Agenda Item No: 5

Meeting of:	**Governance and Audit Committee**
Date of Meeting:	**Monday, 28 September 2026**
Relevant Scrutiny Committee:	Resources Scrutiny Committee
Item which the Chair has decided is urgent (Part I) **(If yes, why)**	
Urgent Decision Procedure Used (15.14 of the Constitution) **(If yes, why)**	Not applicable
Item Type	Part I
Report Title:	Audited Statement of Accounts 2025/26
Portfolio Holder:	Executive Leader and Cabinet Member for Performance and Resources
Strategic Leadership Team:	Chief Executive
Lead Officer:	Head of Finance/ Section 151 Officer

1.0 <u>What is this report about?</u>

1.1 The Council is required to submit its draft Statement of Accounts and Annual Governance Statement to Audit Wales by 30th June each year for audit and external audit has until 30th September to issue a certificate. These extended deadlines reflect the continuing audit backlog and therefore the extended deadlines set by Welsh Government. The 30th September represents the agreed timetable set out by Audit Wales to reduce this backlog and is a month earlier than the deadline set for the 2024/25 accounts sign off.

1.2 The draft Statement of Accounts and Annual Governance Statement were submitted to Audit Wales on 30th June 2026.

1.3 The Draft Final Statement of Accounts includes the consolidation of the audited 2025/26 South East Wales Corporate Joint Committee (SEWCJC) accounts. The preparation and audit of these accounts is now back on course following significant delays in recent years.

1.4 There are a number of other changes largely of a presentation and classification nature which will be detailed within this report and are also included in the Auditor's report.

1.5 The Annual Governance Statement demonstrates that appropriate governance arrangements are in place to meet the governance principles. Actions have been identified to address the governance issues identified during 2025/26.

1.6 Audit Wales writes to those charged with Governance to gain assurance that there is no fraud which would have an impact on the accuracy and integrity of the Statement of the Accounts. There are no fraud issues impacting on the Council's accounts.

1.7 The external audit of the Statement of Accounts is very near complete. The draft Audit Wales Audit of Accounts report is attached at Appendix D and confirms an unqualified audit report. The report includes appendices that set out the audit amendments agreed a further report will be brought by Audit Wales that sets out recommendations made following the 2025/26 accounts audit.

1.8 The external audit of the Annual Governance Statement is complete and no significant amendments were required.

1.9 Audit work has commenced on the Shared Regulatory Service and the audit is ongoing. There has been some discussion on the form of The Vale, Valleys & Cardiff Regional Adoption Service accounts to be produced which has only recently been concluded so this work is still underway.

2.0 <u>What are the Recommendations?</u>

	Recommendations – What and How?	**Reason for Recommendation – Why?**
2.1	Governance and Audit Committee is recommended to approve the Final Statement of Accounts and Annual Governance Statement to go forward to Council for final approval at Appendix A and B respectively.	Governance and Audit is the body responsible for receiving the Statement of Accounts and Annual Governance Statements for review ahead of approval by Council.
2.2	Governance and Audit Committee is recommended to delegate authority to the s151 Officer in liaison with the Chair of the Governance and Audit Committee to make any final minor adjustments to the Final Statement of Accounts and Annual Governance Statement as necessary.	The Audit of the Statement of Accounts and Annual Governance Statement is essentially complete but there may be some minor amendments to be made before they are approved by Council.
2.3	Governance and Audit Committee is recommended to note the response to the Audit Wales Audit Enquiries at Appendix C.	Audit Wales has written to both offices and those charged with governance with a set of queries to provide assurance on fraud, legal and related parties.
2.4	Governance and Audit Committee is recommended to note the draft Audit Wales ISA260.	The ISA260 is for noting and any adjustment required have been made in the Statement of accounts and Annual Governance Statement being put forward for approval.

3.0 What is the background to this report?

3.1 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).

3.2 For the 2025/26 Accounts Audit Wales are working to a 30th June and 30th September framework for the 2025/26 accounts. The unaudited accounts were signed by the responsible finance officer on 30th June 2026 and sent to Audit Wales the same day.

3.3 The 2025/26 Vale of Glamorgan Statement of Accounts have been subject to external audit and the audited accounts are presented to Governance and Audit Committee along with the external auditor's ISA260 report prior to being submitted for approval by Council and signed by the Auditor General.

3.4 The 2025/26 Shared Regulatory Services Joint Committee Statement of Accounts was reported to the Joint Committee on 18th June 2026 and the External Audit for these accounts is now commencing.

3.5 The Vale, Valleys and Cardiff Regional Adoption Service accounts will be subject to a full external audit by Audit Wales for both 2024/25 and 2025/26 as it has exceeded the threshold for full audit and the full Statement of Accounts will need to be completed and once complete will be shared with Governance and Audit Committee and the External Auditors for review.

3.6 Audit Wales wrote to the Council on 18th May 2026 seeking their annual assurance on matters in relation to fraud, laws and regulations, and related parties which could have an impact on the Statement of Accounts.

4.0 What issues are there to be considered?

4.1 **Final Statement of Accounts and Annual Governance Statement.**

4.2 **Statement of Accounts.**

4.3 The Audit of the Statement of Accounts and Annual Governance Statement is now complete.

4.4 The Final Statement of Accounts subject to Audit Wales completing their review will attached at Appendix A. This will be share with the Committee prior to the meeting on 28th September, 2026.

4.5 The key headlines from the Statement of Accounts are broadly as set out in the report to Governance and Audit Committee on 20th July 2026. Usable Reserves have reduced to a total of £89.975m. This includes the Council Fund £11.953m, HRA Reserve £9.913m, Earmarked Reserves of £38.955m, and also includes Capital Grants Unapplied of £18m reflecting grant funding received in advance that will be utilised in 2026/27 and 2027/28 as part of the challenging capital programme proposals. There are no changes to these figures as part of the amended accounts.

The unusable reserves of the Council are the non cash backed reserves that are predominantly used to capture statutory accounting adjustments. These unusable reserves are amended to £801.767m and has been increased by £1.045m as a result of an audit amendment reducing the value of the accrual for outstanding leave and the corresponding offset in unusable reserves set out in these accounts.

4.6 The value of Property Plant and Equipment has increased to £1.018bn reflecting significant increases in Capital Investment in Schools and Housing stock during the period and a reduction in the valuation of Council Dwellings and an increase in land and building assets. The Council carried out a full revaluation of the building assets in 2025/26. Included in this value was a prior period adjustment of £7.898m which was made to recognise previously omitted assets that were predominantly land. This increased balance sheet values but had no impact on revenue budgets or Council tax. Following review of the Council's approach by Audit Wales a third balance sheet has been included for 2023/24 demonstrating that this land was owned to the Council prior to 2024/25.

4.7 The Pension Liability and corresponding Unusable reserve have reduced to nil for funded schemes following the recent triennial valuation across the main Vale accounts and the Joint Committee accounts having made consideration of the asset ceiling and the minimum funding guarantee. The unfunded Pension Fund has a liability of £8.2m.

4.8 **Annual Governance Statement**

4.9 The External Audit of the Statement of Accounts and Annual Governance Statement is now complete.

4.10 The final Annual Governance Statement is attached at Appendix B. The Annual Governance Statement had an overhaul in 2024/25 and as well as giving a more streamlined commentary it is also in the same format as the main statement. This approach was also followed for 2025/26 and the Council will continue to explore opportunities to streamline the document still further.

4.11 There have been no significant changes from the draft Annual Governance Statement. Audit Wales requested some additional commentary on the financial risks that the Council is facing and this has been added in.

4.12 The Annual Governance Statement describes the Council's corporate governance arrangements, provides an assessment of those arrangements and where appropriate identifies improvements that need to be made. The statement demonstrates that appropriate governance arrangements are in place to meet the governance principles as set out in the CIPFA /SOLACE Framework (2016) and that a review has been undertaken to assess the effectiveness of those arrangements.

4.13 **Audit Enquiries to those Charged with Governance and Management**

4.14 ISA 240 requires the Council's External Auditors to obtain an understanding of how the Council exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them. Audit Wales wrote to those Charged with Governance in May 2026 seeking these assurances.

4.15 The Council's proposed responses to the Audit Wales Fraud enquiries is attached at Appendix C. The controls in place all supplement the Council's governance arrangements set out in the Constitution and include the Financial Procedure Rules and Contract Procedures Rules as well as Financial Procedure Notes and the Procurement Code of Practice.

4.16 Appendix 1 of the document relates to Fraud; the response sets out a confirmation that there were no specific fraud issues identified during 2025/26 relating to the financial statements. It is also considered that the Head of Audit's Annual Opinion report provides satisfactory assurance with regards to the key financial systems.

4.17 The document sets out the processes for management of incidences of Fraud, limited assurance identified as a result of audits and whistleblowing. The response also sets out how standards of ethical behaviour and conduct are communicated to Employees and Members of the Council. It is further stated that any instances of potential fraud or error identified via the National Fraud Initiative have been dealt with through the appropriate processes and any monies incorrectly paid are being recovered.

4.18 Appendix 2 relates to Laws and Regulations and sets out how assurance is gained that laws and regulations have been complied with. It further sets out that the Council is not aware of any non compliance that should be declared and that there are no legal claims which would affect the Council's financial statements.

4.19 Appendix 3 provides detail of assurance regarding Related Parties and includes processes to establish and disclose relevant related party transactions as required.

4.20 Appendix 4 covers general matters and there are no events which have influenced Audit Wales' approach or the Council's accounts.

4.21 Appendix 5 covers financial reporting and includes a number of questions on the integrity of the reporting arrangement which are all in good order.

4.22 Finally, Appendix 6 covers changes to financial systems and highlights the introduction of Oracle Fusion Debtor and NEC for Housing Rents. Both of these were covered in Audit Wales' audit work on the accounts.

4.23 **Audit of Accounts Report**

4.24 The Audit Wales Audit of Accounts Report is attached at Appendix D.

4.25 The Audit of Accounts Report includes the Auditor's report (Appendix 2 which is reproduced in the accounts), letter of representation (Appendix 1) and summarises corrections and recommendations for improvement.

4.26 The Audit of Accounts states that there will be an unqualified audit report, although this is subject to some audit work and file review that will be undertaken in the coming days.

4.27 Some of the key amendments to the accounts are set out in Appendix 2 to the Audit of Accounts Report.

4.28 A significant proportion of the amendments related to disclosures concerning the South East Wales Corporate Joint Committee (SEWCJC), including the recognition and classification of capital grants, liabilities, investments and opening reserve balances.

4.29 Corrections were made to improve the accuracy of balance sheet and note disclosures. These included inclusion of a third balance sheet for 2023/24 relating to the previously disclosed prior period adjustment and amendments totalling £7.898m to property, plant and equipment and unusable reserves.

4.30 Other amendments addressed the classification of provisions, debtors, cash and overdraft balances, pension disclosures and council tax information. These amendments affected disclosure and presentation only and did not change the overall value of net assets or reserves reported by the Council.

4.31 There is an amendment of £1.045m in the accounts reducing the accruals relating to outstanding staff leave from £5.844m to £4.799m due to some inaccuracies in returned submitted by managers and an error in the working paper. As this accrual is offset by an unusable reserve there is no cash or usable reserve impact of this change.

4.32 There are a number of amendments relating to Related party disclosures included some disclosures omitted from declaration of interest returns and some incomplete entries.

4.33 There are some changes to disclosure notes in the accounts mostly relating to presentational issues or issues of a quality assurance nature.

4.34 Audit Wales identified two unadjusted misstatements within the 2025/26 Statement of Accounts. The first relates to the understatement of housing rent arrears (£476k) and rents received in advance (£279k) this relates to the complex reconciliation required as part of the transfer to the NEC system the misstatement if corrected results in a net increase in Housing Revenue Account rental income of £197k as this is a favourable position and impacts a significant number of tables it will be corrected as part of the 2026/27 accounts.

