

Merthyr Tydfil County Borough Council – Annual Audit Summary 2025

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Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Annual Audit Summary for Merthyr Tydfil County Borough Council (the Council). It summarises the main findings from my 2025 audit work undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004 and the Well-Being of Future Generations (Wales) Act 2015.

I provided an opinion on whether the accounts were properly prepared and gave a true and fair view, in all material aspects.

My audit team has also assessed whether the Council has made proper arrangements for securing economy, efficiency and effectiveness

in its use of resources, and has acted in line with the sustainable development principle. In doing so, my audit team has reviewed the Council's counter fraud arrangements and the Planning Service. As set out in my audit plan, these reviews have been carried out in line with the [International Organisation of Supreme Audit Institutions \(INTOSAI\) standards](#).

The detailed audit findings for each of my reviews are set out in the respective reports which my audit team have presented throughout the year. The performance audit reports are available on the [Audit Wales website](#) and further links are available in the summary.

In my Annual Audit Summary for the Council last year, I highlighted that my work had raised concerns about the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Those concerns related to difficulties meeting requirements for the audit of the accounts, financial planning, performance management and governance. I raised that these concerns were similar to those identified in 2019, when the Council proactively requested support from Welsh Government.

The Council has recently strengthened the capacity of its Finance team, which is working constructively with my financial auditors. While the Council did not submit its draft accounts for 2024-25 by the required deadline, this was expected given previous capacity constraints and I

expect these accounts to be certified shortly. I have written to the Council emphasising the importance of improving this position and I am encouraged with the engagement of the Finance team with this process to date. It will be important for momentum to be maintained to ensure consistent compliance with deadlines and quality requirements on financial reporting.

On the performance audit side, it was positive to find that the Council has strengthened its counter fraud arrangements and the recommendations I made are aimed at helping the Council further strengthen these.

The Council has also made changes to its performance management arrangements. This includes developing its approach to self-evaluation and having an integrated report which covers risks, performance and finance. Findings from my recent reviews, such as the Planning Service, show that these arrangements are still being embedded across the organisation. My team intend to review the Council's progress in addressing the recommendations I made in [my 2024 performance management report](#) during 2026-27. This follow-up review will enable me to explore how arrangements are working in practice.

One of my duties is to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. While progress is being made, I recognise the Council is still very much on an improvement journey. My risk assessment of the Council still highlights concerns about aspects of governance, service and strategic planning, and oversight of performance. It remains important for both officers and members to work together to improve and embed arrangements. I will continue to monitor the position going forward.

The Annual Audit Summary should be shared with the Governance and Audit Committee. I will then make the summary available to the public on the [Audit Wales website](#).

I would like to extend my gratitude to the Council's officers for their help and cooperation throughout my audit work.

Your audit at a glance



I received the draft accounts after the statutory deadline of 30 June 2025. The quality of the draft accounts and working papers was an improvement on prior years, with the scope for further improvement for 2025-26.



I will shortly issue an unqualified opinion on the accounts after the statutory deadline of 31 October 2025. There was one uncorrected misstatement in the accounts. There were no other significant issues to report from the 2024-25 audit.



My performance audit work found that the Council has strengthened its counter fraud arrangements but there are weaknesses in the oversight and governance of the Planning Service.



Any recommendations for improvement arising from our accounts audit work will be reported to the Council separately over the summer. My team will also hold a 'lessons learned' meeting with officers to identify further improvements in the accounts and audit process for future years.



My team has substantially completed the work as set out in my Audit Plan 2024.

Audit of accounts findings

Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation's financial performance and set out its net assets/reserves, total comprehensive income and expenditure, and cash flows. My annual audit of those accounts provides an opinion on whether the accounts were properly prepared and gave a true and fair view, in all material aspects.

My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

The draft accounts were presented for audit on 23 December 2025. This was after the deadline of 30 June 2025 set by the Welsh Government. The quality of the draft accounts presented for audit was an improvement on prior years, with the scope for further improvement for 2025-26.

