



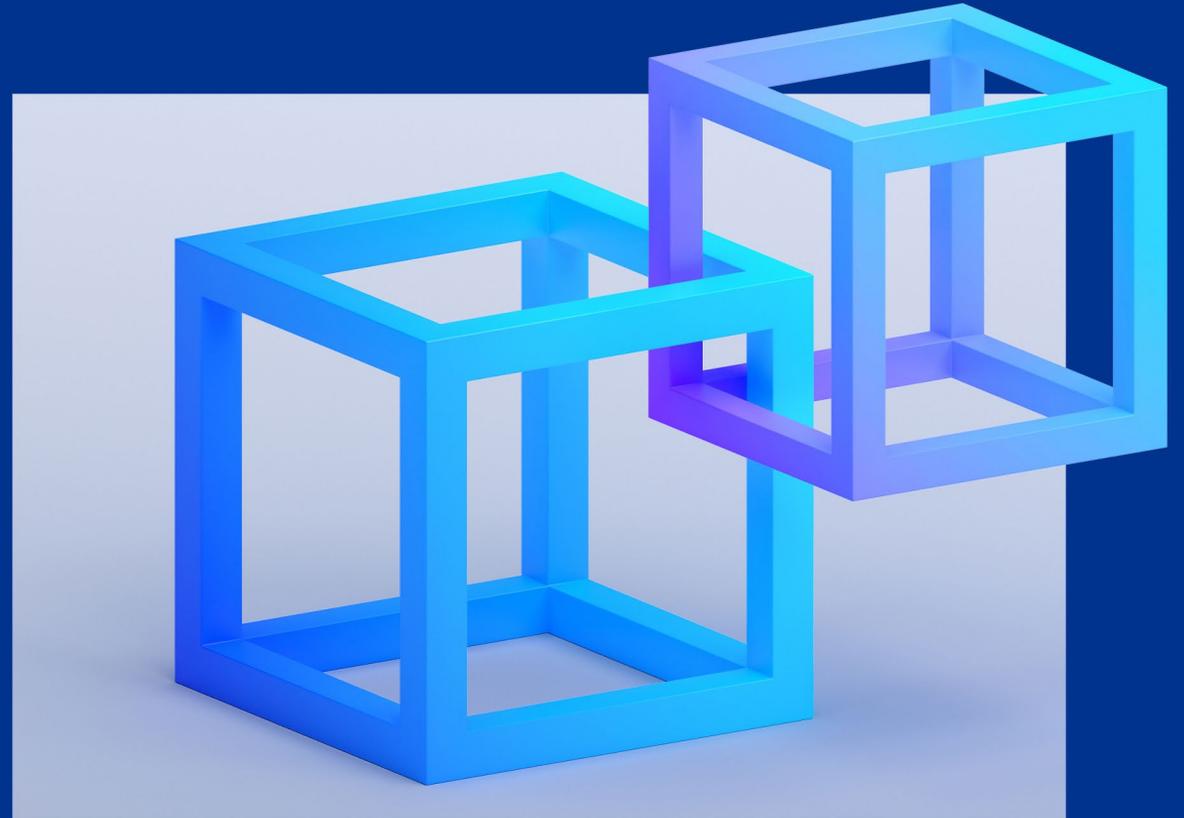
Uttlesford District Council

Year End Report to the Audit and Standards
Committee

Year end report for the year ended 31 March 2025

—

February 2026



Introduction

To the Audit and Standards Committee of Uttlesford District Council

We are pleased to have the opportunity to meet with you on 23 February 2026 to discuss the findings and key issues arising from our audit of the consolidated financial statements of Uttlesford District Council (the 'Council')(and its subsidiaries (the 'Group'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented in April 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Sarah McKean (sarah.mckean@KPMG.co.uk) the engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with the response, please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.culter@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter by 27 February, provided that the outstanding matters noted on page 7 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy, except those identified on page 7. We expect to issue a disclaimed Auditor's Report.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,

Sarah McKean

February 2026

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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 consolidated financial statements of Uttlesford District Council (the 'Council')(and its subsidiaries (the 'Group')) for the year ended 31 March 2025.

This Report has been prepared for the Councils Audit and Standards 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.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council and Group'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 (to the extent it has been possible in the context of our disclaimer of opinion.

Status of our audit and the implications of the statutory backstop

Page 4 'The statutory backstop and rebuilding assurance' explains the impact of the statutory backstop and our resulting conclusion to issue a disclaimer opinion on the financial statements

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified findings as reported in our report.

Our audit is substantially 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 7 '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.

The statutory backstop and rebuilding assurance

Background

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 introduced the requirement for audit reports in respect of any open, incomplete audits up to the period ending 31 March 2023 to be published by 13 December 2024. It also introduced a statutory back stop date of 28 February 2025 for the 2023/24 audit. For Council this had the impact of a disclaimer of opinion issued by your predecessor auditor for financial years up to and including 2022/23. We then issued a disclaimer of opinion for 2023/24 on 28 February to comply with the statutory backstop date for the reasons set out in our Basis of Disclaimer Opinion below.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work is required to build back assurance. In addition to Local Audit Rest and Recovery Implementation Guidance (LARRIGs) that were published in 2024 by the NAO, further guidance has now been published by the NAO LARRIG) 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions (e.g reserves balances where a disclaimer has been previously issued). We note the LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

The 2023/24 audit

In our *Basis of Disclaimer Opinion* section of our audit report in 2023/24 we reported:

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date"). We have been unable to obtain sufficient appropriate audit evidence over any area of the financial statements as we have been unable to perform all the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. This includes being unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date.

Any adjustments from the above matters would have a consequential effect on the Group's and the Council's net assets and the split between usable reserves, including the Housing Revenue Account, and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on their income and expenditure and cash flows for the years then ended.

