

Audit of Accounts Report – Cyngor Gwynedd

Audit year: 2025-26

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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



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 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 2026.

Since my Audit Plan, I have updated materiality to reflect the 2025-26 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 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 thanks to the officers and staff of Cyngor Gwynedd for their cooperation and support during the audit process.

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](#)



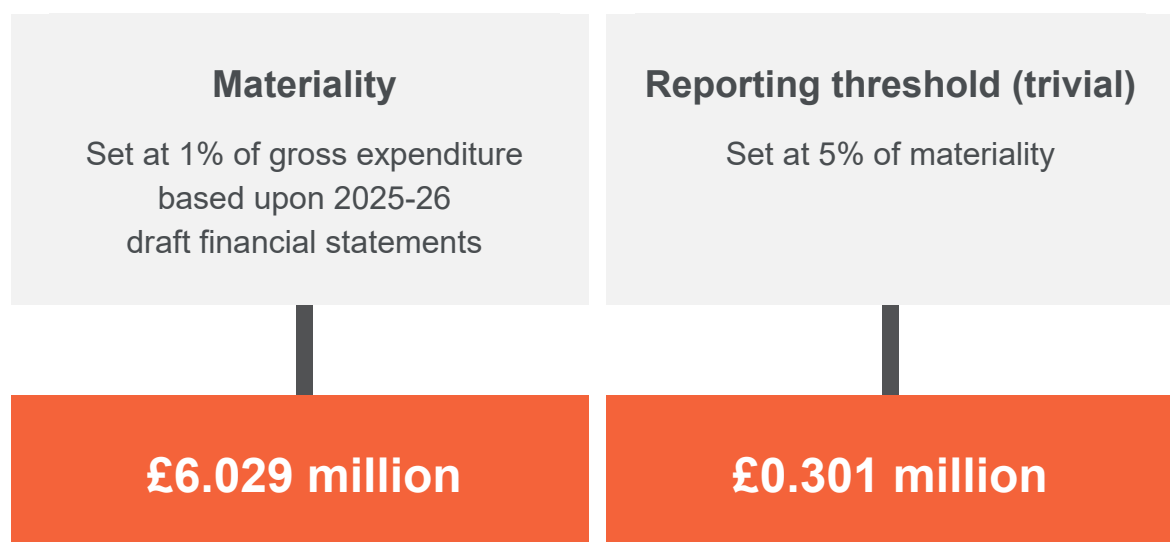
The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.



We are aiming to certify your accounts on **29 September 2026**, in line with the deadline of **30 September 2026**.

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:



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 have been discussed with management but remain 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

- Expenditure of £2.511 million incurred during the year on the redevelopment of an asset was incorrectly classified as additions to Land and Buildings rather than Assets Under Construction. As the new facility was not operational as at 31 March 2026, the expenditure should have been classified as an addition to Asset Under Construction. In addition, the original building, which was demolished as part of the redevelopment, had not been impaired, resulting in an overstatement of Land and Building of £0.318 million. Consequently, Property, Plant and Equipment was misstated, with Land and Buildings overstated by £2.829 million and Assets Under Construction understated by £2.511 million.
- Audit testing identified seven assets with a net book value of £0.750 million that were classified within operational Land and Buildings but were, in substance, Non-Operational Assets Under Construction. Although these assets were appropriately excluded from indexation no valuation misstatement was identified; however, their classification within Property, Plant and Equipment was incorrect.
- A number of individually trivial errors were identified in relation to the valuation and indexation of property assets at 31 March 2026. However, when considered in aggregate, these errors exceeded the triviality threshold, a total of £0.385 million. The errors related to an

incorrect index being applied to land; assets being omitted from the annual indexation process; Assets Held for Sale being excluded from the valuation process; an operational asset being incorrectly classified as an Asset Under Construction and therefore excluded from valuation; and desktop valuations required under the CIPFA Code's indexation framework not being undertaken for certain assets.

Note 21 Creditors – Trade payables

Audit testing identified an invoice of £0.349 million relating to capital works that had been accrued at year-end, despite the associated works not having been carried out by the reporting date. As a result, creditors were overstated by £0.349 million, with a corresponding overstatement of capital additions and the carrying value of Land and Buildings by £0.349 million.

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 issues

Whilst there has been a noticeable improvement in the quality of working papers and supporting evidence provided for audit this year, the following matters are not considered significant issues and have therefore not been reported above. However, they are brought to the attention of those charged with governance as they highlight areas where processes could be strengthened to further improve the quality of financial reporting.

