

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 23 February 2026
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Report Title:	Lessons Learnt - Closure of Accounts
Purpose of Report:	Review and consideration of 2024/25 Closure of Accounts Process
Report Owner:	Report of the Director of Corporate Resources
Responsible Officer:	Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	None
Policy Framework:	Policy Framework and Budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The draft Statement of Accounts and Annual Governance Statement were submitted to Audit Wales on 30th June. This met the locally agreed Audit Wales deadline, but the Council has nevertheless issued a late publication notice. • The external audit of the Statement of Accounts completed and was reported to Governance and Audit Committee on 20th November, due to the Council’s constitutional arrangements this was then referred to Council for approval in December 2025 and was subsequently approved by the Auditor General. • The Audit Wales Audit of Accounts report confirms an unqualified audit report. The report included appendices that set out the audit amendments and outlined that a further report would be brought by Audit Wales setting out recommendations made following the 2024/25 accounts audit this report has been included at Appendix A to the report. • The recommendations made by Audit Wales are set out below <ol style="list-style-type: none"> 1. The Council should develop and implement a clear process for the review and approval of accounting journals 2. When preparing the accounts the Council should always undertake and document a review of its nil-net-book value assets as at 31st March. 3. Related Party recommendations 	

- a. strengthen the process for reviewing the financial ledger when considering declarations of interest, so that the disclosures submitted for audit are accurate and complete;
 - b. for all senior officers and councillors who leave the Council, ensure that they provide an up-to-date declaration of interest before their planned departure; and
 - c. ensure declarations of interest are obtained at the financial year-end for all senior officers of Big fresh Catering Company Ltd (or when they leave the Company).
4. At the financial year-end the Council should produce and retain its council tax reports for the year.
- Following completion of the 2024/25 audit the Council has undertaken both an internal review of the 2024/25 process and a joint meeting with Audit Wales and a number of actions are set out in the report following these meetings.
 - Attached at Appendix B is the Annual Audit Summary that sets out a summary of the Audit Wales' work across financial and performance audits during the year.

Recommendations

- 1.** Governance and Audit Committee consider the lessons learnt and associated actions set out in the report.
- 2.** Governance and Audit Committee consider and agree the recommendations and proposed management response set out in Appendix A to this report.
- 3.** Governance and Audit Committee consider the content of the Annual Audit Summary attached at Appendix B to this report.

Reasons for Recommendations

- 1.** To ensure that Governance and Audit Committee are informed of the outcome of the lessons learnt review and the actions proposed as a result.
- 2.** Governance and Audit Committee are able to consider the recommendations made by Audit Wales following the 2024/25 accounts process and the associated management response and actions.
- 3.** Governance and Audit Committee are able to consider the work undertaken by Audit Wales during the year.

1. Background

- 1.1** The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 1.2** In accordance with these regulations, the unaudited Statement of Accounts for 2024/25 required approval and signature by the responsible finance officer by 31st May 2025, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31st July 2025 by the Governance and Audit Committee in accordance with the Committee's Terms of Reference and also Council. If the accounts are not able to be signed and published by this date, then the Council must publish a Regulation 10 notice setting out the reasons why.
- 1.3** Due to resourcing issues post Covid Audit Wales are working to a 30th June and 31st October framework for the 2024/25 accounts. The Council has worked to this framework and did not meet the 31st May 2025 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this. In the context of the national position the unaudited accounts were signed by the responsible finance officer on 30th June 2025 and sent to Audit Wales the same day. There continues to be an expectation that Welsh Government will be

amending the Regulations to revert to the historical deadlines of 30th June and 30th September.

- 1.4 The amended accounts were approved by Governance and Audit Committee at Committee on 20th November and approved at Council on 3rd December. The accounts were subsequently signed by the Auditor General.
- 1.5 This date exceeded the target date for 2024/25 accounts audit. An additional fee has been incurred by the Council due to the extension of the audit period and the total audit fee has been confirmed as £224,734 which is higher than the original fee estimate of £202,959. This will be funded by the Policy budget in 2025/26.

2. Key Issues for Consideration

2.1 Lessons Learnt Review

2.2 Following the completion of the 2024/25 audit the Council has met with Audit Wales to discuss key issues identified during the 2024/25 accounts audit and to identify improvements that can be put in place for 2025/26 closure of accounts and audit. The Council has internally held two meetings, one a workshop with all accountants to discuss the process and potential areas for improvement and the second an internal meeting with key stakeholders from Property, Council Tax, Human Resources and Finance to discuss areas of challenge and potential improvement for 2025/26.