4.35 The second relates to differences between the South East Wales Corporate Joint Committee (SEWCJC) draft and audited accounts, where the Council retained the draft figures as the audited figures became available late in the accounts process. These differences would increase expenditure by £1.1m and reduce overall reserves by £620k. These changes have not been made as they would also impact a significant number of tables and are not material to the Council's accounts.

4.36 The accounts are scheduled to be signed by the Auditor General on 7th October 2026.

4.37 As noted in the Audit Wales report on 17 September 2026 elector of the Council have exercised their rights, under Sections 30 and 31 of the Public Audit (Wales) Act 2024, to make an objection to the accounts. The audit team is examining the matters raised by the elector and liaising with the Council on the information required to inform the response. An update on this matter will be provided at Committee subject to the time taken to resolve this matter the Audit Wales certification may be required to be moved to a later date.

4.38 **Shared Regulatory Service**

4.39 The audit of the Shared Regulatory Services is ongoing and expected to finalise later this calendar year.

4.40 The Shared Regulatory Service Joint Committee is the body charged with governance to approve the accounts. The Shared Regulatory Service Accounts will then be brought to the next meeting of this Committee following sign off by Audit Wales.

4.41 **Vale, Valleys & Cardiff Regional Adoption Service**

4.42 The Vale, Valleys and Cardiff Regional Adoption Service accounts are still subject to completion following which they will be submitted to Audit Wales. There has been some lengthy discussion on the reporting requirements which has caused this delay.

4.43 The Regional Adoption Committee is the body charged with governance to approve the accounts and the return will then be brought to the next meeting of this Committee following sign off by Audit Wales.

5.0 How has evidence been used to inform the report, including the views of others?

5.1 There is continuous review of the Council's finances which are reported through to Cabinet in Budget and Medium Term Financial Planning updates and quarterly monitoring of revenue and capital budget and treasury forecasts.

5.2 The accounts have been subject to audit by Audit Wales following submission in draft by the Council on 30th June along with all of the supporting working papers.

5.3 The integrity of the accounts has also been assured by the arrangements set out in the Annual Governance Statement and Audit Assurances letter both covered in this report.

6.0 What are the next steps if the recommendations are approved?

6.1 The Accounts will be recommended on to Council for approval on 5th October 2026.

6.2 A meeting is scheduled on Wednesday 7th October for the Auditor General Wales to issue the Audit Certificate.

6.3 The certification of the accounts may be delayed dependent on the further work associated with the objection raised by an elector earlier this month. An update on this matter will be provided in Governance and Audit Committee.

7.0 How does this report support Vale 2030 and Reshaping?

7.1 Vale 2030 sets out the Council's ambitions from 2025 through to 2030 and there has been demonstrable Integration in its development with the Reshaping Programme and Medium Term Financial Plan.

7.2 The Council works well with its partners and this collaboration also plays a part in the joint delivery of services, most notably Shared Regulatory Service, Adoption Service and Regional Internal Audit Service.

8.0 How does this demonstrate the Five Ways of Working?

8.1 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 five well being outcomes.

Resources

9.0 Finance

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

9.2 The 2025/26 Vale of Glamorgan Statement of Accounts and Shared Regulatory Service Statement of Accounts have been prepared within existing staff resources. The same applies to the work underway on the production of the Vale, Valleys and Cardiff Regional Adoption Service Statement of Accounts.

10.0 Workforce

10.1 None as a direct consequence of this report.

11.0 Legal and Equalities

11.1 No Equalities Impact Assessment has been completed at this time. The Council's budget preparation process has due regard to the requirements of the Council's Strategic Equality Plan including the Equalities Act 2010 and Public Sector Equality Duty for Wales. The subsequent development of specific proposals and strategies that form the Council's budget including savings proposals have had Equality Impact Assessments completed as part of budget setting.

11.2 The final outturn figures for the Council have been used in the preparation of the Statements of Accounts. Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires the Responsible Financial Officer to sign and date the Statement of Accounts and certify that they present a true and fair view of the financial position at the end of the year. This means that for 2025/26 the draft Statement of Accounts were certified by the Section 151 Officer by 30th June 2026 and the Audited Statement of Accounts are due for approval by Council on 5th October 2026 and Audit certification on 7th October 2026.

12.0 Key Contacts

12.0 **Who are the primary officers to contact with any comments and/or queries on the report?**

Lead Officer: Matt Bowmer Head of Finance/s151 Officer	Democratic Services Officer Gareth Davies

Appendix

Appendix A – Audit Statement of Accounts 2025/26 (to be provided prior to the meeting on 28th September)

Appendix B – Annual Governance Report 2025/26

Appendix C – Audit Enquiries 2025/26

Appendix D – Audit Wales – Audit Report

Background Documents

None

Vale of Glamorgan Council

ANNUAL GOVERNANCE STATEMENT 2025/26

Draft Version 0.8
August 2026

Content **Page**

Draft Annual Governance Statement 2025/26

Executive Summary

The Council is required to demonstrate that it has in place robust and effective governance arrangements in line with the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework (2016)*. This Annual Governance Statement sets out how the Council has complied with the seven principles of the framework for the year ended 31 March 2026 and provides an overview of the effectiveness of these arrangements. It highlights key developments during the year, areas of strength, and those where further improvement is required.

Overall, the Council continues to demonstrate good governance, supported by a well-established framework of policies, procedures and internal controls that underpin effective decision-making, accountability and transparency. Governance arrangements remained in place throughout 2025/26 and have continued to evolve in response to organisational priorities, external expectations and a challenging operating environment. The Council maintains a clear focus on managing risk, ensuring financial sustainability and delivering its corporate priorities through effective leadership and oversight.

During the year, the Council made further progress in strengthening its governance arrangements. This includes responding to the findings of the Panel Performance Assessment (PPA) undertaken in November 2024, embedding the new Corporate Plan *Vale 2030*, and continuing to develop scrutiny, performance and risk management arrangements. The PPA concluded that the Council is operating effectively, using its resources efficiently, and has sound governance arrangements in place, with no significant areas of concern identified, while recognising opportunities for further development.

Progress has also been made in addressing areas for improvement identified in the 2024/25 Annual Governance Statement, although some actions remain ongoing due to continued financial pressures, increasing service demand and wider external factors affecting local government. No significant governance issues have been identified for 2025/26. However, the Council recognises the importance of continuous improvement and has identified a number of areas for further development across each governance principle, which will be taken forward during 2026/27.

The Council continues to operate within a challenging financial and demand-led environment, requiring sustained focus on transformation, prioritisation and the effective use of resources. An ongoing emerging issue is the replacement of the Social Care system, which remains a recognised corporate risk. The Council will continue to manage this risk alongside other key pressures through its established governance, performance and risk management frameworks.

What did we do well in terms of governance in 2025/26?

A Panel Performance Assessment (PPA) was undertaken in November 2024. This was a constructive exercise timed to fit with the development of the new Corporate Plan (Vale 2030). The PPA report and response were approved by Council in March 2025 and considered alongside the budget for 2025/26 and the new Corporate Plan for 2025-30, Vale 2030. Work has progressed in 2025/26 in response to the recommendations of the PPA report which are referenced in relevant sections within the AGS.

The Panel concluded that overall, the Council exercises its functions effectively and there were no identified areas of concern, and that from the evidence they heard and within the current high levels of service demand and financial pressures faced by all local authorities across Wales, the Council is using its resources effectively and efficiently. The Panel also concluded that the Council has effective governance arrangements in place but there were some areas which could be further developed.

During 2025/26, the Council has undertaken the first municipal year of the revised Scrutiny arrangements, which included changes to ways of working for all stakeholders involved, alongside the undertaking of integrated Scrutiny meetings reviewing the Council's performance and budget and delivering four Task and Finish reports considering a range of topics.

What do we need to improve?

From a review of the Council's governance arrangements and their effectiveness for 2025/26, no significant governance issues were identified. However, for each Principle we have identified further areas we would like to develop and improve on moving into 2026/27; for ease of reference and to monitor their progress, they have been collated and shown at Appendix C.

The Council continues to operate in a challenging environment financially and in terms of service demands and expectations.

Introduction

The Council is required to demonstrate that it has effective governance arrangements in place in line with the seven principles of the CIPFA/SOLACE Delivering Good Governance Framework (2016). This Annual Governance Statement forms part of the Statement of Accounts and sets out how the Council has complied with this framework for the year ended 31 March 2026.

The Introduction provides context on the Council's governance framework and the arrangements that support effective decision making, accountability and oversight.
The Council promotes a culture rooted in shared values, ethical principles and good conduct, which underpin the behaviour and decision making of Members and officers.

The behaviour of elected Members and officers is governed by Codes of Conduct and supporting procedural rules, including requirements to declare and manage conflicts of interest. Roles and responsibilities are defined through standing orders, schemes of delegation and financial regulations, ensuring clarity and accountability.

The Council's Code of Conduct for elected Members is based on the Seven Principles of Public Life and supports high standards of integrity, openness and accountability in the conduct of public business.

The Council's governance framework includes a system of internal control designed to manage risks associated with delivering its objectives. While these arrangements provide reasonable assurance of effectiveness, they cannot eliminate all risk. The framework has been in place throughout the year ended 31 March 2026 and continues to be reviewed and strengthened.

Key internal controls operating during 2025/26 are summarised in Appendix A.

The Council's Code of Corporate Governance provides the overarching framework for achieving sustainable economic, social and environmental outcomes, supported by effective financial management and long-term planning.

The Council's governance arrangements also support its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including the application of the sustainable development principle and contribution to the national well-being goals (see Principle C).

Scope of Responsibility

The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for and used economically, efficiently and effectively. This is reflective of the duties under the Local Government & Elections (Wales) Act (2021), Part Six, also. The Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens confidence, these mechanisms must be sound and be seen to be sound.

The 7 principles of the CIPFA and SOLACE Framework - Delivering Good Governance in Local Government 2016 are set below:

Governance Principles:

A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B Ensuring openness and comprehensive stakeholder engagement.

C Defining outcomes in terms of sustainable economic, social and environmental benefits.

D Determining the interventions necessary to optimise the achievement of the intended outcomes.

E Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F Managing risks and performance through robust internal control and strong public financial management.

G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Council's detailed framework of its governance arrangements is set out in the Code of Corporate Governance, which forms part of our Constitution and is available on our website at Code of Corporate Governance; in accordance with Delivering Good Governance in Local Government 2016. A further CIPFA Guidance Bulletin 06 (Application of the Good Governance Framework 2020/21) was issued in February 2021.

The overarching governance framework in place for the Council is shown at Fig.1.

The important relationship between the Governance Principles and Internal Controls are shown at Fig.2.

