

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	22 MAY 2025
TITLE	HEAD OF INTERNAL AUDIT ANNUAL REPORT 2024/2025
PURPOSE OF THE REPORT	TO EXPRESS INTERNAL AUDIT'S OPINION ON THE OVERALL CONTROL ENVIRONMENT WITHIN THE AUTHORITY
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT

1. INTERNAL AUDIT'S PURPOSE

1.1 The purpose of the Internal Audit Service is:

To give confidence to the citizen and the Council on the Council's control environment and governance arrangements through independent and objective reporting to the Head of Finance and the Governance and Audit Committee. Internal auditing strengthens the organization's ability to create, protect and sustain value by providing the Governance and Audit Committee with independent, risk-based, and objective assurance, advice, insight, and foresight.

2. GLOBAL INTERNAL AUDIT STANDARDS AND THE APPLICATION NOTE: GLOBAL INTERNAL AUDIT STANDARDS IN THE UK PUBLIC SECTOR

2.1 The Application Note section 10B, Overall conclusions and annual reporting states: *"GIAS 11.3 (Communicating Results) references the possibility that a chief audit executive may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control."*

It is important to realise that no internal audit team will be fully in conformance with the standards on 1 April 2025. Until audits are completed and the outcomes reported, the evidence of practical conformance will not be there.

- 2.2 The purpose of this annual report is to provide the Authority with such an annual internal audit conclusion. In giving my conclusion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable advice that there are no major weaknesses in the whole system of internal control.
- 2.3 In assessing the advice given, I have taken into account all audits relevant to 2024/2025 and any follow-up action taken in respect of audits from this and previous periods.
- 2.3 The work plan for Internal Audit for the financial year 2024/2025 was presented to the Governance and Audit Committee on 23 May 2024. The annual internal audit plan was fluid in order to reflect any emerging issues or changes to risks and priorities of the Council.

3. OVERALL ASSURANCE

3.1 The Head of Internal Audit's annual conclusion is based on three aspects of the Authority's arrangements:

- Governance
- Risk Management
- Internal Control

3.2 The results of the work carried out by Internal Audit, taken together with other sources of assurance, support the annual conclusion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control.

3.3 Considerations

My annual conclusion is based on evidence from the range of audit work conducted across the Council. The value provided by Internal Audit is in the detailed work conducted and the information and advice provided to service managers on internal controls, processes and procedures, and in the assessment of the actions required to mitigate inherent risks to an acceptable level. In forming my conclusion, I have taken into consideration the internal engagements undertaken by the Internal Audit Service during 2024/2025 and reflected upon my experience within my role in Internal Audit over the previous years and my judgements about the calibre and actions of the Corporate Management Team, Management Group and Senior Managers. To support my overall conclusion, I have used evidence provided by external regulators to support my conclusion for the year.

In giving my annual conclusion, I have taken into consideration:

- Overall, good internal control was found within each of the Council's services examined.

- All Council departments have built on previous work to continue the development of their risk assessment arrangements. A report prepared by the Head of Finance was presented to the Governance and Audit Committee on 5 September 2024 to provide an update on developments in the risk management area, the next implementation steps to further strengthen the risk management arrangements.
- The 24 governance risks (of which there were 4 high risks and 11 medium risks) as identified in the Annual Governance Statement (as approved by the Governance and Audit Committee on 5 September 2024) are continually assessed by the Governance Arrangements Assessment Group.
- Where significant control weaknesses were found, these matters were resolved by the Council's officers, the Controls Improvement Working Group or otherwise by the Governance and Audit Committee.
- The Authority has received a number of reports from regulators during 2024/2025:
 - Annual Audit Summary 2024 – Auditor General. The report states ***“The Auditor General gave an unqualified true and fair opinion on the Council’s Financial statements on 29 November 2024”***.
 - Annual Audit Summary 2024 – states that ***“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 prepared by the Council and with our knowledge of the Council”***.

3.4 Annual Conclusion

On the basis of Internal Audit work completed during 2024/2025, in my opinion Cyngor Gwynedd’s system of internal control during the financial year 2024/2025 operates to a level which provides reasonable assurance on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and internal control. This is based on the coverage that has been achieved during the year.

