



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
17 JULY 2025**

PRESENT

Chairperson	Councillor W Stamp, CC
Councillors	M G Neall, U C G Siddall-Norman, M E Thompson, J Driver (Substitute for N D Spenceley), S J N Morgan (Substitute for R G Pratt) and N J Swindle (Substitute for S J Burwood)
Independent Person	Mr Derek Smith

161. CHAIRPERSON'S NOTICES

The Chairperson welcomed everyone to the meeting, including Ms Emma Larcombe, Director of KPMG (the Council's External Auditors) and Mr Aaron Winter from BDO (Internal Audit). He then went through some general housekeeping arrangements for the meeting.

162. APOLOGIES FOR ABSENCE AND SUBSTITUTION NOTICES

Apologies for absence were received from Councillors M G Bassenger, D O Bown, S J Burwood, J C Hughes, R G Pratt and N D Spenceley.

In accordance with notice duly given it was noted that Councillor N J Swindle was attending as a substitute for Councillor Burwood, Councillor S J N Morgan as a substitute for Councillor Pratt and Councillor Driver as a substitute for Councillor Spenceley.

163. MINUTES OF THE LAST MEETING

RESOLVED that the Minutes of the meeting of the Committee held on 5 June 2025 be approved and confirmed.

164. MATTERS ARISING

The Chairperson proposed that the matters arising be noted. She requested an update at the next meeting on the number of Members who had received General Data Protection Regulations (GDPR) training. In response to a question from the Chairperson, Mr Smith the Independent Person confirmed receipt of the information he had requested at the last meeting.

The Committee noted the matters arising from the last meeting.

165. DISCLOSURE OF INTEREST

There were none.

166. PUBLIC PARTICIPATION

No requests had been received.

167. PLAN FOR THE AUDIT OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2024 / 25

The Committee considered the report of the Chief Finance Officer (CFO) presenting the draft plan (attached at Appendix 1 to the report) provided by the appointed External Auditor (KPMG) for their annual review of the accounts for 2024 / 25. It was noted that the key findings and recommendations from the review would be presented later in the year before the External Auditor issued their opinion on the Statement of Accounts.

The report provided background information in relation to Local Government External Audit and it was noted that local authorities were required to publish their financial statements and audit reports by a legislative 'backstop' date which for the 2024 / 25 financial year was 27 February 2026. This backstop had been necessitated by the accumulation of accounts where an opinion was not provided by the External Auditor.

The Council's accounts for 2024 / 25 had been prepared in advance of the deadline and were published on 30 May 2025 ahead of the 30 June deadline. The report highlighted the proposed timetable for the audit of the 2024 / 25 accounts, and it was noted that the proposed audit opinion would not be signed off until February 2026.

The CFO took Members through his report, highlighting key issues and areas of focus for the Council. It was noted that in the year referenced in paragraph 3.4 should read 2024/15. The CFO handed over to Emma Larcombe, Director of KPMG (the Council's External Auditors) to present her draft plan for the audit review of the accounts 2024/25 (Appendix 1 to the report). She highlighted how it was essential to look ahead to the work planned as part of the audit and drew Members' attention to specific areas including:

- Risk – including her initial assessment on areas of risk in relation to the valuation of land and buildings. It was noted that KPMG would be engaging with its own internal valuation specialist and carrying out sample checking on assumptions used.
- Management override of controls
- Pensions liability – KPMG had a specialist pensions team who had started work on this.
- Adoption of IFRS16 – a new accounting requirement.
- Value for Money (VFM)
- Fees – It was noted that these were set by the Public Sector Audit Appointments and considered reasonable for the statutory audit and VFM work required. Ms Larcombe informed the Committee that the fees did not include any work regarding rebuilding of assurance and were based on the assumption that there were no significant VFM risks and assumptions.

Ms Larcombe advised that assuming they received all the information required from the Council they would expect to complete all tests on 2024 / 25 figures and were expecting to report back on these procedures at the end of year.

