

# GWASANAETHAU CYFREITHIOL A LLYWODRAETHU LEGAL AND GOVERNANCE SERVICES



Mae'r adroddiad yma ar gael yn Gymraeg.

This report is available in Welsh.



## **RHAGLEN FLYNYDDOL ARCHWILIO MEWNOL 2025/26 INTERNAL AUDIT ANNUAL PLAN**

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Date of Issue: 21<sup>st</sup> February 2025

Presented to Governance and Audit Committee: 26th March 2025

## INTRODUCTION

- 1.1 As required by the Global Internal Audit Standards in the UK Public Sector (GIAS in the UK Public Sector), the Internal Audit (IA) Service is delivered and developed in accordance with the Internal Audit Charter.
- 1.2 Internal Audit's purpose is:
- 'To strengthen the Council's ability to deliver, protect, and sustain public services that support a strong economy and healthy environment, while promoting well-being. We will do this by providing independent, risk-based, and objective assurance, advice, insight, and foresight.'**
- 1.3 According to the Global Standards in the UK Public Sector, Internal Auditing enhances the organisation's:
- Successful achievement of its objectives.
  - Governance, risk management and control processes.
  - Decision-making and oversight.
  - Reputation and credibility with its stakeholders.
  - Ability to serve the public interest.
- 1.4 In line with these requirements, we perform our internal audit work with a view to supporting the Council in achieving its aims, objectives and priorities set out in the Council's Strategy by:
- Reviewing the Council's governance processes.
  - Evaluating the effectiveness of the Council's internal control, risk management and governance arrangements by providing independent and objective assurance to management and the Governance and Audit Committee (GAC).
  - Evaluating the management of key risks and challenges to the Council by providing assurance to management and the GAC that they are being managed appropriately.
  - Assisting in the development of an effective internal control environment.
  - Providing advice, consultancy and insight on the Council's operations and provide added corporate value.
- 1.5 This document summarises the work undertaken to develop the Internal Audit Plan for 2025-26. It covers:
- Development of the Internal Audit Plan
  - Priority of Work
  - Resources
  - Dependencies
  - Assurance & Reporting
  - Performance & Improvement
  - Areas for review
  - Proposed programme of work for 2025/26

## DEVELOPMENT OF THE INTERNAL AUDIT PLAN

2.1 In accordance with the Global Internal Audit Standards in the UK Public Sector, the Corporate Manager - Internal Audit is required to develop and implement an internal audit strategy and accompanying plan that supports strategic objectives and success of the organisation.

2.2 Internal Audit's objective is to support the Council's services to achieve the Council's vision to 'deliver value for money, sustainable bilingual public services, that support a strong economy and healthy environment, while promoting well-being in our people and our communities'.

Audits within the Internal Audit annual plan will align to the Council's Corporate Well-being Objectives:

- boosting the economy, supporting businesses and enabling employment
- creating caring and healthy communities
- providing the best start in life and enabling learning at all ages, and,
- creating sustainable green and well-connected communities.

2.3 The Council's Corporate Strategy, plans, policies, and other various minutes, reports and correspondence are referred to during the compilation of the plan, to ensure the IA activities are consistent with the Council's current corporate goals and objectives.

2.4 The areas for attention highlighted in the Internal Audit Plan have been created by taking into account the Council's objectives, risks identified in the Council's Corporate Risk Register, Internal Audit's annual risk assessment and discussions with management.

2.5 Internal Audit's annual risk assessment was undertaken alongside our ongoing assurance mapping to develop the 2025/26 Internal Audit Plan. This took into consideration:

- Results of previous audit work (last audit opinion and time since last audit)
- Any changes to the Council's systems, processes, controls or service delivery
- New and emerging challenges affecting the Council
- Corporate priorities within the Council's Strategy
- Materiality of budget
- The Council's risk management processes to include management's views of risks and mitigating actions within their area of responsibility
- Annual Governance Statement
- Other sources of external assurance and the results of this external assurance
- The requirement to ensure there is sufficient coverage to support an annual audit opinion
- Audit work deferred due to reprioritisation from 2024/25

2.6 To avoid duplication of work, those areas where other auditors or regulators have undertaken, or plan to undertake, reviews will be disregarded from the current year's IA operational plan.

