

Meeting of:	Shared Regulatory Services Joint Committee
Date of Meeting:	Wednesday, 25 March 2026
Relevant Scrutiny Committee:	Live Well Scrutiny Committee
Report Title:	Audit of the 2024/25 Shared Regulatory Services Financial Statements
Purpose of Report:	To present to Committee the report of the Auditor General for Wales following the audit of Shared Regulatory Services Financial Statements for 2024/25
Report Owner:	Director of Environment and Housing
Responsible Officer:	Matt Bowmer - Head of Service/s151 Officer
Elected Member and Officer Consultation:	Head of Service for Shared Regulatory Services
Policy Framework:	This is a matter for Shared Regulatory Services
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The audit of the 2024/25 Statement of Accounts is in the final stages of completion. • The latest 2024/25 Statement of Accounts incorporating all agreed amendments is now presented to Shared Regulatory Services Committee included at Appendix A which will be circulated to members separately as Audit Wales are undertaking their final checks. • It is proposed that the audited Statement of Accounts are reported to Shared Regulatory Committee on the 25th March 2026 for approval and then signed by the Auditor General for Wales. • The changes reflected in the account are of a classification and typographical nature with a small amendment to the 2023/24 audit fee reflected in the accounts. 	

Recommendations

1. That the Shared Regulatory Services 2024/25 Statement of Accounts be approved, signed and dated by the Chair of the Committee.
2. That as the amended Statement of Accounts are subject to final checks by Audit Wales. Delegated Authority is granted to the Head of Finance Vale of Glamorgan Council in consultation with the Chair of Committee to approve final amendments to the accounts.
3. That the Letter of Representation to Wales Audit for 2024/25 be noted, agreed, signed and dated by the Chair of the Committee.
4. That the report of the Appointed Auditor on the audit of Shared Regulatory Service for 2024/25 be noted.
5. That the Shared Regulatory Service Joint Committee is recommended to approve the response to the Audit Wales Audit Enquiries at Appendix C
6. That the Shared Regulatory Services Annual Governance Statement 2024/25 be approved, signed and dated by the Chair of the Committee, the Chair of the Shared Regulatory Services Management Board and the Head of Shared Regulatory Service.

Reasons for Recommendations

1. That the Statement of Accounts be approved prior to the deadline.
2. To enable the Amended Statement of Accounts to be approved following review by Audit Wales.
3. That the signed Letter of Representation is returned to Audit Wales.
4. To ensure that the Members are aware of the results of the audit of the 2024/25 Financial Statements of Shared Regulatory Service.
5. Audit Wales has written to both officers and those charged with governance with a set of queries to provide assurance on fraud, legal and related parties.
6. To enable the 2024/25 accounts to be finalised.

1. Background

- 1.1 The Vale, as Host, is responsible for the preparation of the Financial Statements that presents fairly the financial position of Shared Regulatory Services as at 31st March 2025. The Auditor General for Wales is responsible for reporting whether, in his opinion, this is indeed the case. The audit was undertaken by Audit Wales, and the Council's Engagement Lead, on behalf of the Appointed Auditor.

- 1.2 The Statement of Accounts for 2024/25 was passed to the External Auditors by 30th June 2025, with the unaudited copy presented to this Committee on 25th June 2025
- 1.3 With the audit of this Financial Statement now substantially complete, a report detailing the key matters arising from this audit must now be reported by the Auditor General for Wales to those charged with governance, in accordance with the International Standard on Accounting (ISA 260) which is attached as **Appendix B**. In line with its terms of reference, the Shared Regulatory Services Committee represents the appropriate body to which this report must be communicated

