

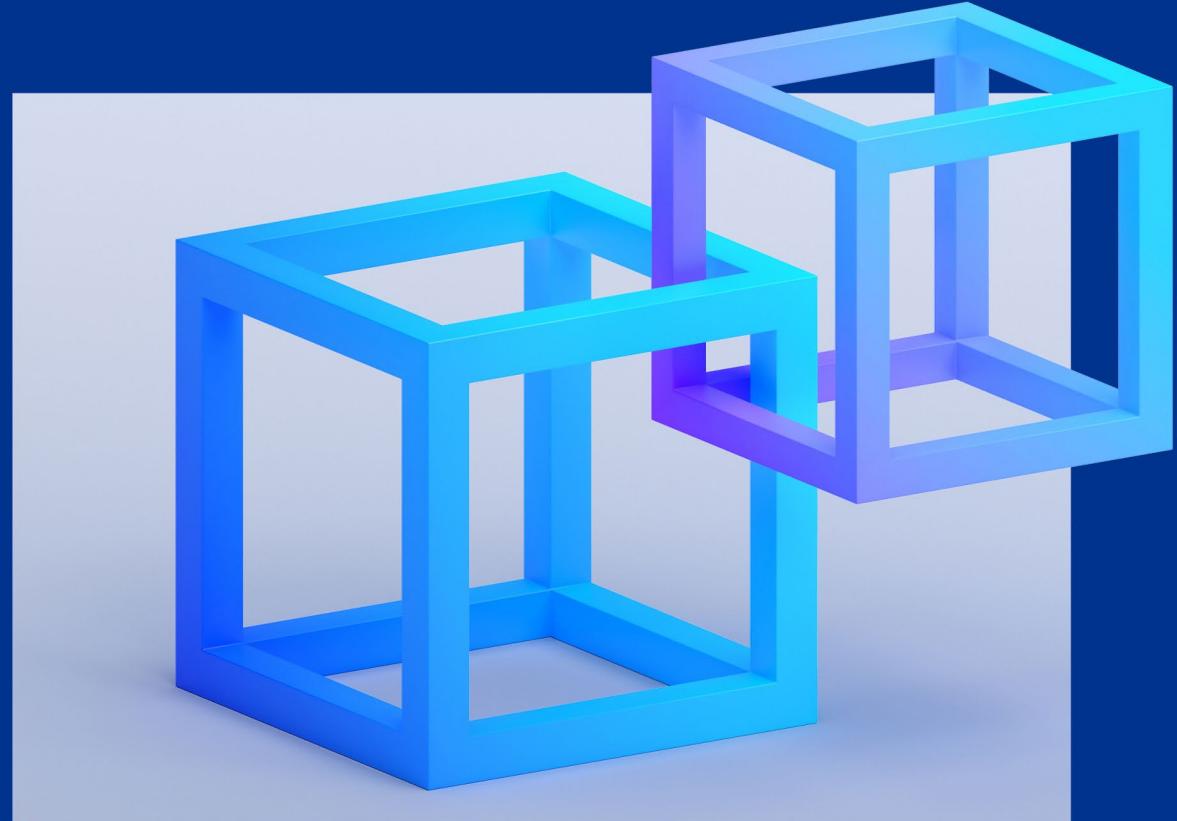


Newcastle-under-Lyme Borough Council

Year End Report to the Audit & Standards Committee

Year end report for the year ended 31 March 2025

19 November 2025



Introduction

To the Audit and Standards Committee of Newcastle-under-Lyme Borough Council

We are pleased to have the opportunity to meet with you on 10 November 2025 to discuss the results of our audit of the financial statements of Newcastle-under-Lyme Borough Council (**the 'Council'**) 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 on 7 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 Richard Lee, 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.cutler@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

Following approval of the statement of accounts and auditor's representation letter on 17th November 2025 we are now in a position to sign the financial statements.

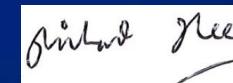
There have been no significant changes to our audit plan and strategy.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on page 4 of this report, which explains:

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

Yours sincerely,



Richard Lee

19 November 2025

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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 financial statements of Newcastle-under-Lyme Borough Council (the 'Council'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Council's 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.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council'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.

