Grant Thornton

Regaining Assurance Strategy for Royal Berkshire Fire Authority

1 July 2026

Grant Thornton

Royal Berkshire Fire Authority
Newsham Court
Pincents Kiln
CalcotReading
RG31 7SD

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL
+44 (0)29 2023 5591
www.grantthornton.co.uk

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Dear Conor Byrne

Regaining Assurance Strategy for Royal Berkshire Fire Authority

This report sets out our plan to rebuild audit assurance at Royal Berkshire Fire Authority (the Authority) following the disclaimer of opinion issued under the statutory backstop for the years ended 31 March 2022 & 31 March 2023. This plan has been agreed with management and will be communicated to the Ministry of Housing, Communities and Local Government (MHCLG) in July 2026. Our latest audit committee progress report contains a high level update on the authority's latest audit report and strategy for regaining assurance. This report gives further detail on the strategy to regain assurance.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

Grace Hawkins

Director
For Grant Thornton UK LLP

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Key messages

Audit Report

We anticipate our audit report will be modified for 2025/26.

Following disclaimed audit reports for the years 2021/22 to 2022/23, we do not expect to be able to support an unmodified opinion on the 2025/26 financial statements. Our audit focus is on 2026 in-year transactions and closing balances, with sign-off targeted for 30 November 2026.

Trajectory

Three-year plan to unmodified by 2026/27

Aligned to NAO LARRIG guidance, with phased build-back of assurance over opening balances, reserves, property and pensions across the 2025/26 & 2026/27 audits.

Authority

Delivery depends on the Authority

Successful build-back requires high-quality draft accounts, comprehensive working papers, timely audit access and continued focus on internal controls. We have discussed and agreed the strategy and trajectory for rebuilding assurance with the Head of Finance and Procurement. The fee will be agreed and reported to the Audit Committee in due course. £32,556 of Section 31 grant funding has been provided to resource the work.

MHCLG capacity assessment

We have assessed the Authority as Category [A]

An assessment is required by 31 July 2026 covering build-back timing, opinion trajectory and key risks. More detail is available on page 6.

Background

What and why

As part of the regaining assurance process we are engaging with MHCLG and PSAA as key stakeholders in monitoring and supporting the agenda across the sector.

MHCLG and PSAA have made a joint request for us to provide information for each body subject to the build-back process. The requested information includes a capacity assessment for each body, to be produced with input from both the audit team and the audited body.

The assessment is intended to give MHCLG and PSAA a more granular understanding of: progress of build-back work to date; planned timing of future work; the year in which a qualified opinion and an unmodified opinion are likely to be achieved; key audit risks; the audited body's capacity to support the build-back; and any significant constraints, including restrictions on the auditor's capacity.

Process

The following pages set out our response.

The information will be used by MHCLG to:

- Better understand the nature and impact of key risks and constraints on the build-back process
- Identify and/or evaluate any significant problems that would benefit from further policy intervention and develop appropriate solutions.
- To develop reliable estimates of the overall cost and timescale of the build-back process and support the review of the build-back grant funding model in autumn 2026.
- To support the government's stewardship of local authorities (including in relation to Local Government Reorganisation) and other bodies by identifying bodies for which an ISA-compliant build-back is unlikely to be possible by the end of 2027/28 and the reasons for this.

Overall assessment and key risks

Under the MHCLG capacity assessment framework, we have provisionally assessed this audit as Category A. The framework categorises audits as follows:

A	B	C	D
Capable of an ISA-compliant approach within the build-back period, relatively straightforward.	Capable of an ISA-compliant approach, but with significant operational difficulties.	Not capable of an ISA-compliant approach by 2027/28 due to practical constraints (adequate systems in principle).	Not capable of an ISA-compliant approach by 2027/28 due to major systemic problems.

Principal factors supporting our assessment

Technical challenges

- statutory reserves complexity
- asset valuation and evidence
- availability of finance system due to system changes
- absence of institutional memory for exited key officers

Audited body capacity

- timeliness and quality of working papers
- accounting systems
- finance team capacity

Expected audit report trajectory

Our planning estimate of when our audit report is expected to transition from disclaimed to qualified, and from qualified to unmodified, is set out below. These are planning estimates only; they cannot be taken as a commitment or guarantee as to the opinion eventually issued for a given year.