The 2024/25 audit

On Page 6, we set out what work we have been able and not been able to complete in respect of the 2024/25 financial statements as being able to audit the closing balance sheet is an essential element of rebuilding assurance.

We are yet to begin our rebuilding assurance risk assessment. Once this is complete, we will report separately the findings. The reason we have not started our rebuilding assurance risk assessment is because of the:

- impending backstop date;
- as noted on page 6 we have not been able to complete the work on a number of balances related to 2024/25.

Impact on our audit report on the financial statements

Given our work to rebuild assurance is not complete and due to the statutory backstop date of 27 February 2026, we have determined that there is insufficient time to obtain sufficient appropriate audit evidence over the split of useable and unusable reserves as at 31 March 2025 or 31 March 2024 ahead of the backstop, and, in our view, this is pervasive to the Council's and the Group's financial position as at 31 March 2025.

Further to this there are a number of areas of the financial statements where we have determined we will be unable to obtain sufficient appropriate audit evidence, as we will be unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These are detailed on page 6.

As a result of the pervasiveness of the above, we intend to issue a disclaimer of opinion on the financial statements as a whole

The statutory backstop and rebuilding assurance

Other matters

As required by the ISAs (UK) when we are disclaiming our audit opinion on the financial statements as a whole, our audit report will not report on other matters that we would usually report on, most notably the use of the going concern assumption in the preparation of the financial statements; the extent to which our audit was considered capable of detecting irregularities, including fraud; and whether there are material misstatements in the other information presented within the Statement of Accounts.

Although we are disclaiming our audit opinion we have, in this report, reported matters that have come to our attention and, where appropriate, we intend to include in our audit report.

Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Council's Value for Money arrangements, specifically we are responsible for reporting 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 also provide a summary of our findings in the commentary in this report.

Further details are also available in our Auditor's Annual Report for 2024/25.

Work completed in 2024/25

Our audit plan, presented to you in April 2025 set out our audit approach including our significant risks and other audit risks. We have updated our response to those significant risks in the pages overleaf, identifying the work we have and have not been able to complete.

Although we will be issuing a disclaimer of opinion, we have reported matters that have come to our attention during the audit and, where appropriate, we intend to include in our audit report.

Specifically in relation to 2024/25 we have completed our work on the following areas in addition to our planning and risk assessment work:

Significant risks

- Valuation of Council Dwellings (Page 8)
- Valuation of Other Land and Buildings (Page 10)
- Valuation of investment property (Page 12)
- Management override of controls (Page 14)
- Valuation of post retirement benefit obligations (Page 17)
- Expenditure Recognition (completeness) (Page 18)

We have been unable to obtain sufficient appropriate audit evidence over a number of areas, including, but not limited to the following areas

- Split of usable and unusable reserves for the year ended 31 March 2025;
- Other work areas: Property Plant and Equipment Additions to Assets Under Construction
- The disclosed comparative figures for the Group and Council's income and expenditure for the year ended 31 March 2024, and the comparative figures in the balance sheet as at 31 March 2024 as disclosed in the 'Basis of Disclaimer Opinion' section of our 2023/24 audit report (see page 4).

Our audit findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed.

Significant audit risks	Page 8-19
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Significant audit risks	Our findings
Valuation of Council Dwellings	We completed our planned procedures and we did not identify any material misstatements relating to this area, but noted a control recommendation as documented page 39
Valuation of Other Land and Buildings	We completed our planned procedures, and we identified a misstatement (on page 34) and control recommendation as documented on page 39
Valuation of investment property	We completed our planned procedures, and we did not identify any material misstatements relating to this area, but noted a control recommendation as documented on page 39
Management override of controls	We completed our planned procedures, and we did not identify any material misstatements relating to this area.
Expenditure Recognition (completeness)	We completed our planned procedures, and we did not identify any material misstatements relating to this area.
Valuation of post retirement benefit obligations	We completed our planned procedures, and we did not identify any material misstatements relating to this area, but noted one control recommendation to bring to your attention on page 39

Number of Control deficiencies	Page 36-40
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Significant control deficiencies	0
Other control deficiencies	8
Prior year control deficiencies remediated	2

Misstatements in respect of Disclosures	Page 36
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Misstatement in respect of Disclosures	Our findings
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Disclosure	<ul style="list-style-type: none"> • Grants received in advance • ST creditors classification • Senior Officer Remuneration • Exit Packages • Salary bandings • PFI disclosure amendments • Related Parties • Movement in reserves • Transfers to/from earmarked reserves
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Outstanding matters

There are a number of outstanding matters we need to allow us to sign our audit report, including

- Receipt of final updated Statement of Accounts, and related completion checks, including expected updates to disclosures
- Completion of final quality reviews on audit documentation, and any relevant inquiries
- Receipt of signed management representation letter
- Confirmation of subsequent events

Conclusions on these matters will be reported verbally to the Audit and Standards Committee on 23 February.

Key changes to our audit plan

We have not made any changes to our audit plan as communicated to you on 27 March 2025, other than as follows:

IFRS16 Implementation (Other Audit Risk)

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

- Obtained the full listings of leases and reconciled to the general ledger. Performed procedures to confirm the completeness of the leases population
- Reviewed a sample of the lease agreements to determine the terms of the leases and confirmed correct classification.
- Reviewed the disclosures made on the financial statements against requirements of IFRS16.

As a result of the risk assessment procedures performed, we determined that there was not an elevated audit risk around the implementation of IFRS16.

Audit risks and our audit approach

1

Valuation of Council Dwellings

The carrying amount of revalued Council Dwellings 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. Council dwellings are valued annually by assessing the value of Beacon properties.