2.3 Lessons Learnt have been divided into the following sub headings:

- Ways of Working
- Working Papers and Audit Evidence
- Managing Capacity
- Material Transactions

2.4 Ways of Working

2.5 Accounts Preparation

2.6 The team prepares a closing timetable each year which it manage through the planner function of Microsoft 365. Weekly closing meetings are held with key team contacts and the planner is reviewed. Key issues delaying the progress made against the completion of the accounts have been identified by the team as follows:

- Quality and timeliness of accruals submitted during preparation of the accounts

2.7 Absence of key contacts over Easter period and lack of priority given by some departments to the important of the accounts process

- Additional information flows required for IFRS16 (Leasing Standard)

- Volume and disparity of grant claims
- Delay to submission of key information flows e.g. related party submissions
- Issues with new system usage e.g. IFRS16 module asset manager

2.8 Proposed Actions to Resolve

- Teams within accountancy developing new accruals spreadsheet with guidance to help improve the quality of accruals.
- Sharing of this paper with SLT to stress the importance of accounts preparation timelines, Finance SLTs have been scheduled to align with the accounts preparation and sign off process.
- New approach to related party submissions with online requests initiated earlier to maximise time available to collate and chase responses.
- The leasing data collation pressures are slightly improved for 2025/26 and the refresh of data was commenced in October; this will require a further refresh in March and still presents a pressure albeit reduced.

2.9 Audit Period

2.10 The 2024/25 audit period represents the third year that Inflo has been used to collate requests and audit evidence, whilst the use of the system is considered a significant improvement when compared with sharing information via email here can be an issue when samples are all allocated to one officer, some issues also warrant an in person discussion to deal with things efficiently.

2.11 Proposed Actions to Resolve

2.12 Audit Wales and Vale of Glamorgan teams commit to an in person meeting each week during the audit period.

- Vale to provide a list of key contacts for Audit Wales so samples can be directly allocated to the correct officer.
- Vale staff to receive training on use of Inflo where required.

2.13 Working Papers and Audit Evidence

2.14 Audit Wales highlighted that whilst the majority of working papers were available at the start of the audit and within the first two weeks of the audit there were some areas where the quality of working papers could be improved such as by maximising the use of linked formulas and clear procedures. As there was a significant change in Audit Staff in 2024/25 there were a number of requests that had been made that had not previously been requested and therefore it took some time to compile this information and in some cases because this information had not been compiled at year end it was not available for exact reconciliation. There was also some issue with obtaining sample information from schools.

2.15 Proposed Actions to Resolve

- Interim audit has commenced in January 2025 and significant progress has been made against audit samples.

- Any additional school samples required e.g. Schools Debtors and Creditors will be prioritised at the start of the audit to maximise opportunity for response before schools break for the summer holidays
- As detailed in the response to the Audit Recommendations the Council Tax information required will be collated and held as required for the audit review.
- A new transaction report has been scoped for Oracle Fusion to enable a more complete analysis of income and expenditure at transaction level without the need to schedule a significant volume of reports which caused delay in 2024/25.
- Vale of Glamorgan Council commits to reviewing the working papers for Group Accounts, Council Tax and NNDR to enable audit review.
- New approach implemented for Related Party notes with a preparer and reviewer allocated for each note.

2.16 Managing Capacity

2.17 In 2024/25 capacity impacted the ability of the team to deliver the accounts to the 30th June deadline and completion of the Audit by 30th October 2025.

2.18 Accounts Preparation

2.19 Some of the issues highlighted in the Ways of Working part impact capacity such as grants preparation and the complexity of budget setting. There has been a cost pressure submitted for a technical accountant to support the closure of accounts process in future years, however it is important to consider that this role can be very difficult to recruit to. In the 2025/26 the team has lost an experienced accountant, the back filling for which has created a vacancy in the Capital Accounting role. Whilst currently out to advert there will be some lead time in the role operating at maximum capacity that may impact accounts preparation in 2025/26.

2.20 There are some areas where the outlook is more positive including the increased experience of trainee and newly qualified accountants in the team and improved communication with broader stakeholders as part of the accounts preparation process.

2.21 Audit Period

2.22 The majority of Audit Wales resource was allocated across July and August in 2024/25, whilst due to the audit deadlines in 2025/26 it is likely that this will also need to be the case, it is proposed that a detailed audit plan is provided by Audit Wales so that the Vale of Glamorgan Council team can map their availability to aid planning. Weekly in person meetings will also aid monitoring of issues and any blockages and emerging issues through the audit period.