A lengthy debate ensued and in response to a number of comments raised by Members, the following information was provided by Officers:

- In response to the comment on page 5 of Appendix 1 that External Audit did 'not plan to place any reliance' on the work on Internal Audit, Ms Larcombe explained to rely on Internal Audit work required additional work, reperforming checks etc. and was not something commonly done across the audit sector because of the auditing standard requirements. She took Members through the work they did with Internal Audit and commented on its value in relation to Value for Money.
- Valuation of Land and Buildings – in response to a comment regarding this area being identified as a significant risk in Appendix 1, the Deputy Chief Executive confirmed that Officers were satisfied that in respect of the valuation of land and buildings the Council had a definitive and comprehensive list. He explained that the Council had recently been through a process of updating the list of all its assets and property. The Assistant Director - Customer Services and Operations advised that as well as the rigorous process the Council had been audited on this, and the Internal Auditors report was due to be considered at this meeting.

The CFO commented that a lot of work regarding third party estimates had taken place and there was a complex series of transaction in the background to translate assets into a value that could be used in the accounts.

The Assistant Director explained that as part of the asset review, Officers had visited each asset, taken photographs and a full inventory. As far as possible the Assets Register was considered 100% accurate and had been reported to the Strategic Assets Working Group. The Working Group was then going through a process of reviewing, prioritising the assets for improvement, disposal etc. It was confirmed that due to its confidential nature this information would not be available online, however if Members had particular concerns they could highlight them to Officers.

- In response to a comment about the External Auditor fees, Ms Larcombe explained how the work carried out by External Audit had expanded and changed over the years and the time to deliver an audit was not a lot longer than it used to be. She referred to ISA315 which was a change to auditing standards, with greater work around IT now required. It was noted that the baseline fee increased across all Local Government bodies. Members were reminded that the Audit fee was set nationally.
- Mr Smith, Independent Person raised several concerns relating to the delays and issues that the Council had seen in respect of audit. In response Ms Larcombe provided some background information and highlighted the work being done by KPMG, how a number of audits had been caught up and their focus for 2025 / 26. As set out in Appendix 1 she was envisioning that they will have completed the vast amount of audit work by the end of November 2025 and a draft report would be brought forward to the Committee at this point. Ms Larcombe stated that along with the CFO she was committed to getting things working again. In response the CFO suggested that the Committee consider inviting Ms Larcombe to the Committee on a more regular basis and this would be picked up outside of the meeting.

In conclusion the Chief Executive thanked Ms Larcombe for her responses and reassurances of the work that KPMG were going to do with Maldon to get to a position where Maldon did not have disclaimed accounts over the coming year(s), and he appreciated the initial engagement. He highlighted the need to work together to get positive results.

The Chairperson then moved the recommendations set out in the report. These were duly seconded and agreed.

RESOLVED

- (i) That Members considered and commented on the DRAFT – KPMG External Audit Plan and Strategy for the year ended 31 March 2025 (Appendix 1 to the report);
- (ii) That Members discussed the context of the performance framework for external audit;
- (iii) That Members considered the compensating controls in place to provide assurance on financial reporting, in lieu of a robust external audit approach;
- (iv) That Members considered the evidence presented in the report including the context of the current plan from the external auditor for the audit of the 2024/25 accounts, its sufficiency and robustness; the pressures cited by external auditors compared to those experienced in local government finance teams; the rationale provided by KPMG for their proposed timetable to February 2026, given the clear guidance issued by the National Audit Office (NAO).

168. INTERNAL AUDIT REPORTS

The Committee considered the report of the Chief Financial Officer and associated Internal Audit reports from BDO LLP, attached on the agenda as follows:

- 8a) Progress Report;
- 8b) Follow-Up of Recommendations Report;
- 8c) Asset Management Final Report (June 2025);
- 8d) Main Financial Systems 2024 / 25 Final Report (June 2025);
- 8e) Annual Report and Annual Statement of Assurance.

The Chief Finance Officer introduced his report, highlighting how the function of Internal Audit provided assurance on key aspects of the Council's services.

Progress Report

Mr Aaron Winter (BDO LLP) presented his report to the Committee which provided an update on completion of the 2024 / 25 internal audit plan and commencement of the 2025 / 26 plan. It was noted that since the last report to the Committee three further reviews had been finalised and it was anticipated that the remaining two audits would be reported to the next meeting of this Committee.

