



## REPORT of DIRECTOR OF FINANCE

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to  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
20 NOVEMBER 2025

### EXTERNAL AUDIT - PROGRESS OF THE AUDIT OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2024/25

#### 1. PURPOSE OF THE REPORT

- 1.1 This report presents the initial findings report provided by the appointed external auditor (KPMG) for their audit review of the accounts for the year 2024/25 (**APPENDIX 1**). At the time of publication, the KPMG report had not been finalised and so will be sent following publication of this agenda pack.
- 1.2 The key findings and recommendations from the review to date will be presented by the external auditor (KPMG). They will also provide an update on the timescale for issuing their opinion on the 2024/25 Statement of Accounts.

#### 2. RECOMMENDATIONS

- (i) That Members consider the findings presented by the external auditors, (KPMG) and note the status of the report (draft, final or similar) and next steps arising;
- (ii) That Members note the good progress previously reported to the Finance Working Group based on the feedback received from KPMG as well as the significant pressure placed on officers in responding to queries.

#### 3. SUMMARY OF KEY ISSUES

- 3.1 The majority of the substantive audit fieldwork relating to the 2024/25 Statement of Accounts is completed. However, and as previously reported to the Performance, Governance and Audit Committee (PGA), it is understood that a formal opinion will not be issued by KPMG in advance of the 'back-stop' date of 27 February 2026. The expected opinion will be a 'disclaimed opinion', as advised by KPMG colleagues, although officers are working to secure the most favourable opinion possible under the current circumstances.
- 3.2 As previously reported to the Committee, the Council has received disclaimed opinions from its external auditors for the accounts for the financial years 2021/22, 2022/23 and 2023/24. This is set out in the table below. The table also highlights the timing of the preparation of the accounts for recent financial years, with accounts for 2024/25 being successfully prepared within the required timescale.
- 3.3 The opinion on the accounts for the year 2024/25 is therefore being formed in that context which affects the auditors understanding of the balances brought into 2024/25 from previous years.

Financial year	PGA meeting receiving the draft (pre-audit) accounts	Months from year end to publication of draft accounts	Audit Opinion	Auditor
2020/21	Nov 2023	31	Unqualified.	Deloitte
2021/22	Dec 2024	33	Disclaimed.	Deloitte
2022/23		22	Disclaimed.	Deloitte
2023/24	Feb 2025	10	Disclaimed.	KPMG
2024/25	Jul 2025	3	Expected to be disclaimed.	KPMG (changed team)

- 3.4 It is anticipated that KPMG will carry out further work in the coming months to review prior years' balances and significant transactions in order to progress towards full assurance as rapidly as possible.
- 3.5 Another part of audit work covers the Value for Money (VFM). Significant work has been undertaken in this area. The report from KPMG will set out their findings along with their conclusion on the Council's VFM framework.

#### 4. CONCLUSION

- 4.1 The Committee is invited to consider the findings of the report from the External Auditor for the audit of the 2024/25 accounts.

#### 5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 - 2027

##### 5.1 Smarter finances

- 5.1.1 A key objective of the Council's Corporate Plan is to continue to have good governance arrangements in place. The external audit opinion is one of the main sources of assurance of the achievement of this objective for the PGA. The lack of a clear opinion and its replacement with a 'disclaimed' opinion (due to lack of time and other resources required) is being replaced by reliance on other, robust, ways to provide Members with assurance on the accuracy of financial reporting.

#### 6. IMPLICATIONS

- (i) **Impact on Customers** – Lower than planned assurance on the council's financial position.
- (ii) **Impact on Equalities** – None directly.

- (iii) **Impact on Risk** – Disclaimed opinions by independent external auditors reduces the effectiveness of internal financial controls and place greater reliance on internal controls and third party sources of assurance.
- (iv) **Impact on Resources (financial)** – The scale fee for the 2024/25 accounts audit have been reported to the committee. It is anticipated that additional work ('rebuilding assurance' per National Audit Office (NAO) Local Audit Reset and Recovery Implementation Guidance (LARRIG)) will be separately chargeable to the Council.
- (v) **Impact on Resources (human)** – Officers are being redirected from other planned work in order to address audit queries.
- (vi) **Impact on Devolution / Local Government Reorganisation** – Learning from other reorganisations has highlighted the importance of robust accounting information as part of the foundation of the new authorities. Delays in securing full assurance increases risks for successor organisations.

## **7. ATTACHMENTS**

- 7.1 KPMG audit findings arising from the progress to date on the audit of the accounts for the year 2024/25 (to follow).

## **8. RELATED REPORTS**

### **8.1 Maldon District Council reports**

Audit Findings Report, Financial Year (FY) 2020/21 (Deloitte), PGA 16 November 2023 (item 7): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 16/11/2023 19:30](#)

Audit Findings Report, FY 2021/22 and 2022/23 (Deloitte), PGA 5 December 2024 (item 8): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 05/12/2024 19:30](#)

Audit Findings Report, FY 2023/24 (KPMG), PGA 20 February 2025 (item 7): [\(Public Pack\)Agenda Document for Performance, Governance and Audit Committee, 20/02/2025 19:30](#)

### **8.2 Other reports**

Financial Reporting Council (FRC) accessible guide: [Local Audit Backlog Rebuilding Assurance](#)

Background Papers: See above.

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