

Audit of Accounts Report – Cyngor Gwynedd

Audit year: 2024-25

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2024-25 accounts. My team have already discussed these findings with the Head of Finance.

My team have substantially completed the audit work as set out in my Audit Plan dated May 2025.

Since my Audit Plan, I have updated materiality to reflect the 2024-25 accounts. I have not identified any new audit risks. My response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, and give a true and fair view, in all material aspects. My proposed audit opinion and basis for it is outlined on page 23.

It is the responsibility of the those charged with governance, i.e. the Governance and Audit Committee to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of Cyngor Gwynedd for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We 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 **uncorrected misstatements** in the accounts which we wish to draw to your attention.

See [Audit findings](#)



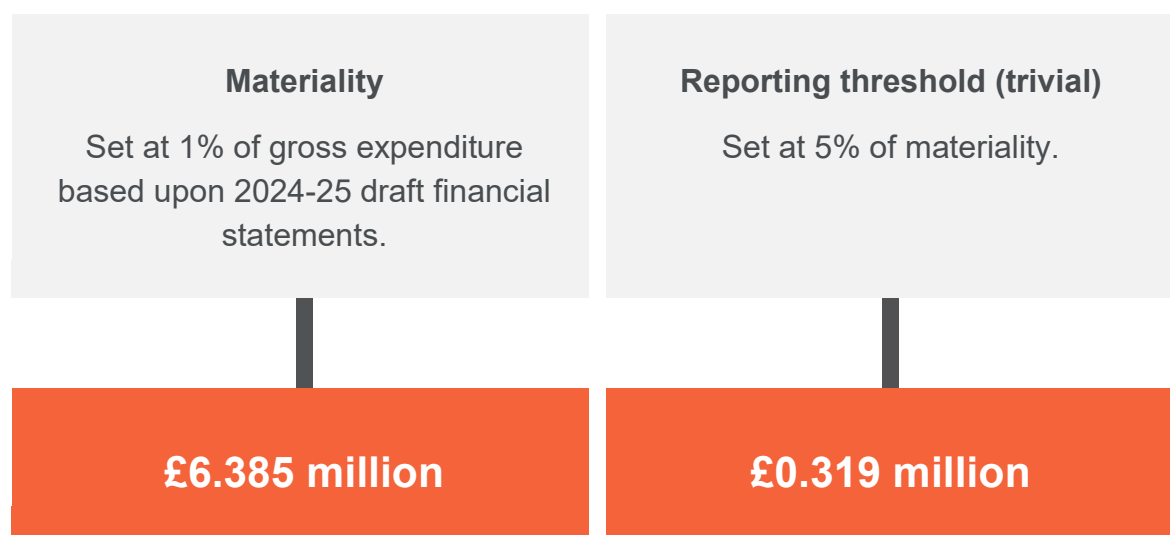
The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.



We are aiming to certify your accounts on 19 November 2025 following approval of the accounts at the Governance and Audit Committee on 13 November 2025. This falls after the statutory deadline of 31 October, which could not be met due to the timing of the Committee meeting.

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:



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:

Senior Officer Remuneration £1,000	Related party disclosures (individuals) £10,000
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Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below the misstatements we identified in the accounts, which has been discussed with management but remains uncorrected. We request that these misstatements be corrected.

If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them.

Note 15 Property, Plant and Equipment (PPE)

- An item of capital expenditure that was funded from capital grant was initially recorded as additions to Property, Plant and Equipment (PPE) on the Balance Sheet. However, audit testing identified that Cyngor Gwynedd does not hold ownership of the building to which the expenditure relates to. While the expenditure remains capital in nature, it should have been classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS) and reported in the Comprehensive Income and Expenditure Statement (CIES). This reclassification resulted in PPE being overstated by £0.332 million and REFCUS being understated by £0.332 million.
- Cyngor Gwynedd correctly recognises non-enhancing capital expenditure as additions to PPE followed by immediately recognising an impairment, resulting in no impact on the Net Book Value. However, failure to allocate this expenditure to specific assets in the Fixed Asset Register prevents accurate adjustment of Gross Book Value (GBV) and Accumulated Impairment at revaluation. Instead, derecognition is delayed to the following year, leading to understated GBV and misstatements in the CIES, Movement in Reserves Statement (MiRS) and PPE disclosures. In 2024-25, £0.775 million was derecognised from both cost and accumulated impairment. A further £1.225 million

was capitalised and impaired during the year which will impact the 2025-26 financial statements.