4. **AUDIT WORK**

Audit Plan

- 4.1 A total of 36 assignments were contained in the revised audit plan for 2024/2025 Of these 33 were completed by 31 March 2025 which represents **91.67%** of the plan. For the purposes of this measure, an assignment is counted as being completed when the draft report/memorandum has been released or, if there is no report/memorandum, the assignment has been closed and no further time is expected to be spent on it. The performance ambition was 95%.
- 4.2 The audits from the 2024/2025 plan that have contributed to the conclusion contained in this annual report are listed in Appendix 1.

4.3 Where relevant, internal audit reports are provided with an assurance level which is based on an evaluation of the internal control environment and the number of risks identified together with their risk score. The current risk score are categorised in one of four risk categories:

RISK LEVEL	SCORE
VERY HIGH	20 – 25
HIGH	12 – 16
MODERATE	6 - 10
LOW	1 - 5

4.4 The general assurance levels of audits will fall into one of four categories as shown in the table below:

ASSURANCE LEVEL	DEFINITION
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
SATISFACTORY	Controls are in place to achieve their objectives but there are aspects that need tightening to further mitigate the risks.
LIMITED	Although controls are in place, compliance with the controls needs to be improved and/or introduce new controls to reduce the risks to which the service is exposed.
NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

4.5 The aim of every agreed action within the reports was to strengthen internal controls that mitigate operational risks, and to establish best practice.

4.6 Of the 33 assignments in the 2024/2025 audit plan, the following assurance categories were expressed:

Assurance Level	Number of Audits
High	4
Satisfactory	10
Limited	15
No Assurance	0
No Category	4
Total	33

4.7 Of the reports relating to 2024/2025 that were given an assurance level, 48.27% (14 out of 29) obtained an assurance level of “Satisfactory” or “High”.

- 4.8 15 audits (51.72%) received “Limited” assurance and no audit received a “No Assurance” level.
- 4.9 The full reports are presented to the Governance and Audit Committee after the final report has been agreed with the client and issued. Where a memorandum is issued rather than a full report, and where there is no assurance category, the Governance and Audit Committee is presented with a summary of the findings of the relevant audits where appropriate.
- 4.10 The table below shows which meeting of the Governance and Committee has received the details of audits from the 2024/2025 plan. The dates of the relevant meeting of the Governance and Audit Committee are also shown in Appendix 1.

Date of release of Draft or Final Report/ Memorandum	Date of Report to the Audit and Governance Committee
1 April 2024 – 30 September 2024	10 October 2024
1 October 2024 – 27 January 2025	6 February 2025
28 January 2025 – 31 March 2025	22 May 2025

Revisions to the Plan

- 4.11 Revisions to the audit plan were reported to the Governance and Audit Committee during the year.

Follow-up Work

- 4.12 In 2023/2024, 3 reports received “Limited” assurance and no audit received a “No Assurance” Level. Due to a lack of resources, it was decided to conduct follow-up work on reports that received a “Limited” assurance.

Control Improvement Working Group

- 4.13 The Working Group consists of the Chair and Vice Chair of the Committee and three other members (chosen by rotation) that meets between the Governance and Audit Committee meetings and discusses issues of control weaknesses that have arisen at the Committee meeting, in order to give them attention to greater depth. Officers are being invited to attend to explain the control weakness and, primarily, to explain the steps that have been taken to improve the situation. The Working Group met on 6 November 2024 and the report of the Working Group was presented to the Governance and Audit Committee on 28 November 2024.

5. INTERNAL AUDIT RESOURCES

Staffing and Qualifications

- 5.1 The Audit Manager undertakes the function of “Head of Internal Audit”. The Audit Manager is directly accountable to Head of Finance. The Audit Manager and one Audit Leader have a full CIPFA qualification and the other Audit Leader has the full ACCA qualification. Two Senior Auditors are currently studying for the CIPFA qualification.
- 5.2 Since 1 April 2025, there are 6 full-time members in the Internal Audit Team.