Asset valuation and indexation process

A number of individually trivial issues were identified in relation to the application of the new asset indexation requirements. Whilst we recognise that supporting guidance from CIPFA was issued later in the financial year and this was the first year of implementation, these findings highlight opportunities to strengthen review and quality assurance arrangements between the finance team and valuer. Enhanced review procedures would help ensure that all relevant assets are included within valuation processes and that valuation outcomes are appropriately assessed prior to the completion of the financial statements.

Recurring weakness in the preparation and review of related party disclosures

This is the third consecutive year in which audit testing has identified material errors within the related party disclosures. Although a dedicated working paper was introduced to address issues identified in the previous years, it was not completed or reviewed effectively during 2025-26, resulting in material misstatements within the disclosures. The recurring nature of these errors indicates that existing quality review arrangements are not operating effectively in this area. The Council should strengthen its preparation and review processes to ensure related party disclosures are complete, accurate and appropriately scrutinised prior to the submission of the draft financial statements.

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.

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
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Audit Manager	Yvonne Thomas yvonne.thomas@audit.wales
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Audit Lead	Sioned Owen sioned.owen@audit.wales
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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's 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: • 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) 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. At 31 March 2025 for example, the liability was in fact a surplus, primarily due to higher interest rates.

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.

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 had been appropriately recognised and disclosed within the financial statements.

My audit work did not identify any issues with the valuation of the pension 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 application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

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 **Audit Findings** for details in relation to the valuation of land and buildings following our audit work.

Senior officer remuneration

There have been new permanent and interim appointments to senior posts during 2025-26.

There is a risk that these are not appropriately disclosed in the financial statements as remuneration paid to senior officers continues to be of high interest and is material by nature.

Therefore, there is a that as 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 were prepared in accordance with requirements.

My audit work did not identify any issues with the disclosure of senior officer remuneration, apart from minor narrative amendments.

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. These transactions are of high interest and are considered 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 were complete, accurate, consistent with evidence and in accordance with the Local Government Code.

See **Audit Findings** and **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 had been appropriately revised to reflect the current status of the legal claims.

Group Accounts determination and timeliness

The Council is the sole proprietor of Byw'n lach, a subsidiary company established to provide leisure services to the residents of Gwynedd.

However, the Council had not completed its assessment of whether group accounts were required per the CIPFA Code of Practice for year ended 31 March 2026. Management indicated that this assessment would not be finalised until the capital accounting elements of the Council's own financial statements had been completed. There was therefore a risk that the Council could

My audit team:

- engaged early with management and confirmed their assessment that group accounts were not required, ensuring this evaluation was completed and was not contingent on the completion of capital accounting entries;
- performed a preliminary assessment of control and potential materiality of the subsidiary; and
- monitored progress on the group assessment and confirmed management's conclusion that group accounts were not required, with no changes required to the audit timetable or audit

My audit work confirmed that group accounts were not required and no additional group audit procedures were necessary.

subsequently determine that group accounts were required at a later stage in the accounts preparation process.

If group accounts were required but identified late, this could have:

- resulted in delays to the preparation and audit of the group financial statements;
- required unplanned consolidation procedures and additional audit work;
- increased the risk of audit timetable slippage and delayed issuance of the audit opinion beyond the agreed deadline of 30 September 2026;
- increased the risk of errors or omissions in consolidation adjustments due to time pressure; and
- led to resourcing challenges for both the Council and Audit Wales.

approach, including consideration of ISA (UK) 600: 'Special considerations - Audits of group financial statements (Including the work of component auditors)'

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
£1.941 million	Expenditure and Funding Analysis and Comprehensive Income and Expenditure Statement Gross Income of Highways, Engineering and YGC; Environment; and Housing and Property decreased by £1.793 million, £0.049 million and £0.099 million respectively. Gross Expenditure Highways, Engineering and YGC; Environment; and Housing and Property decreased by £1.793 million, £0.049 million, and £0.099 million respectively.	Audit testing identified that capitalised costs had been incorrectly credited to income rather than offset against the expenditure, resulting in an overstatement of both income and expenditure. The misclassification had no impact on net expenditure or overall financial position.
£1.424 million	Comprehensive Income and Expenditure Statement Gross Income of Education, and Economy and Community decreased by £0.352 million and £1.072 million respectively. Gross Income of Financing and Investment Income and	Audit testing revealed that investment income was incorrectly classified as service income within Education and Economy and Community. This treatment is inconsistent with the CIPFA Code of Practice which requires

