the procurement exercise carried out by PSAA in 2022. It reflects both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

This fee remains subject to the financial statements and working papers being of a good standard, no significant changes in scope to the audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested and the Council playing its part in working with Grant Thornton to achieve a slightly earlier audit close this year (end November 2026, compared with 9 December in 2024/25).

Events

We provide a range of workshops and network events.

Events taking place include a webinar exploring the roles and responsibilities of Audit Committee Chairs and members, and how the Audit Committee functions within a wider governance landscape. The webinar was held on Thursday 2 July.

On 25 September 2026, we will be hosting a webinar on grants delivery, unpacking how to tackle funding uncertainty; achieve consistency; reduce administration friction; and build capacity. To attend, members and officers can: Register here.

Audit Deliverables

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

2025/26 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.	June 2026	Completed June 2026
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the Audit Committee.	November 2026	Not yet due
Auditor's Report This includes the opinion on your financial statements.	November 2026	Not yet due
Auditor's Annual Report on VFM arrangements This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	Not yet due

Sector Updates

Adult Social Care

Audit Committees should seek to understand how risks surrounding Adult Social Care are mitigated within their Council.

CQC findings:

On 14th July 2026, CQC published key findings from their assessment programme of all 153 local authorities in England with adult social care responsibilities.

CQC highlighted that the majority of local authorities are rated 'good', but are mainly at the lower end of the scoring threshold for 'good'. Key themes in the report act as a roadmap for strengthening the sector:

- Prevention
- Safeguarding
- Transitions from Children's to Adult's services
- Unpaid carers
- Equity in experience and outcomes
- Co-production (partnerships with voluntary, community, faith and social enterprise organisations)
- Commissioning.

Other recent developments in relation to the Adult Social Care sector:

- 29th July 2026 –The Prime Minister set out his commitment to reform adult social care and deliver a National Care Service.
- 29th July 2026 – Baroness Casey launched a "big conversation on care", an online survey intended to inform work to develop a National Care Service.
- 4th August 2026 – ADASS published Learning from Safeguarding Adults Reviews: How can they have national impact?

Children’s Social Care

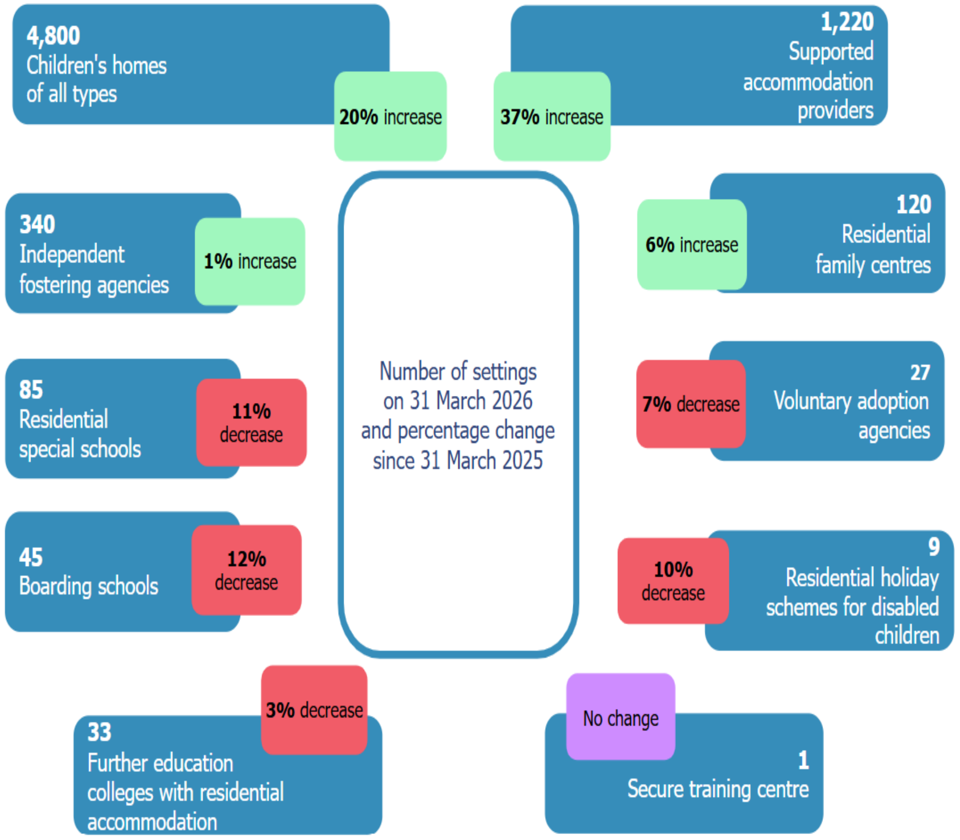
Audit Committees should seek to understand how the risk of unregistered placements is being mitigated by their Council.