Status of our audit

Our audit is now complete.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit and Standards Committee of the Council; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



Our audit findings



Significant audit risks	Page 5 - 13
Significant audit risks	Our findings
Valuation of land and buildings	The valuation of land and buildings is fairly stated in the financial statements. The assumptions used by management were appropriate.
Management override of controls	No issues were identified in our review of management of override of control.
Valuation of post-retirement benefit obligations	Based on our actuary's review, the overall assumptions adopted by NULBC are balanced, and within our reasonable range.
Key accounting estimates	Page 16
Valuation of land and building	We assessed as reasonable the assumptions underpinning the valuation
Valuation of Investment properties	We assessed as reasonable the assumptions underpinning the valuation
Valuation of gross pension liabilities	We assessed the assumptions underpinning the valuation as reasonable

Uncorrected Audit Misstatements	Page 27	
Understatement/ (overstatement)	£m	%
Net expenditure	0.2	0.3
Surplus/(deficit) for the year	(0.2)	-
Total assets	(0.6)	0.3
Reserves	0.8	0.4

Misstatements in respect of Disclosures	Page 28
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Misstatement in respect of Disclosures	Our findings
Officers' Remuneration	We identified some errors in the main table for individual officers and in the reference to the banding of employees earning more than £50k. These have been updated in the financial statements.

Number of Control deficiencies	Page 29
Significant control deficiencies	0
Other control deficiencies	2
Prior year control deficiencies remediated	1

Outstanding matters

Our audit is now complete.

Significant risks and Other audit risks



Key: # Significant financial statement audit risks
Other audit risk

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Newcastle-under-Lyme Borough Council operates.

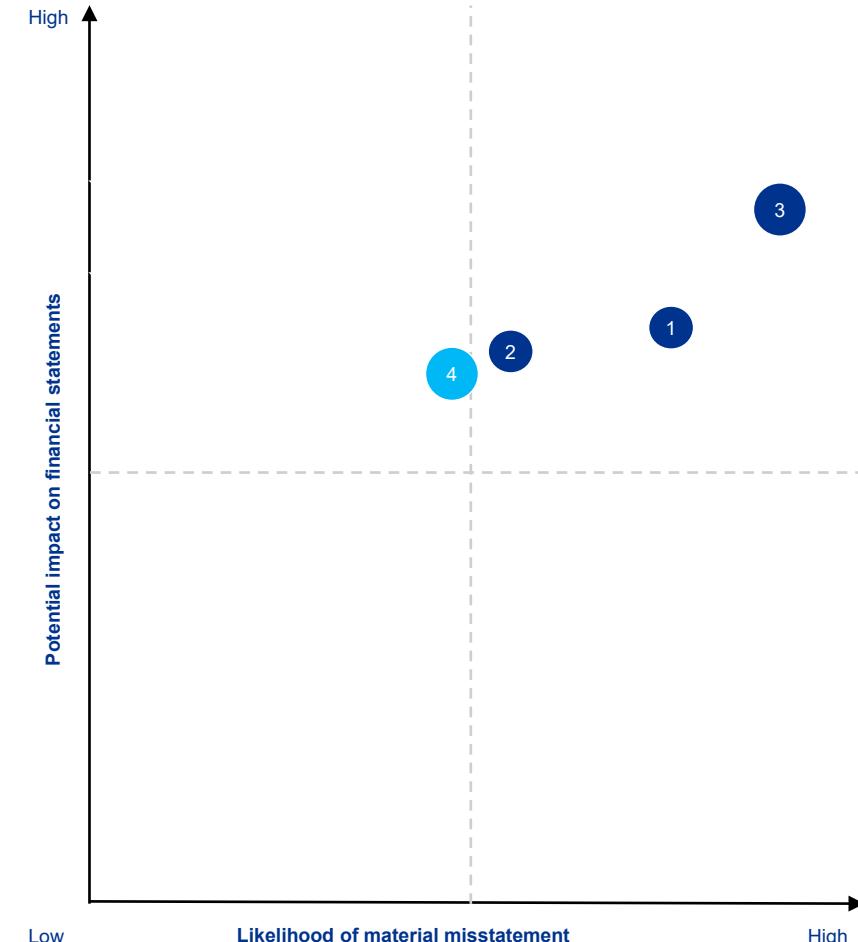
We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

Following our risk assessment we determined there was no risk of material misstatement in relation to IFRS 16 given the very small number of operating lease arrangements at the Council. This has therefore been removed as an 'Other audit risk'.