Fig. 1. Governance Framework

Annual Governance Statement

Governance & Audit Committee
Challenge and approve

Chief Exec & SLT
Challenge

Strategic Insight Board
Challenge

S151 Officer
Promote and deliver good financial management

Information Governance Board
Challenge

Code of Corporate Governance
The Council's commitment to good practice based on the principle of the CIPFA/SOLACE "Delivering Good Governance in Local Government Framework 2016"

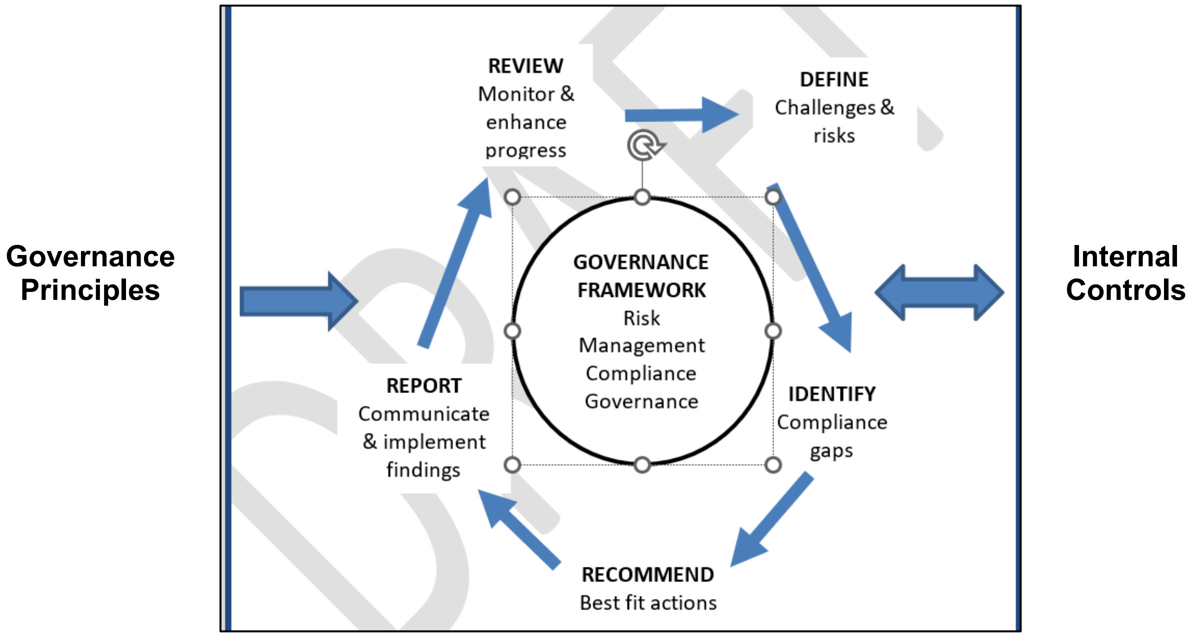
Constitution
Codes of Conduct
Scheme of delegation
Code of Corporate Governance
Complaints Process
Equality
Standards Committee
Public Consultation
Public Services Ombudsman

Corporate Plan
Annual Statement
Policies & Procedures
Performance Results
Partnership & Collaboration Protocols
Committee Reports
Annual Internal Audit Opinion
Scrutiny Committees
Insight Board
Project Management & Boards

Financial Management Framework
Budget Setting
Medium Term Financial Plan
Budget Monitoring
Compliance with CIPFA Guidelines
Treasury Management Strategy
Statement of Accounts
Annual Audit Letter

HR Policies
Risk Management
Corporate Risk Register
Directorate Plans
Appraisals
Whistleblowing Policy
Anti Fraud, Bribery & Corruption Policy
Corporate Safeguarding Policy
Health & Safety Policies

Fig.2 **Relationship Between Governance Principles and Internal Controls**



The following sets out for each of the principles, the changes, improvements and developments in year and areas for improvement in 2026/27.

Principle A: ***Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law***	

Changes, improvements or developments in year	• The Council continues to promote a culture based on shared values. The roles and responsibilities of Elected Members and Officers, including adherence to Codes of Conduct and the requirement to declare an appropriately manage personal interests and conflicts of interest are set out in the Council's Constitution.
	
	• The Standards Committee, chaired by an independent co-opted member oversees ethical standards, member training (including co-opted members and church and parent governor representatives) and complaints. It advises the Council on the adoption and revision of the Members Code of Conduct, considers reports from the Monitoring Officer, and case tribunals, determines matters referred by the Public Services Ombudsman for Wales (PSOW) and grants dispensations to members. The Committee also exercises these functions in relation to Town and Community Councils, oversees complaints handling and Ombudsman investigations, monitors compliance by political group leader with their statutory duties, provides advice and training to group leaders and reports annually to Full Council.
	
	• The Monitoring Officer/Head of Legal and Democratic Servies has statutory responsibilities to ensure the Council complies with its legal obligations and Codes of Conduct and to report any unlawful activity or maladministration. During 2025/26, the Committee met six times and strengthened governance through:
	  • ongoing monitoring of standards, including observation of Council and Town and Community Council meetings,
	  • delivery of refresher training to Members,
	  • recruitment of an additional Independent Member,
	  • review and update of the Local Dispute Resolution Procedure, and consideration of complaints referred by the PSOW,
	  • consideration of applications for dispensation,
	  • engagement with and monitoring of compliance by political Group Leaders,
	  • approval of Annual Report,
	  • review of reports and PSOW investigations from PSOW and APW,
	  • participation in national and regional forums, including the National Standards Committee Chairs Forum and the All-Wales Monitoring Officer Group.
	
	• The Committee also received updates on the Civility in Public Life work programme.

	• The Monitoring Officer continues to fulfil their statutory responsibilities, providing advice and reporting mechanisms in relation to potential breaches of conduct and supporting both the Council and Town and Community Councils and meets with the Clerks of TCC's on a quarterly basis. • During 2025/26, six complaints relating to Member conduct were received. Of these, four related to Town and Community Councils and two to Vale of Glamorgan Council Members. The PSOW determined that no evidence of a breach was found in two cases, one case remains under investigation, one is under consideration, and two have been referred to the Standards Committee for hearings. • The Council's wider ethical governance framework continued to operate during 2025/26 through the application of the Anti-Fraud, Bribery and Corruption Policy, Whistleblowing Policy, Contract Procedure Rules and Financial Procedure Rules. Together these arrangements support high standards of conduct, promote accountability and transparency, and provide clear mechanisms for identifying, reporting and addressing concerns or irregularities. • A mid-year review of the Whistleblowing Policy (July 2025) reported on incidents and Member feedback, leading to enhanced monitoring, improved trend analysis by Directorate, and clearer tabular and graphical reporting. Outcome-focused reporting has been strengthened, with actions reported to Committee, alongside new work to track case outcomes and review support for whistleblowers.
Areas for Improvement 2026/27	• Finalise the review of the Local Dispute Resolution Procedure, procedures for hearing complaints, and refresher training, as well as section 19 of the Council's Constitution. • Prepare for Member development and induction ahead of the May 2027 elections, alongside a review of the Council's Constitution and the Whistleblowing Policy, with more outcome-focused reports continuing to be reported to the Governance and Audit Committee. • Explore improved ways of working with Town and Community Clerks to enhance their knowledge of Constitutional processes • Undertake further observations of Town and Community Council meetings across the Vale of Glamorgan to promote high standards of conduct by Town and Community Councillors.

Principle B: *Ensuring openness and comprehensive stakeholder engagement*	

Changes, improvements or developments in year	• The Council remains committed to openness and meaningful stakeholder engagement, ensuring that residents, service users and partners are able to influence decision-making and service delivery. Its planning and governance processes are designed to incorporate consultation, feedback and participation from local communities.
	
	• During 2025/26, the Council engaged residents through consultations, surveys, feedback, complaints, place-based and digital activity, with strong participation highlighting the importance of early involvement, clear communication, and transparency in how views shape decisions.
	
	• The Let's Talk about Life in the Vale Survey (2025), aligned to the National Resident Survey, generated 2,507 responses, providing valuable insight into residents' priorities and informing service planning and improvement. Evidence from the Participate network shows increasing use of engagement feedback in shaping services, priorities and decision-making.
	
	• The Council has continued to strengthen inclusive engagement through its Public Participation Strategy (2022–2025), structured around the principles of *Reach, Involve and Represent.* This is supported by a combination of digital, face-to-face and community-based engagement approaches, including well-attended activity linked to regeneration, neighbourhood services and local initiatives.
	
	• Formal governance arrangements further support transparency and participation, including:
	  • opportunities for the public to ask questions at Full Council and contribute to Scrutiny and Planning Committees;
	  • participation in Scrutiny through representations, topic suggestions and task and finish work;
	  • implementation of a revised e-Petition scheme; and
	  • regular reporting of strategic partnership activity to Cabinet for oversight
	
	• Youth engagement has also been strengthened, with Vale Youth Council representatives participating in Scrutiny Committees and contributing to discussions on key topics.

	• Internal engagement arrangements complement this approach, with staff surveys, wellbeing initiatives, staff networks and policy consultations ensuring that employee voice informs organisational development and decision-making. • The Council continued to support openness in formal decision-making during 2025/26 through the publication of Cabinet and Committee reports, clear reporting of legal, financial, equalities and other implications, and public access to meetings except where exempt information applied in accordance with legislation. • Scrutiny arrangements continued to provide transparent challenge and review of decision-making and performance, while regular publication of key information, including expenditure and decision notices, supported public accountability.
Areas for Improvement 2026/27	• Explore alternative mediums to enhance public participation in the Council's decision-making processes • Improvement in the completion rates of our performance appraisal process, a wider review on the reason for the decline in completion in 2024/25 will take place. • The Council is currently working to produce new Communications and Public Participation strategies in response to the Let's Talk about Life in the Vale survey, the results of which will be published early in 2026/27. • Despite extensive engagement activity, participation and insight are not consistently representative. Some groups remain too seldom heard and response levels vary between services, limiting the depth and consistency of insight. • Greater involvement and engagement with the Youth Council, particularly in regard to Scrutiny. • In 2026/27, the Council will strengthen use of engagement and complaints insight to support prevention, service redesign and demand management, improving data integration, consistency of analysis, and targeting of underrepresented groups, while maintaining clear feedback loops to build trust and sustain participation.

	• Focus and greater emphasis on Corporate Complaints following the shift in responsibility from C1V to Democratic Services to ensure that the function remains effective and timescales around responding to complaints are reviewed.
Principle C : *Defining outcomes in terms of sustainable economic, social and environmental benefits*	

Changes, improvements or developments in year	• The Council has established a clear strategic framework for defining and delivering outcomes through Vale 2030 published in March 2025. This sets out the Council's vision, well-being objectives and intended outcomes, aligned to the Well-being of Future Generations (Wales) Act 2015 and informed by local need, available resources and stakeholder engagement.
	
	• During 2025/26, significant progress was made in embedding Vale 2030, with stronger alignment between planning, performance and governance through Directorate Plans, an Annual Statement, enhanced outcome-focused reporting, and improvements to the Annual Self-Assessment process.
	
	• The Council continues to demonstrate a strong commitment to sustainable outcomes through:
	  • integration of enabling strategies, including the Medium Term Financial Plan, People Strategy, Digital Strategy, Asset Management Plan and Risk Management Framework;
	  • embedded application of the Well-being of Future Generations principles in planning and decision-making; and
	  • strengthened partnership working, with activity mapped against Vale 2030 priorities and reflected within Directorate Plans, performance reporting and the Strategic Partnership Group framework.
	
	• The Annual Self-Assessment (ASA) is a key governance mechanism, evaluating performance, resource use and governance, incorporating internal and external challenge, and informing future planning and improvement. The 2025/26 ASA (year one of Vale 2030) went to Cabinet in July 2026, with publication in Autumn 2026.
	
	• The November 2024 Panel Performance Assessment found the Council operating effectively with no significant concerns, while identifying improvements in performance reporting, partnership working and governance, which have been progressed in 2025/26 through enhancements to Vale 2030, reporting and scrutiny arrangements.

	• Supporting governance structures have also been strengthened. The Strategic Insight Board has been refreshed during 2025/26 to enhance cross-directorate oversight of performance, risk and regulatory activity, while a range of programme and project boards and a central Reshaping Transformation Team support delivery of corporate priorities. • The Council's financial planning supports sustainable outcomes, with updates to the Financial Strategy and Medium Term Financial Plan, inclusive budget consultation and Equality Impact Assessments, and regular monitoring of performance, with in-year pressures (e.g. schools, social care, savings delivery) actively managed.
Areas for Improvement 2026/27	• Ongoing communications about Vale 2030 to raise awareness with residents, staff and partners about the priorities detailed in the new Corporate Plan. • Strengthening outcome-focused reporting. • Embedding Vale 2030 and associated planning arrangements. • Review of the approach to the Annual Self Assessment to reflect feedback. It is anticipated that changes to Scrutiny ways of working will see an increase in the amount of task and finish activity during 2025/26. • Early budget decision making to ensure full delivery of savings programmes. • Work to better track Value for Money outcomes as a result of schemes delivered in the Capital Programme.

