

Audit of Accounts Report – Isle of Anglesey County Council

Audit year: 2024-25

Date issued: October 2025



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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 Accountancy Services Manager – Resources.

My team have completed the audit work as set out in my Audit Plan dated June 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 25.

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 Isle of Anglesey County Council or 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 is **one uncorrected misstatement** in the accounts which we wish to draw to your attention.

See **Audit findings**



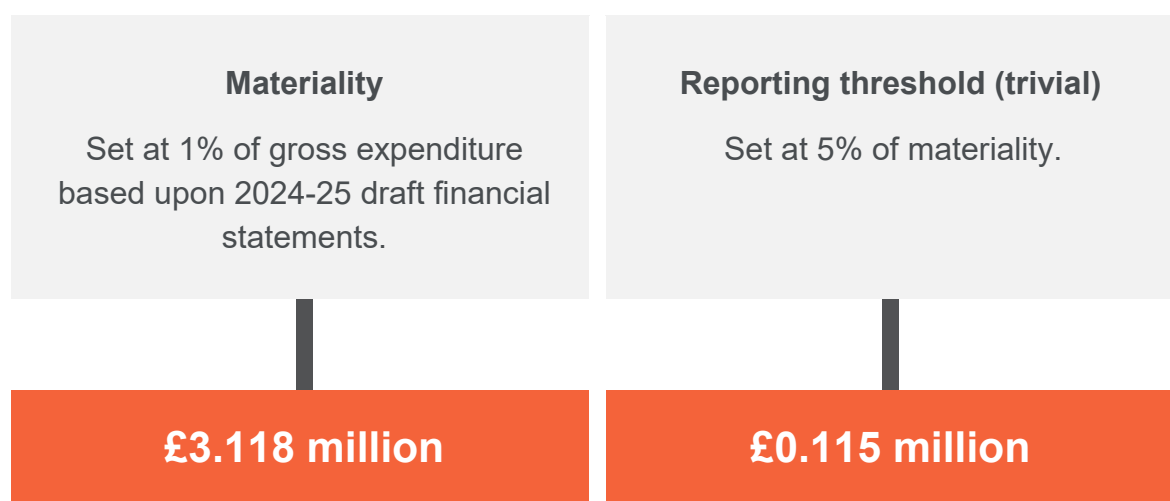
The recommendations arising from our work will be set out in an Accounts Memorandum which will be communicated with officers in due course.



We are aiming to certify your accounts on **30 October 2025**, which is ahead of the deadline of **31 October 2025**.

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:

Remuneration report £1,000 (or nearest banding)	Related party disclosures £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 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.

Our audit testing has identified 32 assets within the Fixed Asset Register that currently hold a credit balance in the Revaluation Reserve alongside a cumulative debit to the Surplus or Deficit on the Provision of Services, which has been transferred to the Capital Adjustment Account (CAA).

Under proper accounting treatment, any cumulative debit within the CAA should be reversed upon subsequent revaluation gains prior to crediting the Revaluation Reserve. Therefore, an asset should not simultaneously carry both balances. An adjustment is therefore required between the Revaluation Reserve and the CAA in respect of these assets of £1,561,000.

The Council has opted not to process this adjustment within the financial statements in 2024-25, citing its immaterial impact on the accounts.

In addition, processing the adjustment will require a review of historic entries for each of the affected assets, in some cases dating back to 2014-15. It would have been impracticable to complete this review ahead of the 31 October certification deadline.

Furthermore, as the misstatement is confined to two unusable reserves, it has no effect on the Council's General Fund and does not impact the taxpayer.

The Council has indicated its intention to make this adjustment within the 2025-26 financial statements.

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 Isle of Anglesey County Council's financial reporting process.

There were no such issues identified during the audit.

Further Considerations

We will continue to work with the Council 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
- staff are available throughout the 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. Whilst the majority of working papers were prepared by the Council in readiness for the start of the audit process this year, some were still being finalised and not available during the first few weeks of the audit window. In particular:

- the Valuer's report was not available until mid-August 2025; and
- IFRS16 working papers were not available until mid-October 2025.

Both areas of the audit were classified as high risk due to their complexity. Auditing high-risk areas early in the process is essential to ensuring timely completion, particularly if errors are identified that require extended testing.