See the following slides for the cross-referenced risks identified on this slide

- Significant risks**
 - 1. Valuation of land and buildings
 - 2. Valuation of post retirement benefit obligations
 - 3. Management override of controls^a

- Other audit risks**
 - 4. Valuation of investment property



^a A significant risk that auditing standards require us to assess on all audit engagements.

Audit risks and our audit approach



1

Valuation of land and buildings

The carrying amount of revalued 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 has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year which involves significant judgement and estimation on behalf of the Internal Valuer.

The value of land and buildings as at 31 March 2024 was £43.2m, £37.6m of which is valued at depreciated replacement cost (DRC). However, during the year, the Council has completed the construction of the Castle Car Park at a cost of £12m. This will be valued at its existing use value (EUV) using the investment method (based on its income potential).

Given the significance and estimation uncertainty associated with the assumptions, we determine that there is a significant risk over the valuation of land and buildings.

Key:

○ Prior year

● Current year



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 the internal valuers, the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- 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 land and 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 land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We discussed with our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)



1

Valuation of land and buildings

The carrying amount of revalued Land & 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 has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

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The value of land and buildings as at 31 March 2024 was £43.2m, £37.6m of which is valued at depreciated replacement cost (DRC). However, during the year, the Council has completed the construction of the Castle Car Park at a cost of £12m. This will be valued at its existing use value (EUV) using the investment method (based on its income potential).

Given the significance and estimation uncertainty associated with the assumptions, we determine that there is a significant risk over the valuation of land and buildings.

Key:

0 Prior year

● Current year



Our findings

- Our findings have not identified any significant issues in relation to the valuation of land and buildings.
- In our assessment of the design and implementation of controls we note the absence of a formal control with respect of reviewing the assumptions adopted by the Valuer. We acknowledge management consider this control deficiency to be an acceptable level of risk and its existing processes are proportionate. We have therefore not reported a control recommendation however, we are required to bring this to your attention as this control deficiency responds to a significant risk.
- We have however raised a recommendation relating to the completeness and accuracy of working papers presented for audit review on page 29. We have also requested additional disclosure in the sources of estimation uncertainty accounting policy note.
- Through our enquiries with both management and the Valuer, we are satisfied that the valuer has used up-to-date information (e.g. Buildings Cost Information Service (BCIS) indices, detail of capital spend) to inform the valuation as at 31 March 2025.
- We are satisfied that the assumptions such as the BCIS indices and asset lives adopted by management are appropriate and we are satisfied the population of assets not formally revalued could not be material misstated.

Audit risks and our audit approach



2

Valuation of post-retirement benefit obligations

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



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 surplus and the year-on-year movements.
- We have identified this in relation to the Local Government Pension Scheme membership.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Key:

0 Prior year

■ Current year



Our response

We have performed the following procedures :

- We obtained an understanding of the pensions process for setting and approving the assumptions used in the DBO valuation;
- Auditing standards require auditors to identify a management control where there is a significant audit risk. We assessed Management's controls that ensure the appropriateness of actuarial assumptions for the preparation of the DBO accounting estimate;
- Evaluated the competency, objectivity of the Fund actuaries and confirmed their qualifications and the basis for their calculations;
- Performed inquiries of the Fund actuaries to assess the methodology and key assumptions used;
- Challenged, with the support of KPMG pensions actuarial specialists, the key assumptions applied, the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Vouched data provided by the audited entity to the Fund Administrator for use within the DBO accounting estimate calculation;
- Confirmed that the pensions disclosures adopted by the Council are in line with IAS19 and the SORP;
- Assessed the level of surplus that should be recognized by the entity; and
- Assessed the impact of any special events, where applicable.

Audit risks and our audit approach (cont.)



2

Valuation of post-retirement benefit obligations (cont.)

