

Report for: Audit Committee 10 November 2025

Item number: 7

Title: 2024/25 External Auditors Annual Report, including VFM Report

Report authorised by: Taryn Eves, Corporate Director of Finance & Resources (S151 Officer)

Lead Officers: Kaycee Ikegwu, Head of Finance & Chief Accountant
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Ward(s) affected: N/A

Report for Key/
Non Key Decision: Non Key decision

1. Describe the issue under consideration

- 1.1. For the Audit Committee to consider the draft Auditor's Annual Report from KPMG, which highlights their findings from the on-going audit of the Council's statutory accounts 2024/25, value for money (VFM) risk assessment review and other relevant information.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. That the Committee notes the contents of the draft auditor's annual report, the VFM report and any further oral updates given at the meeting by KPMG.
- 3.2. That the committee notes that the final auditor's annual report will be submitted in January 2026. Management will, at that time, provide responses to any issues raised by the external auditors.
- 3.3. That the committee notes management responses to the VFM risk assessment issues and recommendations raised by external auditors.

4. Reason for Decision

- 4.1. No decision is required.

5. Other options considered

5.1. None.

6. Background information

- 6.1. The auditor's annual report is prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and statement of accounts.
- 6.2. The Code of Audit Practice requires external auditors to issue the auditor's annual report no later than 30 November of each year. For KPMG to comply with this requirement, they have issued a draft auditor's annual report prior to the completion of audit our work in relation to the financial statements and other information.
- 6.3. It provides a summary of the findings and key issues arising from the audit and updates on the progress of the on-going 2024/25 statement of accounts audit.
- 6.4. KPMG are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'.
- 6.5. This involves considering whether there are sufficient arrangements in place for the Council for:

Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services.

Governance: How the Council ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Director of Corporate Governance, Equalities)

Finance

8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

Procurement

8.2. Procurement comment is not required in this report

Legal

The Director of Legal and Governance has been consulted in the preparation of this report.

The external auditor's statutory responsibilities are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice. They are required to audit and report on the financial statements to verify that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources.

In accordance with the Terms of Reference set out in the Council's Constitution, Part 3, Responsibility for Functions, Section B – Full Council & Non Executive Bodies, the Audit Committee's functions include consideration of reports on the effectiveness of financial management arrangements, including compliance with CIPA's Financial Management Code, consideration of arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements and to consider the external auditors annual letter, relevant reports and the reports to those charged with governance.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

Appendix 1 – Draft Annual audit Report 2024/25

Appendix 2 – Value for Money Report 2024/25

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.