

11 November 2025



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AGENDA ITEM 7

CHIEF EXECUTIVE
Doug Wilkinson

Dear Councillor

Performance, Governance and Audit Committee – 13 November 2025

Please find enclosed the following reports which are Appendices to Agenda Item 7, for consideration at the above meeting, which were unavailable when the agenda was printed.

7. **External Audit - Progress of the Audit of the Accounts for the Financial Year 2024/25** (Pages 3 - 38)

- Draft Audit Progress Report (year ended 31 March 2025)
- Draft Auditor's Annual Report for Maldon District Council (year ended 31 March 2025)

Yours faithfully

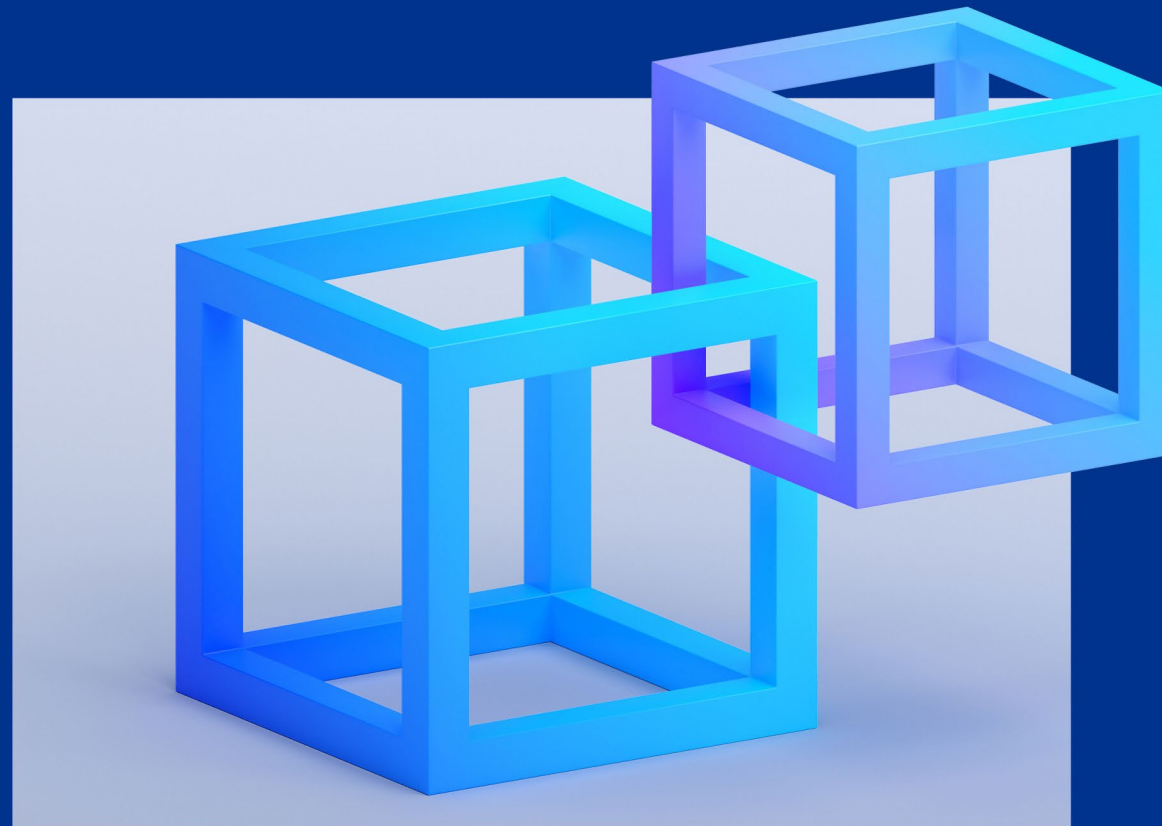
Chief Executive

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Maldon District Council

Draft audit progress report to the Performance,
Governance and Audit Committee

Year end report for the year ended 31 March 2025



Important notice



This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract..

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Maldon District Council (the 'Council') prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Performance, Governance and Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication on July 2025.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete, and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Performance, Governance and Audit Committee of the Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Audit Progress report

Our audit findings

Significant audit risks	Page 6-12
Significant audit risks	Our findings
Valuation of land and buildings	We challenged the management expert assumptions, tested the data provided to the Specialist and performed independent calculation of the valuation on which the carrying value of building is based. We have identified an audit misstatement in valuation of two properties which is detailed under audit misstatements section of this report.
Management override of controls	Our work on journals is completed. We have not found any issues from our substantive work performed. We have found one control deficiency related to review of journals which is consistent with previous years.
Valuation of post retirement benefit obligations	The results of our testing were satisfactory. We have not identified any issues in relation to the significant assumptions used within the valuation of the LGPS gross pension liability.