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



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 Local Government Pension Scheme membership.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Key:

○ Prior year

● Current year



Our findings

- We acknowledge that there is a review of key assumptions by management, but we do not place reliance on this control due to the lack of precision and documentation. Whilst this Management Review Control may be achieving the control objective set by management (we have not confirmed this), it does not meet the control requirements as defined by auditing standards. We have not reported this as a formal control deficiency.
- The Fund actuaries (individual and entity) are professionally qualified to perform actuarial valuations and prepare IAS19 disclosure reports being Fellow of the Institute of Actuaries in the UK;
- The actuarial assumptions methodology is consistent with the prior year and compliant with NULBC reporting framework. The actuarial assumptions adopted by NULBC compared to KPMG Central Rates, are balanced overall. All individual assumptions are balanced except mortality future improvements which is cautious compared to KPMG Central Rates but within our reasonable range
- We conducted testing on benefits paid and contributions by comparing the initial IAS 19 report dated 25 April 2025 with the actuals provided by the third-party administrator. The variances identified exceeded our acceptable threshold. We escalated this matter to management, who concurred with our assessment. A revised IAS 19 report, dated 23 May 2025, was subsequently provided. Following this update, all variances fell within acceptable threshold.
- Following management's agreement to align the accounts with the revised IAS 19 report, the material variances identified between the original and revised versions have been recorded as corrected misstatements. Please refer to slide 28 for further details.



Audit risks and our audit approach (cont.)



2

Valuation of post-retirement benefit obligations (cont.)

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



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 Local Government Pension Scheme membership.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surpluses are complicated and requires actuarial involvement.

Key:

0 Prior year

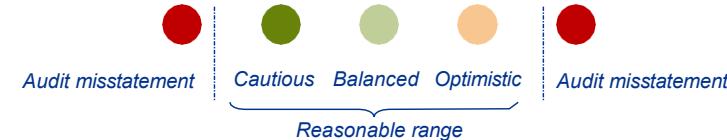
■ Current year



Our findings

- We tested Plan Assets using the last triennial valuation as a baseline, due to Hymans' reliance on estimated cashflows and returns in the IAS 19 reports. By applying actual returns and cashflows over the three-year period, we calculated an expected value, identifying a variance of £885k—above our acceptable threshold. This was raised as an uncorrected audit misstatement, primarily driven by a difference between the actual return (per administrator) and the rate used by the actuary. This resulted in an unadjusted audit difference of £293k in the prior year, accumulating to £885k in 2024-25. Please refer to page 27 for further details.
- Based on our analysis, we consider that the NULBC has calculated the impact and applied IFRIC 14 appropriately as at the year-end.
- A minor presentation adjustment were identified in the review of disclosures – see page 28.

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%	5.75%	●	✓
CPI inflation	Deduction to inflation curve with adjustment for recent inflation experience	✓	✓		2.80%	2.74%	●	✓
Pension increases	In line with CPI	✓	✓		2.80%	2.86%	●	
Salary increases	Employer best estimate	✓	✓	CPI + 0.5%	In line with long-term remuneration policy		●	
Mortality	Base tables	In line with most recent Fund valuation	✓	✓	Fund-specific based on Club Vita Curves	In line with Fund best- estimate	●	✓
	Future improvements	In line with most recent Fund valuation, updated to use latest CMI model	✓	✓	CMI 2023, 1.5% long-term trend rate, 0.25% initial addition parameter and default other parameters	CMI 2023, 1.25% long-term trend rate and default other parameters	●	✓
Other demographics	In line with most recent Fund valuation	✓	✓	In line with most recent Fund valuation	In line with Fund experience	●		

Audit risks and our audit approach



3

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.
- We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk, such as unusual combinations with revenue and cash accounts.

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

Audit risks and our audit approach (cont.)



