

COMMITTEE	GOVERNANCE AND AUDIT COMMITTEE
DATE	21 MAY 2026
TITLE	HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025/2026
PURPOSE OF THE REPORT	THE HEAD OF INTERNAL AUDIT'S CONCLUSION 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."

- 2.2 The purpose of this annual report is to provide the Council with an annual internal audit conclusion and to support the Annual Governance Statement. 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 assurance that there are no major weaknesses in the whole system of internal control.
- 2.3 In assessing the advice given, I have considered all audits relevant to 2025/2026 and any follow-up action taken in respect of audits from this and previous periods.
- 2.4 The work plan for Internal Audit for the financial year 2025/2026 was presented to the Governance and Audit Committee on 22 May 2025. 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 Council's arrangements:

- Governance
- Risk Management
- Internal Control

3.2 The results of the work conducted 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 opinion, I have taken into consideration the internal engagements undertaken by the Internal Audit Service during 2025/2026 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 11 September 2025 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 6 high risks and 9 medium risks) as identified in the Annual Governance Statement (as approved by the Governance and Audit Committee on 11 September 2025) 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 2025/2026:
 - Annual Audit Summary 2025 – Auditor General. The report states ***"I concluded that the Council's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them...I issued the certificate confirming that the audit of accounts for 2024-25 was completed on 19 November 2025"***.
 - Annual Audit Summary 2025 – 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 my knowledge of the Council"***.

From the analysis of the audit work completed during 2025/2026, several overarching managerial themes have emerged across the Council's services. Mainly, these include inconsistent compliance with established controls, lack of monitoring and managerial oversight in some areas, and weaknesses in the recording and documentation of processes and decisions. It was also noted that some services face challenges in terms of capacity and resources, which can affect the consistent implementation of controls. These themes have contributed to the relatively high proportion of audits that have received a "Limited" assurance level during the year and highlight the need for a sustained and coherent corporate focus on strengthening internal control arrangements.

3.4 Annual Conclusion

On the basis of Internal Audit work completed during 2025/2026, in my opinion Cyngor Gwynedd's system of internal control during the financial year 2025/2026 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, together with the adequate and relevant evidence gathered through those reviews, and this is intended to support the Annual Governance Statement.

However, in formulating my opinion, several areas were identified where internal control weaknesses persist, particularly with respect to consistency in the implementation of controls, managerial oversight, and recording and documentation standards. These issues are reflected in the relatively high proportion of audits that received a "Limited" level of assurance during the year.

While these weaknesses do not undermine the overall conclusion of reasonable assurance, they highlight the need for a continued corporate focus on strengthening internal control arrangements and on ensuring that controls are consistently implemented across the Council's services. If these issues are not properly addressed, they can increase the risk that service objectives will not be effectively achieved.

4. **AUDIT WORK**

Audit Plan

- 4.1 A total of 49 assignments were contained in the revised audit plan for 2025/2026. Of these, 43 were completed by 31 March 2026 which represents **88%** of the plan. For the purposes of this measure, an assignment is counted as being completed when the draft report or final report or memorandum has been released or, if 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 2025/2026 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 43 assignments completed in the 2025/2026 audit plan, the following assurance categories were expressed:

Assurance Level	Number of Audits
High	5
Satisfactory	15
Limited	19
No Assurance	0
No Category	4
Total	43

4.7 Of the reports relating to 2025/2026 that were given an assurance level, 51.28% (20 out of 39) obtained an assurance level of “Satisfactory” or “High”.

4.8 19 audits (48.71%) 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 2025/2026 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 2025 – 28 September 2025	9 October 2025
29 September 2025 – 25 January 2026	3 February 2026
26 January 2026 – 31 March 2026	21 May 2026

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 2024/2025, 15 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. Reports on the results of the follow-up work were submitted to the Committee in accordance with the request of the Committee. See below:

Audit 2024/25	Follow-up Assurance Level	Date Presented to Committee
Freedom of Information	Satisfactory	3 February 2026
Whistleblowing ¹		
School Transport	Satisfactory	21 May 2026
Breakfast Clubs	Limited	21 May 2026
School Transportation	Limited	21 May 2026
Arrangement for the Distribution of Bins	Satisfactory	3 February 2026
Category Management - Corporate – Follow-up		
Plas Hafan	Satisfactory	3 February 2026
Llys Cadfan	Satisfactory	3 February 2026
Plas Pengwaith	Limited	3 February 2026
Street Cleaning - Overtime	Satisfactory	21 May 2026
Category Management - Environment	Limited	21 May 2026
Housing Support Grant	Satisfactory	3 February 2026
Homelessness Prevention Grant	Limited	3 February 2026
Smallholdings – Follow-up ²		

¹ Audit included in the 2026/27 Audit Plan due to the adoption of a new Policy.