The Council engaged an external valuer, Wilks Head and Eve, for the year ended 31 March 2025. The valuer has performed a valuation over the entire portfolio of council dwellings (2025: £375m). There is a risk for those assets that are revalued in the year, which involve significant judgement and estimation by the valuer.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of Council Dwellings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Council.



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 Wilks Head and Eve, the valuers used in developing the valuation of the Council's Dwellings at 31 March 2025
- We inspected the instructions issued to the valuers for the valuation of Council Dwellings and verified they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- 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 Council Dwellings; 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 Council Dwellings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

As well as our response to the significant risk set out above, we also compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Audit risks and our audit approach (cont.)

1 Valuation of Council Dwellings

The carrying amount of revalued Council Dwellings 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. Council dwellings are valued annually by assessing the value of Beacon properties.

The Council engaged an external valuer, Wilks Head and Eve, for the year ended 31 March 2025. The valuer has performed a valuation over the entire portfolio of council dwellings (2025: £375m). There is a risk for those assets that are revalued in the year, which involve significant judgement and estimation by the valuer.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of Council Dwellings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Council.



Our findings

While we are disclaiming our audit opinion on the financial statements as a whole, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used and have raised a control deficiency around the lack of formal review of the valuation report.
- Our assessment of management's valuer, Wilks Head and Eve, found them to be independent, objective, of appropriate expertise, and that instructions issued for the valuation were appropriate.
- Our inspection of the instructions issued to the valuers confirmed that these were appropriate and compliant with CIPFA Code.
- We confirmed the appropriateness of the valuation of Council Dwelling and key assumptions within the valuation
- We confirmed the accuracy of calculations used to value Council Dwellings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- Disclosures: We confirmed the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

In addition to our findings related to the significant risk above, we also confirmed the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Key:
0 Prior year Current year

Audit risks and our audit approach

2 Valuation of Other Land and Buildings

The carrying amount of revalued Other Land and 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 Council undertakes an annual valuation programme on Other Land and Buildings.

The Council engaged an external valuer for the year ended 31 March 2025 to perform a valuation over other land and buildings. Other land and buildings are valued at either depreciated replacement cost for specialised assets (2025: £30m) or existing use value for non-specialised assets (2025: £15m). There is a risk for those assets that are revalued in the year, which involve significant judgement and estimation by the valuer.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Council



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 Wilks Head and Eve, the valuers used in developing the valuation of the Other Land and Buildings at 31 March 2025.
- We inspected the instructions issued to the valuers for the valuation of Other Land & Buildings and verified they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- 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 Other Land & 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 Other Land & Building and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation

As well as our response to the significant risk set out above, we will also compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Key:
 Prior year Current year

Audit risks and our audit approach (cont.)

2 Valuation of Other Land and Buildings

The carrying amount of revalued Other Land and 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 Council undertakes an annual valuation programme on Other Land and Buildings.

The Council engaged an external valuer for the year ended 31 March 2025 to perform a valuation over other land and buildings. Other land and buildings are valued at either depreciated replacement cost for specialised assets (2025: £30m) or existing use value for non-specialised assets (2025: £15m). There is a risk for those assets that are revalued in the year, which involve significant judgement and estimation by the valuer.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 13) disclose the sensitivity estimated by the Council.

Key:
 Prior year Current year



Our findings

While we are disclaiming our audit opinion on the financial statements as a whole, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used and have raised a control deficiency around the lack of formal review of the valuation report.
- Our assessment of management's valuer, Wilks Head and Eve, found them to be independent, objective, of appropriate expertise, and that instructions issued for the valuation were appropriate.
- Our inspection of the instructions issued to the valuers confirmed that these were appropriate and compliant with CIPFA Code.
- We confirmed the appropriateness of the valuation of Land and Other Building. For assets valued under depreciated replacement cost, we have reviewed the BCIS indices used in the valuation and obsolescence factors and noted that the assumptions were slightly cautious in comparison to publicly available indices, although the difference was not material.
- We confirmed the accuracy of calculations used in valuation and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- Disclosures: We confirmed the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

In addition to our response to the significant risk, we also confirmed the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Audit risks and our audit approach

3 Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

There is a risk that investment properties (2025: £170m) are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts (CBRE) are engaged to undertake the valuations.



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 CBRE, the valuers used in developing the valuation of the Council's investment property at 31 March 2025.
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- 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; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement.
- We agreed the calculations performed of the movements and verify 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.
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

As well as our response to the significant risk set out above we also compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information

Key:
 Prior year Current year

Audit risks and our audit approach (cont.)

3

Valuation of investment property (cont.)

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

There is a risk that investment properties (2025: £170m) are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts (CBRE) are engaged to undertake the valuations.



Our findings

While we are disclaiming our audit opinion on the financial statements as a whole, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used and have raised a control deficiency around the lack of formal review of the valuation report.
- Our assessment of management's valuer, CBRE, found them to be independent, objective, of appropriate expertise, and that instructions issued for the valuation were appropriate.
- Our valuation specialists have reviewed the valuation report and confirmed the appropriateness of the methodology used for a sample of investment properties. Based on the work performed, no audit misstatements were noted.
- The significant assumptions over market capitalisation have been reviewed and challenged by our valuation specialists. We challenged the appropriateness of the valuation approach used.
- We reperformed the calculations using inputs used by valuers and verified that these were accurately accounted for in line with the requirements of the CIPFA Code

In addition to our response to the significant risk, we also confirmed the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Key:

□ Prior year ■ Current year

Audit risks and our audit approach

4 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 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 and focused our testing on those with a higher risk, such as unusual combinations with revenue, expenditure, cash and borrowings accounts.

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.)

