



**REPORT of
DIRECTOR OF FINANCE**

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
22 JANUARY 2026**

URGENT ITEM OF BUSINESS

DRAFT AUDIT FINDINGS (ISA 260) 2024/25

1. PURPOSE OF THE REPORT

- 1.1 To advise the Committee of the detailed outcomes of the audit of the 2024/25 accounts ahead of the backstop date of 27 February 2026.
- 1.2 This matter is brought forward for consideration with the agreement of the Chairperson as the next meeting of the Committee is in March (after the backstop date).

2. RECOMMENDATIONS

- (i) That the Committee reviews the draft Audit Findings Report (AFR) from KPMG (**APPENDIX 1**) and the details of their audit findings for the financial statements of accounts for 2024/25;
- (ii) That the Committee considers the draft letter of representation (**APPENDIX 2**);
- (iii) That the Director of Finance (S151 Officer) is granted delegated powers to approve any remaining changes to the 2024/25 accounts recommended by the auditor in consultation with the Chairperson of this Committee, in order for the accounts to be signed off by the backstop date of 27 February 2026;
- (iv) That the Committee receives the final signed version of the accounts for 2024/25 at its meeting on 12 March 2026.

3. SUMMARY OF KEY ISSUES

- 3.1 The external auditor has been complimentary regarding the quality of the accounting statements prepared by the Council for the year 2024/25. This is borne out in the draft AFR (ISA260) findings.
- 3.2 The positive outputs of the audit review are summarised below, and the progress towards full assurance is positive.

4. BACKGROUND AND ANALYSIS

- 4.1 The AFR covers two conclusions regarding the accounts, and the arrangements in place at the Council to secure Value for Money (VFM). The auditor is obliged to adopt particular forms of words in line with the wider work of KPMG and the requirements of the National Audit Office etc. These are summarised below.

| Area of review | Theme | Description |
|------------------------------------|--|---|
| Statement of Accounts (KPMG p6) | Property, Plant and Equipment Valuations | <u>Minor issues</u> relating to finalising values; being addressed through work on the 24/25 accounts and planning for 25/26. |
| | Management Override of Controls | <u>No issues</u> identified. |
| | Pensions Valuation | <u>No issues</u> regarding the valuation of pension obligations and assets. |
| | Prior-Year Control Deficiencies | <u>Substantial improvement</u> 17 control deficiencies from prior audits have been remediated. |
| | 2024/25 Control Deficiencies | Six (new) control deficiencies identified for 24/25; actions underway to address all of them. None are significant. |
| | Significant Control Deficiencies | <u>None</u> identified. |
| Value for Money (KPMG p19) | Financial sustainability | <u>No issues</u> |
| | Governance | <u>No issues</u> |
| | Improving economy efficiency and effectiveness | <u>No issues</u> |

- 4.2 The process of ‘rebuilding assurance’ and addressing the backlogs in assurance that have accumulated in recent years continues to move forwards. This is creating a degree of volatility and complexity in the audit environment as new guidance is prepared and discussed, issued, and implemented across the sector.
- 4.3 Locally, this work to rebuild assurance and progress towards unqualified audit opinions is progressing rapidly. In Maldon, the Committee has been advised by KPMG that the audit opinion for 2024/25 accounts will be ‘disclaimed’ and issued only at the backstop date as the work required in prior years to give assurance on the values brought forward on the balance sheet has not been undertaken, and so the overall position cannot be certified. However, the quality of engagement and the pace of progress being made suggests that an alternative (better) opinion may be appropriate. This is being explored by the audit team. While it is not guaranteed, it is helpful to know that, within the overall ‘disclaimed’ position, Maldon District Council (MDC) is close to crossing into a better audit category (rather than risking entering a worse category).

5. CONCLUSION

- 5.1 The KPMG report (**APPENDIX 1**) evidences the current position in terms of the independent external audit of MDC accounts for the year 2024/25. It shows clear progress and evidences that the accounts for 2024/25 have been prepared to a high standard. This is very positive feedback and helps progress towards unqualified audit opinions in the future.

6. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028

6.1 Supporting our communities

- 6.1.1 Confirmation of the accuracy of the accounts provides the basis for wider confidence in the financial management of the Council.

6.2 Investing in our District

- 6.2.1 Supports the ability to invest resources.

6.3 Growing our economy

- 6.3.1 Supports investment in the local area and confidence in local public services.

6.4 Protecting our environment

- 6.4.1 Enables appropriate investment in environmental protection.

6.5 Delivering good quality services.

- 6.5.1 Enables good quality services to be planned, resourced, and delivered.

7. IMPLICATIONS

- (i) **Impact on Customers** – Confidence in the Council.
- (ii) **Impact on Equalities** – Accuracy of reporting.
- (iii) **Impact on Risk (including Fraud implications)** – Clear management of risk.
- (iv) **Impact on Resources (financial)** – Good management of resources.
- (v) **Impact on Resources (human)** – Staff confidence in Council management.
- (vi) **Impact on Devolution / Local Government Reorganisation** – Ability to engage with this process with clear awareness of our current financial position.

Background Papers:

APPENDIX 1 - KPMG – draft ISA 260

APPENDIX 2 - KPMG – draft letter of representation

Enquiries to: Ben Jay, Director of Finance (S151)