

Audit and Governance Committee

20 January 2026



Title	Closing Financial Accounts Update
Purpose of the report	To note the report for information
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Darren Carter – Director of Finance
Report author	Mark Sanders, Chief Accountant (Deputy S.151)
Lead Councillor	Councillor Emberson, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	<ol style="list-style-type: none">That the Committee notes the accounts progress to date and considers any matters to be highlighted to Council

1. Executive Summary

- This report updates Committee on the progress of the audit of the Council's Final Accounts for 2024/25 as it nears completion and should be considered alongside the External Auditor's progress update earlier on tonight's agenda.
- At the last meeting of Committee on 27 November 2025, KPMG reported that the audit process was nearly finished with no significant issues arising. Since then, the Council's finance team has continued to finalise residual audit queries and has updated the draft accounts accordingly.
- The intention is for the accounts to be approved by Full Council next week alongside the 2024/25 Annual Governance Statement. Committee are asked tonight to consider any comments it wishes to make that can be considered by Council ahead of approval.
- The final stage is for KPMG to issue their opinion by the statutory backstop deadline of 27 February 2026. The Council and KPMG are on track to meet this deadline.

2. Progress on 2024/25 Statement of Accounts

- Since the last Committee meeting, the finance team have concluded the last areas of audit testing which in the main related to accounting for pensions transactions and group accounts consolidation. There have been a number of presentational amendments to the draft accounts which have been agreed with KPMG and a revised draft Statement of Accounts for 2024/25 is included at Appendix 1.
- The Council and KPMG teams have reviewed how the audit progressed including use of an online portal for queries and the provision of evidence and working papers. This is the second year that the teams have worked together and both organisations are benefitting from improved ways of working.

- 2.3. There has been additional work undertaken to support KPMG's risk assessment on the remaining audit fieldwork required to return the Council to a clean unqualified audit opinion. This approach is consistent with the National Audit Office's Building Back Assurance guidance and will be continued as part of next year's audit of the 2025/26 Statement of Accounts.
- 2.4. As reported to last Committee, KPMG intend to issue a disclaimed opinion on the 2024/25 accounts. It should be noted however, that a comprehensive audit has been undertaken in accordance with the relevant professional and regulatory standards. The disclaimer arises from the need to complete specific work relating to the opening balance of reserves and does not reflect a lack of audit coverage or effort.
- 2.5. The audit work is substantially complete, with only minor matters remaining to be resolved prior to final conclusion. Importantly, no significant issues have been identified that would indicate weaknesses in the Council's overall financial management or the integrity of its financial reporting.

3. Annual Governance Statement 2024/25

- 3.1. It is best practice for the Annual Governance Statement to be considered alongside the accounts and external auditor's report to enable the Committee to consider all the relevant details in context.
- 3.2. The Council's Annual Governance Statement for 2024/25, which was presented to the Committee on 16 July 2025, is included in this report without any amendments at Appendix 2. The statement remains unchanged from the version previously reviewed by the Committee and reflects the Council's continued commitment to transparency, accountability, and sound governance.
- 3.3. Whist there has been presentational amendments to the statement of accounts, there have not been any matters of significance requiring an amendment to the Annual Governance Statement.

4. Contribution to Strategic Aims

- 4.1. The external audit process includes the approval of the annual Statement of Accounts results and the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

5. Environmental and Climate Implications

- 5.1. None Arising

6. Community Engagement

- 6.1. This report will include where appropriate any feedback from public inspection of accounts.

7. Equality Implications

- 7.1. None arising.

8. Other Relevant Considerations

- 8.1. There are none.

9. Legal Implications

- 9.1. The Accounts and Audit Regulations 2015 (as amended) require the council to produce and publish an annual Statement of Accounts in accordance with these regulations and "proper practice".

9.2. Section 21 of the Local Government Act 2003 defines “proper practice” for this purpose to be the Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Local Authority Accounting (the Code) for the relevant year. The Code specified the principles, practices, format and content required in the preparation of the Statement of Accounts of the Accounts.

10. Financial Implications

10.1. None arising.

11. Timetable for Implementation

11.1. Not Applicable.

12. Background Papers

12.1. There are none.

Appendices

1. Draft Statement of Accounts 2024/25

2. Annual Governance Statement 2024/25