Utilisation of staff resources

- 5.3 Appendix 2 contains an analysis of the use made of the time of the Internal Audit officers during the period between 1 April 2024 and 31 March 2025. The Committee’s attention is drawn to the following:
- The table shows an increase in the number of productive days available to provide audits for Cyngor Gwynedd from **389** days between 1 April 2023 and 31 March 2024 to **464** days for the same period in 2024/2025, an increase of **75** days.
 - A total of 35 days was utilized for conducting special investigations or responsive audits in 2024/2025, compared to 45 days in 2023/2024.




6. AUDIT PERFORMANCE

- 6.1 The results of the internal audit service’s achievement measures in 2024/2025 were as follows:

Description of Measure	2023/24 Performance	2024/25 Ambition	2024/25 Results
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	96.67%	95%	91.67%
% of internal audits with an assurance level of “Satisfactory” or better (corporate indicator)	88.46%	80%	48.27%
Number of high risk or very high risk agreed actions implemented within the timetable (corporate indicator).	86.67%	100%	-
Number of low or medium risk agreed actions implemented within the timetable (corporate indicator).	98.60%	85%	-

7. WORK PLANS AND TARGETS 2025/2026

- 7.1 The internal audit plan for 2025/2026 was presented to the Governance and Audit Committee in its meeting on 22 May 2025.
- 7.2 Internal Audit achievement measures indicate how well we fulfil our purpose. Internal Audit's achievement measures for 2025/2026 are:

Measure	Ambition 2025/2026	Direction of Ambition
% of audits in the Audit Plan that are ready to be presented to the Audit and Governance Committee because they have either been closed or the final report has been issued.	95%	
% of internal audits with an assurance level of "Satisfactory" or better (corporate indicator)	80%	
Number of high or very high agreed actions implemented within the timetable (corporate indicator).	100%	

8. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 8.1 in accordance with the Global Internal Audit Standards, Standard 12.1, Internal Quality Assessment states that *"the chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives"*.
- 8.2 The result of the self-assessment conformance with the Global Internal Audit Standards will be presented to the Governance and Audit Committee in due course.
- 8.3 Standard 8.4, External Quality Assessment, states *"the chief audit executive must develop a plan for an external quality assessment...The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team"*. CIPFA¹ are currently working to develop an External Quality Assessment checklist to support internal audit functions.
- 8.4 The external assessment will be carried out in 2025/26 by Denbighshire County Council on a peer review basis organised by the Welsh Chief Auditors Group. Once the external assessment is completed, the results will be communicated to the Governance and Audit Committee along with the quality assurance and improvement programme.

¹ Chartered Institute of Public Finance and Accountancy

8.5 As stated, it is important to realise that no internal audit team will be fully in conformance with the standards on 1 April 2025. Until audits are completed and the outcomes reported, the evidence of practical conformance will not be there.

9. RECOMMENDATION

9.1 The Committee is asked to accept this report as the formal annual report of the Head of Internal Audit pursuant to the Global Internal Audit Standards for the financial year 2024/2025.

AUDIT PLAN 2024/2025

Department	Audit	Audit Status	Assurance Level	Committee Date
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	Closed	No Category	
	Proactive Prevention of Fraud and Corruption and the National Fraud	Closed	No Category	
	Safeguarding Arrangements - Establishments	Cancelled		
	Information Management - Establishments	Cancelled		
	Absence Management and Referral Arrangements (Part1)	Final Report	Satisfactory	10/10/2024
	Absence Management and Referral Arrangements (Part 2)	Final Report	Satisfactory	06/02/2025
	Freedom of Information Requests	Final Report	Limited	10/10/2024
	Data Protection Arrangements	Cancelled		
	Whistleblowing	Final Report	Limited	06/02/2025
	Use of External Meeting Rooms	Final Report	Satisfactory	22/05/2025
	Use of Consultants	Cancelled		
	Follow-up Audits	Closed	No Category	
Education	Post-16 Provision in Schools Grant	Final Report	High	10/10/2024
	Unofficial School Funds (Follow-up)	In Progress		
	Schools Reserves Balances	Cancelled		
	Schools – General	Closed	No Category	
	Education Digital Standards	Final Report	Satisfactory	22/05/2025
	Breakfast Clubs	In Progress		
	School Transport	Final Report	Limited	22/05/2025
Environment	School Transport Project Management	Final Report	Limited	06/02/2025
	Traffic and Projects	Cancelled		
	Arrangements for the Distribution of Bins	Final Report	Limited	22/05/2025
	Car Parks	Final Report	Satisfactory	10/10/2024