4 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

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- We have identified a control deficiency regarding the enforcement of automated segregation of duties in posting of journal transactions due to the limitations of the General Ledger system.
- We identified 8 journal entries and other adjustments meeting our high-risk criteria and our examination has not identified any unsupported or inappropriate entries.
- We evaluated accounting estimates, including the consideration of third-party specialist reports and did not identify any indicators of management bias. Refer to slide 18 for further discussion.
- Our procedures did not identify any significant unusual transactions
- We evaluated the selection and application of the Council's accounting policies and concluded that these were in line with the 24/25 CIPFA code.

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

Audit risks and our audit approach

5

Valuation of post retirement benefit obligations

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

Cautious Neutral Optimistic



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: Essex Local Government Pension Scheme.



Our response

We have performed the following procedures :

- Understood the processes the Council have in place to set the assumptions used in the valuation.
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations.
- Performed 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..
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation.
- Evaluated 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.
- Challenged, 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.
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice..
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions.
- We assessed the level of surplus that should be recognised by the entity.
- Assessed the impact of a new triennial valuation model and/or any special events, where applicable.

Key:

 Prior year  Current year

Audit risks and our audit approach (cont.)

5 Valuation of post retirement benefit obligations (cont.)

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



Significant audit risk

- 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: Essex Local Government Pension Scheme.
- .



Our findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- 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, consistent with the prior period. 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 £2,150k is applied. We agree with the basis for restricting the surplus and recording additional liability

Key:

□ Prior year ■ Current year

Audit risks and our audit approach

6 Fraud risk from expenditure recognition

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded



Significant audit risk

- Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.
- The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget.
- There is no assurance provided over the level of usable reserves for 2019-20 onwards, therefore there is a risk relating to the accuracy of the opening level of reserves available to the Council to support cost pressures.
- We consider that there could be an incentive for management to seek to manipulate the level of expenditure recorded at year end in order to report financial performance within the level of usable reserves.
- We consider this would be most likely to occur through understating accruals that are required to be made at 31 March 2025, for example to push back expenditure to 2025-26 to mitigate financial pressures



Our response

We have performed the following procedures in order to respond to the significant risk identified:

- We evaluated the design and implementation of controls for developing manual expenditure accruals at the end of the year and verified that they have been completely recorded.
- We inspected a sample of invoices of expenditure and payments made, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete.
- We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence.
- We compared the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess whether any items of expenditure not accrued for as at 31 March 2025 have been done so appropriately.

Audit risks and our audit approach (cont.)

6 Fraud risk from expenditure recognition (cont.)

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded



Significant audit risk

- Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered. The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget.
- There is no assurance provided over the level of usable reserves for 2019-20 onwards, therefore there is a risk relating to the accuracy of the opening level of reserves available to the Council to support cost pressures.
- We consider that there could be an incentive for management to seek to manipulate the level of expenditure recorded at year end in order to report financial performance within the level of usable reserves.
- We consider this would be most likely to occur through understating accruals that are required to be made at 31 March 2025, for example to push back expenditure to 2025-26 to mitigate financial pressures



Our findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

- During our inquiry, we noted that management reviews the accruals at year end during the recognition process. We however did not identify any evidence of a periodic review of accruals with the aim of preventing, detecting and correcting material misstatements. This type of control is defined as 'management review controls' by International Standards of Auditing. This control is difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. We are not raising a formal control observation for this as we consider such a deficiency impracticable to remediate.
- We have not identified any material misstatements impacting accruals or expenditure cut-off.

Key accounting estimates and management judgements— Overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Defined benefit plan	Cautious Neutral Optimistic	82.1	9.3	Needs improvement Neutral Best practice	KPMG actuaries have reviewed the actuarial valuation for the Council, considered the disclosure implications and compared the actuarial valuation to our internal benchmarks. Overall, we consider the assumptions adopted to be balanced relative to our benchmark range.
Defined benefit asset		119.9	5.4		The pension assets balance has increased by 4% in comparison to prior year. The rate of return confirmed by the pension fund is similar to the actuary's report, hence it is considered to be neutral/balanced.
Investment Property		170.2	3.9		We have identified a control deficiency regarding management review of the building valuation assumptions. For investment property, significant assumptions over market capitalisation have been reviewed by our valuation specialists and no issues identified.

Key:
 Prior year Current year



Key accounting estimates and management judgements— Overview

Our view of management judgement

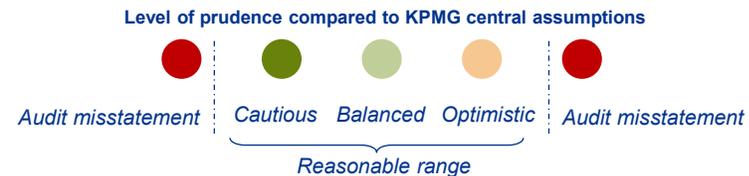
Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Council Dwellings	<p>Cautious Neutral Optimistic</p>	375.8	3.9	<p>Needs improvement Neutral Best practice</p>	<p>We have identified a control deficiency regarding management review of the valuation assumptions.</p> <p>For assets valued under existing use valuation of social housing, we have reviewed the beacon rates used in the valuation and noted that the assumptions were reasonable.</p>
Other Land & Buildings	<p>Cautious Neutral Optimistic</p>	45.6	(1)	<p>Needs improvement Neutral Best practice</p>	<p>We have identified a control deficiency regarding management review of the building valuation assumptions.</p> <p>For assets valued under depreciated replacement cost, we have reviewed the BCIS indices used in the valuation and obsolescence factors. We found the BCIS rates to be slightly cautious in comparison to observable market data. However, the assumptions are within our reasonable range.</p>