Misstatements in respect of Disclosures	Description
Misstatement in respect of Disclosures	Our findings
Senior officer's salary banding	We identified that banding were not correctly disclosed for a few officers. This is updated in the final version of the accounts.
Termination benefits	We identified that a few members were not included in the disclosure. This is updated in the final version of the accounts
Other presentational disclosure in the Senior staff's disclosure	We found some presentational errors in the disclosures which is corrected in the final version of the accounts.

Number of Control deficiencies		Page 15-19
Significant control deficiencies		0
Other control deficiencies in 2024/25		6
Uncorrected Audit Misstatements*		
Understatement/ (overstatement)	[£m]	%
Revenues	-	-
[Surplus/(deficit)] for the year	-	-
Total assets	-	-
Total taxpayers' equity	-	-
Disclosure Note	-	-

* The misstatements identified are corrected. Hence, there are no uncorrected misstatement to disclose above

Our audit findings

Outstanding matters

Our audit is substantially complete except for the following outstanding matters:

- Finalisation of testing of valuation of land and building;
- Finalisation of testing over the disclosure of valuation of post retirement benefit obligations
- Finalisation of other service expenses testing
- Finalisation of short and long- term investments testing.
- Management representation letter
- Finalise audit report and sign

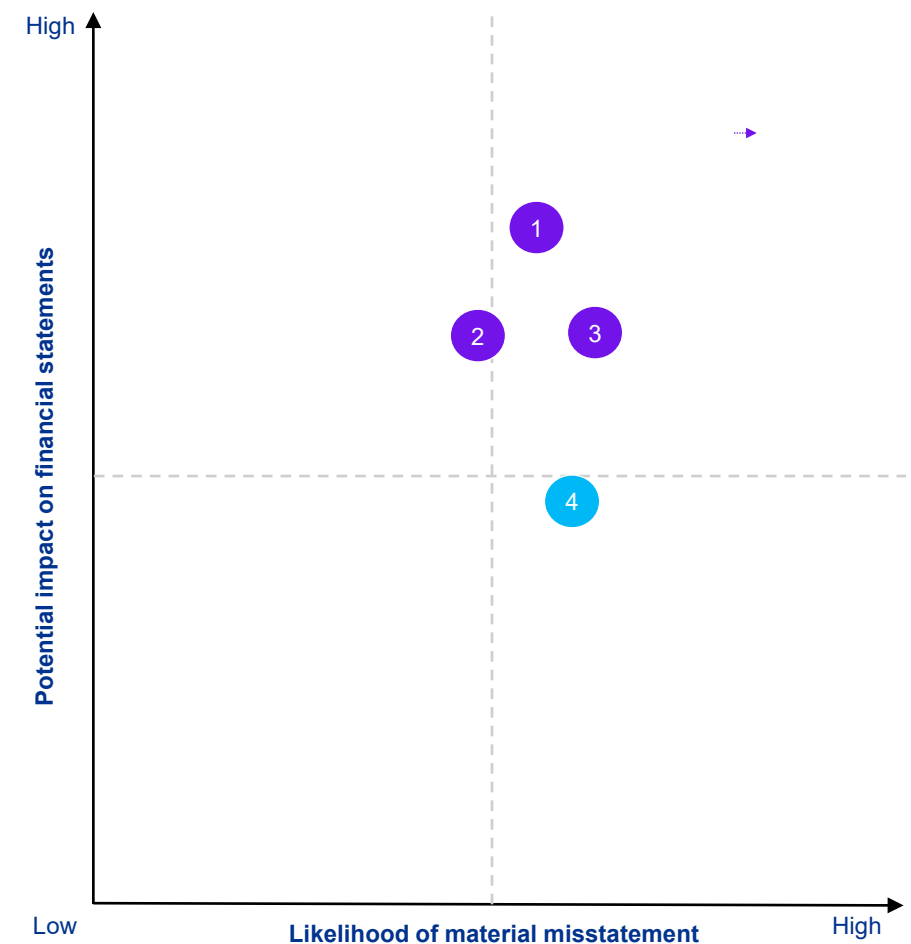
Significant risks and Other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Maldon District Council operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

