



# Rebuilding assurance update

**Uttlesford District Council**

**Year ended 31 March 2025**

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September 2025

# Rebuilding assurance update

## Background

As previously reported, the Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year, amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which allowed auditors to give disclaimed opinions over any open, incomplete audits up to the period ending 31 March 2023. These were required to be delivered by 13th December 2024. For the Council, this had the impact of disclaimed audit opinions for four financial years to and including 2022/23 (as issued by the previous auditors). We then issued a disclaimed audit opinion for 2023/24 on 28 February 2025 to comply with the backstop date relevant to our audit.

## Impact on our audit of the financial statements

As explained in previous reporting to the Audit and Standards Committee, the level of rebuilding assurance related to the years prior to our appointment was limited in 2023/24. This was because we concluded there was insufficient time before the February 2025 backstop to complete our audit to obtain sufficient appropriate audit evidence, and, in our view, this was pervasive to the prior year financial statements as a whole.

The impact of the above means that for the financial year 2024/25, many of the opening balances and 2023/24 comparatives are still impacted by previous disclaimers and as such our audit opinion is likely to be disclaimed again in 2024/25.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work on is required to build back assurance. Further guidance has now been published by the NAO through the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. See overleaf over for more details.

## Value for money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Authority's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources and as such our work will proceed as normal.

# LARRIG 06 and KPMG's approach

## Purpose of LARRIG 06

LARRIG 06 sets out guidance to auditors of English local authorities in circumstances where the auditor's opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024, specifically its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05.

## KPMG approach

We have developed an approach compliant with the LARRIGs which include a risk assessment process which includes:

- Entity and process level risk assessment procedures;
- Review of Statements of Accounts from disclaimed years;
- Review of predecessor's auditors file, where necessary;
- An assessment of the revenue budget setting and monitoring, including reserves, and capital during the disclaimed period; and
- Inquiries, with regards to changes to the Council during the disclaimed period.

The results of this risk assessment process will drive the identification and assessment of risks of material misstatement and then further procedures will be designed and performed to address these risk of material misstatements that have been identified as well as mandated substantive procedures.

Ultimately the aim is to seek assurance to be able to issue unmodified audit opinions (where the evidence allows this) as shown on page 4 in the illustrative pathway to unmodified opinions. **However, we must stress the success of this will not be known until we first complete the risk assessment and then the further procedures to address risks of material misstatement.**

## Key factors to consider in potential success of this

There are a range of factors that will determine both whether rebuilding assurance is possible and speed at which it happens, the key factors being:

- Number of years of previous disclaimed audit;
- Availability of underlying records to accounting transactions;
- Responsiveness of the Council to our requests;
- The level of corporate knowledge on past transactions in the disclaimed periods; and
- Level of potential work that is required as identified by our risk assessment.

## Timing

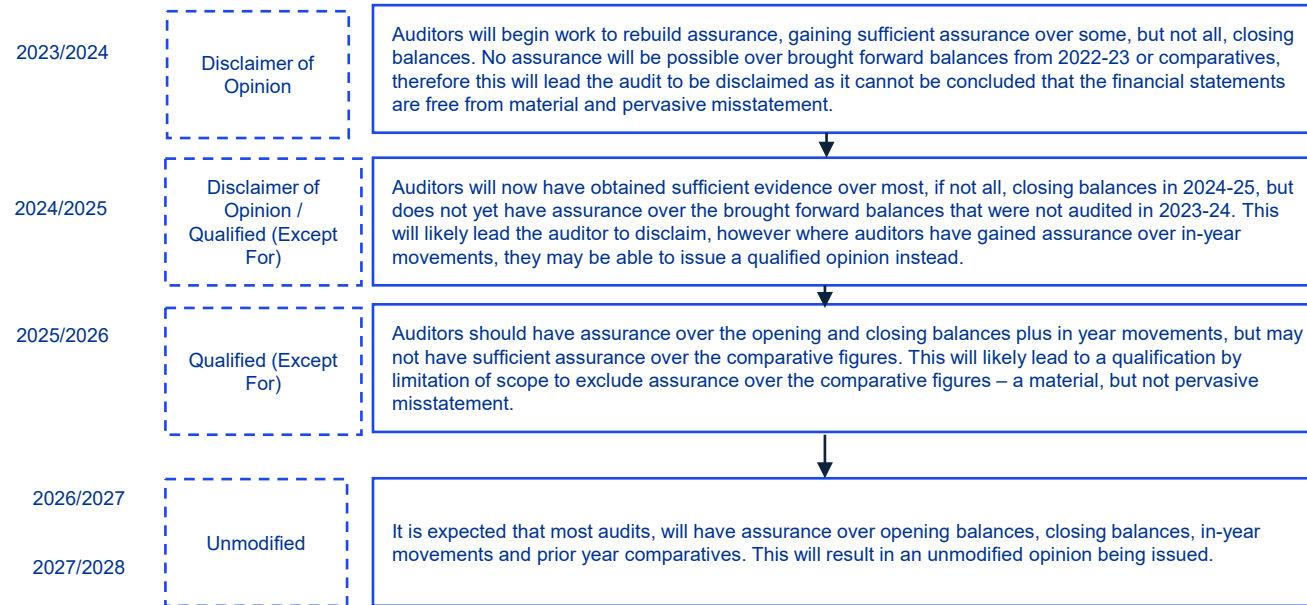
We will aim to progress our risk assessment following the completion of our substantive procedure relating to the 2024/25 audit. We will then agree a timetable for the completion of the further procedures following the results of the risk assessment. Note under the LARRIGs, this work can be phased over a number of audit years.

## Fees

We are in the process of finalising our fees for this work and will agree these shortly. Note our fees will be subject to PSAA approval.

# Illustrative pathway to unmodified opinions

Illustrative pathway -  
reproduced from  
LARRIG 1





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