Follow Up of Recommendations

Mr Andrew Billingham (BDO LLP) presented the report and advised that the outstanding recommendations for 2021 / 22 and 2024 / 25 had been closed. In respect of 2023 / 24 one recommendation was now complete and a recommendation regarding Licensing categorised as 'overdue'. It was reported that Officers were progressing the Licensing recommendation and once the evidence had been

received BDO would be able to close it. Mr Winter referred to the positive position, with no other outstanding recommendations.

Asset Management Final Report (June 2025)

Mr Billingham presented the report advising that a review of the Council's Asset Management function had taken place and outlined the purpose of the review. It was noted that this review related to the controls in place and not the financial values. One medium and three low priority recommendations had been raised.

Main Financial Systems 2024 / 25 Final Report (June 2025)

Mr Billingham presented the report advising that a review of the Council's main financial systems for 2024 / 25 had taken place and outlined the purpose of the review. It was noted that a number of areas of good practice had been identified along with areas for moving forward.

Annual Report and Annual Statement of Assurance

Mr Winter presented the report which provided a summary of the work Internal Audit had undertaken for the year. It was noted that nine reviews had been completed, with limited assurance being given for two reviews. However, Mr Winter highlighted that the audits were risk focused and directed to some areas of risk or concern that might need improvement. He reported that the outcomes were positive with the Council receiving an overall assurance opinion for the year of moderate, which was a good result.

In response to a question regarding the Leisure Contract, Mr Winter advised that this was not an area which was on the Internal Audit Plan, however, if it was an area of concern or emerging risk, they could discuss this with Officers. The Chairperson asked the Chief Finance Officer to note this and keep it under review.

The Chairperson questioned why the management response to the detailed finding on reconciliation had not followed the recommendation from Internal Audit. In response, the Chief Finance Officer explained that Officers' rationale was that the valuation didn't need to be maintained on a regular basis as long as it was maintained no less than annually to properly inform the preparation of the accounts. The most important point was to ensure the Asset Register was up to date and therefore to avoid unnecessary burden on Officers, it was felt more efficient to focus time on the annual reconciliation.

Internal Audit Reports Continued

The Chairperson then moved the recommendations set out in the report, taking into consideration the earlier discussions. This was duly seconded and approved.

RESOLVED that the Committee approves the following Internal Audit reports:

- 8a) Progress Report;
- 8b) Follow-Up of Recommendations Report;
- 8c) Asset Management Final Report (June 2025);
- 8d) Main Financial Systems 2024 / 25 Final Report (June 2025);
- 8e) Annual Report and Annual Statement of Assurance.

The Chairperson thanked the Internal Auditors for their reports and attendance.

169. STATEMENT OF ACCOUNTS 2024 / 25

The Committee considered the report of the Chief Finance Officer presenting the 2024 / 25 Statement of Accounts (SoA) for Maldon District Council (Appendix 1 to the report), prior to the start of their review by the external auditor.

The report set out the Local Authority deadlines for publishing financial statements, including how the order of the statements and schedules was set out in the Code for Local Authority Accounts. A table within the report highlighted the key statements in the Council's 2024 / 25 accounts, together with commentary on the key issues.

The Chairperson referred to an information session that the Chief Finance Officer (CFO) had given on the SoA, and it was confirmed that a recording of this was available online for those unable to attend.

The CFO took Members through his report and paid credit to the previous Section 151 Officer (Mr Cookson) and the Interim Lead Finance Specialist (Mr Mulloy) for their work enabling the Finance team to prepare the SoA ahead of the deadline. He highlighted how the structure of the SoA was very prescriptive and there were many rules that had to be followed when compiling it. Members' attention was drawn to the narrative statement in the SoA which highlighted a number of key points along with notes 7b, 7c, 9a and 9b.

In response to question raised regarding the Hythe Quay desilting project, the CFO advised that this was future work and the SoA being presented relating to activities from April 2024 to March 2025. No reserves were being earmarked for this work because the costs had yet to be determined.

The Chairperson moved the recommendation set out the report. This was duly seconded and agreed.

RESOLVED that the Committee considered the 2024 / 25 Statement of Accounts.

There being no other items of business the Chairperson closed the meeting at 9.00 pm.

W STAMP, CC
CHAIRPERSON