

<b>Meeting of:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>Date of Meeting:</b>	<b>29 JANUARY 2026</b>
<b>Report Title:</b>	<b>STATEMENT OF ACCOUNTS 2024-25 LESSONS LEARNED</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING &amp; CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the Policy Framework and Procedure Rules</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>The Council's Statement of Accounts 2024-25 was approved by the Governance and Audit Committee on 30 October 2025 and approved by the Auditor General for Wales on 31 October 2025.</li> <li>This report provides feedback to the Committee on lessons learnt from the 2024-25 audit and areas for improvement moving forward.</li> <li>The 2025-26 audited Statement of Accounts will require approval by the Governance and Audit Committee and certification by the Auditor General for Wales by 30 September 2026 to meet the Welsh Government deadline.</li> </ul>

## 1. Purpose of Report

- 1.1 The purpose of the report is to present to the Governance and Audit Committee the lessons learned following the completion of the audit of the 2024-25 Statement of Accounts.

## 2. Background

- 2.1 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).

- 2.2 The draft Statement of Accounts were passed to Audit Wales on 30 June 2025 and presented to the Governance and Audit Committee on 17 July 2025. During the audit

a number of amendments were identified, as set out in Audit Wales' Audit of Accounts Report, which was presented to the Governance and Audit Committee on 30 October 2025 and are summarised below:

- Amendment to the valuation of assets on the balance sheet
- Amendment to the Comprehensive Income and Expenditure Statement and creditors on the balance sheet due to an error in the accrued leave calculation
- Amendments to notes that did not affect the core statements:
  - Note 15 – officer remuneration bandings
  - Note 19 - related parties where a small number of transactions and values had been omitted from the disclosure
  - Note 25 – amendment of classification of creditors within the note
  - Note 30 – pensions note - additional narrative disclosure
  - Note 31 – financial instruments - a number of amendments were required

2.3 Audit Wales did not make any recommendations following the 2024-25 audit although they did refer to the recommendation made in the previous year:

- The Council should consider fully utilising the Asset Management System (CIPFA's Fixed Asset Register) to better support its valuation work, to improve the maintenance of base data and enhance its record keeping. It was noted that currently asset revaluations are calculated in a spreadsheet and manually input into the AMS as a year-end exercise.

2.4 The Council is considering a new Asset Management System although this may take some time to fully implement and therefore in the short to medium term it is expected that the current process for asset valuations will continue. Every effort will be made to ensure the accuracy of any asset valuations.

2.5 The audited accounts were presented to the Governance and Audit Committee on 30 October 2025, and the audit certificate signed by the Auditor General for Wales on 31 October 2025. The Statement of Accounts received an unqualified report.

### **3. Current situation / proposal**

3.1 The Finance Team always strive to ensure that the draft Statement of Accounts are presented as accurately as possible notwithstanding the complexity of the document. The team will usually amend all errors that are identified during the course of the audit.

3.2 The Finance Team already have in place a number of processes to assist in the Statement of Accounts preparation which will continue for the audit of the 2025-26 accounts:

- In advance of the closing of accounts process, a detailed closing pack is prepared and circulated to finance teams and others with a direct link to the preparation of the accounts, and individual teams also maintain closing task lists to ensure completion of all necessary tasks. The Closing Pack is prepared and shared with the Finance Team in advance of the closing period to give sufficient time for any queries and uncertainties to be resolved. Once agreed it is also shared with Audit Wales.

- All finance staff complete a schedule of availability during the closing and audit timeframe, to ensure availability of staff at key points during the process, and to enable the audit team to enable effective planning of audit work.
- A new process for sharing information and queries by the audit team was put in place for the 2023-24 audit, the Inflo information exchange system, which has now been embedded within the process and has worked well for the past two audits. This will continue to be used to support and monitor audit progress.
- Meetings are held to discuss both the outcomes of the 2024-25 audit and to begin planning for the 2025-26 audit, well in advance of the year end. A meeting was held during December with Audit Wales to begin the planning process for the 2025-26 audit.
- The preparation of the final Statement of Accounts has been automated as much as possible, reducing the potential for errors and providing a more efficient process. Any opportunities to further automate processes will be explored and implemented where possible. It is important to note however that new reporting software has been implemented during 2025 and the reports for the statement of accounts need to be developed. This is in progress and it is anticipated that these will fully replicate the process previously in place.
- The draft accounts are reviewed by senior officers prior to submission to the Governance and Audit Committee and Audit Wales, to minimise the likelihood of errors in the accounts, including casting and presentational errors as well as cross-checking notes to the core statements.
- Weekly meetings are held with the audit team during the audit to monitor progress and to discuss any issues as they arise, ensuring a prompt resolution of queries raised. The attendees to these meetings were extended for the 2024-25 audit to include the valuers, and will be further extended to include other key staff involved in the accounts process for 2025-26.