Significant risks
1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations
Other audit risks
4. Adoption of IFRS 16



- Key:**
- # Significant financial statement audit risks
 - # Key audit matter and significant financial statement audit risk
 - # Significant financial statement audit risks
 - Increasing or decreasing risk compared with planning
 - # Other audit risk
 - # New [key audit matter]/[significant audit risk]/[other audit risk]

^a A significant risk that auditing standards require us to assess on all audit engagements. Not always included in the graph except where we have also identified an entity-specific risk of management override of controls

Audit risks and our audit approach

1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle, with certain assets, including the council office, leisure centres, being revalued annually. The majority of the council's assets are valued using a non-specialised basis, with two of the properties that are revalued using a specialised basis.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer – Valuation office Agency.

Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of specialist Valuation Office Agency (VoA), the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:
 Prior year  Current year

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle, with certain assets, including the council office, leisure centres, being revalued annually. The majority of the council's assets are valued using a non-specialised basis, with two of the properties that are revalued using a specialised basis.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer – Valuation office Agency.

Our findings

- From our work performed, we found the valuer to be independent, objective and have sufficient expertise to carry out the valuation. We have challenged the management expert assumptions, tested the data provided to the expert and performed independent calculation of the valuation on which the carrying value of building is based.
- From our control testing, we have found a control recommendation on the review of management on valuation assumptions. Refer to page 17 for more details.
- From our substantive work performed, we have found an audit misstatement in the valuation of our two properties. Refer to page 15 for more details.
- Our work is in progress on the finalisation of substantive testing. No other issues noted from our work performed. We will report to next committee when the work is concluded.

Key:
Prior year Current year

Audit risks and our audit approach

2

Management override of controls^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assessed the accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- We analysed all journals through the year using data and analytics and focused our testing on those with a higher risk.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Key:

Prior year Current year

Audit risks and our audit approach (cont.)

2

Management override of controls(cont.)^(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.



Our findings

- Communicated our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- We evaluated accounting estimates, including the consideration and did not identify any indicators of management bias.
- Our procedures did not identify any significant unusual journal transactions.
- No issues were identified from related party testing. Our work on journals high-risk criteria samples is completed. We have not identified any audit misstatements. However, we have raised a control finding in respect to journal review control detailed on page 16.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Audit risks and our audit approach

3 Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Our response

We have performed the following procedures:

- Understand the processes the Councils have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- Where applicable, assess the level of surplus that should be recognised by the entity.

Key:
Prior year Current year

Audit risks and our audit approach (cont.)



3 Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
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- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Key:  Prior year  Current year

Note: (a) Significant risk that professional standards require us to assess in all cases.

Our findings

- From our control testing, we have found that the review of valuation assumptions were not formalised/document properly. Therefore, we were not able to perform the testing of controls. Refer to page 17 where we have raised a control recommendation on this matter.
- Actuarial assumptions are assessed by management for appropriateness. However, the review was not performed on a sufficiently detailed or documented basis to allow us to rely on the control. Consequently, we concluded that controls in place to review the valuation were ineffective as the review of control was not documented which is consistent with the prior period findings. We note the review is considered adequate by management for their own purposes.
- We were satisfied with the independence, objectivity and expertise of the scheme actuary.
- We considered that the assumptions used in valuing the defined benefit obligation and concluded overall to be balanced compared to our central actuarial benchmarks.
- Individually all assumptions are balanced except CPI rate, which is considered as cautious but within reasonable range. This is mainly because proposed CPI rate is 0.16 basis points higher than the KPMG's central benchmark.
- The net pension surplus has been restricted to £nil on the basis of estimated future service costs less the estimated minimum funding contributions meaning the surplus is not recoverable. Additionally, a minimum funding liability of £709k is applied. We agree with the basis for restricting the surplus and recording additional liability.
- Our work in respect of valuation of assets and disclosures is underway, and we will report verbally on our findings.

We note the overall liability is balanced. We are satisfied that we have obtained sufficient appropriate audit evidence to address this risk.

Audit risks and our audit approach

4

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets



Other audit risk

- The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following challenges/impact in the first year of implementation.

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff



Our response

We performed the following procedures in order to respond to the other audit risk identified:

- Obtained the full listings of leases and reconciled to the general ledger.
- Reviewed a sample of the lease agreements to determine the terms of the leases and confirmed correct classification.
- Reviewed the transition adjustments passed by the Council
- Reviewed the disclosures made on the financial statements against requirements of IFRS16.