2. Key Issues for Consideration

- 2.1 The Final 2024/25 Statement of Accounts incorporating all currently agreed amendments is attached at Appendix A (this will be circulated to Members separately once final checks on the amendments are complete).
- 2.2 The report of the Auditor General for Wales and the Final Letter of Representation is attached at Appendix B (this will be circulated to Members separately once final checks on the amendments are complete).
- 2.3 The provisional findings of Audit Wales on behalf of the Appointed Auditor in respect of the Financial Statements includes one recommendation arising from their report.
- 2.4 Audit Wales intend to issue an unqualified audit opinion on this year's accounts.
- 2.5 There were some misstatements in the accounts that have now been corrected by management. The corrected misstatements are summarised for information in Appendix 3 of the Audit Wales Audit of Accounts Report as shown at Appendix B are set out below.
 - An amendment to note 16 'Creditors' to correct the disclosed figure.
 - An amendment to Note 13 'Audit fees' in which an additional disclosure was made confirming the additional audit charges for 2023/24, the statements have also been amended to reflect this change.
 - There was an update made to Note 26 'Contingent Liability' to reflect the current situation regarding a Virgin Media ruling on Pension Liabilities.
 - Improvements were made to the AGS to better reference the internal audit report.
 - There were also some minor amendments and typographic errors that were corrected to both the financial statements and notes to them. This was done to ensure the accuracy of the financial statements.
- 2.6 There are no misstatements that remain uncorrected.
- 2.7 Audit Wales have made one recommendation which is shown at Appendix 4 of the Audit Wales Audit of Accounts report as shown at Appendix B.

- 2.8** The recommendation relates to related party declarations for Members and Senior Officers; steps were taken to gather this additional information during the audit process, and no additional declaration is required as a result of the declarations made. The data gathering has now been commenced for 2025/26.
- 2.9** Appendix C sets out the proposed response to Audit Enquiries to those Charged with Governance and Management. 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 April 2025 seeking these assurances.
- 2.10** The Joint Committee's proposed response to the Audit Wales Fraud enquiries is attached at Appendix C. The controls in place all supplement the Joint Committee's governance arrangements set out in the Joint Working Agreement and include the Financial Procedure Rules and Contract Procedures Rules as well as Financial Procedure Notes and the Procurement Code of Practice of the Vale of Glamorgan as Host Authority.
- 2.11** Appendix 1 of the document relates to Fraud, the response sets out a confirmation that there were no specific fraud issues identified during 2024/25 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.
- 2.12** 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 behavior and conduct are communicated to Employees and Members of the Joint Committee. 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.
- 2.13** 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 Joint Committee's financial statements.
- 2.14** Appendix 3 provides detail of assurance regarding Related Parties and includes processes to establish and disclose relevant related party transactions as required.

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

- 3.1** The revenue budget has been set in order to support services in the delivery of the SRS Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.

- 3.2** The revenue budget has been set and is monitored to reflect the 5 ways of working.
- 3.3** Looking to the long term – The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services are understood.
- 3.4** Taking an integrated approach – The revenue budget includes services which work closely with other organisations to deliver services e.g. Health Boards via TTP.
- 3.5** Involving partners in decisions – As part of the revenue budget setting process there is open engagement between the SRS partners.
- 3.6** Working in a collaborative way – The SRS was created as a collaborative service in 2015, with the split of funding split in line with the population data and is updated on an annual basis.
- 3.7** Understanding the root cause of issues and preventing them – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issues at the source as soon as they become apparent.

4. Climate Change and Nature Implications

- 4.1** One of the key strategic themes for Shared Regulatory Service is Protecting the Local Environment.
- 4.2** The SRS Business Plan articulates the work carried out under this theme to deliver on the corporate priorities for the participant Councils, including their ambitions to minimise climate change and impacts on the natural environment.
- 4.3** In this context, the Joint Committee is regularly updated on the contribution of SRS to this agenda, for example through its work in the areas of animal health and welfare, air quality, contaminated land, energy efficiency in the private rented sector and investigating greenwashing claims or environmental fraud

5. Resources and Legal Considerations

Financial

- 5.1** The Participant’s financial contribution to Shared Regulatory Services is recharged on a quarterly basis, in line with the approved budget for the year. Accounting for the full year is reported to Committee at the Annual General Meeting.

Employment

- 5.2** There are no Employment implications.

Legal (Including Equalities)

5.3 There are no legal implications

6. Background Papers

None

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Matt Bowmer
Head of Finance
Vale of Glamorgan Council
Civic Offices
Holton Road
Barry

Date 25 June 2025

Dear Matt

Shared Regulatory Services Joint Committee 2024-25 - 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 Joint Committee and 'those charged with governance' (the full Council as host body, although in practice the Joint 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:

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

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

The information you provide will inform our understanding of the Joint Committee and its business processes and support our work in providing an audit opinion on your 2024-25 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 5](#) for 2024-25.