3

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

- Communicated our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Under the requirements of ISA315r, we conduct a detailed evaluation of the design and implementation of controls around journal entries. This identified that the ledger system permits approval of journals by team members that are more junior than the poster. In addition, the level of precision of the journals review prior to approval is not documented sufficiently to enable us to place reliance as a manual control over journal entries.
- We are therefore unable to rely on controls around segregation of duties in journal entry processing. We have not raised this a control recommendation on the basis management consider the controls in place proportionate to the level of risk. We are however required to bring this to your attention as this control responds to a significant risk.
- We identified 9 journal entries and other adjustments meeting our high-risk criteria. No issues identified.
- We evaluated accounting estimates, including the consideration of the valuation of land and buildings and did not identify any indicators of management bias. See page 15 for further discussion.
- We have not identified any significant unusual transactions.

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

Audit risks and our audit approach



4

Valuation of investment property

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



Other audit risk

The Code defines an investment property as property that is used solely to earn rentals and / or that is held for capital appreciation.

At each reporting period, the valuation of the investment property must be updated to reflect market conditions. Significant judgement and estimation is required to assess fair value and management experts are often engaged to undertake the valuations.

The Council's investment property portfolio as at 31 March 2024 was £13.5m. It is made up of a small number of assets some of which are individually material, however we do not consider there to a significant risk of material misstatement given their size and nature.



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 the internal valuer 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 compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We challenged the appropriateness of the valuation; including any material movements from the previous valuations. 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; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:

0 Prior year 0 Current year



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Document Classification: KPMG Public

Audit risks and our audit approach (cont.)



4

Valuation of investment property (cont.)

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



Other audit risk

The Code defines an investment property as property that is used solely to earn rentals and / or that is held for capital appreciation.

At each reporting period, the valuation of the investment property must be updated to reflect market conditions. Significant judgement and estimation is required to assess fair value and management experts are often engaged to undertake the valuations.

The Council's investment property portfolio as at 31 March 2024 was £13.5m. It is made up of a small number of assets some of which are individually material, however we do not consider there to a significant risk of material misstatement given their size and nature.



Our findings

- Our findings have not identified any significant issues in relation to the valuation of investment property.
- Through our enquiries with both management and the Valuer, we are satisfied that the valuer has used up-to-date information (e.g. rental income and detail of capital spend) to inform the valuation as at 31 March 2025.
- We are satisfied that the assumptions such as the yields adopted by management are appropriate.
- We identified one audit adjustment. One of the investment properties (York Place) is recognised as an investment property under construction (AUC). During the audit, the valuer identified additional capital expenditure to be included in the cost valuation recognised. This was then partly countered by the inappropriate capitalisation of revenue expenditure. The net impact was a £255k adjustment.
- Overall, following the completion of our procedures, we are satisfied that the valuation of the investment property assets is free from material misstatement and disclosure of estimation uncertainty is adequate.

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.

Key:
○ Prior year ● Current year

Asset/liability class	Our view of management judgement			Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments	
	Cautious	Neutral	Optimistic			Needs improvement	Neutral	Best practice
PPE Land and Buildings	○	●		45.4	2.2	○	●	
Investment Property	○	●		15.3	1.8	○	●	
Pensions Gross pension obligation	○	●		(137.6)	(22.1)	○	●	
Pensions Valuation of Pension Asset	○	●		176.1	2.6	○	●	

Other matters



Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.

- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. 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.

Annual Governance Statement

We have reviewed the Council's 2024/25 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

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

Our PSAA prescribed 2024/25 audit scale fee for the audit was £172,000 plus VAT (£167,000 in 2023/24).

We will agree any over-runs in respect of scope variations with management prior to submission to PSAA. We will charge for any additional time taken to undertake testing of the pension obligation that resulted from the updated actuarial report.

In addition, following first-year implementation of IFRS 16, we will charge for scope changes to reflect the minimum documentation procedures required by auditing standards relating to the Council's approach to identifying leases and changes in disclosure requirements.

Our non-audit work over Housing Benefit certification for 24-25 is in progress and we have included confirmation of safeguards that have been put in place to preserve our independence on page 26 .

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 the opinion 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 not yet finalised our commentary on your arrangements whilst we finalise elements of our risk assessment. As a result, we are unable to certify our audit as complete and will bring the Auditor's Annual Report to the Audit & Standards Committee in November. 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 any 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 will be set out in our Auditor's Annual Report.

Performance improvement observations

As part of our work we have identified a performance improvement observation, which are suggestions for improvement but not responses to identified significant weaknesses. This has been set out overleaf.