Tackling dependency on unregistered children’s homes

Supply and demand pressures in recent years have forced many local authorities to rely on placing children in unregistered homes, which offer less protection than they are entitled to. Pressure to prevent this practice is escalating, but councils overall need more children's homes than they used to, putting them at risk of malpractice:

- 2nd July 2026 – Ofsted published research on sufficiency of children’s homes places in England – highlighting that issues with workforce capacity, affordability of housing and lack of foster carers have contributed to a sharp growth in local authorities’ use of unregistered children’s homes.
- 7th July 2026 – Ofsted launched an open consultation on proposals to improve how it inspects and regulates children’s social care providers. The original proposals aimed, amongst other things, at tackling the “shadow system” of children living unprotected in illegal settings.
- 30th July 2026 – Ofsted’s official statistics show that there was a 20% increase in the use of children’s homes overall in 2026.
- 5th August 2026 – Ofsted won its first successful prosecution of an illegal children's home provider.

Source: Ofsted main findings: children’s social care in England 2026 - GOV.UK



Making the Annual Governance Statement matter

Audit Committees are responsible for approving the AGS (sometimes with Full Council too) and should seek assurance it reflects a robust review against the CIPFA/SOLACE principles, a well-developed Code of Corporate Governance, and a clear assessment of effectiveness.

- An evidence-based, candid view of strengths, weaknesses and planned improvements
- Effectiveness is a qualitative judgement — not just a policy checklist
- The review and drafting of the AGS should always be internally led
- Senior officers must show genuine ownership, directed by members
- An organisation-wide understanding of how governance works in practice

> **The AGS is a key indicator of the effectiveness of a council's governance framework and a potential early warning sign of wider governance weaknesses.**
>
> Grant Thornton UK, July 2026

Read our full article → Published 20 July 2026

Best Value – have your say

New consultation to take part in

The Ministry of Housing, Communities and Local Government (MHCLG) is currently seeking views on revised statutory guidance for local and strategic authorities in England on compliance with the Best Value Duty.

A new consultation opened on Citizen Space on 15th July 2026, and will remain open until 11:59pm on 7th October 2026. This follows the government's March 2026 publication of **Lessons learnt from best value interventions 2025**. All local authorities are encouraged to take part in the new consultation, to help shape guidance going forward.

There has been a significant increase in the number of councils entering best value intervention since 2020. The government is aiming to learn from direct council experiences to improve policy, practice, and central government's relationship with local government. For the first time, MHCLG has undertaken structured engagement with all councils in statutory and non-statutory interventions exploring their challenges, recovery actions, and outcomes.

To have your say on the revised guidance and what should happen next, follow this link:

Consultation on revised Best Value guidance - Ministry of Housing, Communities and Local Government - Citizen Space

Audit Committee resources

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

Local audit reset: What comes after the backstop? | Grant Thornton

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

Navigating the future: The dual challenge of local government reorganisation and devolution | Grant Thornton

Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?

Learning from the new unitary councils

Grant Thornton learning on procurement and contract management:

Local government procurement and contract management

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

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

LGA Regional Audit Forums for Audit Committee Chairs

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

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

Global Internal Audit Standards in the UK Public Sector | CIPFA

CIPFA Good Governance

Delivering Good Governance in Local Government Addendum

The Three Lines of Defence Model (IIA)

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

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

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