The completed [Appendix 1 to Appendix 5](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by **25 August 2025**. In the meantime, if you have queries, please contact me on 02920 320631 or at mark.jones@audit.wales.

Yours sincerely

Mark Jones

Audit Manager

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', which for SRS is the Joint Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by 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	2024-25 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?	<p>There have been no specific fraud issues identified during the year.</p> <p>The Head of Audit's Annual Opinion report provides satisfactory assurance on the key financial systems.</p> <p>The risk that the financial statements may be materially misstated due to fraud is low.</p>
2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	No.
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?	<p>The Council's Regional Internal Audit Service plays a crucial part in both identification and responding to the risks of Fraud.</p> <p>The Regional Internal Audit Service has an annual risk based audit plan which includes key financial systems and contingency provision for fraud work as it arises. All auditors are very mindful of the potential presence of fraud in every audit they undertake. All issues 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</p>

Enquiries of management – in relation to fraud

Question	2024-25 Response
	matters of significance are reported to the Chief Executive, Head of Finance (as Lead Financial Officer for Shared Regulatory Services), the relevant Director and the Head of the Shared Regulatory Service.
4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	The Fraud Risk Register has been developed in line with CIPFA guidance and is used to focus the proactive work of the Council's Corporate Fraud Officer. This identifies the areas in which a fraud is likely to occur along with the risk, consequence, likelihood and impact of it happening. The areas included are those with the highest cases of fraud/monetary value previously identified and reported across the UK. The Fraud Risk Assessment takes into account classes of transactions, account balances and disclosures within the areas identified.
5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	No.

Enquiries of management – in relation to fraud

Question	2024-25 Response
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 would be reported to the Joint Committee as well as the Vale of Glamorgan Governance and Audit Committee.

Enquiries of those charged with governance – in relation to fraud

Question	2024-25 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: <ul data-bbox="392 890 1086 1061" style="list-style-type: none">• 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?	Oversight of the processes for identifying and response to the risk of fraud are contained within the Terms of Reference for the Governance and Audit Committee. Any issues for concern would be referred by the Governance and Audit Committee to the Joint Committee if appropriate.

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 SRS Joint Committee's operations 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 Joint Committee 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	2024-25 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? What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	Through the work of the Internal Audit Shared Services, Legal Services and oversight by the Monitoring Officer/Head of Legal and Democratic Services
2. Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?	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, that have had, or are expected to have, a material impact on the Service's audited financial statements for the year ended <u>2024/25</u> .
3. Are there any potential litigations or claims that would affect the financial statements?	There are no legal claims which would affect the Service's financial statements.

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response
4. Has there been any significant communications with regulators?	No – not to our knowledge.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2024-25 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. Are you aware of any actual, suspected or alleged unlawfulness affecting the entity?	Through the Internal Audit Shared Service. Also, through the application of Vale of Glamorgan Council policies (as Host Authority), such as the Contract and Financial Procedure Rules.

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

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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	2024-25 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.	None
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 is being carried out during the audit.
4. What controls are in place to authorise and approve significant transactions and arrangements: <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	Officers and members are required to declare any transactions in line with the Council's Code's of Conduct. A record of declarations relating to Members is held by Democratic Services and for Chief Officers by the Council's Monitoring Officer.

Appendix 4

General matters

Enquiries of management – general matters	
Question	2024-25 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.	<p>During the year, the only professional advisers (e.g. solicitors) consulted were external legal firms instructed to advise on individual legal matters relating to the service 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 services financial statements.</p> <p>No professional advisers were engaged during the year to advise on general matters of corporate governance, financial reporting, or internal controls.</p>

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

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Appendix 5

Matters in relation to financial reporting

Enquiries of management – in relation to financial reporting

Question	2024-25 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 are subject to annual review.
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) that may give rise to recognition or	No, not to our knowledge

Audit enquiries to those charged with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2024-25 Response
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 you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No, not to our knowledge