Our findings

From our above procedures performed, we noted that there is no risk of material misstatement associated with the adoption of IFRS 16 as the closing lease amount for 2024/25 as a lessee are not material. No issues were noted from our work performed.

Appendix

Contents

	Page
Corrected audit misstatements	15
Control Deficiencies	16

Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Performance, Governance and Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Revaluation reserve		£165,000	From our work performed, we have identified a misstatement in the valuation of two investment properties i.e. Land at Park Drive and Burnham Golf Club. We consider Land Park drive to be overstated by £335,000 and Burnham Gold club to be understated by £170,000. Hence, the net impact of misstatement will be £165,000 overstatement.
	Cr Investment property		£165,000	
Total			£165,000	

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		
#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	2	<p>Review of journal entries posted to GL</p> <p>We noted that the standard journals process is that journals are reviewed by someone in a more senior position. There is a manual segregation of duties control operated before the journal is posted, However, there is no automatic segregation of duties enforced by the system and the system does not prevent the unapproved journals being posted. From our review of transactions listing we identified following classification issues which were posted in incorrect accounting codes:</p> <ul style="list-style-type: none">-Other fee and service charge income transaction listing we identified that there were two entries amounting £77k which were incorrectly posted under income which relates to expenditure accruals reversals.- In payroll expense listing- there was £102k salary cost which incorrectly coded to Other Service expenses. <p>On the basis of above findings, it is noted that journals should be reviewed by senior team members so that these are posted to correct GL code.</p>	<p>Management response: To address this, the mapping exercise will be reviewed in detail to ensure correct classification between income and expenditure for the disclosure note.</p> <p>Officer responsible: Senior Technical Accountant</p> <p>Due date: FY25/26 Accounts closure</p>
2	2	<p>Preparation and Review of bank reconciliation</p> <p>From the review of bank reconciliations, we noted that the method used to prepare the reconciliation is not correct as it had carrying balances from March'24 and the reconciling items which were not cleared until March'25. Also, the amount per general ledger balances were taken incorrectly which resulted in bank reconciliation being incorrectly prepared.</p> <p>Therefore, we recommend management to review the method of reconciliation to be prepared and the reconciliation should be reviewed monthly by senior team members.</p>	<p>Management response: Bank reconciliations have always been completed on a monthly basis but we accept the need to make it clearer where the amounts come from. As a result, we are streamlining the overall process to make it easier to review.</p> <p>Officer responsible: Senior Technical Accountant</p> <p>Due date: November 2025</p>

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
3	2	<p>Management review of actuarial assumption</p> <p>We inquired with the audited entity to understand the pension process. We understood that the Interim Lead Finance Specialist reviews the assumptions and methodologies used in the calculation of the IAS19 Report. This is based on their understanding of the pension scheme, the accounting standard and the business process and circumstances. The documentation is not formalised and may consist of email or corresponding and verbal confirmations. However, the audited entity was not able to provide the evidence of performing the control.</p>	<p>Management response: Historically, we have always reviewed the assumptions used but fully accept the point on having the review formally documented.</p> <p>Officer responsible: Lead Finance Specialist</p> <p>Due date: To be carried out for FY25/26 year end accounts closure.</p>
4	2	<p>Management review of PPE valuation assumption</p> <p>Management reviews the assumptions and methodologies used in the calculation of the valuation. This includes inputs to testing such as square foot data and consideration of specialist/non-specialist classification. This is based on their understanding of the assets, the accounting standard and the business process and circumstances. As part of our risk assessment procedures, we carried out a walkthrough to obtain an understanding of the valuation review process. Via this walkthrough, we identified that there is no criteria or threshold developed for investigation/identification of outliers for valuation assumptions. Furthermore, there was insufficient evidence available to demonstrate the review and challenge of these reports. Therefore, it does not allow for an objective criteria to perform their review on and therefore it is ineffective. Management see this process as an annual occurrence and although they do review the output of the valuation specialist, there is no evidence of the review. Thus, there is not sufficiently well-defined process in place for it to meet the criteria of an effective review control.</p> <p>However, the audited entity was not able to provide the evidence of performing the control.</p>	<p>Management response: Reviews of assumptions used have been carried out in the past but these tended to be light touch. There is a collective agreement that the control needs to be enhanced by having a formal, and documented control of checks and follow up queries. These will be implemented, ready for next year's accounts closure.</p> <p>Officer responsible: Lead Finance Specialist</p> <p>Due date: To be carried out for FY25/26 year end accounts closure.</p>