Principle D: ***Determining the interventions necessary to optimise the achievement of the intended outcomes***	
Changes, improvements or developments in year	• The Council has established robust arrangements to ensure that interventions are informed, evidence-based and aligned to the delivery of Vale 2030 outcomes, with clear governance, performance and partnership frameworks in place to support effective decision-making. • In 2025/26, partnership working was strengthened by mapping activity to Vale 2030 priorities, embedding this in Directorate Plans and Self-Assessments, and introducing six-monthly Cabinet reporting to improve oversight and visibility.

	• The Council's performance framework supports informed decisions, with the Annual Performance Calendar ensuring statutory compliance and structured monitoring of well-being objectives, alongside ongoing improvements in 2025/26 including: • the introduction of Directorate Plans and the Annual Statement, strengthening alignment between planning, performance and decision-making; • enhanced performance reporting through Power BI, providing more consistent, accessible and outcome-focused information; • the development of a more detailed Quarter 2 performance report; and • the adoption of a single, integrated performance report structured around well-being objectives, supporting a more holistic view of progress. • Governance and scrutiny arrangements support effective interventions, with the Joint Performance Scrutiny Committee and revised structures strengthening Member oversight. In 2025/26, it reviewed the Quarter 2 report and will consider the Annual Self-Assessment in July 2026, supported by regular Member briefings and improved reporting tools. • Engagement with Members, partners and stakeholders continues to shape priorities and interventions within the performance framework, ensuring that decisions reflect a broad range of insight and evidence. • The Council's decision-making framework continued to require Cabinet and Committee reports to present a clear rationale for proposed actions, including consideration of alternative options where appropriate, together with legal, financial, risk, equalities and other implications. This supports informed and evidence-based decision-making aligned to the delivery of Vale 2030.
Areas for Improvement 2026/27	• Review of the Directorate Self Assessment process and how judgements are reached for the Annual Self Assessment. • Greater emphasis on Member involvement around Directorate self-assessments and budget setting processes. • Further strengthen decision-making through enhanced use of performance and insight

	• Continue to develop outcome-focused reporting including Power BI performance reports and more outcome focused commentary.

Principle E: ***Developing the entity's capacity, including the capability of its leadership and the individuals within***	
Changes, improvements or developments in year	• The Council has established robust arrangements to ensure that it has the leadership capacity, skills and organisational capability required to deliver its objectives and support effective governance. • The Strategic Leadership Team (SLT) provides overall organisational leadership. Roles and responsibilities are clearly defined within the Constitution. Job profiles, and performance is managed through an enhanced Chief Officer Appraisal process, which has been further strengthened through the introduction of peer review, 360° feedback. • The Chief Executive plays a key role in promoting sound governance, supporting statutory officers and ensuring that high-quality information is available to inform decision-making and scrutiny, while maintaining effective relationships with Members. • The Council prioritises Member and officer development through induction (including mandatory Code of Conduct training), a refreshed Member Development Strategy (Feb 2025), ongoing briefings and training, and structured personal development reviews. • During 2025/26, changes arising from the Reshaping Scrutiny programme were implemented following extensive Member engagement and external feedback, strengthening the effectiveness of scrutiny and Member oversight. Scrutiny Chairs and Vice-Chairs continue to collaborate internally and regionally to share best practice, supported by improved governance arrangements. • The Council also ensures Members are fully supported in undertaking their roles, including the continued provision of training and support for hybrid and virtual meetings, supported by Democratic Services. Work commenced during 2025/26 to develop the Member Induction and Development Programme for the 2027 elections.

	• The Council maintains a strong focus on workforce development and organisational capacity. Key developments include: • enhancement of the iDev online learning system; • continued delivery of the Learning Café, providing targeted development opportunities across nine key themes; • delivery of management development programmes aligned to Vale • Additional learning initiatives have been delivered during 2025/26 including training in data protection, cyber security and safeguarding. • The Council also continues to work collaboratively with partners to develop capacity and explore innovative approaches to service delivery, supported through regular reporting to Cabinet on strategic collaboration activity.
Areas for Improvement 2026/27	• A Council wide Skills Mapping exercise as part of the new People Strategy and Target Operating Model, looking at the requirement for skills of the future, gaps identified and pathway to achieve and close the gaps. • Delivery of the Signalling Change Plan.

Principle F: ***Managing risks and performance through robust internal control and strong public financial management***	
Changes, improvements or developments in year	• Risk management is embedded across the Council's governance framework, supported by a corporate approach and the Risk Management Strategy, with quarterly Corporate Risk Summary reports providing oversight of key and emerging risks, which continued to operate effectively in 2025/26, including: • systematic escalation processes aligned to the Council's risk appetite; • regular horizon scanning to identify emerging risks; and • oversight by the Strategic Insight Board, Strategic Leadership Team, Cabinet and Governance and Audit Committee.

	• Independent assurance is provided through Internal Audit, with a Substantial Assurance opinion issued in 2025/26 (March 2026), confirming the effectiveness of the Council's risk management arrangements and identifying several strengths and good practices. • The performance framework, aligned to Vale 2030 and Directorate Plans, provides a structured approach to monitoring delivery and improvement. • Directorate self-assessments and quarterly reporting offer a clear evidence base, highlighting exceptions to support scrutiny and informing the Annual Self-Assessment and continuous improvement. • Strong internal controls are maintained through the Executive and Scrutiny model, with decisions made within a clear policy and budget framework and subject to oversight. • Internal Audit provides independent assurance across governance, risk management and control systems. During 2025/26, the Internal Audit Plan provided broad coverage across all Directorates, with an overall Reasonable Assurance opinion and no major issues identified. • Effective data management supports decision-making and performance monitoring, with the Data Strategy (June 2024) promoting a data-driven culture, complemented by the Digital Strategy and Reshaping Programme to enhance digital capability and service outcomes. • The Council maintains strong public financial management arrangements with the Section 151 Officer ensuring proper administration of financial affairs. During 2025/26, the Council continued to strengthen the integration of financial and corporate planning, aligning the Medium Term Financial Plan, budget setting and the Reshaping Programme with Vale 2030 priorities. • The Council's self-assessment against the CIPFA Financial Management Code (reported July and September 2025) confirmed full compliance, with further improvement actions identified. A rolling programme of review by Internal Audit provides additional independent assurance. • The Council also maintains a proactive approach to counter-fraud, supported by an updated Fraud Strategy and Framework (2024/25) and participation in the National Fraud Initiative.
Areas for Improvement 2026/27	• Further integration of risk and performance arrangements • Improved use of data and insight to inform decision-making

	• Continued development of Member support and capability. • Development of ongoing Member briefings to address short term training needs to complement wider, more strategic Member Development Programme.

Principle G: ***Implementing good practices in transparency, reporting and audit to deliver effective accountability***	
Changes, improvements or developments in year	• The Council seeks feedback from the public through its complaints procedure for both Corporate and Social Services areas, responding to the outcomes as appropriate and reporting the results at least annually to the Governance and Audit Committee. • In November 2025, Audit Wales published its review of the Council's Complaints process – Corporate Complaints: Supporting Service Improvement and made a number of recommendations which are now being taken forward by the Council. • The volume of complaints for the year is as below; figures for 2025/26 are provisional:

Corporate Complaints	2023/24	2024/25	2025/26
Complaints received	835	944	1013
Resolved at Stage 1	91%	95.3%	92.4%
Complaints received by the Public Services Ombudsman for Wales	77	63	80
Investigated by PSOW	0	0	2
Resolved through the early resolution process	19	16	9

• The Council remains committed to implementing good practices in transparency, reporting and audit to deliver effective accountability. This is demonstrated by:

	• Mechanisms which are in place for reporting progress against key regulatory recommendations / improvement proposals via the Strategic Insight Board, Governance & Audit Committee, all Scrutiny Committees, and Cabinet. • All Committees have clear Terms of Reference and work programmes. • Procedures are in place for sign-off of Cabinet Reports ensuring legal and financial implications have been appropriately assessed and are consistent with corporate policy • The Council reports at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way. • The Council has been worked collaboratively to develop a revised approach to agendas, Committee reports, minutes and decision notices, with the aim of improving the accessibility and transparency of its decision-making processes. These were approved by Democratic Services Committee and will be implemented in the 2026/27 municipal year. • The Internal Audit Service is a key means of assurance. Since 1st April 2019 the Council has hosted a Regional Internal Audit Service (RIAS). This has operated effectively throughout the year and the service operated in compliance with the Global Internal Audit Standards (GIAS). The Governance & Audit Committee reviewed the RIAS Internal Audit Charter and approved the 2025/26 Internal Audit Annual Plan in June 2025. Progress against the 2025/26 plan was reported quarterly. • The 2025/26 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. • The work completed by the RIAS for the financial year was sufficient to enable the Head of Internal Audit to give an annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025/26: **<u>Head of Internal Audit Opinion Statement 2025/26</u>** From the work undertaken during the financial year 2025/26 and taking into account other sources of assurance, such as Head Teacher and Chair of Governor Assurance Statements, the Head of

		Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025/26 is: **"Reasonable Assurance"** The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific. Many Council staff are continuing to work remotely, and systems & processes have had to be adjusted to cater for these ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place. The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation. Andrew Wathan CPFA Head of Regional Internal Audit Service May 2026
	• Of the 49 opinions issued by Internal Audit during 2025/26: • 47 (96%) were finalised with either *Substantial* or R*easonable Assurance* opinion levels. • 2 (4%) of the assignments were given an opinion of *Limited Assurance*. i. Vehicle Fuel Management ii. Corporate Building Compliance	

	• Zero *No Assurance* opinions • 86% of the Internal Audit Plan had been achieved against a target of 80%. • Every year schools not subject to an audit are sent a control risk self-assessment and a governance assurance statement by Internal Audit. For 2025/26 the return rate was 98%; the Headteacher and Chair of Governors of each school confirmed they were managing risks effectively, satisfied that statutory obligations have been met and that the overall governance arrangements of the school are satisfactory. • Total of 53 schools; 5 schools were visited; 47/48 completed and returned a CRSA; 1 thematic review of school governance and budgets was undertaken which included 7 schools in the sample testing; budget deficits were raised as significant issues. • *Limited Assurance* audit opinions will be followed up in 2026/27. • The Council responds to the findings and recommendations of Internal Audit, External Audit and other inspection bodies. The Governance & Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance. • External Audit is provided by Audit Wales. Audit Wales is the independent public audit body for Wales. Its role is to help ensure that public money is spent properly, efficiently and effectively; it promotes accountability, transparency and better public services. Their 2025 Annual Audit Summary [link] was presented to Governance and Audit Committee in February 2026. • During 2025/26, Audit Wales published its review of the Council's Commissioning, School Balances and Setting of Wellbeing Objectives processes and made a number of recommendations which are now being taken forward by the Council.
Areas for Improvement 2026/27	• Improve upon how the Council responds to and learns from complaints, including consideration of Audit Wales recommendations following their review of the function.

Review of Effectiveness

The Council is responsible for conducting an annual review of the effectiveness of its governance framework, including the system of internal control. This review is informed by the work of Internal Audit, the Council's Chief officers and external audit and inspection bodies.