2024/25	2025/26	2026/27	2027/28
Disclaimed	Disclaimed	Unqualified	Unqualified
Disclaimed opinion issued on 19 February 2026.	Disclaimed opinion anticipated. However, in year work will be undertaken reflecting partial build-back of prior-year reserve balances	Unmodified opinion anticipated, subject to satisfactory completion of the build-back work programme and absence of any new significant issues.	Unmodified opinion anticipated, subject to satisfactory completion of the build-back work programme and absence of any new significant issues.

What the opinion types mean

Unmodified (clean): the financial statements give a true and fair view, in all material respects.

Qualified ("except for"): true and fair, except for one or more identified areas where we could not obtain sufficient evidence or where we disagree with the accounting treatment.

Disclaimer of opinion: we could not obtain sufficient evidence to form any opinion — effectively, no audit assurance.

Build-back work programme

The table below summarises when we plan to undertake build-back work for each audit area. It is consistent with the information we will submit to MHCLG within the capacity assessment by 31 July 2026.

Audit area	Timing and approach
Statutory reserves	Staged substantive testing across 2021/22 to 2022/23 audits, aligned to NAO LARRIG.
Property assets	Full valuations undertaken in 2024/25 and 2025/26 and audited in full.
Pension deficit / surplus	Substantively covered each audit year from 2023/24 onwards. Consider any gaps for 2021/22 & 2022/23.
Long-term debtors and creditors	Substantively covered each audit year from 2023/24 onwards. Consider any gaps for 2021/22 & 2022/23.
Working balances (cash, receivables, payables)	Substantively covered each audit year from 2023/24 onwards. Consider any gaps for 2021/22 & 2022/23.
Other audit work (journals, payroll, grants, disclosures)	Substantively covered each audit year from 2023/24 onwards. Consider any gaps for 2021/22 & 2022/23.

We will refresh this timetable and in subsequent Audit Findings Reports if material changes arise.

Regaining assurance examples

The below is a simplified illustration of how our build back work programme might build assurance over the coming years' audits:

2025/26 audit process

	24/25	25/26	
CIES	A	G	No assurance over the opening 24/25 position
PPE	A	G	Assurance gained over valuations at 31/03/26
Pensions	A	G	Assurance gained over 2025 actuarial process
Other assets & liabilities	A	G	Elements may require >1 year to gain assurance
Reserves	R	R	No assurance over reserve balances at 31/03/26

2026/27 audit process

	25/26	26/27	
CIES	A	G	Assurance over transactions in 26/27
PPE	A	G	Assurance gained over valuations at 31/03/26
Pensions	A	G	Triennial valuation of pension fund completed and reported
Other assets & liabilities	A	G	Assurance over all material balances at 31/03/26
Reserves	A	G	Full programme of regaining assurance work performed. Assurance over balances 26/27 year-end

2027/28 audit process

	26/27	27/28	
CIES	G	G	Assurance over transactions in both years
PPE	G	G	Assume rolling valuation programme complete
Pensions	G	G	Assurance over balances at both year-ends
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	G	G	Full programme of regaining assurance work performed

R	No assurance
A	Partial assurance
G	Adequate assurance

Next steps and timetable

The key milestones in the regaining assurance programme are set out below.

29 May 2026

Completion of 2025/26 interim audit work and risk assessment.

30 June 2026

Submission of draft 2025/26 financial statements.

31 July 2026

MHCLG capacity assessment submitted, with Authority's comments where available.

30 October 2026

Completion of the 2025/26 build-back work programme.

30 November 2026

Issue the audit report for the year ended 31 March 2026.

31 January 2027

2025/26 backstop date for publication of audited financial statements.

11 January 2027

Commencement of 2026/27 audit and next phase of build-back.

2026/27 audit

Target year for return to unmodified opinion, subject to satisfactory progress.

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