

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 15 December 2025
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Report Title:	Finalisation of the Annual Statement of Accounts for the South East Wales Corporate Joint Committee - Responses from Audit Wales and the South East Wales Corporate Joint Committee.
Purpose of Report:	To provide members of the Committee with an update of responses received from the Auditor General for Wales and the South East Wales Corporate Joint Committee (SEWCJC) following concerns raised by the Governance and Audit Committee regarding delays to the preparation and finalisations of the SEWCJC annual statement of accounts.
Report Owner:	Director of Corporate Resources
Responsible Officer:	Gareth Davies, Democratic and Scrutiny Services Officer.
Elected Member and Officer Consultation:	No Elected Members have been consulted. Director of Corporate Resources Head of Finance / Section 151 Officer
Policy Framework:	There is no impact on the policy framework and procedure rules.
Executive Summary: <ul style="list-style-type: none"> The report has been provided to allow the Governance and Audit Committee to consider responses received from the Auditor General for Wales and the South East Wales Corporate Joint Committee (SEWCJC) following concerns raised by the Committee regarding delays to the preparation and finalisations of the SEWCJC annual statement of accounts. Attached at Appendix A, is a letter from the Auditor General for Wales, received in response to a correspondence sent by the Chair of the Governance and Audit Committee, following the Committee's resolution made at its meeting held on 23rd June 2025, expressing the Committee's concern of the delays in finalisation the accounts for the Cardiff Region City Deal. The Governance and Audit Committee raised similar concerns at its meeting held 21st July, 2025, with the Committee resolving: 	

"T H A T the Chair of the Governance and Audit Committee write to the Chief Executive of the South East Wales Corporate Joint Committee expressing concern about the delay of the Statement of Accounts and also to express the Committee's concern regarding the impact that it is having upon the production of the Vale of Glamorgan Council's draft Statement of Accounts".

- A response from the Strategic Director of Resources (Section 151 Officer) SEWCJC is attached at Appendix B.
- The Governance and Audit Committee is therefore requested to consider the contents of the response letters contained at Appendix A and Appendix B respectively and make comment as it sees appropriate.

Recommendation

1. That the Governance and Audit Committee considers the contents of the report and the response letters contained at Appendix A (Audit Wales) and Appendix B (South East Wales Corporate Joint Committee) and makes comments as appropriate.

Reason for Recommendation

1. To advise the Governance and Audit Committee of responses received from the Auditor General for Wales and the South East Wales Corporate Joint Committee following concerns raised by the Governance and Audit Committee regarding delays to the preparation and finalisations of the SEWCJC annual statement of accounts.

1. Background

- 1.1 At its meetings held on 23rd June, 2025 and 21st July, 2025, the Governance and Audit Committee resolved to raise concerns regarding ongoing delays with the preparation and finalisation of the annual statement of accounts for the South East Wales Corporate Joint Committee (formally the Cardiff Capital Region City Deal).
- 1.2 The Chair of the Governance and Audit Committee was requested to write to the Auditor General for Wales and the Chief Executive of the South East Wales Corporate Joint Committee to highlight the concerns and raise ongoing delays to the finalisation of the accounts for the Corporate Joint Committee.

2. Key Issues for Consideration

- 2.1 The report has been provided to allow the Governance and Audit Committee to consider responses received from the Auditor General for Wales and the South East Wales Corporate Joint Committee (SEWCJC).
- 2.2 It follows concerns raised by the Committee regarding ongoing delays observed around the preparation and finalisation of annual statement of accounts for initially the Cardiff Capital Region City Deal and now formally the SEWCJC.
- 2.3 Attached at Appendix A, is a letter from the Auditor General for Wales, received in response to a correspondence sent by the Chair of the Governance and Audit Committee, following the Committee's resolution made at its meeting held on 23rd June 2025, expressing the Committee's concern of the delays in finalisation the accounts for the Cardiff Region City Deal.
- 2.4 The Governance and Audit Committee raised similar concerns at its meeting held 21st July, 2025, with the Committee resolving:

"T H A T the Chair of the Governance and Audit Committee write to the Chief Executive of the South East Wales Corporate Joint Committee expressing concern about the delay of the Statement of Accounts and also to express the Committee's concern regarding the impact that it is having upon the production of the Vale of Glamorgan Council's draft Statement of Accounts".

- 2.5 A response from the Strategic Director of Resources (Section 151 Officer) SEWCJC is attached at Appendix B.
- 2.6 The Governance and Audit Committee is therefore requested to consider the contents of the response letters contained at Appendix A and Appendix B respectively and make comments as it sees appropriate.

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

- 3.1 The report provides a formal record of specific resolutions raised made by the Governance and Audit Committee, and so assists with ensuring that actions are dealt with in a timely manner. It also assists with ensuring that the Governance and Audit Committee carries out its functions and aids transparency and work programming. Actions missed could undermine the positive contribution that the Committee makes to both short and long-term service improvement and the Council's Well-Being Objectives

4. Climate Change and Nature Implications

- 4.1 None as a consequence of this report.

5. Resources and Legal Considerations

Financial

- 5.1 None as a consequence of this report.

Employment

- 5.2 None as a consequence of this report.

Legal (Including Equalities)

5.3 None as a consequence of this report.

6. Background Papers

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Gareth Chapman
Chair of the Governance and Audit
Committee (Vale of Glamorgan Council)

Reference: AC520/RH/NG

Date issued: 14 August 2025

Dear Gareth

Governance and Audit Committee of the Vale of Glamorgan Council – Annual Statement of Accounts Cardiff Capital Region City Deal

Thank you for your letter of 3 July and for raising your concerns. As you are aware from your local engagement director and his team, this has been an ongoing issue for the last few years. We have been working closely with the officers responsible for the Cardiff Capital Region City Deal (CCRCD) (now the SEWCJC) and the S151 officers at the ten bodies that support this arrangement, to improve the timeliness and accuracy of the financial information that they produce and that is included in the ten underlying accounts.