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
5	2	<p>Management review of PPE valuation assumption</p> <p>Management reviews the assumptions and methodologies used in the calculation of the valuation. This includes inputs to testing such as square foot data and consideration of specialist/non-specialist classification. This is based on their understanding of the assets, the accounting standard and the business process and circumstances. As part of our risk assessment procedures, we carried out a walkthrough to obtain an understanding of the valuation review process. Via this walkthrough, we identified that there is no criteria or threshold developed for investigation/identification of outliers for valuation assumptions. Furthermore, there was insufficient evidence available to demonstrate the review and challenge of these reports. Therefore, it does not allow for an objective criteria to perform their review on and therefore it is ineffective. Management see this process as an annual occurrence and although they do review the output of the valuation specialist, there is no evidence of the review. Thus, there is not sufficiently well-defined process in place for it to meet the criteria of an effective review control.</p> <p>However, the Council was not able to provide the evidence of performing the control.</p>	<p>Management response: Reviews of assumptions used have been carried out in the past, but these tended to be light touch. There is a collective agreement that the control needs to be enhanced by having a formal, and documented control of checks and follow up queries. These will be implemented, ready for next year's accounts closure.</p> <p>Officer responsible: Lead Finance Specialist</p> <p>Due date: To be carried out for FY25/26 Year end accounts closure.</p>

Value for Money: Recommendations



The recommendations raised as a result of our work in respect of significant value for money weaknesses in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
6	<p>Review of Minimum revenue provision (MRP) policy</p> <p>From our review of FY 24/25 MRP policy, we noted that is not detailed enough with all the facts and circumstances of MRP requirements. We also noted that there is internal borrowings which is utilised for purchase of capital assets and council has plans to invest in Leisure Centre in FY 25/26 thus increasing internal borrowings. Therefore, the MRP policy needs revisiting to consider the above facts.</p> <p>Therefore, we recommend the Council to revisit their policy to make it more details inline with MRP Statutory guidance to include the above facts.</p>	<p>Management response: We accepts the recommendation and will review our policy for internal borrowings as there were no internal borrowings in past where MRP needs calculating.</p> <p>Responsible officer: Interim Lead Finance Specialist</p> <p>Due date: FY 2025/26</p>



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Draft Auditor's Annual Report for Maldon District Council

Year-ended 31 March 2025

13 November 2025

Contents



DRAFT

Key Contacts

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	Page
01 Executive Summary	3
02 Value for Money	6
a) Financial Sustainability	
b) Governance	
c) Improving economy, efficiency and effectiveness	

Our audit report will be made solely to the members of Maldon District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Maldon District Council, as a body, those matters we are required to state to them in an auditor’s report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Maldon District Council and the members of Maldon District Council, as a body, for our audit work, for our auditor’s report[s], for this Auditor’s Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Maldon District Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01

Executive Summary

Executive Summary

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Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Maldon District Council (the Council). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the ‘Code of Audit Practice’) and is required to be published by the Council alongside the annual report and accounts. Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) (‘ISAs (UK)’) include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 (‘the CIPFA Code’).



Narrative report - We assess whether the narrative report is consistent with our knowledge of the Council.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements	Our work on financial statement audit for 2024/25 is in progress. We have presented our finding on significant risk areas in audit progress report to the committee.
Other information	Whilst in our opinion the content of the other information is consistent with the financial statements, as our work is on going we are unable to determine whether there are material misstatements in the other information.
Value for money	We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 8.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Council’s consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.



Executive Summary

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There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

As at the date of this report, we have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

As at the date of this report, we have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however, should the Council provide us with a response, we will include it within this report.

As at the date of this report, we made no recommendations under Schedule 7 of the Act.

As at the date of this report, we have raised 1 recommendations related to Value for Money.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

As at the date of this report, we have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations, we report these to management and the Performance, Governance and Audit Committee. The Council is not required to take any action to these; however it is good practice to do so and we have included any responses that the Council has given us.

02

Value for Money

Value for Money

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Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



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 do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council’s arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is not complete. Matters set out here may change upon the completion of our work.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	9	11	13
Identified risks of significant weakness?	✗ No	✗ No	✗ No
Actual significant weakness identified?	✗ No	✗ No	✗ No
2023-24 Findings	No significant risks identified	No significant risks identified	One significant risk identified



Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Council's they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

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Local context

Maldon District Council forms the middle layer of a three-tier structure of local government.