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 risks 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 positive engagement with the audit team throughout the audit and providing us with good quality working papers to support the 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** the contents of which include additional representations in relation to the uncorrected misstatement detailed 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
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Audit Manager	Rachel Freitag rachel.freitag@audit.wales
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Audit Lead	David Tomalin david.tomalin@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.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of the Isle of Anglesey County Council'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.

Audit risk	Work done	Outcome
Valuation of pension fund net surplus/liability The valuation of the pension fund surplus/liability 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/surplus is materially misstated.	My 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 the Council 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 undertaking any additional procedures required; and • assessed whether any legal cases could have a material impact on the net liability, and if so, confirm 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.

Audit risk	Work done	Outcome
Valuation of land and buildings The value of property assets reflected in the balance sheet and notes to the accounts are material estimates and are subject to a high degree of subjectivity. 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.	My 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 are reasonable, and the revaluations have been 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.

Audit risk	Work done	Outcome
Implementation of International Accounting Standard IFRS16 – 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.	My Audit team: • reviewed the Council's working papers to ensure that all leases falling within the scope of the Standard have been included in calculations; • tested a sample of asset and liability calculations to ensure that the assumptions are reasonable, and the calculations have been correctly prepared; and • confirmed that asset and liability values have been correctly accounted for and disclosed in the financial statements.	See appendix 2 for details of my findings in relation to the implementation of International Accounting Standard IFRS16 – Leases.

Audit risk	Work done	Outcome
Impact of Renting Homes (Wales) Act 2016 - Electrical Safety Certificates In November 2024, the High Court clarified the requirements of the Renting Homes (Wales) Act 2016 and the associated regulations concerning landlord obligations relating to completion of electrical inspection safety reviews and reports. This has potential implications for bodies and their financial statements and is likely to be subject to further legal considerations and challenge.	My audit team reviewed the latest position to ensure any impact on the financial statements was appropriately recognised and disclosed.	Minor narrative changes were required to update the contingent liability disclosure in relation to the Renting Homes (Wales) Act 2016 due to a legal ruling in October 2025.

Audit risk	Work done	Outcome
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. The Council has many relationships that could be considered a related party. Many are well known, for example, Welsh Government as funder. Where related party relationships arise via individual officer or Councillor 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.

Audit risk	Work done	Outcome
Isle of Anglesey Freeport Porthladd Rhydd Ynys Môn (the Freeport) was incorporated during the 2024-25 financial year. The Council's Chief Executive Officer is currently the only director in post which means a group relationship between the Council and the Freeport may exist. If a group relationship exists, the Council will need to produce group accounts to incorporate the results of the Freeport.	My audit team: • reviewed the Council's assessment of whether a group relationship existed to ensure it complied with CIPFA guidance; and • where applicable, ensured group accounts disclosures were complete, accurate, consistent with evidence and in accordance with the Local Government Code	As of 31 March 2025, the company was dormant and as such, the requirements to prepare group accounts had not been met.

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
£3,410,000	Note 13a – Non-Current Assets Council Dwellings – Revaluation to the Revaluation Reserve: Decreased by £3,410,000 Note 9b – Revaluation Reserve Revaluation of assets not charged to Deficit on the Provision of Services: Decreased by £3,410,000	To reflect the appropriate valuation basis of operational council dwellings that were previously measured at cost.
£2,463,000	Note 21 – Provisions Penhesgyn Waste Site – Increase/ (Decrease) in provisions during the year: Decreased by £2,463,000 Short Term Provisions: Increased by £87,000 Long Term Provisions: Decreased by £2,550,000 Comprehensive Income & Expenditure Statement	To ensure that the provisions liability within the balance sheet meets the conditions of IAS37.