- An error in Cyngor Gwynedd's valuation workbook led to discrepancies between the Valuer's valuation sheets and the figures used to update the Fixed Asset Register. Consequently, asset values were misstated, resulting in a net revaluation overstatement of £0.408 million. This required corresponding adjustments to the Revaluation Reserve of £0.403 million and in the CIES of £5,000.

Note 17a (iv) Financial Instruments

Cyngor Gwynedd retrospectively adjusted the 2023–24 short-term lease figure in the 'Financial Liabilities held at amortised cost' table by removing a balance of £0.997 million. This approach does not comply with the requirements IFRS 16 - Leases, which requires prospective application. Cyngor Gwynedd stated the amendment was made to improve comparability between the 2023–24 and 2024–25 financial years.

Note 21 Creditors – other payables

Audit testing identified a creditor balance of £0.907 million, originally recognised in 2013, that was incorrectly included in the closing balance as of 31 March 2025. Following a review of the grant letter, we concluded that the grant was not repayable, contrary to Cyngor Gwynedd's initial assessment. As a result, the creditor balance is overstated by £0.907 million.

Note 35 IFRS 16 Leases

- Audit testing identified that the Right of Use Assets of peppercorn leases had not been revalued at fair value in accordance with IFRS 16 - Leases guidance. Although most of the leases were subsequently assessed and found to fall below the *de minimis* threshold of £10,000, one asset was valued at £0.675 million. This asset should have been recognised as a Right of Use Asset on the Balance Sheet, resulting in an understatement of £0.675 million, with a corresponding adjustment to the CIES in relation to the gain on recognition.
- The review of lessor lease arrangements involving sub-leases had not been undertaken in accordance with the requirements of IFRS 16, as

outlined in the CIPFA Code of Practice. This was due to the absence of an assessment of whether the authority had control over the leased assets, a requirement for recognising a Right of Use Asset.

Consequently, £1.531 million should have been reclassified from Land and Buildings to Right of Use assets within the Property, Plant and Equipment disclosure. However, restrictions within the fixed asset register did not allow Cyngor Gwynedd to reclassify assets previously recognised under Property Plant and Equipment as Right of Use Assets.

Corrected misstatements

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

These 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 Cyngor Gwynedd's financial reporting process.

There were no such issues identified during the audit.

Other matters

Implementation of International Accounting Standard (IFRS) 16 - Leases

As highlighted in our Audit Plan, we identified a risk that Cyngor Gwynedd may not have appropriately applied the requirements of IFRS 16 Leases, potentially resulting in material misstatements within the financial statements.

During our audit testing, a more detailed assessment of the standard's requirements could have strengthened the approach taken. As a result, there was a need to re-draft the disclosure as they were not in compliance with the CIPFA Code of Practice. In addition to the uncorrected misstatements relating to IFRS 16 identified above, the other corrected misstatements for IFRS 16 are detailed in **Appendix 2**.

Further Considerations

We will continue to work with Cyngor Gwynedd and the wider sector to review our ambition to bring forward the audit deadline to September 2026 as part of the 2025-26 accounts audit process. To meet these deadlines, it will be imperative that:

- a high-quality set of accounts and annual governance statement are received on time;
- the accounts are fully supported, with all working papers available and quality assessed at the commencement of the audit; and
- officers are available throughout the summer audit window to ensure audit queries are resolved in a timely manner.

The draft financial statements were received on the agreed date of 30 June 2025. Cyngor Gwynedd had prepared the majority of working papers in advance of the audit, and we noted positive improvements in several areas compared to the prior year. There are still opportunities to enhance the standard of certain working papers, and introducing a strengthened quality assurance process could support this. Doing so may also help reduce the number of adjustments (both corrected and uncorrected) identified during the audit. We also acknowledge that some audit queries took longer to resolve, and we appreciate the team's efforts in managing competing priorities during a busy period.