Key sources of assurance include:

- The Annual Internal Audit opinion
- Oversight provided by the Governance and Audit Committee
- Regular monitoring of financial and performance information by Cabinet
- Scrutiny by Members
- Statutory oversight by the Monitoring Officer

The Annual Self-Assessment provides an additional key source of assurance and supports the identification of improvement priorities.

The findings of the 2024 Panel Performance Assessment (see Principle C) confirmed that the Council is operating effectively, with no significant governance concerns identified.

Overall, the Council's governance, risk management and internal control arrangements continue to operate effectively. Performance monitoring, financial oversight and integrated planning arrangements support delivery of corporate priorities.

The Council continues to operate in a challenging financial and demand environment and recognises the need to maintain a strong focus on sustainability, performance and continuous improvement.

Significant Governance Issues 2025/26

From a review of the Council's governance arrangements and their effectiveness for 2025/26, no significant governance issues were identified. However, for each Principle area further developments have been identified and will be addressed and improved on moving into 2026/27; for ease of reference and to monitor their progress, they have been collated and shown at Appendix B.

The Council continues to operate in a tough, challenging financial environment and in terms of service demands and expectations. Of major concern are the persistent inflation in the UK economy, social Care demand and the pressures on school budgets.

Emerging issues 2025/26

An emerging issue identified in the 2024/25 AGS continues through 2025/26:

Social Care system – the platform for the Council's social care system is shortly to move out of support and there were delays at Welsh Government level to agree the successor systems and funding. The Council is working at a regional level on a solution, through the WLGA, but this continues to be a financial risk to the Council. This is recognised on the Council's Corporate Risk Register.

Conclusion

The 2025/26 Annual Governance Statement has comprehensively been updated to clearly demonstrate the Council continues to have good and effective governance arrangements in place and complies with its own Code of Corporate Governance across all 7 Principles. Examples have been given confirming it is in line with the "Delivering Good Governance in Local Government: Framework" (CIPFA/SOLACE, 2016), the Accounts and Audit Regulations 2014, Local Government and Election (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015.

Approval of the Annual Governance Statement 2025/26

Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet local people's needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.

From the review, assessment and on-going monitoring work undertaken we have reached the opinion that Reasonable Assurance can be given that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We can confirm to the best of our knowledge and belief; this statement provides an accurate and fair view.

D.R. Thomas	L. Burnett
Chief Executive	*Leader of the Council*
Date:	Date:

Internal Controls

Below are the key internal controls that were in place in 2025/26 some of these have subsequently been amended as part of work associated with Vale 2030 our new Corporate Plan and in response to the Panel Performance Assessment.

Leadership, Culture and Planning

Organisational priorities and outcomes
Corporate Plan & Annual Delivery Plan
Directorate and Service/Team plans
Performance Management Framework
Medium term financial plan

Policies and Procedures

Constitution, Codes of Conduct
Anti-fraud, Bribery and Corruption Policy, Whistleblowing Policy
HR and OD Policies/Procedures, Corporate Safeguarding Policy, Health and Safety Policies and Procedures, Risk Management Strategy

People, Knowledge, Finance, Assets

Robust HR, Payroll and H&S practices
Information governance
Performance monitoring and improvement
Member Development Programme
Financial management and reporting
Ethical & legal practices

Scrutiny and Transparency

Information management requests including Freedom of Information (FOI) and Environmental Information (EIR) requests
Complaints procedure
Reports considered by Legal and Finance experts
Equality impact assessments

Partnership Working

Partnership Statement

Appendix B

Progress Against Areas Identified for Improvement in 2025/26 (as per the 2024/25 AGS)

<table>
<tr><th colspan="3">Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</th></tr>
<tr><td></td><td>• Review the Local Dispute Resolution Procedure, procedures for hearing complaints, and refresher training, as well as section 19 of the Council's Constitution.</td><td>• The review of the Local Dispute Resolution Procedure working group has met and reviewed the policy, which is aiming to be approved in Summer 2026.</td></tr>
<tr><td></td><td>• The Standards Committee will:
• aim to broaden its representation
• enhance Independent Members' observations of TCC meetings
• improve access to e-learning and member briefings
• continue to report updates on the Civility in Public Life Programme</td><td>• During the year, Standards Committee undertook a successful recruitment campaign, and a new Independent Member was appointed.

• Throughout the year, members of the Committee undertook observations of TCC briefings and reported back findings and themes to Standards Committee on a regular basis. The plan for observations to be undertaken during 2026/27 was agreed by Committee on 26th March 2026.

• Members of Standards Committee are now invited to Member Briefings and have access to MemberNet to access wider learning tools and resources, alongside e-learning, through their Council devices.

• Progress has been made on the Civility in Public Life programme, including improving the consistency and transparency of reporting to the Standards Committee, strengthening training and awareness for members, and using feedback from observation activity and complaints data to identify trends and drive continuous improvement in member behaviour and culture</td></tr>
<tr><td></td><td>• Preparations for Member development and induction ahead of the May 2027 elections will begin, alongside a review of the</td><td>• The Council has commenced development of its Member Development and Induction programme for May 2027, which was</td></tr>
</table>

	Council's Constitution and the Whistleblowing Policy, with more outcome-focused reports to the G&A Committee.	presented to Democratic Services Committee for approval in June 2026. As part of this programme refresher training on ethical standards and the Members Code of Conduct will be delivered on an annual basis. • The Council continues to review its Constitution on an ongoing basis, with amendments presented to Full Council for approval as and when required. • Developmental work has been undertaken with G&A Committee to improve focus upon outcomes, and a revised Committee report template has been developed for 2026/27 which should support Members in producing more outcome focused decisions. • A mid-year review of the Whistleblowing Policy was undertaken in July 2025, identifying a series of improvement actions to be progressed during 2026/27. These include further strengthening monitoring arrangements through enhanced identification of trends by Directorate and improved data presentation using clearer tabular and graphical analysis. Plans are also in place to develop more robust outcome-focused reporting, including systematic tracking of case outcomes, and to review and enhance support arrangements for whistleblowers to ensure they are effective and accessible.
	• Undertake further observations of Town and Community Council meetings across the Vale of Glamorgan to promote high standards of conduct by Town and Community Councillors	• Throughout the year, members of the Committee undertook observations of TCC briefings and reported back findings and themes to Standards Committee on a regular basis. The plan for observations to be undertaken during 2026/27 was agreed by Committee on 26th March 2026.

Principle B: Ensuring openness and comprehensive stakeholder engagement		
	• The e-petitions function is being reviewed in 2025/26 as to how best raise awareness, as the number of petitions received by the Council is minimal.	• A revised Council Petition Scheme was approved by Full Council in December 2025. Following this, the Council's e-petition web platform was updated to improve its accessibility, and publicised via the Council's social media channels.
	• A new Public Participation Strategy will be developed and priority actions to respond to the results of the Let's Talk about Life in the Vale survey delivered.	• The final results report was received from Data Cymru (now part of WLGA) in May 2026. In response to the "Let's Talk about Life in the Vale" findings, a new Public Participation Strategy, short-term action plan, and Communications Strategy have been developed. These will be considered by SLT on 9 June 2026 and presented to Cabinet on 25 June 2026.
	• The Council regularly engages Members beyond Cabinet within its decision making and is seeking to enhance this further during 2025/26 because of the Reshaping Scrutiny workstream and revised Members Communication Strategy.	• Reshaping Board established and regular briefings on the Reshaping Programme and MTFP throughout the year.
	• As the Council seeks to embed Task and Finish as part of its new Scrutiny arrangements, it is exploring alternative means to encourage participation from the wider public.	• The Council has increased and promoted a number of means to promote public participation in Scrutiny throughout the year including: • A digitised topic request form • Public speaking • Written representations • Involvement within Task and Finish • These mechanisms have all been promoted via the Council's social media channels and through awareness campaigns to various community groups throughout the year.
	• Improvement in the completion rates of our performance appraisal process, a wider review on the reason for the decline in completion in 2024/25 will take place.	• In 2025/26 we haven't been able to make progress against this action due to the planned changes to the iDev system.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits		
	• Ongoing communications about Vale 2030 as part of the Signalling Change Programme to raise awareness with all partners about priorities detailed in the new Corporate Plan.	• A Signalling Change Plan has been developed in response to the Panel Performance Assessment. This plan sets out a number of projects to be undertaken within Corporate Resources. Primarily by HR, Democratic Services, and the Communications teams. For example, a new Communications Strategy for the Council has been drafted and will be finalised and published following the conclusion of the Resources Scrutiny Committee task and finish group on misinformation. The organisation's corporate branding has been reviewed and updated. A new intranet site has also been launched and a new set of internal news values established.
	• Stronger emphasis on outcomes when reporting progress through 2025/26.	• New Power BI performance reports and the introduction of a more detailed Quarter 2 performance report have notably improved the quality and consistency of performance information. The Quarter 2 report, aligned to the Council's Annual Self-Assessment (ASA) approach, provides performance information by Well-being Objective and incorporates narrative on key challenges, Directors' and the Chief Executive's reflections. • Feedback from Members, officers and SLT has been positive, particularly around improved clarity and usefulness. Work will continue to reinforce the importance of evidencing impact and outcomes alongside narrative and data.
	• Promotion of the partnership statement to partners and officers	• The statement continues to guide partnership activity, and work will continue to ensure that across the Council it is reflected in how we work collaboratively. Through the year opportunities to highlight the statement have been taken internally e.g. through management development sessions, externally e.g. through the PSB, work with GVS and TCCs and the Section 16 Forum. The importance of partnership working has been highlighted in performance reporting and has been included in all five Directorate Plans for 2026/27 and also in the Directorate Self Assessments which will inform the 25/26

		Annual Self Assessment. Partnership working is also a strong theme within the Reshaping Programme and will continue to shape work going forward. There have also been opportunities through the Member briefings and Learning cafes to spotlight some of our partnership work e.g. with public health, GVS and Citizens Advice.
	• Review of the approach to the Annual Self Assessment to reflect feedback and align to Vale 2030 and Directorate Plans.	• Learning from the 2024/25 ASA has informed improvements to the 2025/26 ASA, including greater emphasis on partnership working, streamlined content, and a strengthened challenge process involving wider officer input. The introduction of the Q2 performance report has also supported a more continuous and embedded ASA approach throughout the year. Learning from the 2024/25 ASA has informed improvements to the 2025/26 ASA, including greater emphasis on partnership working, streamlined content, and a strengthened challenge process involving wider officer input. • The introduction of the Q2 performance report has also supported a more continuous and embedded ASA approach throughout the year.
	• Review of the Strategic Insight Board.	• A review has been completed with revised terms of reference, some changes in membership and changes to the forward plan and agendas. Other changes have been made to ensure better alignment of the role of the board with SLT.
	• It is anticipated that changes to Scrutiny ways of working will see an increase in the amount of task and finish activity during 2025/26.	• During the year, the Council has completed 5 Task and Finish topics covering a range of areas, with final reports and recommendations viewable online, and commenced a further 3 Task and Finish topics during the year, anticipated to be completed in 2026/27.