Key:
 Prior year Current year



Procedures 3-6: UK assumptions



Overall assessment of assumptions for audit consideration							Balanced	
Underlying assessment of individual assumptions	Methodology	Consistent methodology to prior year?	Compliant methodology with accounting standard?	Employer	KPMG	Assessment	Key assumptions	
Discount rate	AA yield curve	✓	✓	5.80%	5.71%	Balanced	✓	
CPI inflation	Deduction to inflation curve	✓	✓	2.90%	2.74%	Cautious	✓	
Pension increases	In line with CPI	✓	✓	2.90%	2.96%	Balanced		
Salary increases	In line with most recent Fund valuation	✓	✓	CPI plus 1.0%	In line with long-term remuneration policy	Balanced		
Mortality	Base tables	In line with most recent Fund valuation	✓	✓	110% of SAPS Series 3 base tables	In line with Fund best-estimate	Balanced	✓
	Future improvements	In line with most recent Fund valuation, updated to use latest CMI model	✓ See next page	✓	CMI 2023, 1.25% long-term trend rate and default other parameters	CMI 2023, 1.25% long-term trend rate and default other parameters	Balanced	✓
Other demographics	In line with most recent Fund valuation	✓	✓	Members commute 50% of the maximum tax-free cash at retirement	In line with Fund experience	Balanced		

Other matters

Narrative report

As Audit and Standards Committee members you confirm that you consider that the Narrative Report, and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Our responsibility is to read the other information, which comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon and, in doing so, consider whether, based on our financial statements audit work, the other information is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters leading to our disclaimer of opinion, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts is consistent with the financial statements, we unable to determine whether there are material misstatements in the other information.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack. We are yet to receive instructions from NAO regarding WGA.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

We have set out audit fees, as set by PSAA and fee variations on page 31

We have also completed non audit work at the Council/Authority during the year on Housing benefit grant certification and Pooling of Hosing Capital Receipts and have included in the appendix on page 33 confirmation of safeguards that have been put in place to preserve our independence.

Group involvement – Significant component audits

Our oversight of component auditors was in line with the plan set out at the strategy stage. We reviewed the planned procedures in relation to significant risk areas and then assessed the execution of this work. We considered the basis for the findings reported to the Group team and these were discussed in more detail, and further work performed where required.

We have performed an evaluation of the component auditor’s work in accordance with ISA 600 and have concluded that it provides sufficient and appropriate audit evidence to support our use of that work.

Component	Areas of audit risk						Site visit	Review of work papers	Status calls	Significant matters discussed with component auditors
	1	2	3	4	5	6				
Aspire CRP Limited			✓		✓			✓		Due to magnitude of the Investment in Chesterford Park, the group audit team was involved in discussions held with component management, reviewed the component auditor’s work for appropriate challenge on valuation of the investment property including consideration of evidence obtained.

We note that the Aspire CRP Limited component audit team raised seven audit adjustments, which were accepted and adjusted by management before the component reporting pack was prepared. These related to adjustment to retained earnings, misstatement of administrative expenditure, deferred tax adjustment and adjustment of Share of profits. As the adjustments were made before the consolidated Group accounts were prepared, we have not included them in our report of Group audit differences.

Note: (1) [Where there have been changes to the type of work performed or involvement in the work of component auditors of significant components since planning, describe the changes using a footnote]

01

Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities, we include a statement within our audit report on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor's Annual Report, which is required to be published on your website alongside your annual report and accounts.

Commentary on arrangements

We have prepared our Auditor's Annual Report, and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have not identified risks of a significant weakness in the Council's arrangements to secure value for money.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor's Annual Report.

Performance improvement observations – follow up from prior year

The following observations were raised in the prior year:

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Update for 2024/25
1	1	<p>The Corporate Risk Register was not reviewed and updated in financial year 2023/24</p> <p>The Council should focus on embedding its risk management process and ensure Cabinet regularly reviews the Corporate Risk Register. There is need for the Council's subcommittee to have oversight on the Council's risk management process by ensuring risks are adequately captured through the risk management processes, identifying new risks or escalating risk grades as appropriate.</p>	<p>The Council will continue to develop its Risk Register through review by Cabinet and all appropriate sub committees, embedding the process into routine and regular review.</p> <p>Adrian Webb (implementation from 01-04-2025 for 2025/26 financial year).</p>	<p>Implemented</p> <p>The Council reviewed its approach to risk management and governance in 2024/25. A new risk management policy was approved by the Cabinet in October 2024. As part of this process the Corporate Risk Register was reviewed and updated. In addition, a lower-level risk register is also maintained that captures risks at service level. These are reviewed and, where necessary, escalated to the Corporate Risk Register. Audit and Standards Committee ensured that there was appropriate scrutiny and challenge through regular review of the Corporate Risk Register.</p>
2	1	<p>Late publication of statement of accounts and non-compliance with statutory dates</p> <p>We recommend the Council to comply with the statutory reporting deadlines by publishing the accounts before the date as determined by Secretary of State. We also noted that, for Council to improve the efficiency and capacity of its Finance division, the Council should aim to address the challenges raised in the CIPFA financial management report. The Council should ensure that the Finance management team is well-resourced and have the capacity to execute the finance functions as illustrated in the CIPFA Code Financial Management report</p>	<p>The Council has implemented a detailed timetable for 2024/25 financial year closedown, aimed at publishing full "true and fair" accounts by 31/05/2025 as per statutory requirement. The Council will also review the CiPFA report and look to implement all recommendations as quickly as possible. Resourcing the finance team is an ongoing priority, the Council will control recruitment and where staff leave, competent replacements be sought.</p> <p>Adrian Webb (implementation occurring already)</p>	<p>Implemented</p> <p>We noted that the Council has published its draft accounts for 2024-25 ahead of the statutory deadline. Additionally, there have been notable improvements and increased capacity within the finance team. This year has seen changes in the structure and composition of the team, with the recruitment of new qualified accountants from outside the organisation as well as the promotion of internal employees who have recently attained their accounting qualifications.</p>