Due to the volume of misstatements identified during the audit, the estimated fee of £232,750 for the audit of the financial statements will be exceeded. We will liaise with the Head of Finance to agree the final additional fee.

These delays did not impact on our ability to complete the audit by this year's agreed deadline. However, we are mindful that the accounts audit window will be shorter next year, and similar delays could pose a significant risk to meeting the revised certification deadline of 30 September.

We have not raised a recommendation in respect of this issue. We will discuss it as part of our audit post project learning with officers to assess the position. We would like to thank officers for their engagement with the audit team throughout the audit.

Proposed audit opinion

Audit opinion

We 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**.

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**, which includes additional representations on the uncorrected misstatements identified above.

Recommendations

The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.

We will monitor progress against the recommendations during next year's audit.

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 Lead	Matthew Edwards matthew.edwards@audit.wales
Audit Manager	Yvonne Thomas yvonne.thomas@audit.wales
Audit Lead	Sioned Owen sioned.owen@audit.wales

Compliance with ethical standards

We confirm that:

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

The safeguards outlined in the Audit Plan regarding the Audit Manager and Audit Lead's acquaintances and/or family employed Cyngor Gwynedd were appropriately implemented to manage any potential conflicts.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of Cyngor Gwynedd accounts. **Exhibit 2** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 2: audit risks reported previously, work done and outcome

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 [ISA 240.32-33].	The audit team: <ul style="list-style-type: none">• tested the appropriateness of journal entries and other adjustments made in preparing the financial statements;• reviewed accounting estimates for bias; and• evaluated the rationale for any significant transactions outside the normal course of business.	My audit work did not identify any instances of management override of controls.

Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) pension fund 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.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability. For example, at 31 March 2024, the liability was in fact a surplus, primarily due to higher interest rates.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

The 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 Cyngor Gwynedd 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 undertook any additional procedures required; and
- assessed whether any legal cases could have a material impact on the net liability, and if so, confirmed that this has been appropriately recognised and disclosed within the financial statements.

My audit work did not identify any issues with the valuation of the pension valuation. See **Appendix 2** for my findings on the presentation of the pension valuations.

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, but values may also change year on year, and there is a risk that the carrying value of assets recognised in the accounts could be materially different to the current value of assets as at 31 March 2025, particularly in the current economic environment.

The 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 were reasonable, and the revaluations were correctly reflected in the financial statements; and
- tested the reconciliation between the financial ledger and the asset register.

See **Appendix 2** for details of my findings in relation to the valuation of land and buildings.

Senior officer remuneration

Even though there are no significant changes in senior officers for 2024-25, remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a risk that even low value errors in the disclosure could result a material misstatement.

The audit team:

- ensured that remuneration disclosed were consistent with supporting evidence;
- ensured that amounts paid were consistent with those approved by the Council; and
- ensured that disclosures were complete based on the team's knowledge and are prepared in accordance with requirements.

My audit work did not identify any issues with the disclosure of senior officer remuneration.

IFRS 16 - Leases

Local Government bodies are required to adopt IFRS16 Leases from 1 April 2024.

This significantly changes the accounting treatment and disclosures required for leased assets and means that most leases will result in an asset and liability on balance sheets.

There is a risk that the requirements of the IFRS are not appropriately adopted and as a result the financial statements are materially misstated.

The audit team:

- reviewed Cyngor Gwynedd's working papers to ensure all leases falling within the scope of the standard were included in calculations;
- tested a sample of asset and liability calculations to ensure that the assumptions were reasonable, and calculations were correctly prepared; and
- confirmed that asset and liability values were correctly accounted for and disclosed in the financial statements.

See **Appendix 2** for my findings in relation to the implementation of the standard.

Related Party Disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Council and the other body/party.

The Council has many relationships that could be considered a related party. Many are well known, for example, 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. The transactions are of high interest to the public and are considered to be material by their nature.

There is a risk of material misstatements due to incomplete or inaccurate disclosures, even where these are of a 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 were complete, accurate, consistent with evidence and in accordance with the Local Government Code.