2.23 The interim audit has commenced which is significantly ahead of last year and relatively good progress has been made to date.

2.24 [Audit Wales Addendum Report setting out Recommendations following 2024/25 accounts](#)

- 2.25** The Audit Wales Audit of Accounts report confirms an unqualified audit report. The report included appendices that set out the audit amendments and outlined that a further report would be brought by Audit Wales setting out recommendations made following the 2024/25 accounts audit this report has been included at Appendix A to the report and are briefly summarised below.
- 2.26** Recommendation 1 - The Council should develop and implement a clear process for the review and approval of accounting journals. The Council does not accept this recommendation in full in part because it feels the risk associated with large journals is small and in part because the limited capacity in 2025/26 means that this would not be practical. It does offer some peer review of sample journals in 2025/26 to address some of the risk outlined in this recommendation.
- 2.27** Recommendation 2 - When preparing the accounts the Council should always undertake and document a review of its nil net book value assets as at 31st March. This process enables the Council to identify assets that no longer exist, or are no longer in use, which can then be accounted for accordingly. This recommendation has been accepted in full and the nil value review for 2025/26 is underway.
- 2.28** Recommendation 3 – Some weaknesses were highlighted in respect of Related Party disclosures and recommendations by Audit Wales have been made as follows:
- strengthen the process for reviewing the financial ledger when considering declarations of interest, so that the disclosures submitted for audit are accurate and complete;
 - for all senior officers and councillors who leave the Council, ensure that they provide an up-to-date declaration of interest before their planned departure; and
 - ensure declarations of interest are obtained at the financial year-end for all senior officers of Big fresh Catering Company Ltd (or when they leave the Company).
- 2.29** This recommendation has been accepted in full. Big Fresh Catering Company will be requested to prepare their own related party disclosures. Each related party disclosure has been allocated a preparer and reviewer with an overall tracker to monitor progress. Where Senior officers have left the Council in year their related party declaration of interests have been requested.
- 2.30** Recommendation 4 - At the financial year end the Council should produce and retain its council tax reports for the year. This process should provide the relevant reporting data needed for the year end control reconciliations used to prepare the accounts; and to support our audit. This recommendation is accepted in full the information will be run and retained for 2025/26 audit.
- 2.31** Annual Audit Summary
- 2.32** Attached at Appendix B is the Annual Audit Summary that sets out a summary of the Audit Wales’ work across financial and performance audits during the year.
- 2.33** Joint Committee Audit Update

2.34 Shared Regulatory Service

2.35 The audit of the Shared Regulatory Services is ongoing progress is good and issues identified to date are minimal the audit is expected to finalise early in 2026.

2.36 The Shared Regulatory Service Joint Committee is the body charged with governance to approve the accounts.

2.37 Vale, Valleys & Cardiff Regional Adoption Service

2.38 The Vale, Valleys and Cardiff Regional Adoption Service accounts are subject to a national review to establish if they require a full set of accounts or an annual return Audit Wales expect to conclude this review in March 2026.

2.39 The Regional Adoption Committee is the body charged with governance to approve the accounts.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan through the 4 well being outcomes.

4. Climate Change and Nature Implications

4.1 There are no Climate Change and Nature Implications associated with this report

5. Resources and Legal Considerations

Financial

5.1 The Financial considerations are set out in the body of the report.

Employment

5.2 There are no employment considerations arising from this report.

Legal (Including Equalities)

5.3 The Statement of Accounts is prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended).

6. Background Papers

Audit of Accounts Memorandum Report – Vale of Glamorgan Council

Audit year: 2024-25

Issued: February 2026

Document reference: 5214A2026



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Introduction

This report is an addendum to the Audit of Accounts Report that we presented to the Governance and Audit Committee on 20 November 2025 (and thereafter to Council Members on 1 December). The report sets out five recommendations and provides an update on the status of last year's recommendations.

We would like to take this opportunity to once again thank all your staff who helped us throughout the audit.

Recommendations from this year's audit

Exhibit 1: recommendations from this year's audit

1. Finding – the lack of the review and approval of accounting journals

We found that the Council's accounting journals posted to the financial ledger do not require review and approval by another officer. We acknowledge that a large body, such as the Council, processes many journals throughout the financial year and it may be impracticable to have all journals reviewed and approved by another officer. However, we consider the current process has some weakness with all journals being processed without review.