To date, this has allowed us to certify the accounts of all ten bodies by the statutory deadline, although this remains a risk that we need to highlight in our audit plans given the significant impact it has on the Vale's (and the other nine) accounts. However, just to be clear, the accounts production process and the achievement of the accounts timetable of 30 June for the submission to us of auditable accounts, is a matter for the relevant councils and S151s. The accounts production process and submission of the relevant information needed is an issue for the officers to address, not my teams. My teams will engage in this process, but we are required to audit the accounts that the bodies then produce. For authorities submitting auditable accounts by the end of June deadline, we aim to complete our audits this year by 31 October.

The delays to certification of CCRCD accounts to date have been, as a result of, late submission of the draft accounts and longer than anticipated audit periods due to the

quality of those draft accounts and complexity of transactions contained within them. This has not delayed any certification deadlines for the individual LG bodies.

You will appreciate that the work to obtain sufficient assurance, alongside the work at the local audits, needs to be effectively coordinated and resourced. To this end I can confirm that my audit team has recently completed the 2023/24 audit of the CCRCD, and these accounts will be approved and certified in September (given the committee cycle). My team has also agreed with the 'new' SEWCJC that the draft accounts for 2024/2025 will also be submitted in early September, so that the audit can progress to ensure we have enough assurance to support the audit of the Vale of Glamorgan (and the other nine bodies). The SEWCJC has recently met with the ten S151s to discuss this position and agree on the information needed to support the underlying accounts.

We will be working closely with all stakeholders over the next few months to ensure the SEWCJC and the ten LG audits are completed in a timely and effective manner, with an aim of achieving the local and statutory deadlines.

I hope this is useful in explaining the process and the current position. If you have any further queries, please discuss with your engagement director in the first instance so that the specific issues at the Council can be explained.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Dyddiad / Date: 3 September 20225

Gareth Chapman
Chair of Governance & Audit Committee
The Vale of Glamorgan Council
Civic Offices
Holton Road
Barry
CF63 4RU

Dear Gareth,

Annual Statement of Accounts of South-East Wales Corporate Joint Committee

Thank you for your letter of 4th August 2025, in which you raised concerns regarding delays to the preparation of the Annual Statement of Accounts of South-East Wales Corporate Joint Committee (the CJC).

Firstly, I'd like to say that I fully appreciate the impact that these delays could have on the Vale of Glamorgan Council's own financial reporting processes. I want to assure you that we take these concerns seriously and are committed to ensuring future accounts are delivered in a way that supports constituent councils' needs and obligations.

You will recall that I attended a meeting of the Vale of Glamorgan Governance & Audit Committee on 17th February 2025 to discuss this topic and outlined the key reasons for both delay in the production of the draft accounts in previous years, and the subsequent certification of the audited accounts.

It is important to note that 2024/25 represents the first year that the CJC has been established as a public body and, prior to 1st April 2024, operated under an Accountable Body arrangement with Cardiff Council.

Under the Accountable Body arrangements (up to and including the 2023/24 Statement of Accounts), capacity to produce the financial statements was limited. This had an inevitable impact on the timeline for the production of the accounts as well as limiting the opportunity for challenge and peer review.

This in turn impacted the quality of the draft accounts, which led to additional adjustments to the audit process. It also meant that there was largely a single point of dependency, which led to delays in responding to audit queries.

In addition to this, it is also important to note that many of the transactions going through CJC accounts are fairly novel in the public sector. This presents technical challenges for how they are presented within the accounts, and also naturally increases the audit risk, which leads to a higher level of audit fieldwork testing to gain the necessary assurance.

Allied to this, resource constraints within Audit Wales impacted when the majority of fieldwork could be delivered.

The challenges referred to above have impacted on the audit timelines for the 2023/24 accounts, but I can confirm that Richard Harries, Audit Wales Director, recently wrote out to the ten Section 151 Officers in the region to confirm that the 2023/24 audit has concluded, and they intend to issue an unqualified audit opinion. These accounts will be taken to our Governance & Audit Committee for endorsement in September ahead of final sign off by the CJC on 13 October.

Moving on to 2024/25, arrangements have been put in place to increase resources within the finance team to meet the needs of a public body, and whilst capacity across the CJC remains one of our highest corporate risks, the current structure within the finance team has led to a more appropriate distribution of roles and responsibilities, whilst also allowing for a higher level of quality assurance and analytical review to improve the quality of the draft accounts.

You will appreciate that the 2024/25 draft accounts could not be finalised until the audit of the 2023/24 accounts had been concluded. As this has now been concluded, finalisation of the Draft 2024/25 Statement of Accounts has been taking place recently and, following a robust quality assurance exercise, the accounts have now been submitted to Audit Wales.

Audit Wales have also given assurance to us and the 10 Local Authorities in the region that they have increased the capacity within the team working on the CJC audit and are aiming to conclude their work to allow for the 24/25 CJC accounts to be certified by the 31 October deadline that Local Authorities are working towards.

I can also assure the committee that every effort will be made to deliver the CJC's draft accounts by the statutory deadline in future years and am confident that there is the capacity and capability within the organisation to achieve that.

Should you require further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Liam Hull', written in a cursive style.

Liam Hull
Strategic Director of Resources (Section 151 Officer)