² In the 2026/27 Audit Plan – a problematic area for several years.

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. No audit was referred for the attention of the Working Group during 2025/26.

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, one Audit Leader and one Senior Auditor have a full CIPFA³ qualification and the other Audit Leader has the full ACCA⁴ qualification. A Senior Auditor is currently studying for the CIPFA qualification.
- 5.2 Since 1 April 2025, there are 5 full-time members and one part time (0.8) 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 2025 and 31 March 2026. The Committee’s attention is drawn to the following:
- The table shows the number of productive days available to provide audits for Cyngor Gwynedd, **464** days between 1 April 2024 and 31 March 2025 and **498** days for the same period in 2025/2026 - an increase of 34 days.
 - No time was spent on conducting special investigations or responsive audits in 2025/2026, compared to 35 days in 2024/2025.

³ Chartered Institute of Public Finance and Accountancy

⁴ Association of Certified Chartered Accountants

6. AUDIT PERFORMANCE

6.1 The results of the internal audit service's achievement measures in 2025/2026 were as follows:


Description of Measure	2024/25 Performance	2025/26 Ambition	2025/26 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.	91%	95%	88%
% of internal audits with an assurance level of "Satisfactory" or better (corporate indicator)	48.27%	80%	51.28%
% of high risk or very high risk agreed actions implemented within the timetable (corporate indicator).	- ⁵	100%	53.57%

6.2 While performance remains reasonably robust in some areas, the 95% ambition for completion of the audit plan was not achieved. In addition, while there is a slight improvement in the proportion of audits receiving "Satisfactory" assurance or better, the outcome remains significantly below the corporate target of 80%, reflecting the management issues identified above.



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 2026/2027 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%	

⁵ Due to a lack of resources, it was decided to conduct follow-up audits on reports that received a "Limited" assurance level only.

% 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%	
Productive time as a % of time available.	75%	New Measure
Scope of strategic/corporate risks in the Final Annual Plan.	70%	New Measure

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 following the further guidance and a Compliance Assessment Toolkit from CIPFA which was received at the end of January 2026.

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”*. CIPFA 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 2026/27 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.

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 2025/2026.

AUDIT PLAN 2025/2026

Department	Audit	Audit Status	Assurance Level	Committee Date
Education	Education Outside Schools	Program and Briefing Note Agreed		
	Additional Learning Needs	Cancelled		
	School Transportation Follow Up	Final Report	Satisfactory	21 May 2026
	Breakfast Clubs Follow Up	Final Report	Limited	21 May 2026
	Post-16 Provision in Schools Grant	Final Report	High	9 October 2025
	Schools - General	Closed	No Category	
Environment	Commercial Waste Collection	Final Report	Limited	3 February 2026
	School Transportation Follow Up	Final Report	Limited	21 May 2026
	Arrangements for the Distribution of Bins Follow Up	Final Report	Limited	3 February 2026
	Animal Health	Final Report	Satisfactory	3 February 2026
	Building Regulations	Final Report	Satisfactory	21 May 2026
Corporate Services	Mandatory Training	Final Report	Satisfactory	21 May 2026
	Fire Arrangements	Final Report	Satisfactory	21 May 2026
Corporate	Advice & Consultancy and Supporting Ffordd Gwynedd Reviews	Closed	No Category	
	Freedom of Information Follow Up	Final Report	Satisfactory	3 February 2026
	General Follow Up	Closed	No Category	
	Proactive Prevention of Fraud and Corruption and the National Fraud Initiative	Closed	No Category	