Value for Money: Performance improvement observations



The performance improvement observations raised as a result of our work in respect of identified or potential significant value for money risks in the current year are as follows:

Priority rating for observations			
#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	③ Capital Planning	<p>Priority one: Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p> <p>Priority two: Observations linked to 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.</p> <p>Priority three: Observations linked to 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.</p> <p>At the beginning of the year, a capital programme totalling £59.9m was agreed. This included £42.2m of delayed expenditure that was carried forward from 2023/24 when only 21% of the capital budget was spent. This was because of significant inflationary pressures that required projects to be re-assessed and value engineered.</p> <p>A mid-year review of the Capital Programme for 2024/25 was undertaken as part of the Efficiency Board and budget setting process. The revised Capital Programme for 2024/25 totalling £51.295m was approved by Cabinet on 3 December 2024. At the year-end, actual expenditure totalled £26.3m, £25.1m below that planned.</p> <p>Whilst the underspend was much improved on the prior year (£44m underspend in 23-24), following multiple years of delayed delivery, there is a risk that the Council loses credibility over its ability to forecast and progress schemes effectively.</p> <p>Management should carry out a more robust challenge and monitoring of the capital budget to ensure they are both realistic and achievable. Where slippage is experienced, the reasons should be clearly communicated and budgets adjusted accordingly.</p>	<p>A mid year review is undertaken of the capital programme as part of the Efficiency Board and budget setting process. Underspends relate largely to externally funded capital projects rather than those funded by the Council. Where slippage is experienced approval is obtained and budgets for future years are adjusted accordingly.</p> <p>Officer: Head of Finance (Section 151 Officer)</p> <p>Due Date: 31 December 2025</p>

Appendix

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Required communications



Type	Response
Our management representation letter	<input checked="" type="checkbox"/> 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"/> There were 3 adjusted audit differences with a £0.3m impact on deficit in CIES before adjustments between accounting and funding basis (remainder is through OCI). See page 28
Unadjusted audit differences	<input checked="" type="checkbox"/> The aggregated surplus impact of unadjusted audit differences would be £0.3m. 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 27.
Related parties	<input checked="" type="checkbox"/> 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"/> 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"/> No deficiencies have been previously communicated.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	<input checked="" type="checkbox"/> No actual or suspected fraud involving Council management, employees with significant roles in 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"/> 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"/> No significant difficulties were encountered during the audit.
Modifications to auditor's report	<input checked="" type="checkbox"/> None
Disagreements with management or scope limitations	<input checked="" type="checkbox"/> 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"/> No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	<input checked="" type="checkbox"/> No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	<input checked="" type="checkbox"/> Over the course of our audit, we have evaluated the appropriateness of the Councils 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"/> There are no significant matters arising from the audit were discussed, or subject to correspondence, with management.
Certify the audit as complete	<input checked="" type="checkbox"/> 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 all assurances required for their opinion on Whole of Government Accounts have been received.

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	172	167
Fee variation approved by PSAA	-	11
Fee variation agreed with management but subject to PSAA approval	-	-
TOTAL	172	178

We are in the process of agreeing [further] fee variations with management and report these at a later date,

Billing arrangements

- Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

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 Standards Committee members

Assessment of our objectivity and independence as auditor of Newcastle-under-Lyme Borough Council.

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.

We are satisfied that our general procedures support our independence and objectivity [except for those detailed below where additional safeguards are in place].

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	£30,800 (relating to the 2023/24 Housing Benefit Certificate)	£19,950 (proposed fee for 2024/25)

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 0.12: 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	172
Other Assurance Services	20
Total Fees	192

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



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 £70K are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(Cr)	Balance Sheet Dr/(Cr)	Comments
1	Dr Investment Property Cr Other Expenditure	(255)	255	One of the investment properties (York Place) is recognised as an investment property under construction (AUC). During the audit, the valuer identified additional capital expenditure to be included in the cost valuation recognised. This was then partly countered by the inappropriate capitalisation of revenue expenditure.
2	Dr Remeasurement of Defined Benefit Liability/(Asset) Cr Defined Benefit Assets	885	(885)	This misstatement is driven by the differences between actual returns and those estimated by the actuary. This includes a £293k prior year misstatement that was uncorrected.
3	Dr Asset Held for Sale Cr Property, Plant and Equipment		896 (896)	Management had exchanged contracts for a parcel of land on the Ryecroft site, but not completed by the balance sheet date. This should therefore be recognized as an asset held for sale.
Total		630	(630)	