See **Appendix 2** for details of my findings in relation to related party disclosures.

Legal claims

The Council has received potential claims for damages which could be material to the accounts. There is a risk that the financial statements are therefore materially misstated in respect of this matter.

My Audit team:

- engaged with management and the monitoring officer to understand the nature, likelihood and potential financial impact of any claims at year end;
- ensured that all necessary disclosures regarding any claims were complete, accurate and in accordance with the Local Government Code; and
- ensured they were correctly accounted for in the financial statements.

My audit work ensured that the relevant disclosures were appropriately revised to reflect the current status of the legal claims.

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
£0.406 million	Note 17a (ii) Financial Instruments – Balances Table Trade payables has been decreased by £0.406 million to £48.118 million	When comparing last year's audited financial statements with the current year draft accounts, we identified that the 2023-24 figure for short-term creditors was overstated by £0.406 million.
	Note 17a (iv) Financial Instruments- Fair Value Table Short-term creditors has been decreased by £0.406 million to £48.118 million	
£2.141 million	Note 18a Debtors Other receivable has been increased by £2.141 million	Audit testing identified a misclassification whereby a creditor balance of £2.141 million was erroneously included within the debtors. This treatment is inconsistent with the CIPFA Code of Practice which requires that transactions of different nature be disclosed separately on the Balance Sheet.
	Note 21 Creditors Other payables has been increased by £2.141 million	
	Corresponding adjustments have also been made to the Cashflow note (Note 24a)	

Additional disclosure	<p>Note 18a Debtors</p> <p>The value of the impairment loss of £9.134 million has been added to the footnote.</p>	<p>In accordance with the CIPFA Code of Practice, all material balances and transactions must be appropriately disclosed in the financial statements.</p>
£19.121 million	<p>Note 19 Cash and cash Equivalents</p> <p>Bank Overdraft increased by £19.121 million</p> <p>Note 21 Creditors</p> <p>Other payables decreased by £19.121 million</p> <p>Corresponding adjustments have also been made to the Cashflow note (Note 24a)</p>	<p>Our audit testing identified that transactions classified as cash in transit as of 31 March 2025 were incorrectly recognised as creditors. Given that the payment instruction to the bank had been made before year end, the entity no longer held a present obligation in respect of the liability, nor did it retain control over the associated asset.</p> <p>Consequently, the creditor balance was overstated by £19.121 million (of which £0.233 million related to the North Wales Economic Ambition Board) and cash understated by a corresponding amount. Given the limited guidance in the CIPFA Code of Practice for this particular scenario, the IASB Conceptual Framework was consulted to ensure the accounting treatment was appropriately supported.</p>
£4.060 million	<p>Balance Sheet</p> <p>Long term creditors increased by £4.060 million</p> <p>Short term creditors decreased by £4.060 million</p>	<p>Audit testing revealed that £1.630 million of creditors were misclassified as short-term rather than long-term liabilities. Subsequent work carried out by the Council quantified the total misclassification as £4.060 million.</p>

	Note 21 heading amended from Short-Term Creditors to Creditors and a footnote included to disclose the nature of the balance	
Various	Note 33 Related Parties Disclosure Redrafted	<p>The CIPFA Code of Practice does not prescribe detailed guidance on the presentation of this note. However, to enhance clarity and avoid any misinterpretation by users, the note was redrafted to remove duplicate entries totalling £12.319 million where certain related parties had been included in more than one table. This adjustment prevents the overstatement of related party values and supports accurate and transparent disclosure.</p>
Numerous amendments to narrative and figures	Note 35 IFRS 16 Leases Disclosure Redrafted	<p>We reviewed the leases disclosure presented in Note 35 and identified that it required redrafting to ensure compliance with the CIPFA Code of Practice.</p> <p>While the underlying data was consistent with IFRS 16 requirements, the format used reflected elements of the legacy IAS 17 presentation, which was no longer applicable.</p> <p>The note omitted the required expenses table, as required by IFRS 16 to provide clarity on lease-related expenditure.</p>

Presentational	Note 38 Pensions cost – Changes in the Fair Value of plan assets, defined benefit obligation and net liability table	As the CIPFA Code of Practice does not require separate disclosure of asset, liability and asset ceiling adjustment components, it was agreed to simplify the presentation by disclosing only the net position.
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There have also been numerous minor amendments as a result of our work.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of Cyngor Gwynedd for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Cyngor Gwynedd's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the 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 2024-25.