The Council showed a deficit of £1.5m for the 2024-25 financial year. The provisional general fund balance stood at £8.6m, which is above the minimum level per the Council's policy of £2.6m.

The Council has underspent against its Capital Plan for 2024-25, with a number of projects carried forward into 2025-26.

The Council tax collection rates are 97.9% vs budgeted 98% and Non-Domestic rates collection rates are 98.3% vs 99% budgeted.

The Council was subject to a Finance peer review by the Local Government Association in March 2023, which raised a number of recommendations which have been acted upon during the financial year.



Financial Sustainability

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

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Budget setting

The Council has a budget setting timetable which sets out key tasks and deliverables for stakeholders across the organisation. For 2024/25, the Council began the budget setting process in July 2023 Executive Directors were responsible for setting budgets for the Service Lines they lead, with budgets adjusted for known pressures within the Directorate and any efficiencies required. Growth and capital bids were also submitted by service lines, before review by the Finance Member Group and Corporate Leadership Team for challenge before submission to the Strategy and Resources Committee. The Council approved the 2024/25 Budget Estimate in February 2024 which showed a projected cost of services of £12.6m and a gap to be funded from the general fund of £0.15m.

Efficiency plan

The Finance team set targets for savings plans. These are provided to the Service lines as part of the budget setting process and service lines are expected to produce proposals that will deliver the savings. The savings are reviewed by the Executive Leadership Team and the Finance Member Group before formal approval by the Strategy and Resources Committee. For the 2024/25 year, each approved savings proposal had a RAG rating. There is no formal criteria for the RAG rating, but the rating is based on the potential likelihood and impact on the Council's services and delivery. Qualitative risk factors are detailed, and each proposal has a breakdown on the saving, the impact on future financial years and details whether the saving is recurrent. In 2024/25, a high proportion of savings were recurrent but were primarily resource reduction or a result of disbanded programmes. We have raised a performance improvement observation around the savings plans for FY24/25.

Consistency across the financial and operational plans

The Medium -Term Financial Strategy is linked to corporate strategies by the inclusion of budget growth and savings items, which are aligned to service plans provided by budget managers. The Council has a Corporate Plan, which is supported at a service line level by Service Plans. The Council published its Corporate Plan in 2023, this details the Council's strategic ambitions and mission. It included the requirements for success in the provision of good value council services, including aims around workforce, operational plans and includes detail to support capital and estates.

Financial Sustainability

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Risks to financial sustainability

The Council has a Medium-Term Financial Strategy which shows key financial decisions set out in the context of a plan that looks forward. The Council's 23/24 Medium Term Financial Strategy for the three years to 2025/26 indicated that the Council was reliant on the use of general reserves, with a budget expectation of a transfer of £2.2m from the General Fund in 2023/24 to fund service provision and would subsequently reach below the minimum general fund target by 2025/26. The Council's actual outturn resulted in a net decrease to the general fund of £0.4m, but this was not as a result of the surplus on the provision of services but was as a result of adjustments between the accounting basis and funding basis under regulations.

Our review of the latest 2024-25 medium financial term strategy and revised sensitivity analysis indicates that the Council is no longer due to hit below it's minimum reserves target in the medium term. No issues were identified as the Council maintain the minimum funding reserve as they have good position of General Fund balance of £8.7m as of September 2025 with no change in forecasted reserve.

Budget monitoring

The Council use Pinnacle Budgetary Control reporting where service lines can review budgets against actuals on a monthly basis. Quarterly updates are presented to the Strategy and Resources Committee for discussion and challenge. Forecasts are updated each-month and Finance Business Partners will meet with managers to discuss budgets and any required actions.

Managing financial sustainability risks

Balanced budgetary control features as a high-rated risk on the Corporate Risk Register. These risks are presented to the Performance, Governance and Audit Committee on a quarterly basis. We have provided commentary on the Council's risk management process at page 12. The Local Government Association also highlighted the financial sustainability as a risk in their peer review.

Budget outturn

The outturn for 2024/25 showed a budget underspend of £0.8m with respect to net expenditure. In addition, interest on investments overachieved by the budget by £0.3m.

Key financial and performance metrics:	2024-25	2023-24
Planned (surplus)/deficit on provision of services	£0.7m	£0.4m
Actual (surplus)/deficit on provision of services	£0.2m	£(0.5)m
Usable reserves	£16.8m	£14.4m
Year-end borrowings	£0m	£0m
Year-end cash position	£14.6m	£14.7m

**The financial and performance metrics are updated from draft Statement of Accounts*



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

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk management

The Council assesses and manages risks through its Risk Management Policy and associated procedures during the financial period. Risks are scored based on likelihood and scale using a 5 x 5 matrix scoring system, which produces a range of scores from 1 to 25. This is supplemented by a risk assessment table which helps employees rate a score by way of examples.