Appendix

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Required communications

Type	Response
Our draft management representation letter	<input checked="" type="checkbox"/> OK We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	<input checked="" type="checkbox"/> OK There were £4.3million adjusted audit differences with a surplus impact of £3.7 million. See page 35
Unadjusted audit differences	<input checked="" type="checkbox"/> OK The aggregated surplus impact of unadjusted audit differences would be £0.5m. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 34
Related parties	<input checked="" type="checkbox"/> OK There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	<input checked="" type="checkbox"/> OK There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	<input checked="" type="checkbox"/> OK We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<input checked="" type="checkbox"/> OK No actual or suspected fraud involving group or Council management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	<input checked="" type="checkbox"/> OK We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	<input checked="" type="checkbox"/> OK No significant difficulties were encountered during the audit
Modifications to auditor's report	<input checked="" type="checkbox"/> X Our audit opinion will be disclaimed.
Disagreements with management or scope limitations	<input checked="" type="checkbox"/> OK The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	<input checked="" type="checkbox"/> OK No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	<input checked="" type="checkbox"/> OK No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	<input checked="" type="checkbox"/> OK Over the course of our audit, we have evaluated the appropriateness of the Council and Group's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	<input checked="" type="checkbox"/> OK None noted.
Certify the audit as complete	<input checked="" type="checkbox"/> OK We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above. We will issue our certificate once we have received confirmation from the National Audit Office that their audit of the Whole of Government Accounts is complete and therefore all our work in respect of the Authority's Whole of Government Accounts consolidation pack is complete.
Whole of government accounts	<input checked="" type="checkbox"/> OK As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack. We are yet to receive instructions from NAO regarding WGA.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the table below (note all fees are exclusive of VAT).

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	166	150
Disclaimer fee variation*	4	5
ISA315R fee variation	-	9
IFRS16 fee variation*	2	
PFI fee variation*	9	
ISa600 / Group audit fee variation*	12	
Other fee variations related to overruns*	55	10
TOTAL FEE PAYABLE	248	174

*Expected fee variations subject to management approval and PSAA approval process.

In addition to the fees above, we have yet to calculate the expected fee related to the Build Back Assurance programme of work which will be agreed and billed as part of the 2025/26 audit.

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.
- Note some fees are subject to PSSA determination and will therefore be confirmed on that determination

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of [entity name]

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate .

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

Confirmation of Independence (cont.)

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £000	Value of Services Committed but not yet delivered £000
1	Housing benefit grant certification	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	£24,950	£32,350
2	Pooling of Hosing Capital Receipts	Management Self review Self interest	<ul style="list-style-type: none"> Standard language on non-assumption of management responsibilities is included in our engagement letter. The engagement contract makes clear that we will not perform any management functions. The work is performed after the audit is completed and the work is not relied on within the audit file. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	-	7,350

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.3: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25
	£'000
Scale fee	166
Other Assurance Services (related to 2024/25)	25
Other Assurance Services (related to previous periods)	99
Total Fees	290

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Uncorrected audit misstatements

Given we are disclaiming our audit opinion as described on page 4 there may be other audit misstatements our audit procedures would have identified if we completed our audit procedures as initially planned. In this section, we have reported uncorrected audit misstatements that we have identified.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Standards Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit and Standards Committee, details of all adjustments greater than 95K are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1 (Proj)	Dr Fees, charges and other service income Cr Short-term debtors	286	(286)	During our testing of other service income, we identified two factual misstatements (one of which is included in corrected misstatements on the following page). From this, we have extrapolated a projected net misstatement of £286k throughout the population. It is not expected for management to correct a projected misstatement.
2 (Judg)	Dr Land and Other Buildings Cr Revaluation reserve	191	(191)	We noted that management's valuer determined the DRC valuations by applying the 31 December 2024 BCIS rate and then increasing the values by a flat 1% for the period January to March 2025. We recalculated the valuation using the actual 31 March 2025 BCIS indices for the key building components. Our recalculation resulted in an uplift of approximately £191k, indicating that management's valuation is slightly cautious, although not materially so.
Total		£477	(£477)	

Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit and Standards 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)	SOPF Dr/(cr)	Comments
1	Dr Accruals Cr Income received in advance	-	£914 (£914)	This relates to income received in advances balances that were incorrectly classified as Accruals. The transactions related to payments made in advance by Waitrose and Weston for commercial rent.
2	Dr Other Service Expenditure Cr Fees, charges and other service income	208	(208)	We noted that the Fees, charges and other service income related to HRA was understated due to a variance arising between the balance recorded in the ledger and NEC system.
3	Dr Government grants and contributions Cr Grant receipts in advance Dr Prepayments Cr Assets under construction	3,803	(3,803) 3,803 (3,803)	Related to overstatement of Grant income linked to HRA. We noted expenditure that was incorrectly recorded against grant income on the basis that related work would be carried out using the grant funds. However, this work did not take place, and the Council did not identify this, resulting in the expenditure not being reversed.
4	Dr Accruals Cr Other service expenses	(313)	313	During our inquiries over subsequent events linked to HRA, management informed us that the Council had received meter readings from British Gas covering charges on void property accounts for the past six years. The Council anticipates that the actual amount payable will be significantly less than that communicated by British Gas; however, the process to assess each charge and determine the Council's actual liability is ongoing. Accordingly, the Council have prudently recognised the maximum potential liability based on the communications received.
Total		£3,698	(£3,698)	

Presentational Disclosure Adjustments - Through our review of the Statement of Accounts we have identified various presentational amendments, including the classification of grants received in advance and short term creditors, disclosures around Senior Officer remuneration, exit packages, salary bandings, related parties, PFI liability, movement in reserves, and transfers to/from earmarked reserves, as well as various other comments within the Statement of Accounts disclosures. We have reviewed the final version of the accounts and confirm that our comments have been addressed in the final version, as appropriate.