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	SOCl Dr/(Cr)	SOFP Dr/(Cr)	Comments
1	Dr Defined Benefit Assets Cr Contributions Payable	(257)	257	A corrected misstatement was raised due to an increase of £257k in Employer Contributions in the updated IAS 19 report, which led to a corresponding increase in Defined Benefit assets. Management has reflected this adjustment in the financial statements, ensuring alignment with the revised actuarial valuation.
2	Dr Defined Benefit Liabilities Cr Defined Benefit Assets	(132)	132	A corrected misstatement was raised following a £132k increase in Benefits per the updated IAS 19 report, resulting in a decrease in both Defined Benefit assets and liabilities. Management has incorporated this adjustment in the financial statements to reflect the revised actuarial data.
3	Dr Defined Benefit Assets Cr Remeasurement of Defined Benefit Liability/(Asset)	(1,869)	1,869	A corrected misstatement was raised due to a £1,869k increase in asset remeasurement gain/loss in the updated IAS 19 report, resulting in an increase in Defined Benefit assets and a corresponding decrease in OCI. Management has updated the financial statements to reflect this revised actuarial valuation.
Total		(2,126)	2,126	

Pension Disclosures - We conducted testing on benefits paid and contributions by comparing the initial IAS 19 report dated 25 April 2025 with the actuals provided by the third-party administrator. The variances identified significantly exceeded our acceptable threshold. We escalated this matter to management, who concurred with our assessment. A revised IAS 19 report, dated 23 May 2025, was subsequently provided. Following this update, all variances fell within acceptable limits, and no further procedures were deemed necessary.

Officers' Remuneration - We identified some errors in the main table for three officers and in the reference to the banding of employees earning more than £50k. These have been updated in the financial statements.

Accounting Policies – Major Sources of Estimation Uncertainty – We requested management include some further commentary on the underlying assumptions with respect of the Castle Car Park valuation which became operational during the financial year.

IFRS 16 - Changes were made to lease disclosures to reflect the new accounting standard.

Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	②	<p>Valuation working papers</p> <p>On receipt of the workings to support the valuation of two specific assets, we identified formula errors for key assumptions in the valuation. Similarly, relevant data inputs had been provided by finance (e.g cashflows) which had not been appropriately applied to elements of the workings evidencing a lack of review by management over the valuation workings.</p> <p>Management rely on the internal valuers for their expertise in the development of an appropriate basis for asset valuations but in turn are ultimately responsible for the values that are reflected in the financial statements.</p> <p>We therefore recommend there is a formal review of the workings to support significant valuations in year, particularly those that are reliant on key data inputs from the finance team.</p>	<p>Valuation working papers continue to be improved upon each year, valuations will continue to be formally reviewed each year.</p> <p>Officer: Head of Finance (Section 151 Officer)</p> <p>Due Date: 31 March 2026</p>

Control Deficiencies



The recommendations raised as a result of our work in the current year are as follows:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	3	<p>Missing declarations of interest</p> <p>Management has a process in place to identify related party transactions. This requires that officers and members declare interests on an annual basis. Through our testing, we observed that declarations of interest were not obtained for all individuals.</p> <p>Whilst we acknowledge that management has taken action to chase these returns, there is a risk that management are not aware of all interests that could result in related party transactions not being disclosed within the financial statements.</p> <p><i>Recommendation</i></p> <p>We recommend that management ensure that all members provide declarations of interest and reinforce the requirements to do so in line with the Council's standing orders and financial regulations.</p>	<p>Members are made aware of the requirements to provide declarations of interest, awareness will continue to be raised. In some instances this is not possible to obtain at the year end (i.e. where individuals are no longer a Councillor).</p> <p>Officer: Head of Finance (Section 151 Officer)</p> <p>Due Date: 31 March 2026</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 theatics 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/-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'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 partner, 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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