	• Early budget decision making to ensure full delivery of savings programmes	• The timings of the UK and Welsh Government announcements made this difficult. This is being carried forward into the approach for 2027/28 budget setting.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
	• Development of new performance reports aligned to Vale 2030 and the new Directorate Plans and new scrutiny arrangements and reflecting Audit Wales recommendations regarding service user perspective, more outcome focused reports and alignment with financial information. • From April 2025/26, an annual statement will replace the current Annual Delivery Plan outlining some of the key outcomes to be achieved in the coming year informed by the ASA, resident voice and political priorities. Strategic annual Directorate Plans will replace existing Service Plans.	• As part of Vale 2030 there have been a number of changes, performance is reported quarterly to SLT with a Power BI report. It is reported twice yearly to a Joint Performance Committee through the ASA and a Q2 report which provide a clearer picture of progress and outcomes achieved. SLT all attend the committee supporting a more integrated approach and dialogue with members. The new Power Bi reports have been well received and are available on Membernet. • A new Annual Statement was produced for 2025/26 informed by Vale 2030 and 5 Directorate Plans. This new approach has supported a more streamlined and focused reporting of performance.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within		
	• The effectiveness of the revised Scrutiny arrangements will be evaluated at the end of the 2025/26 municipal year.	• The Council's Annual Self-Assessment report and Scrutiny Annual Report present an overview of the Council's reflections on the Scrutiny function in 2025/26. Audit Wales have also undertaken a review of the effectiveness of the function, with the findings due to be reported in July 2026.
	• Further development of digital competence. • A Council wide Skills Mapping exercise as part of the new People, Strategy and Target Operating Model, looking at the requirement	• During the year, we have further developed MemberNet to include resources surrounding digital skills and competency, and also host a regular drop in session in conjunction with ICT where Members are able to share any challenges whereby, they may require digital support

	for skills of the future, gaps identified and pathway to achieve and close the gaps.	

Principle F: Managing risks and performance through robust internal control and strong public financial management		
	• Further integration of risks within Directorate Plans to reduce duplication. • Development of performance reporting in line with Vale 2030, feedback form members and new scrutiny arrangements. • Development of ongoing Member briefings to address short term training needs alongside to compliment wider, more strategic Member Development Programme.	• The move to Directorate Plans in 2025/26 has helped identify risks at a higher level and a more Directorate wide response to managing the risk. • Power Bi reports have been developed and well received from officers and members. The new Joint Performance Committee has enabled a more integrated approach to scrutiny of performance, and this has been supported by the new Q2 performance report which is aligned to the ASA and provides a half year position with statements from each Director. • The Council has developed a programme of Member Briefings throughout the year, covering a variety of strategic themes including Placemaking and Participation alongside "State of the Nation" addresses. An update surrounding the Member Development Programme was shared at Democratic Services Committee in April 2026.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
	• Review the governance cycle for Audit Wales reports to minimise duplication between Scrutiny Committees and Governance and Audit Committee.	• As part of the Reshaping Scrutiny arrangements, audit reports are now only presented to Governance and Audit Committee to minimise duplication. However, a committee is still able to consider an audit report if they wish to do so. Findings from audits are used to inform individual Committee's Forward Work Programmes.

Appendix C

Areas Identified for Improvement in 2026/27 (as per the 2025/26 AGS)

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
	• Finalise the review of the Local Dispute Resolution Procedure, procedures for hearing complaints, and refresher training, as well as section 19 of the Council's Constitution. • Prepare for Member development and induction ahead of the May 2027 elections, alongside a review of the Council's Constitution and the Whistleblowing Policy, with more outcome-focused reports continuing to be reported to the Governance and Audit Committee. • Explore improved ways of working with Town and Community Clerks to enhance their knowledge of Constitutional processes • Undertake further observations of Town and Community Council meetings across the Vale of Glamorgan to promote high standards of conduct by Town and Community Councillors.

Principle B: Ensuring openness and comprehensive stakeholder engagement	
	• Explore alternative mediums to enhance public participation in the Council's decision-making processes • Improvement in the completion rates of our performance appraisal process, a wider review on the reason for the decline in completion in 2024/25 will take place. • The Council is currently working to produce new Communications and Public Participation strategies in response to the Let's Talk about Life in the Vale survey, the results of which will be published early in 2026/27. • Despite extensive engagement activity, participation and insight are not consistently representative. Some groups remain too seldom heard and response levels vary between services, limiting the depth and consistency of insight. • Greater involvement and engagement with the Youth Council, particularly in regard to Scrutiny. • In 2026/27, the Council will strengthen use of engagement and complaints insight to support prevention, service redesign and demand management, improving data integration, consistency of analysis, and targeting of underrepresented groups, while maintaining clear feedback loops to build trust and sustain participation.

	• Focus and greater emphasis on Corporate Complaints following the shift in responsibility from C1V to Democratic Services to ensure that the function remains effective and timescales around responding to complaints are reviewed.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	
	• Ongoing communications about Vale 2030 to raise awareness with residents, staff and partners about the priorities detailed in the new Corporate Plan. • Strengthening outcome-focused reporting • Embedding Vale 2030 and associated planning arrangements. • Review of the approach to the Annual Self Assessment to reflect feedback It is anticipated that changes to Scrutiny ways of working will see an increase in the amount of task and finish activity during 2025/26. • Early budget decision making to ensure full delivery of savings programmes. • Work to better track Value for Money outcomes as a result of schemes delivered in the Capital Programme.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	
	• Review of the Directorate Self Assessment process and how judgements are reached for the Annual Self Assessment. • Greater emphasis on Member involvement around Directorate self-assessments and budget setting processes. • Further strengthen decision-making through enhanced use of performance and insight • Continue to develop outcome-focused reporting including Power BI performance reports and more outcome focused commentary.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within	
	• A Council wide Skills Mapping exercise as part of the new People Strategy and Target Operating Model, looking at the requirement for skills of the future, gaps identified and pathway to achieve and close the gaps.

	• Delivery of the Signalling Change Plan.

Principle F: Managing risks and performance through robust internal control and strong public financial management	
	• Further integration of risk and performance arrangements • Improved use of data and insight to inform decision-making • Continued development of Member support and capability. • Development of ongoing Member briefings to address short term training needs alongside to complement wider, more strategic Member Development Programme.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	
	• Improve upon how the Council responds to and learns from complaints, including consideration of Audit Wales recommendations following their review of the function.

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18 May 2026

Dear Matt,

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Vale of Glamorgan Council and 'those charged with governance' (the full Council, although in practice the Governance and Audit Committee may be better placed to comment on these matters).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties
4. General matters
5. Matters in relation to financial reporting
6. Matters in relation to IT systems

The information you provide will inform our understanding of the Council's business processes and support our work in providing an audit opinion on your 2025-26 financial statements.

I would be grateful if you could update the attached table in Appendix 1 to Appendix 6 for 2025-26.

The completed Appendix 1 to Appendix 6 should be formally considered and communicated to us on behalf of both management and those charged with governance by 20 July 2026. In the meantime, if you have queries, please contact me (via 02920320631 or mark.jones@audit.wales).

Yours sincerely

Mark Jones

Audit Manager

Cc

Gemma Jones

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance'.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

Enquiries of management – in relation to fraud

Question	2025-26 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	There have been no specific fraud issues identified during 2025-26 relating to the financial statements. The Head of Audit's Annual Opinion report provides satisfactory assurance with regards to key financial systems. The issue of Fraud remains integral part of the Governance and Audit Committee remit. The Committee members have regard to the reports laid before them by internal and external audit/regulators. This informs their review of the financial statements and the level to which there may be a risk of material misstatements. The risk that the financial statements may be materially misstated due to fraud is very low.
2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	Instances of potential fraud or error were identified via the National Fraud Initiative or the Council's Speak Out service. These have been dealt with through appropriate processes and any monies incorrectly paid are in the process of being recovered. Not aware of anything material.

Enquiries of management – in relation to fraud

Question	2025-26 Response
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	The Council's Regional Internal Audit Service has a key role in the identification of and responding to the risk of fraud. The Annual Audit Plan is based on risk and includes an annual review of key financial systems and contingency provision for fraud work as it arises. Auditors are mindful of the potential presence of fraud when undertaking audits. All issues of possible fraud are reported and allegations are investigated by Internal Audit and/or the Council's Corporate Fraud Officer and potential weaknesses in the control environment are identified and reported. Any matters of significance are reported to the Chief Executive, Head of Finance and relevant Director. The Council's updated Counter Fraud Strategy & Framework 2021 to 2024 was considered by the Governance & Audit Committee and approved by Cabinet, together with the updated Anti Fraud, Bribery and Corruption Policy, Anti Money Laundering Policy and an Anti Tax Evasion policy along with an Enforcement Policy in 2023. The Speak Out hub was also launched in 2023 which enables staff to confidentially and easily report any concerns which are initially reviewed by the Corporate Fraud Officer. The Whistleblowing Policy is reviewed annually and reported to the Governance and Audit Committee. The Corporate Fraud Officer also undertakes fraud awareness training across the Council which includes raising awareness of the policies in place. A fraud awareness training package is now available for all staff via the intranet; this was launched in April 2025.

Enquiries of management – in relation to fraud

Question	2025-26 Response
4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	Matches from the 2024 NFI exercise are currently being reviewed; nothing material identified. We are in the process of updating our Fraud Risk Assessment and Register which were taken into account for our 2025-26 planning process. Cyber Fraud and key financial systems would be at most risk.
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	Each allegation is recorded and investigated where appropriate. If it is found that there is a case to answer a fact-finding report is presented to a Chief Officer for further action under the various Council policies. The Governance and Audit Committee receive an annual Fraud Report which incorporates issues identified through the Council's Whistleblowing Policy. The Governance and Audit Committee also receives an annual Corporate Complaints Report. Nothing material identified.
6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	Any concerns regarding internal controls, fraud or misappropriation are reflected in Audit recommendations and the level of assurance given at the end of the audit. Progress reports are taken to the Council's Governance and Audit Committee highlighting where there is Limited Assurance and identifies if this impacts on the overall system of internal control.

Enquiries of management – in relation to fraud

Question	2025-26 Response
	An Annual Corporate Fraud report is presented to the Governance and Audit Committee to inform on progress made against the Counter Fraud Strategy and the number and nature of investigations carried out. Governance and Audit Committee also receive reports in relation to the number of complaints received and any whistleblowing incidents reported.
7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	Principles of good governance and ethical behaviour are embedded in key policy documents including Codes of Conduct for Members and Employees. The Regional Internal Audit Service ensures it complies with the Global Internal Audit Standards which incorporates Ethics and Professionalism as a separate Domain. Internal Audit and the Corporate Fraud Officer have developed a fraud awareness training session which is being rolled out to key functions within service areas. This is part of the corporate iDev suite of training packages for 2025-26. The Council's Governance Arrangements are also included within the annual internal audit plan. The Monitoring Officer ensures that each Councillor and

Enquiries of management – in relation to fraud

Question	2025-26 Response
	Co-opted Member (with voting rights) receive training regarding ethics and standards and this is embedded as business as usual.
8. For service organisations, have you reported any fraud to the user entity?	An Annual Corporate Fraud report is presented to the Governance and Audit Committee.

Enquiries of those charged with governance – in relation to fraud

Question	2025-26 Response
1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?	All allegations are taken seriously and investigated. Whilst issues are reported, they will be deemed significant where they can be substantiated and reflected in the Council's Annual Governance Statement if appropriate. Nothing material.
2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?	Nothing material.
3. How do you exercise oversight of: • management's processes for identifying and responding to the risk of fraud in the audited body, and • the controls that management has established to mitigate these risks?	This is reflected in the Governance and Audit Committee's Terms of Reference and the reports as set out in the Forward Work Programme for the Committee.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the operations of the Council are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer/Head of Legal and Democratic Services.
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?	We can confirm that, to the best of our knowledge and based on the information available to us at this time there have been no instances of non-compliance or suspected non-compliance with laws and regulations during the reporting period, or in prior years, which have had, or are expected to have, a material impact on the Council's audited financial statements for the year ended 2025-26.
3. Are there any potential litigations or claims that would affect the financial statements?	There are no legal claims which would affect the Council's financial statements save for those in respect of which provision has been made in the audited accounts.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No – not to our knowledge.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
5. Are you aware of any non-compliance with laws and regulations within service organisations since 1 April of the financial year?	No – not to our knowledge.