Gross Expenditure – Highways, Property & Waste: Decreased by £2,463,000

*The Council transferred this balance from the **General Fund** to an **Earmarked Reserve**.*

£1,349,000	Balance Sheet Short Term Grants Received in Advance: Decreased by £1,349,000 Long-Term Grants Received in Advance: Increased by £1,349,000	To correctly reflect the classification of grants received in advance
£1,345,000	Note 14 – Significant Capital Commitments Planned Maintenance Contracts – HRA: Increased by £1,345,000	To reflect an undisclosed capital commitment.
£1,090,000	Creditors Other Payables: Decreased by £1,089,000 Debtors Other Receivable Amounts: Decreased by £1,090,000 Comprehensive Income & Expenditure Statement Gross Expenditure: Increased by £1,000	There were debtors and creditors raised relating to one another, resulting in both balances being overstated. The net debtor of £1,000 was then written off, as it was no longer applicable.
(£1,000 impact on General Fund)		
£1,080,000	Note 13a – Non-Current Assets Assets Under construction: Decreased by £1,080,000 Note 9b – Revaluation Reserve Revaluation of assets not charged to Deficit on the Provision of Services: Decreased by £655,000	To correctly reflect the valuation of an asset transferred into Assets under construction, to be re-purposed as Council Dwelling stock in the future.

Comprehensive Income & Expenditure Statement

Surplus on Revaluation of Non-Current Assets: Decreased by £425,000

Note 25a – Income & Expenditure by Nature

Other Services Expenditure: Decreased by £425,000

*This issue will also result in an adjustment between the **General fund & Capital Adjustment account** of £425,000, through the adjustments between accounting & funding basis.*

£996,000

Note 6 – Adjustments between Accounting & Funding Basis under Regulations

Revenue Expenditure funded from capital under statute: Increased by £996,000

Capital Expenditure Charged against the General Fund: Increased by (£996,000)

Note 9a – Capital Adjustment Account

Revenue Expenditure funded from capital under statute: Increased by (£996,000)

Use of Capital Reserve: Increased by £966,000

To ensure that Note 6 is accurately stated and is consistent with other areas within the financial statements.

£917,000

Note 13a – Non-Current Assets

Land & Buildings – Revaluation Increase to Revaluation Reserve: Increased by £917,000

To correct valuations that contained errors within the calculation inputs.

Note 9b – Revaluation Reserve

Revaluation of assets not charged to
Deficit on the Provision of Services:
Increased by £917,000

£829,000

Note 13a – Non-Current Assets

Land & Buildings – Additions (other)
Increased by £352,000

Note 16 - Investment Properties

Additions (other): Increased by £322,000

Assets Held for Sale

Increased by £155,000

Comprehensive Income & Expenditure Statement

Taxation & Non-Specific Grant Income
Increased by (£829,000)

*This issue will also result in an adjustment between the **General fund & Capital Adjustment account** of £829,000 through the adjustments between accounting & funding basis.*

To accurately reflect the value of assets owned by the Council, that were not previously recognised within the balance sheet.

£712,000

Note 13a – Non-Current Assets

Land & Buildings: Decreased by £712,000

Comprehensive Income & Expenditure Statement

Surplus on revaluation of non-Current Assets Decreased by £712,000

To reflect leased assets that were previously recognised within the balance sheet. These assets will subsequently be part of the 'Right of Use' Asset balance.

£340,000

Note 22 – Cashflow from Operating Activities

To correctly reflect the cash flow in relation to IFRS16 leases.

Impact of Minimum Revenue Provision on
Leases: Decreased by (£340,000)

**Note 24 – Cashflows from Financing
Activities**

Cash Repayments of Right of Use Lease
Liabilities: Increased by (£340,000)

£110,000

**Note 35b – Financial Liabilities Held by
the Council**

Short Term SALIX Borrowing: Decreased
by £110,000

Long-Term SALIX Borrowing: Increased by
£110,000

To reflect the correct
classification of SALIX loans.

£100,000

Note 30 – Grant Income

Credited to Services – Levelling Up fund:
Decreased by £100,000

Credited to Taxation & Non-Specific Grant
Income – HRA (Capital Grants &
Contributions): Increased by £100,000

To correctly reflect the capital
financing position in relation
to an element of grant
Income, in consistency with
other financial disclosures
within the statement of
accounts.

**Note 22: Cash flow from Operating
Activities**

Capital Grants & Contributions Received:
Decreased by £100,000

**Note 23: Cash Flow from Investing
Activities**

Capital Grants & contributions received:
Increased by £100,000

£49,000

Note 31 – Related Parties

Ulchedre Centre: Expenditure Increased
by £19,000

Urdd Gobaith Cymru: Expenditure
Increased by £30,000

To reflect expenditure
identified that wasn't
previously included within the
disclosure note.