- 2.7 Internal Audit will assess its work on an on-going basis, considering the Council's changing needs and priorities regularly.
- 2.8 The Internal Audit Annual Plan will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed operational internal audit plan for the year.

### PRIORITY OF WORK

- 3.1 Priority of work within the Internal Audit plan is given to risks within the Corporate Risk Register. We aim to audit 80% of risks within the Corporate Risk Register over a rolling 2-year period.
- 3.2 All high priority audits and annual reviews highlighted from the Internal Audit Risk Assessment and assurance mapping will be undertaken within 2025/26.
- 3.3 Medium priority audits will be kept under continuous review. Any work required to respond to new priorities or risks may take precedence over the medium priority reviews.
- 3.4 All completed audits and 'reactive' items added to the plan will be reported to GAC within the internal audit progress report.
- 3.5 Where still relevant, the audit plan includes reviews carried forward from the previous year's audit plan, and any routine audits eg grant certifications that are time sensitive are also included, but work will be prioritised dependant on risk.
- 3.6 Internal Audit maintains an Assurance Map that includes assurances that are provided by other assurance sources. The Assurance Map is regularly updated which keeps IA up to date with any emerging issues and will further enable the service to focus its resources in areas of greatest priority and risk.
- 3.7 Internal Audit coordinates an annual Counter Fraud Risk Assessment to obtain assurances and identify controls in place to detect, prevent and identify fraud.
- 3.8 The results of the Counter Fraud Risk Assessment form a Fraud Risk Register where areas requiring Internal Audit advice or input and additional resources can be identified and prioritised. This information has also been considered in the creation on the Internal Audit Annual Plan.
- 3.9 The audit plan can therefore only be indicative as each service / system's associated risk may change during the year. It will therefore be necessary to periodically review the plan in response to any developments and initiatives which are deemed relevant.
- 3.10 The plan for 2025/26 has been formulated for the current level of resources (as set out in Part 4). Days per audit have not been recorded within the plan set out in Appendix I, as days will be allocated to each audit dependant on scope and priority to ensure appropriate resources are allocated. However, indicative days have been allocated to audit areas in accordance with priority and scope of the area of work.

## RESOURCES

- 4.1 The provision of IA will be delivered by the in-house team during 2025/26, comprising of six officers (to include the CMIA) plus part of the Governance Officer and Governance & Audit Assistant's (0.5 FTE for Internal Audit) time.
- 4.2 Internal Audit is currently fully resourced. This provides 826 audit days, and it is considered that there is sufficient skills and expertise to provide a full range of audits on which to base assurance to the GAC on the adequacy of internal controls, risk management and corporate governance processes in place.
- 4.3 The level of resource is considered sufficient to deliver the annual assurance opinion, however it may be necessary to use external resource to deliver more technical ICT audits should the need arise.
- 4.4 Internal Audit covers the entire control environment within the Council including both financial and non-financial systems. The level of resource requirements has been assessed to ensure the delivery of an effective and efficient internal audit service to the Council.

## DEPENDENCIES

- 5.1 Internal Audit recognises that good working relationships and effective communication are key to the delivery of its work in a productive and efficient manner. As such Internal Audit will seek to work and co-operate with both internal and external partners, including management, Members and regulators.
- 5.2 The Corporate Manager – Internal Audit will consult with management during audit planning and the Internal Audit Strategy and Annual Plan will be presented to Leadership Group.
- 5.3 In order to provide an annual audit opinion, the CMIA must receive sufficient assurances from successful completion of the Internal Audit Plan. Co-operation from other Council services and officers is integral to ensure that the plan is completed successfully and on time.
- 5.4 The CMIA will report any variances to the plan or potential risks to the successful completion of the Internal Audit plan to the GAC.