	Expenditure increased by £1.424 million. Note 12 Financing and Investment Income and Expenditure Interest receivable and similar income increased by £1.424 million. Note 27 Expenditure and Income Analysis by Nature Fees, charges and other service income decreased by £1.424 million. Corresponding adjustments have also been made to the Financial Instruments note (Note 17a (iii)) and Cash Flow Notes (Note 24c).	interest income to be reported within Financing and Investment Income and Expenditure.
£14.540 million	Note 15 Property Plant and Equipment Classification amendments of the following balances from Right of Use Assets to Land and Buildings: Additions of £0.466 million; Transfers of £14.431 million; Revaluation – to Revaluation Reserve of £0.357 million; Depreciation in year of £0.361 million; Depreciation – Revaluation of £0.361 million; and Net Book Value 31 March 2026 of £14.540 million.	Audit testing identified that a school building constructed and funded by the Council on leased land had been incorrectly classified and transferred as a Right of Use Asset. As only the land lease falls within the scope of IFRS 16, the building should have remained classified as Land and Buildings to reflect the substance of the arrangement and comply with the CIPFA Code of Practice.

No effect on Total Property,
Plant and Equipment values.

Note 35 IFRS 16 Leases

Additions / transfers decreased
by £14.897 million;

Revaluation increased by
£0.357 million; and

Balance at 31.03.26 decreased
by £14.540 million.

Various

Note 33 Related Parties

Note 33.2 Members and Officers
disclosure analysis and totals
were restated.

Audit testing identified
material errors in the
related party disclosures
for Members and Officers.
All figures within the
Members and Officers
disclosure were amended,
as the working paper used
to identify related party
transactions had not been
updated to remove
transactions relating to
declarations from the prior
year or to include
transactions arising from
declarations made during
2025-26. The total line
within the disclosure was
amended by an aggregate
absolute value of £16.659
million, reflecting the
cumulative impact of
corrections made across
the individual categories
within the note. The
disclosure was
subsequently amended to

ensure that related party transactions and balances were reported accurately.

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 2026 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 2025-26.

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 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 2025-26.

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 2025-26; 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; and
- 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, 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 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.

Catherine Mealing-Jones
Auditor General for Wales
29 September 2026

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

[Cyngor Gwynedd's letterhead]

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

29 September 2026

Representations regarding the 2025-26 financial statements

This letter is provided in connection with your audit of the financial statements of Cyngor Gwynedd 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 2025-26; 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; 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. A summary of these items is set out below:

- New building work with a value of £2.5m was incorrectly categorised as Land and Buildings rather than Assets Under Construction. As a result, the demolition work relating to the existing building on the site was not treated as impairment worth a value of £0.3m. Land and Buildings was therefore overstated by £2.8m. As the misstatement is not material, we have not actioned this amendment. The status of this building will be addressed in the 2026-27 accounts, where it is likely to be operational by the end of the year and requiring revaluation.
- Seven other buildings that were under construction were also categorised as operational Land and Buildings with a net value of £0.75m. The status of these buildings will be addressed in the 2026-27 accounts, but as the misstatement is not material, we have not actioned this amendment.
- A number of individually trivial errors in relation to indexation on 31 March 2026 were identified. This included assets which were omitted from the indexation process and unsuitable indices being applied to certain assets which also resulted in some assets being excluded from the revaluation process. In total these errors amount to £0.385m which exceeds the trivial threshold. This process was a new requirement from CIPFA for the 2025/26 accounts and the indexation process will be reviewed and the status of these buildings will be addressed for the 2026-27 accounts. As the misstatement is not material, we have not actioned this amendment.
- A creditor with a value of £0.349m in relation to capital works was accrued at year end despite the work not being completed by 31 March 2026. This arose from specific processes in relation to grant claims and also resulted in £0.349m being recognised as additions in Land and Buildings. The correct accounting treatment for the year end accruals process is set out as part of annual instructions issued to Council staff. Additional emphasis will be placed on this requirement for the 2026/27 accounts with particular reference to the requirements in relation to the submission of grant claims. 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 29 September 2026.

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

Signed by:

Chair of Governance and Audit
Committee

Date: 29 September 2026

Date: 29 September 2026

Audit quality

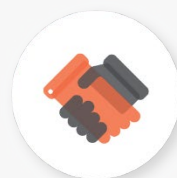
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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

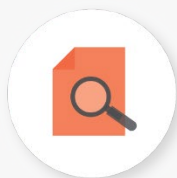
- Selection of right team
- Use of specialists
- Supervisions and review



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
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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.