Payments Made: Increase by £49,000

£22,499	Note 27 – Officers Remuneration (Senior Officers) Salary Fees & Allowances (across all senior officers): Decreased by £22,499 in total.	To reflect the correct Salary, Fees & Allowances to Senior officers during the year.
Various	Balance Sheet Right of Use Assets have increased by £550,000. Short-Term Lease liabilities have decreased by £47,000. Long-Term Lease Liabilities has increased by £155,000. Note 43a – Right of Use Assets Right of Use Assets have increased by £550,000. Notes 43b & 43c These disclosure notes have been removed due to immateriality. Accounting Policies Accounting Policy 18 has been removed, as a result of the introduction of Accounting policy 28. <i>Note – the change in ROU Asset value has also impacted depreciation & gains in relation to the recognition of ROU Assets under peppercorn leases & finance costs during the year. These changes have also been reflected within the revised accounts,</i>	The Council made us aware that upon receipt of the draft accounts, their balances & disclosures in relation to IFRS16 were incomplete. Following further work by the Council and a review of their workings, the listed adjustments are required.

however are immaterial therefore not separately disclosed.

Various	Note 27 – Officers Remuneration (Banding Table)	To reflect the correct number of officers that fall within the remuneration band.
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£60,000 to £64,999 – Schools band:
Updated from 34 to 31 officers.

Various	Narrative Report Various minor changes made.	To be consistent with the financial statements and supporting underlying documentation.
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Appendix 3 – Proposed audit report

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

Opinion on financial statements

I have audited the financial statements of Isle of Anglesey County Council for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Isle of Anglesey County Council'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, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure 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 Isle of Anglesey County Council 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 2025.

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 the Isle of Anglesey 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 the Isle of Anglesey 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 2024-25;
- 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 Isle of Anglesey County Council 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 set out on page 9, 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 the Isle of Anglesey 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 Isle of Anglesey County 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, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Isle of Anglesey County 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: posting of unusual journals;
- Obtaining an understanding of Isle of Anglesey County Council's framework of authority as well as other legal and regulatory frameworks that Isle of Anglesey County 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 Isle of Anglesey 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;
- 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 the Isle of Anglesey 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 Isle of Anglesey County Council 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

30 October 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

28 October 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Isle of Anglesey County Council 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 CIPFA Local Government Code; 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 Isle of Anglesey County 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; 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:

Audit testing identified 32 assets within the Fixed Asset Register that currently hold a credit balance in the Revaluation Reserve alongside a cumulative debit to the Surplus or Deficit on the Provision of Services, which has been transferred to the Capital Adjustment Account (CAA).

Under proper accounting treatment, any cumulative debit within the CAA should be reversed upon subsequent revaluation gains prior to crediting the Revaluation Reserve. Therefore, an asset should not simultaneously carry both balances. An adjustment is therefore required between the Revaluation Reserve and the CAA in respect of these assets of £1.561m.

We have not amended financial statements in relation to this issue because:

- The Council has opted not to process this adjustment within the financial statements in 2024-25, citing its immaterial impact on the accounts.
- In addition, processing the adjustment will require a review of historic entries for each of the affected assets, in some cases dating back to 2014-15. It would have been impracticable to complete this review ahead of the 31 October certification deadline.
- Furthermore, as the misstatement is confined to two unusable reserves, it has no effect on the Council's General Fund and does not impact the taxpayer.

Representations by Isle of Anglesey 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 Isle of Anglesey County Council on 28 October 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:

Signed by:

Marc Jones
Director of Function (Resources) –
Section 151 Officer

Date: 28 October 2025

Councillor Gary Pritchard
Leader, Isle of Anglesey County
Council

Date: 28 October 2025

Audit quality

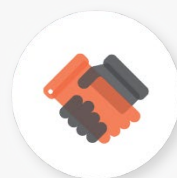
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We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants 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 [Audit Quality Report 2024](#).



Our People

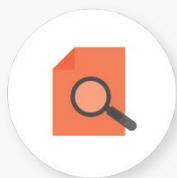
- Selection of right team
- Use of specialists
- Supervisions and review



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.