The Council has created a culture in which employees are responsible for identifying, assessing, measuring, monitoring and reporting and escalating significant risks associated with their functions or activities which feed into directorate and corporate risks. Service risks are detailed in the business plan and recorded on SharePoint, and are regularly reviewed between the manager and director.

Service risks can be escalated to the Corporate Risk Register via monthly highlight reporting if the risk score changes. Corporate risks are risks that could potentially prevent the Council achieving the corporate goals and objectives stated in the Corporate Plan. The Corporate Risk Register is available on the SharePoint, which is visible to employees, but not members. The mitigating actions are recorded and both the overall risk scores and the progress of the mitigating actions are updated quarterly by the risk owner or the officer responsible for taking the actions forward. The Council does not have target risk scores for each risk or show the risk scores before or after mitigations. We have raised a performance improvement observation over the risk reporting at the Council.

Quarterly risk reports are submitted to the Performance, Governance and Audit Committee outlining the current risk scores, changes to scores since the last quarter and progress on mitigating actions. The Corporate Risk Register is presented at a higher level to the Committee, and whilst the minutes are indicative of challenge, the level of detail could be improved to allow for enhanced decision making and to show the risk score over a longer time period.

Review and approval of the 2024/25 financial plan

The draft budget for 2024/25 was presented to the Strategy and Resources Committee in January 2024, and the Council formally approved the budget in February 2024. The budget includes details on growth pressures, changes from the prior year and details of key inputs into the budget.

Monitoring performance against budgets and taking actions

Any overspends are highlighted as part of the monthly meetings between the relevant Finance Business Partner and the service line, and are controlled as much as possible within the service line, or within other directorates where relevant. If uncontrolled overspends are identified, they would be escalated to the Strategy and Resources Committee in line with the financial regulations for approval. In 2024/25, overspends were limited and there were no material adverse variances. An outturn report was presented in July 2025 to the Strategy and Resources Committee, which detailed the key variances from the budget.

Governance



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Controls in place to prevent and detect fraud

The Council has dedicated policies in place, including an Anti-Fraud and Corruption Policy to assist in the detection, prevention and management of fraud, which was approved by the Performance, Governance and Audit Committee in 2023. It is noted that the Council did not have a dedicated counter fraud resource from the advisory report produced by the Council's internal auditors, and that the Council's counter-fraud work is more reactive than proactive, and the Council have developed an action plan as a result of this review. We have raised a performance improvement observation over the audit trail of policies we have inspected to confirm that policies have been reviewed and amended in a timely manner.

Compliance with laws and regulations

The Council are members of the Public Law Partnership, where they are provided updates and attend meetings to share knowledge with other local authorities on legal matters. Policies are reviewed regularly to consider any legal updates. The Council received no whistleblowing reports in 2023/24. The Council has a constitution which sets out a scheme of delegation and responsibility for ensuring lawful decisions are made. The Council also has a dedicated Monitoring Officer who is responsible for monitoring general compliance and making reports to the Council where relevant. The Council published their draft 2023/24 financial statements for audit on the 15th December 2024. This publication was not in accordance with the Audit and Accounts Regulations. The accounts were advertised and held an inspection period for members of the public in line with these regulations.. The delay in the production and publication of the draft accounts was due to constraints on resourcing. We have raised a significant weakness over this. The Council has not had any significant reorganisation in the financial year.

Scrutiny of decisions

The Council's decision-making processes are derived from the Council's Constitution, which includes the Articles, Responsibilities and Functions and Rules of Procedure. Codes and Protocol and the decision-making framework of the Council are clearly articulated in the Constitution, and the Constitution sets out the relevant and delegated responsibilities of the Council and relevant Committees and officers. Key decisions are escalated to the Council after approval from sub-committees. Our review of decisions made within 2023/24 confirmed that there was a decision template that had been completed appropriately. The proposed decision includes the impact on the strategic priorities set out in the Corporate Plan and implications on customers, equalities, risk and financial and human resources. We note that the Council maintain a register of decisions, which is held on the Council website for publicreview

	2024/25	2023-24
Control deficiencies reported in the Annual Governance Statement	No significant control deficiencies	No significant control deficiencies
Head of Internal Audit Opinion	Moderate assurance	Moderate assurance
Local Government Ombudsman findings	No significant findings	No significant findings