## ASSURANCE & REPORTING

- 6.1 A lead auditor is appointed for each audit review to assist in developing the scope of each audit. The scope of an audit may be discussed with managers at the commencement of a review to ensure key risks are addressed, to provide meaningful assurance to the service and maximising added value; or, the review will be based on the control, risk or governance matter that brought the system / service to the attention of IA.
- 6.2 Scoping documents will be provided to managers outlining the agreed scope, objectives of the audit and related Corporate Wellbeing Objective.
- 6.3 Draft internal audit reports are issued at the end of a review for discussion with managers. The final audit reports are issued after the agreement of the draft reports and contain completed action plans addressing any management actions required, identifying those responsible for implementation and timescales. They will also note the IA assurance provided. If managers are unable to attend an exit meeting, draft reports will be issued stating this and required actions will be followed-up, as appropriate, at a future date.
- 6.4 The implementation of management actions is tracked by Internal Audit as part of our Management Actions Programme, however, it is management's responsibility to implement actions to address the findings.
- 6.5 The levels of assurance used by internal audit are:

Level	Guide
High	No fundamental or significant actions required.
Substantial	No fundamental actions required. Limited significant actions.
Moderate	Number of significant actions.
Limited	Number of fundamental / significant actions.

- 6.6 Assurance for 2025/26 will be based on both planned and reactive work, management's implementation of management actions and other sources of assurance identified in Internal Audit's assurance map and fraud risk register. This will then be reported to GAC in the CMIA's Annual Report at year-end and will feed into the Council's Annual Governance Statement (AGS).
- 6.7 On a regular basis GAC receive internal audit progress reports for information. These reports identify:
- Audits completed during the period together with the assurance opinion given and any fundamental & significant actions.
  - Details of audits issued with a Limited assurance opinion.
  - Progress on the implementation of agreed management actions.
  - Measurement of internal audits performance against internal performance targets.
  - Progress against the annual audit plan.

## PERFORMANCE & IMPROVEMENT

- 7.1 The CMIA contributes to the Council's Corporate Performance process and creates an annual Business Plan for the service outlining key tasks to be completed during the year.
- 7.2 To achieve planned coverage, deliver a high standard of customer service and demonstrate effectiveness, Internal Audit will set out to conform with the Global Internal Audit Standards in the UK Public Sector throughout the year as set out in the Charter via a set quality assurance and improvement program (QAIP) as noted in the Annual Report.
- 7.3 An action plan resulting from the 2024/25 internal audit self-assessment, plus other identified improvements, will be reported to GAC after year-end, which will be monitored and updated throughout the year and reported to GAC as part of the quarterly progress reports.
- 7.4 The performance targets for the service have been set, based on CIPFA's benchmarking indicators and the new Global Internal Audit Standards:

Indicator	Measure	Target
Number of audits completed* <sup>1</sup>	N/A	-
Percentage of actions accepted versus made	%	80
Average number of days from exit meeting to final report	days	5
Percentage of QCQ <sup>2</sup> responses at least satisfied	%	90
Percentage of audit conclusions addressing the Council's Wellbeing Objectives	%	75
Percentage of the Council's key risks and controls reviewed within 2 years.	%	80
Percentage of Internal Audit plan completed on time.	%	75

1 No target set – for information only

2 Quality Control Questionnaires

## AREAS FOR REVIEW 2025/26

8.1 The following have been identified as the main areas of work for the 2025/26 operational internal audit plan:

### Corporate Risk Register

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8.2 Priority will be given to provide assurance on 'Red' rated risks in the Corporate Risk Register within a rolling 2-year period. This year, priority of attention will to be given to risk R005 Medium Term Financial Plan, R009 Information Management - Security, R019 Climate Change and Coastal Erosion/Flooding, R022 Recruitment & Retention, and R025 Fire Safety & Protection in Council Properties.

### Risk Assessed Work

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8.3 IA will undertake reviews of services, systems and procedures according to the risk assessment and assurance mapping undertaken and / or service requirement which will include work on:

- Building Security
- Primary Schools, and
- Agency Processes

### Risk Management

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8.4 IA has an important role in assessing services' compliance with good risk management practices and the adequacy of controls in place to mitigate risks. IA also supports the corporate risk management protocols by undertaking a periodic review of the process, and the Corporate and Service Risk Registers.

### Key Control Audits

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8.6 The effectiveness of controls and management of risks within the Council's key financial systems remain a core part of IA's work. This is important to provide assurance to the Council and, if appropriate, to inform the work of Audit Wales (AW). These are now normally performed on a 3-yearly cycle, as agreed with AW.



## Counter Fraud Work (including NFI)

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8.5 IA will continue to participate in the National Fraud Initiative (NFI) exercise, which matches data across organisations and systems to help public bodies identify potentially fraudulent or erroneous claims and transactions.