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>HRA Income Variance between Northgate and Ledger</p> <p>During testing of Other Income, we identified a transaction described as “Correction of HRA Rent Debtors” for £265k. Further enquiry confirmed that this was a manual adjustment made to address a discrepancy between the HRA income recorded in the NEC system and the amounts posted to the ledger. Specifically, the ledger showed £482k less income than the NEC system. While the accounting treatment itself has been flagged as incorrect, this also indicates a wider control deficiency. The reconciliation between the NEC system and the ledger is not being performed regularly or robustly, allowing significant discrepancies to go undetected and requiring large manual adjustments.</p> <p>Management should implement a formal, scheduled reconciliation process between the NEC system and the general ledger for HRA income. This reconciliation should be performed monthly (or at a frequency aligned to financial reporting needs), include documented review and sign-off, and investigate variances promptly.</p>	Agreed and will be implemented from 1/3/26 Adrian Webb
2	2	<p>No Reconciliation between General Ledger and Sales Ledger</p> <p>We identified a variance of £13,551 between the aged debtors listing (net of the bad debt provision) and the corresponding short-term debtors balance recorded in the general ledger. Upon enquiry, management explained that this discrepancy has existed for many years. The bad debt provision is calculated using the aged debtors data; however, the resulting provision is then manually adjusted against the aged debtors figure held in the general ledger, rather than the underlying records being reconciled. This indicates that there is no effective internal control in place to reconcile the aged debtors listing to the general ledger, resulting in the two sources not aligning. The absence of a robust reconciliation process increases the risk of errors or misstatements in debtor balances going undetected.</p> <p>We recommend that the Council implements a formal monthly reconciliation process between the aged debtors listing and the general ledger control account.</p>	This was put in place on a quarterly basis from June 2025 Adrian Webb



Control Deficiencies (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
9	1	8

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (February 2026)
1	3	<p>Management review of actuarial assumptions</p> <p>We noted that the Finance Head reviews the assumptions and methodologies used in the calculation of the IAS 19 Report. However, we noted that the process is not formalised and no reports generated as evidence of the review. As a result, the audit team was unable to obtain the evidence of the review.</p> <p>Recommendation</p> <p>We recommend the Council to perform a detailed review of valuation reports prepared by experts to ensure these are correctly prepared in accordance with CIPFA code.</p>	<ol style="list-style-type: none"> Whilst the Council does not have internal pensions expertise, challenge of valuations is undertaken and discussed as necessary with the Actuary. This review is part of the closedown timetable and all meetings are formally documented. Adrian Webb (pensions lead) (implementation immediate for 24/25 closedown) 	<p>This type of control is defined as ‘management review controls’ by International Standards of Auditing. This control is difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. Due to this, we have concluded that this remains a control deficiency in the current year.</p> <p>Status: Open</p>
2	2	<p>Payroll Control Deficiency</p> <p>We noted that the Council does not prepare monthly Payroll reconciliations to agree the payroll costs as generated from payroll system to the payroll ledger. We recommend on a monthly basis the Council prepares a reconciliation. The reconciliation should explain all reconciling items between the payroll reports (as per iTrent) to payroll ledger</p>	<p>The Council will continue to undertake monthly payroll reconciliation but will implement formal sign off by appropriate finance officers (approver must be senior to compiler). Official approval being via e-mail once the senior officer is happy the payroll rec is complete and accurate with all timing differences explained and supported with evidence (such as iTrent, bank and GL snips).</p> <p>Adrian Webb (implementation from 31-03-2025)</p>	<p>We noted that the control was effectively implemented in March 2025 and remains a control deficiency in current financial year for period between April 2024- Feb 2025.</p> <p>Status: Open for 2024/25</p>

Control Deficiencies (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (February 2026)
3	2	<p>Lack of segregation of duties</p> <p>There is lack of segregation of duty in the journal entries posting process. The journal entries are created and posted to the general ledger by one person. There is no control in place to review and authorise the journal entries before posting to general ledger. Lack of controls in the journal entries process may result in errors and increase the risk of inappropriate transactions being posted.</p> <p>Recommendation</p> <p>Council should ensure that there is adequate segregation of duty arrangements in the financial reporting process. A review should be undertaken to assess how segregation of duties could be incorporated into the processing of financial transactions.</p>	<p>The Council will be implementing a new GL system in 2026. The system until then remains manual with the journal being approved by a senior officer before posting.</p> <p>Adrian Webb (implementation summer 2025)</p>	<p>As the implementation of new GL system has ben deferred to the next financial period ending 31 March 2026, the current system does not have in-built journal workflow that facilitate segregation of duty and authorisation of journal before posting to GL.</p> <p>Status: Open</p>
4	3	<p>Management Review of Valuation Report</p> <p>While an informal review is undertaken of the valuation reports for council dwellings and other land and buildings this does not meet the criteria expected within auditing standards for an effective control. This would require that expectations are independently set by management, that thresholds for investigation are defined and that documentary evidence is maintained of the review steps undertaken..</p> <p>Recommendation</p> <p>We recommend the Council to perform a detailed review of valuation reports prepared by experts to ensure these are correctly prepared in accordance with CIPFA code.</p>	<p>The council has implemented a formal review of all non-current assets revalued annually during the closedown process. This will include analytical review with challenge to valuers on any significant changes (+/-10% and/or £1m) and senior UDC officer scrutiny from those with property knowledge and experience. This review will be added to the closedown timetable and formally documented as a report annually.</p> <p>Adrian Webb ((implementation immediate for 24/25 closedown)</p>	<p>This type of control is defined as ‘management review controls’ by International Standards of Auditing. This control is difficult for auditors to rely on, as auditing standards require a level of precision and formalisation that are generally not seen in practice. Due to this, we have concluded that this remains a control deficiency in the current year. We have also noted that the similar control deficiency was raised by Aspire CRP Limited Component auditors as Lack of review of valuation of investment</p> <p>Status: Open</p>