Improving economy, efficiency and effectiveness

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

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Summary of risk assessment

Corporate plan and performance reporting

The Council's Corporate Plan covers the period from 2023-27 and contains the vision to be a sustainable council, promoting growth and investment at every opportunity and to support their communities through excellent partnership working and to maintain and improve quality of life. The Corporate Plan lists the six strategic priorities. A quarterly performance review is presented to the Performance, Governance and Audit Committee including an overall RAG rating and progress against relevant Key Performance Indicators to measure the Council's performance against plan. The report is sufficiently detailed and includes a number of performance metrics presented clearly.

Monitoring of performance and services

Service lines provide highlight reporting which are reviewed by the Corporate Leadership Team. This includes an overall service plan RAG status for the month, service highlights and lowlights and key items for escalation and discussion, including risks for escalation, budget updates and concerns and health and safety updates or issues.

Engagement with stakeholders in development of the organisation

In February 2023, the Local Government Association performed a Finance Peer Challenge over the Council's financial leadership, financial strategy, planning & forecasting, decision making, financial outcomes and partnership and innovation. In addition to these areas, the Council asked the peer team to provide a view on the Council's current budget setting process and a check over the robustness of the strategic financial processes.

A number of key recommendations and suggestions were made by the Local Government Association to improve the financial sustainability and improve cohesiveness between the strategies and plans and enhance collaborative working at the Council. In particular, the review identified concerns over the structure, capacity and technical skills within the finance team. The recommendations has been all actioned in current year and no further issues were noted.

Improving economy, efficiency and effectiveness

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Partnership working and monitoring

The Council works with a number of partners to deliver strategic priorities. For instance, the Community Safety Partnership includes the Council and a number of local agencies and organisations to tackle crime and disorder to help create safer communities. Priorities are set on a yearly basis, and a Strategic Assessment is undertaken each year which includes data analysis of levels of crimes from a resident's survey to allow the Partnership to set its priorities.

We note that no new significant outsourcing arrangements have been initiated in 2024/25.

Value for Money: Prior Year Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods:

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#	Grading	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of October'2025
1	Statutory	<p>Our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following concerns in respect of the capacity of the Authority's finance team:</p> <p>We note that the wider local government system issues impacted the production of the accounts and put pressures on the small finance team during the 2023-24 period, with the external audit of the Council's 2020/21– 2022/23 financial statements being significantly delayed, with the audits concluding in December 2024 for prior periods. However, Maldon was required to publish its 2023/24 draft accounts for public inspection by 31 May 2024. The 2023/24 draft accounts were published for public inspection on the 15th of December 2024, thus indicating challenges within the finance team. In the 23/24 draft financial statements published for inspection, the Council reported a material prior period audit misstatement. Since publicising the draft accounts, management have identified a high volume of adjustments to the balance sheet and notes to the accounts. We note that the prior auditor previously raised significant control findings linked to the preparation of accounts, which we do not consider to be fully implemented, nor does the Authority report them to be fully implemented. We acknowledge that after the financial year end, the Council has taken steps to improve the capacity within the finance function in 2024/25</p> <p>These matters are evidence of weaknesses in 23/24 of proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities and ensures compliance with statutory deadlines.</p> <p>We recommend that the Authority develops, and then monitors, a detailed action plan outlining how they expect to return to a financial reporting timetable which ensures a good quality set of draft accounts are published in line with the statutory deadline. Where required, the Authority should invest in additional resources within the finance team to ensure future compliance with statutory reporting deadlines</p>	<p>Management Response: As s151 officer, I am confident that the peer review recommendations have been addressed and mitigating actions have been implemented to strengthen the finance team and internal processes.</p> <p>A new Section 151 Officer and Deputy Section 151 Officer have been recruited to provide much-needed support and skills to improve processes, train staff and impart knowledge to the Finance team to ensure the team are operating effectively and efficiently.</p> <p>A growth bid for 3 additional finance staff has been approved and recruitment will begin in the next few weeks. This includes one technical accountant, one senior finance specialist to support the budget monitoring team and one finance specialist (Level 1) to support the other specialists (level2)</p> <p>Officer: Ben Cookson, Chief Finance Officer (Interim)</p>	<p>Completed</p> <p>This has been addressed in FY 2024/25 as the draft accounts were published on time and in year balances are being audited by KPMG in line with the statutory timeline.</p>





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