My audit opinion

I must report issues arising from my work to those charged with governance for consideration before I issue my audit opinion on the accounts. I will report these issues within my Audit of Accounts Report to the Governance and Audit Committee on 22 June 2026 and to the Council on 1 July 2026.

Accuracy of preparation

A number of changes were made to the draft accounts arising from my audit work.

There was one uncorrected misstatement, relating to a provision of £211,744 that we conclude should be accounted for in the 2024-25 accounts. Officers have determined not to amend the accounts to reflect this liability given that it is immaterial and would lead to a number of other complex corrections in the accounts. It will therefore be resolved for the 2025-26 accounts.

There were no other significant issues to report however we provided an update on the significant issue identified for 2023-24 financial statements:

- We are pleased to report that the quality of the draft financial statements and supporting working papers provided for the 2024-25 audit improved significantly compared with 2023-24. The draft accounts were more complete, supporting working papers were of a better standard, and officers responded positively to audit queries during the course of the audit. This represents a positive step forward and reflects the work undertaken by the Council to strengthen its accounts preparation arrangements.
- There remains scope for further improvement. In particular, the draft financial statements were not provided in line with the statutory timetable. Timely production of the draft accounts is important to support compliance with statutory reporting deadlines and to enable effective financial management by the Council.
- Although we identified a number of misstatements and disclosure amendments during the audit, these were less extensive than in the previous year and should be viewed in the context of the overall improvement in the quality of the draft accounts.
- We will continue to engage with officers to share lessons learned from this year's audit and to support further improvement in the preparation of the financial statements and supporting working papers for 2025-26.

My work did not identify any material weaknesses in internal controls (as relevant to my audit), and we will separately raise any further recommendations for improvement over the summer. Progress against those recommendations will be monitored during next year's audit.

The Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements and with my knowledge of the Council.

I am expecting to conclude that the Council's accounts were properly prepared and materially accurate and will be issuing an unqualified audit opinion on them.

Audit completion

I will be issuing the certificate confirming that the audit of accounts for 2024-25 has been completed once the accounts are approved by the Council and I certify them in July 2026.

Other accounts work still underway

In addition to my responsibilities for auditing the Council's accounts, I also have responsibility for the certification of a number of grant claims and returns.

The work to date has not identified any significant issues.

At the time of reporting, my audit team were still undertaking grants work at the Council. This work is due to be completed by July 2026.

Performance audit findings

Review of Counter Fraud Arrangements

My team looked at the Council's arrangements for preventing and detecting fraud. This included checking the progress it has made in implementing my recommendations in my national report and subsequent letter in 2020, which identified gaps in the Council's arrangements.

I found that the Council has strengthened its counter-fraud arrangements, since my report in 2020. The Council now has a dedicated Counter Fraud officer and it collaborates well with other organisations whilst making use of its tools and data. It has updated and reviewed its counter-fraud policies, although there are opportunities to strengthen aspects of its fraud risk management and control frameworks. Governance and Audit Committee (GAC) has the opportunity to review and challenge the Council's counter-fraud arrangements and activities, but the level of discussion has been quite low.

I made four new recommendations focused on:

- fraud risk management.
- fraud response planning to reinforce the Council's zero-tolerance to fraud.
- strengthening existing preventative and learning counter-fraud arrangements.
- ensuring that the GAC assesses and scrutinises the effectiveness of the Council's counter-fraud arrangements.

Review of the Planning Service

This review focused on strategic planning, roles and responsibilities and performance management of the Council's Planning Service. I found that there are weaknesses in the oversight and governance of the Planning Service and as a result, there is a lack of awareness of how the service supports the delivery of the Council's objectives. I made four recommendations about:

- service planning

- updating the terms of reference of the Planning, Regulatory and Licensing Committee
- transparency of decision-making
- reporting and oversight.

Audit quality

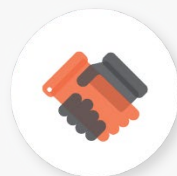
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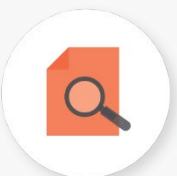
- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



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