Recommendation

The Council should develop and implement a clear process for the review and approval of accounting journals. For example, such a process could require the approval and sign-off of all journals above a set value; and the approval of lower value journals on selective basis across all relevant finance officers.

Accepted in full by management:

No

Management response:

In practice given the limited capacity in the central Accountancy team the large value journals are often processed by senior members of the team.

These journals often relate to significant accounting adjustments and therefore easily reconciled and errors associated with these journals are rare.

It is proposed that in 2025/26 the Accountancy team trial an approach that reviews a sample of journals with adjustments exceeding £5m through peer review.

This would not prevent the journals being performed and progress against the accounts being achieved but would enable this recommendation to be addressed.

Implementation date:

30 June 2026

2. Finding – for 2024-25 the Council did not review its assets that had nil net-book-values as at 31 March 2025

For the three years 2021-22 to 2023-24, the Council reviewed all its assets with a nil net-book-value as at 31 March. However, the Council did not do the review for 2024-25.

At our request officers did do a 2024-25 review during the audit, which identified a number of assets¹ that had been disposed or transferred in 2024-25, but had not been recorded as such in the accounts submitted for audit.

Recommendation

When preparing the accounts the Council should always undertake and document a review of its nil-net-book value assets as at 31 March. This process enables the Council to identify assets that no longer exist, or are no longer in use, which can then be accounted for accordingly.

¹ 18 full assets with a gross book value £379,855 and seven partially disposed assets with a gross book value of £213,625.

Accepted in full by management:

Yes

Management response:

The Council last undertook a nil net book value review as part of 2023/24 closure of accounts and with the extra resource requirements associated with the IAS16 implementation determined the risk of material misstatement was small. This review was undertaken during the 2024/25 audit process and has already been commenced for the 2025/26 closure of accounts process.

Implementation date:

30 June 2026

3. Finding - Weaknesses in the process for identifying and disclosing related party transactions and balances

We found the following issues regarding the Council's related party disclosures, including those of the accounting group:

- four omitted disclosures, two of which were material;
- four incorrect disclosures, one of which was material;
- difficulties obtaining declarations of interest from senior officers who had left the Council during 2024-25; and
- no process being in place to obtain annual declarations of interest for the senior officers of the Council's subsidiary company, Big Fresh Catering Company Ltd.

Recommendation

The Council should:

- strengthen the process for reviewing the financial ledger when considering declarations of interest, so that the disclosures submitted for audit are accurate and complete;
- for all senior officers and councillors who leave the Council, ensure that they provide an up-to-date declaration of interest before their planned departure; and

- ensure declarations of interest are obtained at the financial year-end for all senior officers of Big fresh Catering Company Ltd (or when they leave the Company).

Accepted in full by management:

Yes

Management response:

The process for compiling declarations of interest has been amended for 2025/26 with each declaration allocated a preparer and reviewer in accountancy.

Implementation date:

30 June 2026

4. Finding – the Council generated its council-tax reports used for accounting purposes late, being after the financial year-end

The Council generated its council tax reports after the financial year-end, at our request during the audit. For one of these reports, regarding the council tax discounts and exemptions received by individual households, we found that the year-end report did not agree (by £51,768) to the Council's year-end council tax reconciliation.

Recommendation

At the financial year-end the Council should produce and retain its council tax reports for the year. This process should provide the relevant reporting data needed for the year-end control reconciliations used to prepare the accounts; and to support our audit.

Accepted in full by management:

Yes

Management response:

This reporting had not previously been requested by Audit Wales. The reports will be run as at 31st March 2026 and retained for review during the audit period.

Implementation date:

31 March 2026

Recommendations from last year's audit

Exhibit 2: progress with last year's recommendations

Recommendation	Progress
<p>For salary overpayments to two senior staff members there are two recommendations of a governance nature:</p> <ul style="list-style-type: none">• the employment contracts of all chief officer staff should provide for the recovery of salary overpayments as is already the case for other staff; and• the Council should ensure that the exercising of delegated powers is completed and documented on a timely basis.	<p>We are satisfied that the recommendations were implemented during 2024-25</p>

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Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

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Vale of Glamorgan Council – Annual Audit Summary 2025

Date issued: February 2026



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Annual Audit Summary for the Vale of Glamorgan Council (the Council). It summarises the main findings from my 2025 audit work undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004 and the Well-Being of Future Generations (Wales) Act 2015.

I provided an opinion on whether the accounts were properly prepared and gave a true and fair view, in all material aspects. I issued a positive unqualified opinion on the 2024-25 accounts.