Enquiries of those charged with governance – in relation to laws and regulations	
Question	**2025-26 Response**
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No – not to our knowledge.
2. How does the Council, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Through the Internal Audit Shared Service. Also, through the application of Council policies, such as the Contract and Financial Procedure Rules.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors’ responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties	
Question	**2025-26 Response**
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.	No changes from the prior year, no new joint committees or arrangements in place over the past twelve months.
2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.	There are transactions with statutory partners which have been disclosed as part of the related parties submissions of which Audit Wales are aware.
3. What controls are in place to identify, account for and disclose related party transactions and relationships?	Regular discussion with Accountants, finance and democratic services staff to identify related parties and put together the required disclosures. Further work to identify any related parties for close family relationships was carried out.
4. What controls are in place to authorise and approve significant transactions and arrangements: • with related parties, and	Officers and members are required to declare any transactions in line with the Council's Code of Conduct. There is also a manual end of year process that reviews transactions against any organisation that has been declared.

Enquiries of management – in relation to related parties

Question	2025-26 Response
• outside the normal course of business?	The end of year process with members of the Senior Leadership Team declaring transactions on a non exceptions basis has continued and is now embedded practice

Enquiries of those charged with governance – in relation to related parties

Question	2025-26 Response
1. How does the full Council, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	Related party disclosures are reviewed by Governance and Audit Committee as part of the review of the statement of accounts.

Appendix 4

General matters

Enquiries of management – general matters	
Question	**2025-26 Response**
1. Are there any matters and events which have occurred during the year which could influence our audit approach or the entity's financial statements?	No – not to our knowledge.
2. Provide details of any professional advisors (e.g. solicitors, consultants etc.) consulted in the year and the issue consulted on.	During the year, the only professional advisers (e.g. solicitors) consulted were external legal firms instructed to advise on individual legal matters (e.g. planning, employment, contractual disputes, procurement challenges) on a case-by-case basis. These engagements were for operational purposes and do not relate to matters of governance, financial reporting, or management that would have a material impact on the financial statements. No professional advisers were engaged during the year to advise on general matters of corporate governance, financial reporting, or internal controls.

Enquiries of those charged with governance – general matters	
Question	**2025-26 Response**
1. Are you aware of any actual, suspected or alleged irregularity affecting the entity?	No – not to our knowledge.
2. Are those charged with governance aware of any significant communications with regulators?	No – not to our knowledge.

Appendix 5

Matters in relation to financial reporting

Enquiries of management – in relation to financial reporting

Question	2025-26 Response
1. Have you considered the appropriateness of the accounting policies adopted by the organisation? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The Accounting Policies have been subject to annual review there was some amendment to the policies relating to revaluation and non enhancing expenditure on Property Plant and Equipment to outline the Council's approach in the context of changes to changes in the code regarding indexation and frequency of valuations. The accounting policies were also updated for IFRS16 in 2024-25.
2. Are you aware of significant transactions that are outside the normal trading activities of the business?	No – not to our knowledge.
3. Are you aware of any transactions, events or changes in circumstances that would cause major impairments of non-current assets?	No – not to our knowledge.
4. Are you aware of any new transactions, events or conditions (or changes in these)	No – not to our knowledge.

Enquiries of management – in relation to financial reporting	
Question	**2025-26 Response**
that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	
5. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity’s ability to continue as a going concern?	No – not to our knowledge
6. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations?	No – not to our knowledge
7. Are you aware of any guarantee contracts?	No – not to our knowledge
8. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No – not to our knowledge.

Audit enquiries to those charges with governance and management.

Appendix 6

Matters in relation to IT systems

Enquiries of management – in relation to IT systems	
Question	**2025-26 Response**
Have there been any changes to significant IT systems or applications in the period?	A new accounts receivable, Oracle Fusion AR has been brought into operation from the start of 2025-26 replacing the Sundry Debtors module in Academy. The Council has also implemented NEC for the collection and management of Housing Rents in 2025/26.

Archwilio Cymru
Audit Wales

Audit of Accounts Report – Vale of Glamorgan Council

Audit year: 2025-26

Date issued: September 2026

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Contents

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Introduction

Catherine Mealing-Jones

Auditor General for Wales

As the newly appointed Auditor General for Wales, I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2025-26 statement of accounts. My team has already discussed these findings with Section 151 Officer and her team.

My team has substantially completed the audit work as set out in my Audit Plan issued in April 2026. There are some remaining tasks to conclude regarding the closing stages of my audit. Also, on 17 September 2026 an elector of the Council exercised their rights, under Sections 30 and 31 of the Public Audit (Wales) Act 2024, to make an objection to the accounts. My audit team is examining the matters raised by the elector and liaising with officers regarding the questions raised and the information that we need. Some information has already been provided. This audit work may require my certification, currently scheduled for 7 October, to be moved to a later date.

Since my Audit Plan, I have updated materiality to reflect the audited 2025-26 accounts and I have identified one new audit risk to be brought to your attention. The new risk, and my responses to the previously identified audit risks, are set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared and give a materially true and fair view. My proposed audit opinion and basis for it is outlined in **Appendix 3**.

It is the responsibility of those charged with governance, being Council Members, to address any matters raised in my report and provide me with a Letter of Representation, (as set out in **Appendix 4**).

I would like to extend my gratitude to officers for their cooperation throughout the audit process, which has enabled my team to complete the audit effectively.

Your audit at a glance

I intend to issue an **unqualified opinion** on the accounts

See **Appendix 4**

There are no **other significant matters** to report

See **Audit findings**

There are two areas of **uncorrected misstatements** in the accounts, which I wish to draw to your attention

See **Audit findings**

I have raised one **recommendation**. See **Appendix 5**.

I may also issue a separate addendum report at a later date, outlining some other findings from my work.

Our intention is to certify your accounts on 7 October 2026. However, as outlined on page 4 there is an open objection on the accounts from a local elector. This date may therefore be subject to change.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:

Materiality	Reporting threshold (trivial)
Set at 1% of gross expenditure based upon the 2025-2026 audited accounts.	Set at 5% of materiality
Council **£ 5. 721million** **Group** **£ 5.721 million**	**Council** **£ 0.286 million** **Group** **£ 0.286 million**

There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:

Statement of accounts, senior officers' remuneration	Related party disclosures
£1,000	£10,000

[1] Where relating to personal declarations by councillors and senior officers within the group.

Audit of Groups

The group accounts contain the results of a single entity, being the Vale of Glamorgan Council and its wholly owned subsidiary the Big Fresh Catering Company Ltd. The Company is regarded as a component of the group.

My audit team maintained regular communication with the component auditors throughout the audit process and were involved in directing and reviewing their work. My responses to group risks and findings from the group audit are documented in **Appendix 1**, where appropriate.

There has been one group risk of material misstatement, relating to the group's related party disclosures.

Last year we formally recommended that the Council should ensure that declarations of interest are obtained at the financial year-end for all senior officers of the Big Fresh Catering Company Ltd (or when a senior officer leaves the Company).

While management formally accepted the recommendation last year, and set an action for improvement, again we found weaknesses with the process, and some of the 2025-26 senior officer declarations were long overdue and received during the closing stages of this year's audit.

There are no other matters to bring to your attention, regarding the audit of the group.

Audit Findings

Misstatements

A misstatement typically arises where information in the accounts is erroneous and/or is not in accordance with accounting standards.

Uncorrected misstatements

I set out below the misstatements that I identified in the accounts, which my audit team has discussed with management but remain uncorrected.

I request that these misstatements be corrected. If you decide not to correct the misstatements, I ask that you provide me with the reasons in writing for not correcting them. The misstatements relate to:

- The understatement of housing rent arrears (disclosed in both the Council's main accounts and its housing revenue account) by £476,000, and housing rents-in-advance by £279,000, resulting in a net increase in tenants' rental income by £197,000.
- There are differences in South-East Wales Corporate Joint Committee's (SEWCJC's) draft 2025-26 accounts and its audited 2025-26 accounts. Officers used the draft SEWCJC figures to prepare the Council's 2025-26 draft accounts, because the audited figures were not available. Officers subsequently received the audited SEWCJC figures, as expected, but retained the use of the previously provided draft figures. The differences between the draft and audited SEWCJC accounts are not material, with the overall change being an increase of £1.1 million in expenditure and a reduction of £620,000 in overall reserves.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention. They are set out in **Appendix 2.**

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. There were no such issues identified during the audit.

This year my audit team experienced a significant improvement in the timeliness of responses to our information requests and the resolution of audit queries. This has been important in enabling us to get to the closing stage of the audit significantly earlier than in prior years; and reporting to the Governance and Audit Committee in September. It is greatly appreciated, and our thanks go to the many officers who facilitated the audit.

Proposed audit opinion

Audit opinion

I intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**. There may be a delay to my certification, which I explain at page 4.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4.** The contents of which are in line with our standard request for representations. There is additional content regarding the two areas of uncorrected misstatements.

Recommendations

I do not make any recommendations in this report for issues that I feel need to be reported to Members at this time.

I may issue a separate addendum report to Members at a later date, outlining other findings from the audit. As we have done in past years, my team will be meeting with the Council’s finance team to reflect on the audit and look to identity what we can collectively improve for next year.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: my local audit team

Engagement Director	Gareth Lucey gareth.lucey@audit.wales
Audit Manager	Mark Jones mark.jones@audit.wales
Audit Lead	John Llewellyn john.llewellyn@audit.wales

Compliance with ethical standards

I confirm that my team:

- Has complied with the ethical standards we are required to follow in carrying out our work;
- Has remained independent of yourselves;
- our objectivity has not been comprised; and
- has no relationships that could undermine our independence or objectivity.

Appendix 1 – Audit risks and outcomes

Since the issue of my Audit Plan in April 2026, my team identified an additional risk of material misstatement that should be brought to your attention as listed below.

Exhibit 2: audit risks identified following issue of my Audit Plan

Audit risk	Work done	Outcome
The risk of the Council's land assets being materially incomplete within its fixed asset register and the accounts. Prior to the audit, officers informed us that some of its land assets were not recorded in the Council's fixed asset register and not disclosed in the 2024-25 accounts. The omitted land assets totalled £7.9 million in value, and have been included retrospectively in the 2025-26 accounts These errors resulted in the audit risk of there being further omissions, which required audit testing.	My audit team: • obtained an understanding of the process undertaken by the officers to identify omissions • reviewed the working papers and calculations to ensure that the documented process had been robust and completed accurately. • tested an extended sample of land assets, from the Council's title deeds to the fixed asset register, to gain assurance that the land disclosed land assets are materially complete.	My audit work did not identify any further material misstatement in respect of the completeness of the disclosed land assets. However, material misstatements were identified in respect of the prior-period adjustment disclosures for land assets (Note 7 to the accounts), as set out in Appendix 2.

Exhibit 3: audit risks included within my Audit Plan and how they were addressed as part of the audit.

My Audit Plan set out the risks of material misstatement for the audit of Council's accounts. The exhibit lists these audit risks and sets out how they were addressed as part of the audit.

Audit risk	Work done	Outcome
Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.	My audit team: • tested the appropriateness of journal entries and other adjustments made in preparing the financial statements; • reviewed the accounting estimates for bias; and • evaluated the rationale for any significant transactions outside the normal course of business.	My audit work has not identified any instances of management override of controls. I did not need to apply any additional procedures.

Valuation of pension fund net liability/surplus The Local Government Pension scheme (LGPS) liability as reflected in the financial statements are material estimates. The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation. A triennial valuation of the scheme has been undertaken as at 31 March 2025, which will impact upon disclosures in the Council's financial statements for the first time in the 2025-26 financial year.	My audit team: • evaluated the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the valuations; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary; • assessed the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required; and	My audit work has not identified any material misstatement.

	• undertook a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation.	