- 3.3 Audit Wales held a Good Practice workshop on 2 December 2025, which was well attended by officers from a large range of public sector bodies including local authorities and police. A number of key officers involved in the closing of accounts from this Council including finance and valuers attended the workshop, which provided information on the expectations of the audit process. A key area of change for the 2025-26 accounts is the valuation of assets, where the Code requires a move to a 5-year valuation cycle with indexation applied in the intervening years. Officers are currently working on the process for implementation of this change.
- 3.4 A workshop will be held with key staff within the Finance Team in readiness for the preparation of the 2025-26 Statement of Accounts. The workshop provides feedback on the audit of the previous year's accounts, the items identified above, and the timeliness for completing the current year's accounts. Staff are given the opportunity to raise any questions around the process and detail of the accounts at this time.
- 3.5 The consolidation of the Corporate Joint Committee - Cardiff Capital Region City Deal (CCR) accounts into Bridgend's own Statement of Accounts is reliant upon the City Deal's accounts being available early in the process. Assurances have been made that the draft accounts will be available earlier in the process, however their delivery is outside the control of this Council. Should the draft accounts from CCR not be received on time, as was the case with the 2023-24 and 2024-25 Statements, agreement will be sought with Audit Wales to adopt the same approach in the current year as previous, that is, to provide a non-consolidated account in the first instance

and consolidate the City Deal figures as soon as they are available. This will enable the audit to progress rather than waiting until the consolidated accounts are completed. Discussions will be held at Section 151 Officer level with the City Deal Corporate Joint Committee office to secure as early provision of the draft accounts as possible to enable consolidation at an early stage of the accounts/audit process.

- 3.6 As noted above implementation of a new Asset Management System will not be possible for the 2025-26 accounts due to the scale of implementing any new system and the limited time available until year end. It is hoped that once a system is implemented the use of it to support the asset valuations will be considered early after its implementation.
- 3.7 A feedback and planning meeting was held with Audit Wales in December, the outcome of which was the following:

Positive aspects of the process identified were:

- Submission of the accounts to Audit Wales by 30 June deadline (one of 12 local authorities to do so).
- Teams working well with good communication.
- The use of the Inflow information exchange software.
- Increased use of Teams meetings for information exchange not just relying on Inflow/email.
- Turnaround of information and responses to queries overall was good.
- Regular update meetings to agree progress.
- Approach to providing the Council accounts and then consolidating City Deal was easy to follow.
- Overall working papers were good.

Some areas where improvements could be made:

- While the accounts were provided by 30 June, some working papers were late in being provided.
- The provision of information for a small number of areas could be improved and be more timely.
- Some working papers were difficult to follow through.
- Some delays in providing responses – partly linked to schools due to holiday periods, which is difficult to avoid.
- Giving Audit Wales staff better access to systems to enable them to enquire directly – particularly to the finance system and providing training/additional support to the audit team in how to use the system.

- 3.8 Officers and Audit Wales are keen to continue to improve the audit process further and will work collaboratively to ensure as effective a process as possible. Meetings will be put in place to monitor progress and raise any concerns early so that they can be promptly dealt with. Audit Wales also intend to undertake some interim audit work which will help facilitate an earlier audit completion, the deadline for the audit completion for the 2025-26 accounts again being brought forward from last year to 30 September 2026, one month earlier than it was for the 2024-25 accounts.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change and Nature Implications**

6.1 There are no climate change or nature implications as a result of this report.

#### **7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding or corporate parent implications as a result of this report.

#### **8. Financial Implications**

8.1 There are no financial implications as a result of this report.

#### **9. Recommendation**

9.1 It is recommended that the Governance and Audit Committee notes the report.

#### **Background documents**

None