Control Deficiencies (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (February 2026)
5	2	<p>Review of Bank Reconciliation</p> <p>We noted that all bank reconciliations for 2023/24 were not reviewed and approved by senior management personnel. Based on management inquiries we were informed that there was no formalised process for the review and approval of bank reconciliations. The process is done at year end to review and sign all the bank reconciliation prepared by an accountant. However, based on the work performed in the current year, we could not get the evidence that bank reconciliation had been reviewed and signed off by senior management personnel.</p>	<p>The Council will continue to undertake monthly bank rec but will implement formal sign off by appropriate finance officers (approver must be senior to compiler). Official approval being via e-mail once the senior officer is happy the bank rec is complete and accurate with all timing differences explained and supported with evidence (such as bank and GL snips).</p> <p>Adrian Webb (implementation from 31-03-2025)</p>	<p>We noted that the control was effectively implemented in March 2025 and remains a control deficiency in current financial year for period between April 2024- Feb 2025.</p> <p>Status: Open for 2024/25</p>
6	2	<p>Outdated Policies</p> <p>We noted that the Council have not been regularly updating its policies such as Bribery Act Policy. The Bribery Act Policy was last updated in 2019. Lack of regular updates of policies may expose the Council to risk such as non-compliance with laws and regulations.</p> <p>A review of the Bribery Act policy should be undertaken to assess whether any changes are required and an updated policy approved.</p>	<p>The Council will implement a full review of all "policies" and update as required. The Bribery Act policy will be reviewed and updates as necessary.</p> <p>Adrian Webb (implementation spring 2025)</p>	<p>The Bribery Act policy was updated in October 2025 , this was done after the end of the current financial period. As a result, this remains a control deficiency in current year</p> <p>Status: Open for 2024/25</p>

Control Deficiencies (cont.)

We have also follow up the recommendations from the previous years audit, in summary:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status
7	3	<p>Register and Declaration of interest</p> <p>We noted that the register of interests had not been updated on a timely basis during the audit period to ensure that all declarations had been captured and that an accurate record of related parties should be compiled.</p> <p>This should be completed on at least an annual basis as well as when there are changes in members and the version of the register on the website regularly updated.</p>	<p>The Council will implement a full review of "interest" declarations. This review will be added to the closedown timetable and formally documented as a report annually.</p> <p>Adrian Webb (implementation immediate for 24/25 closedown)</p>	<p>We noted that related party transaction forms are not always being completed as intended, with two Councillors declaring nil transactions despite having interests connected to entities with related party activity disclosed in the accounts.</p> <p>Additionally, we have updated a previously raised control deficiency to focus on related party transaction forms not always being completed correctly or promptly as two councillors failed to declare directorships.</p> <p>Open</p>
8	2	<p>Capitalisation expenditure</p> <p>Our inquiries identified the Council does not have high level controls in place designed to detect errors around capitalisation of expenditure. During the course of our walkthrough of capital expenditure, we identified costs that were incorrectly capitalised. Our inquiries identified the process for these controls are not formally documented. However, we noted that a full check was performed by financial officers as part of account preparation.</p> <p>We recommend the Council to strengthen the in-year checks on what is being capitalised to ensure it is appropriate.</p>	<p>The Council will implement a formal review of all non-current assets cap exp before capitalisation annually during the closedown process. This will include line by line cap exp review with challenge to officers if capitalised expenditure classification is dubious. In 2425's closedown the council will initiate manual cap accruals de minimis of £10k to assist and focus cap exp classification.</p> <p>Adrian Webb (immediate for 24/25 closedown)</p>	<p>During our testing of Property, Plant and Equipment additions, we identified a material misstatement of £3.8 million arising from the incorrect capitalisation of expenditure. Although the error was subsequently corrected, it highlights a control deficiency in the capitalisation process.</p> <p>Open</p>
9	3	<p>Going concern assessment</p> <p>We noted that the Council does not prepare a formal going concern assessment as required by International accounting standards. We noted that the Council has prepared the Uttlesford Blueprint which detailed the saving plans and income streams identified to increase revenue. However, the Going concern assessment was not prepared to support the forecast included in the Uttlesford Blueprint to support the Council's ability to continue as going concern.</p> <p>We recommend that Council should prepare the Going Concern assessment of the Council at the end of each financial period.</p>	<p>The Council will implement a formal review of going concern assessment annually, with the Blueprint. This review will be added to the closedown timetable and formally documented as a report annually.</p> <p>Adrian Webb (implementation immediate for 24/25 closedown)</p>	<p>Closed</p>

FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in **September 2024** having already issued three thematic reviews during the year.

The Review and thematic identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



Key expectations for 2024/25 annual reports

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Council/Authority-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Council/Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Council/Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the ['Offsetting in the financial statements'](#) thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a Council/Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Council/Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Council/Authority should ensure sufficient explanation is provided of material financial instruments, including Council/Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Council/Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.



FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Council/Authority - specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Council/Authority.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts – Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

 Industrial metals and mining

 Construction and materials

 Food producers

 Retail

 Gas, water and multi-utilities

 Financial Services



KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every director and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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