My audit team has also assessed whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and has acted in line with the sustainable development principle. In doing so, my audit team has reviewed arrangements to manage Complaints and School Balances. As set out in my audit plan, these reviews have been carried out in line with the International Organisation of Supreme Audit Institutions (INTOSAI) standards.

The detailed audit findings for each of my reviews are set out in the respective reports which my audit team have presented throughout the year. The performance audit reports are available on the Audit Wales website and further links are available in the summary.

The Annual Audit Summary should be shared with those charged with governance. I will then make the summary available to the public on the Audit Wales website.

I would like to extend my gratitude to the Council's officers for their help and cooperation throughout my audit.

Your audit at a glance



I received the draft accounts in line with the statutory deadline of 30 June 2025. The quality of the draft accounts and working papers was good.



I issued an unqualified opinion on the accounts. There was one uncorrected misstatement in the accounts. We raised one other significant issue regarding the timeliness of the audit evidence and responses to audit enquiries, which led to later completion, reporting, and audit certification.



My performance audit work found that the Council is not always responding to complaints in a timely way. I also found that the Council is supporting and challenging its schools to address their deficits, but some of these activities are not yet having the desired impact.



My audit team made recommendations to the Council about: further developing its complaints policy and strengthening support and challenge of recovery planning to address school deficit balances.

For the accounts audit my audit team raised four recommendations to improve some of the Council's processes and accounting.



My audit team has completed the audit work set out in my Audit Plan dated April 2025.

Audit of accounts findings

Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the Council's financial performance and set out its net assets/reserves, total comprehensive income and expenditure, and cash flows. My annual audit of the accounts provides an opinion on whether the accounts were properly prepared and give a true and fair view, in all material aspects.

My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

The draft accounts were presented to my audit team for audit on 30 June 2025. This was in line with the deadline set by the Welsh Government. The quality of the draft accounts presented for audit was generally good.

My audit opinion

I must report issues arising from my work to 'those charged with governance' for consideration before I issue my audit opinion on the accounts. I reported these issues within my Audit of Accounts Report to the Governance and Audit Committee on 27 October 2025; and to full Council (being those charged with governance) on 1 December 2025.

Accuracy of preparation

A number of changes were made to the draft accounts arising from my audit work. There was one uncorrected misstatement. I raised one other significant issue regarding some delays in receiving audit evidence and with responses to audit enquiries, which led to the audit being extended beyond the deadline set for completion and reporting.

There were no other significant issues to report.

My work did not identify any material weaknesses in internal controls (as relevant to my audit). I made four recommendations for improvement.

The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements and with my knowledge of the

Council. I concluded that the Council's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them.

Audit completion

I issued the certificate confirming that the audit of accounts for 2024-25 was completed on 3 December 2025.

Other accounts work still underway

In addition to my responsibilities for auditing the Council's accounts, I also have responsibility for the certification of a number of grant claims and returns. At the time of reporting, my audit team were undertaking the grants work at the Council. This work is scheduled to be completed by the end of February 2026.

Performance audit findings

Corporate complaints supporting service improvement

My team looked at the Council's approach to handling complaints.

I found that the Council has taken steps to improve its complaints arrangements, but the Council is not always responding to complaints in a timely way and there are weaknesses in its arrangements to support service improvement and reduce the number of complaints. For example, in 2022, the Council implemented a new IT system to track its complaints, and, in 2025, it updated its complaints policy. However, we have identified some areas which could be strengthened, particularly given the numbers of complaints to the Public Sector Ombudsman for Wales about the Council's complaints arrangements.

I made four recommendations focused on:

- further developing its complaints policy;
- improving the functionality of its IT system for complaints handling;
- improving staff training; and
- improving monitoring and learning from complaints.

School Balances

My team looked at whether the Council has arrangements to support and challenge its schools to recover from their budget deficit positions.

I found that the Council is supporting and challenging its schools to address their deficits, but some of these activities are in the early stages of implementation and not yet having the desired impact. Many schools in deficit either don't have recovery plans or the plans aren't robust. This raises concerns about how schools will achieve the step change needed to become financially sustainable. This could impact on the Council's overall financial sustainability. There are shortcomings in the Council's reporting of this significant risk. This limits the effectiveness of monitoring and challenge in public committees.

I made three recommendations focused on:

- improving oversight of the impact of its actions to aid assessment of value of money;
- strengthening support and challenge; and
- learning from the approaches adopted by other councils to address school deficit balances.

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