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

- give a true and fair view of the financial position of Cyngor Gwynedd as at 31 March 2025 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 2024-25.

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 Cyngor Gwynedd 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 Cyngor Gwynedd'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 2024-25; and
- 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 Cyngor Gwynedd 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 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 Cyngor Gwynedd'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 Cyngor Gwynedd 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, Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cyngor Gwynedd'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 management override;
- obtaining an understanding of Cyngor Gwynedd's framework of authority as well as other legal and regulatory frameworks that Cyngor Gwynedd operates 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 Cyngor Gwynedd; and
- 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 and Cyngor Gwynedd 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 Cyngor Gwynedd'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 Cyngor Gwynedd in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
19 November 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

Final Letter of Representation

[Audited body's letterhead]

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

13 November 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements of Cyngor Gwynedd for the year ended 31 March 2025 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 2024-25; in particular the financial statements give a true and fair view in accordance therewith;
- 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 Cyngor Gwynedd 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;
- 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 the following uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- An (UKSPF) capital grant-funded expenditure was incorrectly recognised as additions to Property, Plant and Equipment (PPE) on the Balance Sheet resulting in PPE Additions being overstated by £0.332 million and Revenue Expenditure Funded from Capital Under Statute (REFCUS) understated by £0.332 million. As the misstatement is not material, we have not actioned this amendment.
- We appropriately treat non-enhancing capital expenditure as additions to PPE with immediate impairment, resulting in no change to Net Book Value. However, not linking this expenditure to specific assets for two capital schemes in the Fixed Asset Register delays derecognition and affects the accuracy of Gross Book Value, Accumulated Impairment, and related financial disclosures. In 2024–25, £0.775 million was derecognised for the related 2023–24 schemes, while £1.225 million was capitalised and impaired, impacting the 2025–26 accounts. As the misstatement is not material, we have not actioned this amendment.
- A valuation workbook error caused an asset misstatement, leading to a £0.408m revaluation overstatement. Adjustments of £0.403m to the Revaluation Reserve and £5,000 to the Comprehensive Income and Expenditure Statement (CIES) were required. As the misstatement is not material, we have not actioned this amendment.
- We removed £0.997m from the 2023–24 short-term lease figure on Note 17a (iv) to improve year-on-year comparability, but this retrospective adjustment does not comply with IFRS 16, which requires prospective application. As the misstatement is not material, we have not actioned this amendment.
- Audit testing found a £0.907m creditor from 2013 incorrectly retained in the 2025 closing balance. The grant was not repayable, leading to an overstatement of the creditor balance. As the

misstatement is not material, we have not actioned this amendment.

- Audit testing found that peppercorn lease assets were not revalued as required by IFRS 16. While most fell below the £10,000 threshold, one asset worth £0.675m was omitted, leading to an understatement of Right of Use Assets and a corresponding gain omission in the CIES. As the misstatement is not material, we have not actioned this amendment.
- The review of lessor lease arrangements involving sub-leases identified that the requirements of IFRS 16 had not been fully applied. Specifically, the absence of an assessment of whether we had control over the leased assets impacted the reclassification to Right of Use Assets. As a result, £1.531 million should have been reclassified from Land and Buildings to Right of Use Assets. However, due to system limitations within the fixed asset register, this reclassification could not be processed. As the misstatement is not material, we have not actioned this amendment.

Representations by the Governance and Audit Committee

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 the Governance and Audit Committee on 13 November 2025.

We confirm that we have taken all the steps that we ought to have taken in order 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:
Dewi Aeron Morgan
Head of Finance

13 November 2025

Signed by:
Carys Edwards
Chair of Governance and Audit
Committee

13 November 2025

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- Use of specialists
- Supervisions and review



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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.

