

Audit of Accounts Report – Monmouthshire County Council

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.

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 Deputy Chief Executive & Strategic Director - Resources.

My team have substantially completed the audit work as set out in my Audit Plan dated March 2026, although the following areas of audit work remain incomplete:

- Finalising our audit work on leases, control accounts and the Council's IT arrangements;
- Obtaining supporting evidence from the Council for one debtor invoice; and
- Completion of our internal file review arrangements

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 8.

It is the responsibility of 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 the Council 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 **no uncorrected misstatements** in the accounts

See [Audit findings](#)



The **recommendations** arising from our work will be set out in a separate Accounts Memorandum report which will be communicated to the Council in due course.

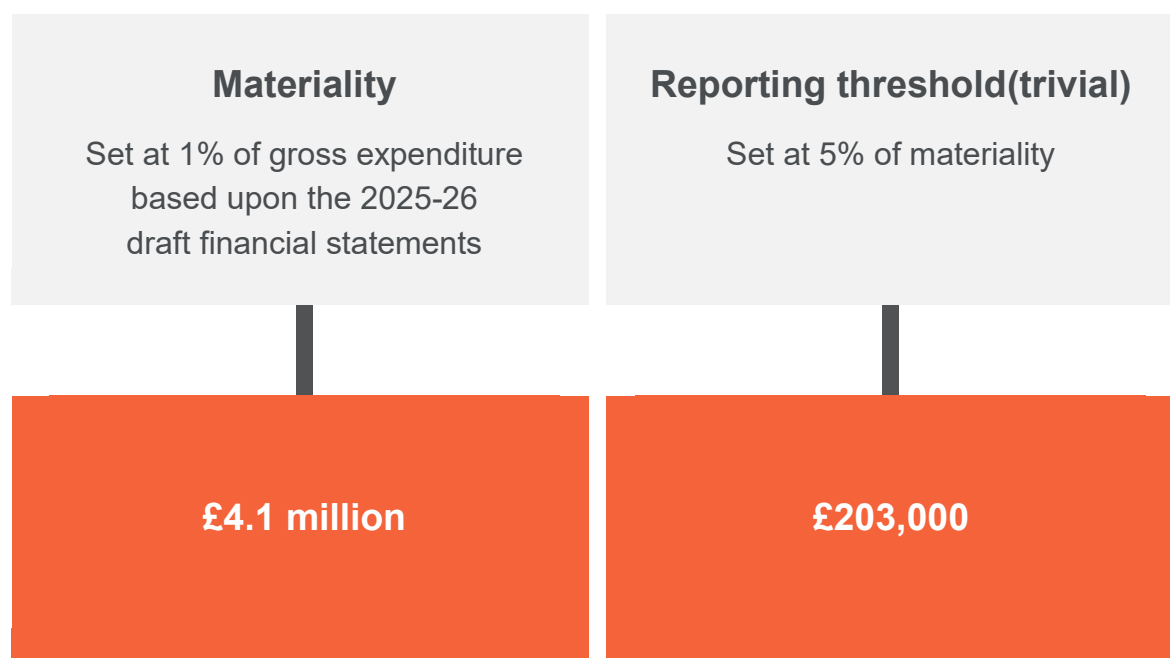
See [Appendix 5](#)



We are aiming to certify your accounts on **30 September 2026** in accordance with the agreed reporting deadline for Local Government accounts in Wales.

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

There are no uncorrected misstatements.

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 the Council's financial reporting process.

There were no such issues identified during the audit.

Other issues

Overall, the audit process went smoothly and was well supported by officers. We did however experience difficulties concerning our audit of asset revaluations and experienced long delays in the Estates team providing us with the required audit evidence and in also responding to our supplementary queries. Whilst all information was eventually received, albeit late in the audit process, arrangements will need to be put in place for subsequent audit years to support the timely completion of our audit and ensure that the audit deadline is met.

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** the contents of which are in line with our standard request for representations.

Recommendations

Any recommendations from our audit will be reported within a separate Addendum Report.

Audit team and ethical compliance

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

Exhibit 1: My local audit team

Engagement Director	Gareth Lucey gareth.lucey@audit.wales
Audit Manager	Steve Wyndham steve.wyndham@audit.wales
Audit Lead	Julie Owens Julie.owens@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.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of your 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.	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

The Local Government Pension scheme (LGPS) pension fund liability as reflected in the financial statements is a material estimate.

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.

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

My audit team will:

- evaluate the instructions to the actuary;
- assess the competence and objectivity of the actuary;
- assess the accuracy and completeness of the information provided by the actuary;
- test the accuracy of the pension fund net liability and disclosures;
- assess the reasonableness of the actuary's assumptions ;
- obtain assurance over the data used by the actuary: and
- assess whether any legal cases could have a material impact on the net liability.

Whilst we did not identify any errors in the pension figures recognised within the financial statements we did identify an error in the disclosure note. See **Appendix 2**.

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates with a high degree of subjectivity.

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.

My audit team will:

- review the information provided to the valuer to assess for completeness
- evaluate the competence, capabilities and objectivity of the professional valuer
- test a sample of assets revalued in the year;
- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and
- test the reconciliation between the financial ledger and the asset register.