Department	Audit	Audit Status	Assurance Level	Committee Date
Corporate Services	Staff Protection Register	Final Report	Satisfactory	10/10/2024
	Corporate Category Management - Follow-up	Final Report	Limited	22/05/2025
Finance	Harbour Statement of Accounts - 2024/2025	Final Report	High	10/10/2024
	Mobile Phones	Cancelled		
	Creditors System – Key Controls	Final Report	Satisfactory	06/02/2025
Economy and Community	Welsh Church Fund	Final Report	High	10/10/2024
	Lloyd George Museum	Final Report	High	10/10/2024
	Car Parks	Final Report	Satisfactory	06/02/2025
	Shared Prosperity Fund	Cancelled		
Adults, Health and Wellbeing	Plas Hafan	Final Report	Limited	10/10/2024
	Llys Cadfan	Final Report	Limited	10/10/2024
	Plas Pengwaith	Final Report	Limited	10/10/2024
	Home Care	Cancelled		
Children and Supporting Families	Out of County Placements	Cancelled		
Highways, Engineering and YGC	Fleet – Fuel Usage	Cancelled		
	Public Toilets	Final Report	Satisfactory	06/02/2025
	Street Cleaning	Final Report	Limited	22/05/2025
	Bereavement Service	Cancelled		
	Category Management - Environment	Final Report	Limited	22/05/2025
Housing and Property	Housing Support Grant	Final Report	Limited	06/02/2025
	Housing Waiting Register	Final Report	Satisfactory	06/02/2025

Department	Audit	Audit Status	Assurance Level	Committee Date
	Smallholdings – Follow-up	Final Report	Limited	22/05/2025
	Gwynedd Homebuy	Cancelled		
	Homelessness Prevention Grant 2022-23	Final Report	Limited	06/02/2025
	Homelessness Prevention Grant 2023-24	Final Report	Limited	22/05/2025
Corporate Leadership Team	Elections Act 2022	Cancelled		

Analysis of Internal Audit Use of Time 1 April - 31 March:

2023/2024		2024/2025
1,603	Total Days	1,518
218	Unproductive Time: Annual Leave	209
54	Unproductive Time: Statutory Holidays	41
272	<i>Less Holidays (Statutory and Non-Statutory)</i>	250
1,331	Total Available Days	1,268
	<i>Less:</i>	
14	Special Leave	9
202	Illness & Phased Return	66
151	Maternity and "Keep in Touch"	0
22	Job Training	34
942	Available Days	1,159
	Less Unproductive Time:	
	Medical Appointments	
	Time Recording and Management	
	Meetings and Committees	
	Training Presentation	
	Background Work	
	Admin etc.	
	iGwynedd Project	
	Governance and Audit Committee	
	Internal Audit Management	
	Absence Management	
	IT problems	
	Internal Audit Information Management Exercise	
	Meetings (WCAG & N&MWAP)	
	Meetings with External Audit	
336	<i>Totals not contributing to the Plan</i>	283
606	Total productive days	875
42	Work for SNPA	16
111	Community and Town Councils	115
45	Byw'n Iach Cyf.	35
12	North Wales Economic Ambition Board	3
7	External Secondment	25
0	GwE	1
0	Shared Prosperity Fund	216
389	Total productive days, Cyngor Gwynedd	464

Analysis of the use of Cyngor Gwynedd productive days:

2023/24		2024/25
333	Work on current year's plan	429
11	Commencement of next year's work	0
45	Responsive Work / Special Investigations	35
389		464