Valuation of land and buildings The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates. Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations. Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the mandatory application of indexation in many cases. This will introduce additional judgements and calculations for finance teams to undertake.	My audit team: • reviewed the information provided to the valuer to assess for completeness • evaluated the competence, capabilities and objectivity of the professional valuer • tested a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements; • reviewed the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and • tested the reconciliation between the financial ledger and the asset register.	My audit work has not identified any material misstatement.

Senior officer remuneration Remuneration paid to senior officers for the group continues to be of high interest and is material by nature, as set out on page 8. Therefore, there is a risk that even low value errors in the disclosures could result in a material misstatement. The risk is that senior officer remuneration disclosures are not accurately and appropriately disclosed in the financial statements.	My audit team: • gained an understanding of the movements in the senior management team during 2025-26; • ensured that remuneration disclosed is consistent with supporting evidence; • ensured that amounts paid are consistent with those approved by the Council (including any additional payments, such as exit payments); and • ensured that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.	My audit work has not identified any material misstatement.

Related party disclosures of the Council and its subsidiary The financial statements must disclose any related party relationships along with the transactions and balances between the Council (including its component subsidiary) and the other body/party. The Council has many relationships that could be considered a related party. Many are well known, for example the Welsh Government as funder. However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest, and I judge them to be material by their nature. There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.	My audit team: • reviewed the Council's process for identifying related party relationships and associated transactions and balances; • undertook procedures to confirm the completeness of related party relationships; and • ensured disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.	My audit work identified some material corrections, as set out in Appendix 2. As reported at page 10, there were delays with some of the declarations of interest by component subsidiary's senior officers.

South East Wales Corporate Joint Committee (SEWCJC) transactions and balances The transactions and balances of SEWCJC need to be recognised in the financial statements of the Council. The Council will need to decide how to account for these in its financial statements and accounting for such arrangements is complex and requires judgement. The SEWCJC transactions and balances are also becoming increasingly complex and therefore there is a risk of material misstatement in the Council's financial statements.	My audit team will: • reviewed the Council's judgement relating to how the SEWCJC will be accounted for and confirm that this complies with the requirements of the LG Code; and • reviewed and test the process of consolidation into the Council's financial statements to confirm that transactions, balances and disclosures are complete and accurate.	My audit work has not identified any material misstatement. There are some uncorrected misstatements, as described at page 9.

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts area	Explanation
£1,000,000	**Note 25 Other long-term liabilities** Amendments made to the following classifications: • the SEWCJC liabilities increased by £624,000; • the Welsh Government town centre improvement loans decreased by £1,000,000; and • long-term receipts in advance increased by £377,000.	To include the correct split of long-term liabilities.
£18,554,000	**Note 32 Grant Income** The figure for 'Joint Committee Capital Grants' was amended from £0 to £3,391,000. Additional amendments totalling £15,163,000 were made within the capital grants section of the note. Amendments made to the following classifications:	To include capital grants in respect of SEWCJC, which had been omitted. To disclosure the full value of capital grants included in the CIES.

	• ‘To be applied within one year’ amended from £3,782,000 to £6,782,000 • ‘To be applied after one year’ amended from £13,564,000 to £10,564,000	To include the correct split of capital grants received in advance.
£2,088,000	**Balance Sheet** Amendments made to the 31 March 2025 comparative figures: • provisions (short term) decreased by £2,088,000; • Provisions (long term) increased by £2,088,000.	To include the correct split of comparative provisions figures in the balance sheet.
£various	**Note 20 Financial Instruments** Amendments made to the following classifications: • long-term debtors in the 'Financial Assets at Amortised Cost' table increased by £419,000; • leasing liabilities in the ‘Financial Liabilities at Amortised Cost’ table decreased by £448,000.	To disclose the correct figures within the note which did not agree with supporting working papers
£3,537,000	**Note 38 Nature and extent of risks arising from financial Instruments** ‘Short Term Investment Joint Committees increased by £3,537,000.	To disclose the correct short term investment balance in respect of joint committees.
£830,000	**Comprehensive Income and Expenditure Account (CIES)** Amendments made to the following	To remove internal interest which had not been correctly netted down within the CIES.

	classifications: • ‘Interest payable and similar charges’ decreased by £830,000; and • ‘Interest receivable’ decreased by £830,000.	
£368,000	**Note 27 Unusable Reserves – Capital Adjustment Account** Amendments made to the following classifications: • balance at 1April 2025 increased by £368,000; and • ‘Other (Adjusting amounts written out of the Revaluation Reserve etc’ increased by £368,000.	To correctly show the prior year SEWCJC adjustment within the opening balance
£7,898,000	**Balance sheet** With regard to Exhibit 2 on page 14, the inclusion of a third balance sheet to disclose balances as at 31 March 2024. Other balances are unaffected except for ‘Property, Plant and Equipment’ and ‘Unusable Reserves’ which both increased by £7,898,000. A third balance sheet has also been included in the ‘Group Accounts Balance Sheet’, reflecting the same adjustments **Note 15 Property, Plant and Equipment**	To correctly reflect the prior period adjustments as an opening balance adjustment as at 1 April 2024.

	Amendments made to the comparative figures: • ‘Cost or Valuation as at 1 April 2024’ (column for Land and Buildings’ increased by £7,898,000; and • ‘Prior Period Adjustment’ decreased by £7,898,000. The ‘Movement in Reserves Statement’, Note 7 Prior Period Adjustment, and Note 27 Capital Adjustment Account are also amended for the above.	
£457,000	**Note 28 Cash Flow Statement – Operating Activities** Interest Received increased by £457,000.	To include the correct figure for interest received in year.
£6,472,000	**Note 9 Expenditure and Funding Analysis by Nature** Amendments made to the following classifications: • ‘Fees Charges & Other Service Income’ decreased by £6,472,000; and • ‘Government Grants and Contributions’ increased by £6,472,000. Adjustments were also made to various lines within Note 32 (Grant Income) totalling £6,472,000.	To correctly analyse grant income that had been incorrectly included against the line for ‘Fees, Charges & Other Service income’ – an adjustment of £607,000. Also to correct an adjustment between grant income and fees and charges income, where the adjustment in the draft accounts had been overstated by £5,865,000

£2,967,000	**Note 21 Debtors** Amendments made to the following classifications: • 'General' increased by £2,647,000; • NHS bodies increased by £70,000; • Other local authorities increased by £250,000; and • Provision for Bad Debts increased by £2,967,000. There is no impact on Note 21 total.	To correctly disclose the provisions for bad debts.
£Nil	**Note 13 Council Tax** Within the table for 'Council Tax Collectable' the figure for 'Council tax Collectable' increased by £1,601,000; and the comparative figure decreased by £376,000. The above adjustments resulted in no overall impact on the figure for 'Amount Due From taxpayers Before Rebates'.	To correct the figures within the council tax disclosure due to an error in the supporting calculations
Various	**Note 35 Other Related Parties** Amendments made as follows: • Inclusion of five additional related parties with transactions totalling £137,000 for expenditure and £121,000 for income; and • Four disclosures were corrected. The amendments totalled £62,000 for expenditure and £1,388,000 for income.	To include and to correct related party disclosures.

£3,562,000	**Comprehensive Income and Expenditure Account (CIES)** Amendments made to the following classifications: • total reduction of £3,562,000 across gross expenditure lines within the 'cost of service' section; and • total reduction of £3,562,000 across income lines within the 'cost of service' section. **Note 9 Expenditure and Funding Analysis by Nature** Amendments made to the following classifications: • 'Fees Charges & Other Service Income' decreased by £3,562,000; and • 'Other Service Expenditure' decreased by £3,562,000 There is no impact on the bottom line of the CIES or Note 9 total	
£4,163,000	**Balance Sheet** Amendments made to the following classifications: • Cash and cash Equivalents increased by £4,163,000; and • A line included for 'Bank Overdraft' within the 'Current Liabilities' section with a figure of -£4,163,000. Notes 20 (Financial Instruments) and 22 (cash and Cash Equivalents)	To correctly disclose cash and cash equivalents and overdrawn bank balance. separately where there is no right of set-off.

	are also amended to reflect the above	
Various	**Note 36 Pensions Assets and Liabilities** A number of amendments have been made throughout Note 36. The most significant of these are: • Table for 'Employer regular contribution for 2026/27', reduction in total of £1,130,000; and 'Net Interest Expense' within the table for 'Breakdown of Amounts recognised in Surplus or Deficit on the provision of Services and Other Comprehensive Income' decreased by £395,000.	The lines for the joint committee elements included the total contributions for the joint committee and not the Vale's share. To include figures in the actuary report which had been omitted.
£1,044,000	**Comprehensive Income and Expenditure Account (CIES)** Total reduction of £1,044,000 across gross expenditure lines within the 'cost of service' section **Balance Sheet** Short Term Creditors decreased by £1,044,000; and Unusable reserves increased by £1,044,000. Amendments also made to the following notes to reflect the above: Note 23 Creditors	To reflect the amended year-end accumulated absences calculation

	Note 27 Unusable Reserves – Accumulated Absences Account	
Various	South Consortium Joint Education Committee disclosures	To disclose transactions and balances in respect of the Central South Consortium Joint Education Committee (CSCJEC) which ceased operating on 31 August 2025

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of Vale of Glamorgan Council

Opinion on financial statements

I have audited the financial statements of the:

- Vale of Glamorgan Council; and
- Vale of Glamorgan Council Group

for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

The Vale of Glamorgan Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Expenditure and Funding Analysis, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including the material accounting policies.

The Vale of Glamorgan's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2026.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of the Vale of Glamorgan Council and Vale of Glamorgan Council's Group as at 31 March 2026 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as

interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2026

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Vale of Glamorgan Council and the group, in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the [name of local government body and the group]'s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2026;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Vale of Glamorgan Council and the Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or

- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, Vale of Glamorgan Council's Group financial statements, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Vale of Glamorgan Council and the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Vale and Glamorgan Council and group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Council's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Vale of Glamorgan Council and Group's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals;
- Obtaining an understanding of the Vale of Glamorgan Council and Group's framework of authority as well as other legal and regulatory frameworks that Vale of Glamorgan Council and Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Vale of Glamorgan Council and Group.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Vale of Glamorgan Council and Group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Vale of Glamorgan Council and Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Catherine Mealing-Jones

1 Capital Quarter

Auditor General for Wales

Tyndall Street

7 October 2026

Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

Letter of representation

[Required to be on the Council's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

5 October 2026

Representations regarding the 2025-26 financial statements

This letter is provided in connection with your audit of the financial statements of the Vale of Glamorgan Council for the year ended 31 March 2026, for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to;

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
  - our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
  - our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
  - the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We acknowledge that there are two areas of non-trivial uncorrected misstatements relating to housing rents and the consolidation of the South East Wales Corporate Joint Committee's 2025-26 accounts, as set out in your Audit of Accounts Report. The Council has have considered the uncorrected misstatements identified during the audit and have concluded that amendments will be made to the financial statements. The net Housing Revenue Account (HRA) misstatement is below the audit triviality threshold and is not material to the financial statements. In addition, the South East Wales Corporate Joint Committee (CJC) amendments are not material to the financial statements. Whilst correction would require amendments to a significant number of disclosures and tables throughout the accounts, and it is felt would not significantly impact users of the financial accounts.

Representations by the Council

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Council members on 5 October 2026.

We confirm that we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:	Signed by:
Matt Bowmer	**Chair of the Council**
Section 151 Officer	**Signed on behalf of councillors as those charged with governance**
Date: 5 October 2026	**Date: 5 October 2026**

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board acts as a link to our Board on audit quality. For more information see our latest audit quality report.

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

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

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Information on our upcoming work and forward work programme for performance audit.

Data tools to help you better understand public spending trends.

Details of our Good Practice work and events including the sharing of emerging practice and insights from our audit work.

Our newsletter which provides you with regular updates on our public service audit work, good practice, and events.

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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.