Our audit work identified some material errors in the draft accounts in regard to asset valuations.

Please refer to **Appendix 2** for further details.

Senior officer remuneration

There have been some changes to the Council's senior management team 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 risk that even low value errors in the disclosure could result in a material misstatement.

My audit team will:

- understand the movements in the senior management team during 2025-26;
- ensure that the remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Council; and
- ensure that disclosures are complete and are prepared in accordance with requirements.

We identified a non-material error which has been corrected within the revised financial statements. See **Appendix 2**.

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.

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 will:

- review the Council's process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

We identified a non-material error which has been corrected within the revised financial statements. See **Appendix 2**.

**South East Wales
Corporate Joint
Committee (SEWCJC)
transactions and
balances**

The transactions and balances of SEWCJC are material and need to be recognised in the financial statements of the Council. The Council will need to decide how to account for these in its financial statements and accounting for such arrangements is complex and requires judgement, therefore there is a risk of material misstatement within the financial statements.

My audit team will:

- review the Council's judgement relating to how the SEWCJC will be accounted for and confirm that this complies with the requirements of the LG Code; and
- review the process of consolidation into the Council's financial statements to confirm that transactions, balances and disclosures are complete and accurate.

Our audit work was completed satisfactorily and no issues were identified.

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. Whilst some of the corrections are material, none have an impact on the Council's closing reserve balances.

Value of correction	Accounts area	Explanation
£8,202,000	Note 14.3 Pensions The disclosure note within the draft accounts excluded the 'Impact of asset ceiling on net interest' of £8,202,000. The correction of this error also has a corresponding impact on the entries for the 'Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services' and "Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits"	To ensure the accuracy and completeness of the disclosure note.
£3,082,000	Property, plant and equipment and Note 12.1 We identified several errors regarding the revaluation calculations of some Other Land and Buildings assets. The net impact of which increased the asset balance by £3,082,000 Corresponding adjustments were also made to the Comprehensive Income and Expenditure Statement (CIES) and Capital Adjustment Account (CAA) and Revaluation Reserve.	To correctly disclose the movement in revaluation gains and losses for Property, plant and equipment.

£594,000	Balance Sheet, Note 13.6 and Note 10.10 The accumulated absence liability was overstated by £594,000.	To correctly disclose the accumulated absence liability and reserve.
£407,000	Note 12.5 Investment properties Investment properties were increased by £407,000 as a result of correcting a revaluation error within the draft accounts.	To correctly disclose the movement in the fair value of investment properties.
£405,000	Note 15.1 Cashflow statement We identified a classification error between 'Other non-cash items charged to the Surplus or Deficit on the Provision of Services' which was decreased by £405,000 and a corresponding increase to the line 'increase / decrease in creditors'	To ensure accuracy of the financial statements.
£365,000	Note 13.5 – Debtors Welsh Government debtors were decreased by £365,000 and Revenue debtors increased by the same amount to correct a classification error.	To ensure accuracy of the financial statements.
£362,000	Note 11.4 Agency An amount disclosed within the note has been reduced to match the amount within the primary statements.	To ensure accuracy and completeness of the disclosure note.
£2,000	Note 16.4: Related Party Transactions	To ensure compliance with the

	The disclosure was updated to include an additional related party and corresponding transaction.	accounting standards
£1,635	Note 16: Remuneration disclosures The disclosure note was updated to include a benefit in kind of £1,685 which was omitted from the draft accounts.	To ensure accuracy and completeness of the disclosure notes.
Various (No overall effect on the primary statements)	A number of other minor amendments were made to the financial statements relating to either revisions to disclosures of information, narrative changes or typing errors.	To ensure accuracy of the financial statements and disclosure notes.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of Monmouthshire County Council

Opinion on financial statements

I have audited the financial statements of Monmouthshire County Council for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

Monmouthshire County Council's financial statements comprise 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 2026.

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

- give a true and fair view of the financial position of Monmouthshire County Council's as at 31 March 2026 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2026.

Basis of opinion

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

My staff and I are independent of Monmouthshire County Council 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 Monmouthshire County Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2026;
- The information given in the Annual 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 Monmouthshire County Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual 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 Monmouthshire County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Council 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, Monmouthshire County Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: the posting of unusual journals.
- Obtaining an understanding of Monmouthshire County Council's framework of authority as well as other legal and regulatory frameworks that the Council 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 Monmouthshire County Council; 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; and
- 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 Monmouthshire County Council'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 Monmouthshire County Council 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
30 September 2026

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

Auditor General for Wales

Wales Audit Office

1 Capital Quarter

Tyndall Street

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 the Monmouthshire County Council for the year ended 31 March 2026 for the purpose of expressing an opinion on their truth and fairness.

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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 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 the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 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.

Representations by Monmouthshire County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's 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:

Signed by:

Deputy Chief Executive & Strategic
Director - Resources

Chair of the 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
- External monitoring

Supporting you

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

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



Data tools to help you better understand public spending trends.



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



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



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We welcome correspondence and telephone calls in Welsh and English.

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

