

Report to	Governance & Audit Committee
Date of meeting	30 April 2025
Lead Member / Officer	Bob Chowdhury – Chief Internal Auditor
Report author	Bob Chowdhury, Chief Internal Auditor
Title	Internal Audit Annual Report 2024-25

1. What is the report about?

- 1.1. This report provides the Committee with the Internal Audit Annual Report for 2024-25 that provides the Chief Internal Auditor's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

2. What is the reason for making this report?

- 2.1. The Global Internal Audit Standards (GIAS) together with the GIAS in the UK Public Sector define the nature and set out basic principles for internal auditing in the UK Public Sector.
- 2.2. To ensure that all Local Authorities comply with the new GIAS, the Chartered Institute for Public Finance and Accountancy (CIPFA) has reviewed the standards and produced the GIAS in the UK Public Sector in February 2025 and Local Authorities have 12 months from the 1 April 2025.
- 2.3. The new GIAS together with the GIAS in the UK Public Sector require the 'chief audit executive' to deliver an annual internal audit opinion and a report that the organisation can use to inform its annual governance statement. This Committee's terms of reference require it to consider the annual report of the Chief Internal Auditor.

- 2.4. The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Governance & Audit Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.

3. What are the Recommendations?

- 3.1. The Committee considers and comments on the Chief Internal Auditor's annual report and overall opinion.

4. Report details

- 4.1. The Internal Audit Strategy 2025-26 went to the Governance and Audit Committee for approval on the 19 March 2025. However, this year the Internal Audit plan has been removed from the Strategy and instead will go as a separate document to the Governance and Audit Committee on the 11 June 2025.
- 4.2. The document will detail the position with audits contained in the 2025/26 audit plan and those carried forward from 2024/25. Internal Audit operates a flexible plan so that areas of highest perceived risk are prioritised for review. Governance and Audit Committee are informed of any changes during the year as part of the Internal Audit Update Report.
- 4.3. The Chief Internal Auditor in considering his Internal Audit opinion has needed to consider a number of key factors that have prevented the team from completing the 2024/2025 internal Audit Plan: -
- The team have undertaken work on five special investigations,
 - Three members of the team volunteered to support Highways and Environmental services with the roll out of the new waste service,
 - One of the Career Pathway – Senior Auditors was successful in securing a new role in a finance team, and

- This year has seen an unprecedentedly high level of sickness within the team.

- 4.4. The Team have been operating with a Career Pathway – Senior Auditor vacancy since the 25 November 2024, but the Chief Internal Auditor has been having regular meetings with the Head of Finance and Audit around how this vacancy can be filled going forward.
- 4.5. The Internal Audit Plan for 2024/25, has not been achieved due to a number of issues listed in paragraph 4.3 above. Therefore, it has meant throughout the year the Chief Internal Auditor has reviewed the plan and has refocused the plan on areas of greatest priority to the council which can be delivered with the resources available to Internal Audit.
- 4.6. My opinion is largely based on the completion of the risk based internal plan, see Appendix 1 for a list of audit results and assurance ratings definitions. No audit during the year received 'Low' assurance, the others being awarded 'High' or 'Medium' Assurance ratings. Where significant issues have been identified, overall, these have been appropriately addressed, which confirms that management is responsive to our work.
- 4.7. Internal Audit has completed three items of advisory work during the year, but discussions with Heads of Service (HoS) has identified that more advisory reviews will take place in the financial year 2025/26. This is a positive sign and demonstrates that management are willing to engage with Internal Audit to establish good risk and control environments.
- 4.8. Our work has highlighted some areas of weakness in management of risks and/or controls which may put achievement of objectives at risk. Improvements are required to address such areas so that the framework of governance, risk management and control is adequate.
- 4.9. Internal Audit's annual opinion is attached as Appendix 1 and concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

5. How does the decision contribute to the Corporate Priorities?

5.1. Internal Audit's role is to provide assurance regarding the adequacy and effectiveness of the Council's framework of governance, risk management and internal control. Each of these areas helps ensure that the council can deliver on all corporate priorities as identified in its corporate plan.

6. What will it cost and how will it affect other services?

6.1. There are no additional costs associated with this report. Actions to ensure compliance with relevant legislation and Council policies are taken within existing budgets.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. Not applicable - there is no decision required with this report.

8. What consultations have been carried out with Scrutiny and others?

8.1. Consultation with officers, and Audit Wales was conducted in drafting the Internal Audit Strategy.

9. Chief Finance Officer Statement

9.1. Not applicable - there is no decision required with this report.

10. What risks are there and is there anything we can do to reduce them?

10.1. An inadequate and operationally ineffective internal control system can have adverse impact on the council's risk management processes and wider corporate governance, and, therefore, the quality of service provided.

10.2. The new GIAS together with the GIAS in the UK Public Sector require Internal Audit to evaluate the effectiveness of risk management and contribute to the improvement of risk management processes. Where risks are identified as part of the Internal Audit process, action plans are agreed and monitored in order to mitigate these risks.

11. Power to make the decision

11.1. Not applicable - there is no decision required with this report.