KPMG External Audit Plan and Strategy: 2025-26

Committee considering report:	Audit and Risk Committee
Date of Committee:	28 July 2026
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Toby Bradley – Service Lead (Finance)

1 Purpose of the Report

1.1 For the Audit and Risk Committee to consider the External Audit Plan and Strategy for 2025-26 prepared by the Council's External Auditor (KPMG).

2 Recommendation

2.1 To inform the Committee of the report and timescales included.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	To outline the 2025-26 audit fee variation. The 2025-26 fee is consistent with Public Sector Audit Appointments' (PSAA) Scale Fees
Human Resource:	None
Legal:	None
Risk Management:	None
Property:	None
Policy:	None

	Positive	Neutral	Negative	Commentary
Equalities Impact:				No decision
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision affect people with protected characteristics, including employees and service users?		X		
Environmental Impact:		X		None identified
Health Impact:		X		None identified
ICT Impact:		X		None identified
Digital Services Impact:		X		None identified
Council Strategy Priorities:		X		None identified
Core Business:		X		None identified
Data Impact:		X		None identified
Consultation and Engagement:	None			

4 Executive Summary

4.1 This report is required within the scope of the external audit assurance regime and summarises KPMG's strategy for the audit of the Council's 2025-26 Statement of Accounts (SOA).

4.2 Highlights in the report are:

- Page 3 – KPMG's highlight of the ongoing effort to **rebuild assurance** following multiple prior years of disclaimed audit opinions (up to and including 2024/25), with a detailed risk assessment underway to validate balances and historical movements especially on reserve movements and capital activity.

- Page 4 – audit scope and materiality thresholds for the 2025/26 are disclosed. The key threshold is financial statements materiality at £12.7m, (2024-25 (£12.7m)). KPMG emphasises how the control environment and prior-year findings influence their audit procedures and note that testing will be designed to detect misstatements below overall materiality to manage aggregation risk and ensure sufficient assurance over the financial statements.

- Page 6 – Three key audit areas have been presented. 24/25 had five with Fraud risk from expenditure recognition and Valuation of postretirement benefit obligations excluded from 25/26 plan. The three key for 25/26 are; Investment Property and Land & Buildings asset valuations and Management override of controls.

- Page 19 – this chart denotes the principal dates in the auditor's planning timetable. Within this time scope, a key milestone is the commencement of the audit fieldwork. This is due to begin on Monday 3rd August 2026 and will span to the end of October 2026. Audit completion target is on 29th January 2027 ahead of the statutory deadline of 31st January 2027 (27th February for the 24/25 audit).

- Page 24 – audit fees are listed with a comparison to the prior year. The scale fee for 2025-26 is £306,000 and this was £297,000 in 2024-25. Additional fees are expected for Rebuilding assurance work and VFM risks.

5 Supporting Information

5.1 Appendix A contains KPMG's 2025-26 External Audit Plan and Strategy.

6 Other options considered

6.1 None – there is a statutory obligation for the Council to participate in an external audit. The external audit is a critical element of the wider governance and assurance processes established within the organisation.

7 Conclusion

7.1 For members to consider the report and provide comments.

8 Appendices

8.1 Appendix A – KPMG External Audit Plan and Strategy: 2025-26

Background Papers:

None

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Scrutiny Commission/associated Committee Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to inform only	☒

Wards affected: all

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