This will be complemented by data matching reviews using the Active Data software system, and other counter fraud work such as:

- Undertake investigations into reports of breaches of the Council's regulations or criminal activities i.e. fraud against the Council.
- Undertake investigations of reports from staff, other persons engaged in activities on behalf of the Council, and members of the public, regarding cases of possible breach of rules or regulations, misconduct, or fraudulent abuse of authority.
- Refer to the police suspected criminal activity, in accordance with the Anti-Fraud and Corruption Policy and the Fraud Response Plan.

## Ethics

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8.7 IA will undertake a review of the ethical culture within the Council in addition to Declarations of Interest procedures.

## ICT Audit

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8.8 As well as placing assurance on external assessments of ICT, if possible, IA will commence their own assessments based on ICT audit training received.

## Local Government & Elections (Wales); and Well-Being of Future Generations Act

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8.9 IA's will review and assess the Council's progress in embedding of the acts within the Council's procedures.

## Grants

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8.10 IA will continue to review grants received where AW assurance is not provided or where there are concerns regarding the operational controls within processing arrangements. Assurance will also be given on compliance with terms and conditions, where requested.

## Corporate Governance Arrangements

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8.11 The Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. IA supports and reviews the corporate governance framework and provides assurance that it operates effectively by attending the officer / Member joint workshops and undertaking audit reviews.

## New Projects

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8.12 All Council projects should be delivered in a consistent corporate manner. IA supports this requirement by attending the corporate project management panels and undertaking audit reviews.

## Corporate Managers Workshops & GAC Support

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8.13 Any corporate changes should deliver its set aims and objectives. IA supports this requirement by undertaking audit reviews and ensuring added value is achieved. This includes supporting the work of the GAC.

## Reactive Work & Consultancy

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8.14 In addition to the planned assurance services provided, IA will provide reviews on a reactive basis if any risks are highlighted during the year. IA will also offer advice and guidance to officers in respect of a range of issues to include compliance with policies, internal control requirements, etc.

## PROPOSED PROGRAMME OF WORK FOR 2025/26

9.1 Attached as Appendix I, is the initial internal audit plan which specifies the areas of work to be performed for the Council during 2025/26. The plan is risk based and has a number of days allocated to each of the key areas of work. The plan also includes a number of days allocated in the plan for risk assessed reactive work.

9.2 The CMIA will report progress on a quarterly basis, and will inform the GAC immediately if it is suspected that any impact on resources is likely to have an adverse effect on the audit opinion.

Audit Area	Type of Audit	Planned Days
Risk Register audits	Assurance	156
<ul style="list-style-type: none"> <li>• R005 Medium Term Financial Plan</li> </ul>		
<ul style="list-style-type: none"> <li>• R009 Information Management - Security</li> </ul>		
<ul style="list-style-type: none"> <li>• R019 Climate Change</li> </ul>		
<ul style="list-style-type: none"> <li>• R020 Ash Dieback</li> </ul>		
<ul style="list-style-type: none"> <li>• R021 Phosphate Levels</li> </ul>		
<ul style="list-style-type: none"> <li>• R022 Recruitment &amp; Retention</li> </ul>		
<ul style="list-style-type: none"> <li>• R023 Systems End of Life</li> </ul>		
<ul style="list-style-type: none"> <li>• R024 Cyber Resilience</li> </ul>		
<ul style="list-style-type: none"> <li>• R025 Fire Safety &amp; Protection Measures</li> </ul>		
Risk Assessed Work – audits identified from IA risk assessment & Assurance Mapping	Assurance / System	200
Reactive audits	Reactive	100
Risk Management	Assurance	40
Follow-up of Management Actions	FF	40
Counter Fraud (including NFI)	Counter Fraud	40
Key Controls – rolling programme	KC	50
Ethics	Counter Fraud	30
ICT Audit	ICT	30
Wellbeing of Future Generations Act	System	30
Grants	Grant	40
Annual Accounts Audits	Accounts	5

LG & Elections (Wales) Act 2021	Assurance	25
Corporate Governance & Projects	Governance	30
Corporate Management / GAC	Assurance	10
<b>Total days</b>		<b>826</b>

A Jenkins, Corporate Manager - Internal Audit	21 February 2025
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