Department	Audit	Audit Status	Assurance Level	Committee Date
	Posts Without Budgets	Cancelled		-
	Data Protection	Final Report	Limited	21 May 2026
	Field Workers Awareness of Safeguarding Policy	Field Work Started		
Finance	IT Audits	Planned		
	Harbour Statement of Accounts 2024/2025	Final Report	High	9 October 2025
	Income - Recovery Arrangements	Final Report	Limited	3 February 2026
	Precepts	Final Report	High	3 February 2026
	Treasury Management	Planned		
Economy and Community	Lloyd George Museum	Final Report	High	3 February 2026
	Welsh Church Fund	Final Report	High	9 October 2025
	Beach Plan	Cancelled		-
	Hafan	Cancelled		-
Adults, Health and Wellbeing	Plas Hedd Care Home	Final Report	Limited	9 October 2025
	Plas Y Don Care Home	Final Report	Limited	9 October 2025
	Tan Y Marian Care Home	Final Report	Limited	3 February 2026
	Y Frondeg Home	Final Report	Satisfactory	3 February 2026
	Care Home Follow Up	Cancelled		-
	Follow-up Plas Pengwaith	Final Report	Limited	3 February 2026
	Follow-up Llys Cadfan	Final Report	Satisfactory	3 February 2026
	Follow-up Plas Hafan	Final Report	Satisfactory	3 February 2026
	DOLS/LPS	Final Report	Limited	21 May 2026
	Direct Payments	Final Report	Satisfactory	3 February 2026
	Day Centres - Banking Arrangements	Cancelled		
	Learning Disability Centres	Cancelled		

Department	Audit	Audit Status	Assurance Level	Committee Date
	Cegin Arfon	Final Report	Limited	3 February 2026
	Siop Galwch Acw	Final Report	Limited	3 February 2026
	Canolfan y Gwystl	Final Report	Limited	3 February 2026
Children and Supporting Families	Out of County Placements	Program and Briefing Note Agreed		
Highways, Engineering and YGC	Falling Trees	Final Report	Limited	3 February 2026
	YGC Succession Planning	Final Report	Satisfactory	3 February 2026
	Business Continuity Planning	Final Report	Satisfactory	3 February 2026
	Bangor Crematorium	Final Report	Satisfactory	21 May 2026
	Fleet - Fuel	Final Report	Limited	21 May 2026
	Ash Dieback	Final Report	Limited	9 October 2025
	Category Management - Environment Follow Up	Final Report	Limited	21 May 2026
	Street Cleaning Overtime Follow Up	Final Report	Satisfactory	21 May 2026
Housing and Property	Emergency Accommodation Costs	Program and Briefing Note Agreed		
	Homelessness Prevention Grant 2024/25	Final Report	Limited	3 February 2026
	Housing Support Grant	Final Report	Satisfactory	3 February 2026

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

2024/2025		2025/2026
1,518	Total Days	1,513
209	Unproductive Time: Annual Leave	202
41	Unproductive Time: Statutory Holidays	35
250	<i>Less Holidays (Statutory and Non-Statutory)</i>	237
1,268	Total Available Days	1,275
	<i>Less:</i>	
9	Special Leave	6
66	Illness & Phased Return	16
0	Maternity and "Keep in Touch"	252
34	Job Training	59
1,159	Available Days	942
	Less Unproductive Time:	
	Medical Appointments	
	Time Recording and Management	
	Meetings and Committees	
	Training Presentation	
	Background Work	
	Admin etc.	
	Governance and Audit Committee	
	Internal Audit Management	
	Absence Management	
	IT problems	
	Meetings with External Audit	
283	<i>Totals not contributing to the Plan</i>	253
875	Total productive days	690
16	Work for SNPA	34
115	Community and Town Councils	110
35	Byw'n Iach Cyf.	41
3	North Wales Economic Ambition Board	6
25	External Secondment	0
1	GwE	0
216	Shared Prosperity Fund	0
464	Total productive days, Cyngor Gwynedd	498

Analysis of the use of Cyngor Gwynedd productive days:

2024/25		2025/26
429	Work on current year's plan	459
0	Work on the 2024/25 Plan during 2025/26	27
0	Work on the 2026/27 Plan during 2025/26	12
35	Responsive Work / Special Investigations	0
464		498