

<b>Meeting of:</b>	<b>Governance and Audit Committee</b>
<b>Date of Meeting:</b>	<b>Monday, 22 June 2026</b>
<b>Relevant Scrutiny Committee:</b>	Resources Scrutiny Committee
<b>Urgent Decision Procedure Used (If yes, why)</b>	No
<b>Item Type</b>	Part I
<b>Report Title:</b>	<b>Annual Internal Audit Report 2025/26</b>
<b>Portfolio Holder:</b>	No Relevant Cabinet Member
<b>Strategic Leadership Team:</b>	<b>Head of Finance/Section 151 Officer</b>
<b>Lead Officer:</b>	<b>Head of the Regional Internal Audit Service</b>

## 1.0 What is this report about?

- 1.1 This report provides the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control. It also informs the Governance and Audit Committee of the work and performance of Internal Audit for the Financial Year 2025/26. This information is provided to comply with the Global Internal Audit Standards.

## 2.0 What are the Recommendations?

	<b>Recommendations – What and How?</b>	<b>Reason for Recommendation – Why?</b>
2.1	The Governance and Audit Committee is requested to consider and note the Annual Internal Audit Report for the 2025/26 financial year including the Head of Internal Audit's Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control.	To keep the Governance and Audit Committee informed and to note the Head of Internal Audit's Annual Opinion on the overall control environment at the Council.  To ensure compliance with the Global Internal Audit Standards.

### **3.0 What is the background to this report?**

- 3.1 The Global Internal Audit Standards (GIAS) require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:
- Include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
  - Present a summary of the audit work undertaken;
  - Draw attention to any issues that may impact on the level of assurance provided;
  - Provide a summary of the performance for the service;
  - Comment on conformance with the Global Internal Audit Standards.
- 3.2 In accordance with the Global Sector Internal Audit Standards, the Head of Internal Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Internal Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 3.3 The Internal Audit Plan for 2025/26 was submitted to the Governance and Audit Committee for consideration and approval on 23<sup>rd</sup> June 2025. The approved plan was flexible to be able to respond to changing circumstances and events that may occur during the year. The assurance gained from the audit work undertaken during the year assists the Head of Audit in providing an overall annual opinion.

### **4.0 What issues are there to be considered?**

- 4.1 This is an information report to ensure the Regional Internal Audit Service (RIAS) continues to be compliant with the Global internal Audit Standards.
- 4.2 The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025-26 is of *Reasonable Assurance*.
- 4.3 The Annual Internal Audit Report is at Appendix A which summaries the reviews undertaken during 2025/26, the recommendations made and any control issues identified. A total of 49 audits were completed with an audit opinion and a total of 263 recommendations made (7 High priority, 116 Medium priority, 140 Low priority). High and Medium priority audit recommendations are followed up to monitor progress of implementation.
- 4.4 A breakdown of the audits completed with an opinion is included at Annex 1 of Appendix A.
- 4.5 86% of the agreed 2025/26 Internal Audit Plan was achieved against a target of 80%.
- 4.6 96% of the audit opinions issued were *Substantial* or *Reasonable Assurance*; 4% warranted a *Limited Assurance opinion*.

- 4.7 The 2 *Limited Assurance* opinions related to the audits of Vehicle Fuel Management and Corporate Building Compliance; a summary of the concerns is shown at section 3 of Appendix A.
- 4.8 The Annual Report also discusses the performance of the Internal Audit Service during the year and highlights individual staff development and training that has taken place.
- 4.9 An annual internal self-assessment to determine compliance with GIAS was conducted by an Auditor within the team with any non-conformance reported to the Governance and Audit Committee. This work resulted in a *Substantial Assurance* opinion. The RIAS fully conforms with the Global Internal Audit Standards.
- 5.0 How has evidence been used to inform the report, including the views of others?**
- 5.1 Internal Audit is an independent management tool which provides assurance on the adequacy of the internal control environment, governance arrangements and risk management processes in place to ensure effective, economic and efficient use of public funds and resources and to minimise fraud and error.
- 5.2 The conclusions within Internal Audit reports are based on factual evidence obtained during the course of the audit.
- 5.3 For each audit job key controls are determined to ensure the above (5.1) are in place and the appropriate assurance can be provided. Audit testing is then undertaken to verify what is actually in place at an operational level. The testing involves gathering evidence to ensure policies, procedures and legislation are complied with which includes obtaining output reports from systems, creditor, debtor, payroll source documents and undertaking reconciliations between systems.
- 5.4 The scope of the audit review is discussed with the service manager at the outset and there are ongoing discussions with the service manager and key officers within that area throughout the progress of the audit. Discussions may then involve the Operational Manager and the Head of Service. On completion of each audit the service manager signs off the management action plan before the report is finalised. A post audit client satisfaction questionnaire is sent out to the auditee who is invited to provide feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general.
- 5.5 On a quarterly basis, the progress against the Internal Audit Plan and the implementation of agreed recommendations are reported to the Senior Leadership Team and the Governance and Audit Committee.
- 5.6 This report is a summary of the all the audits undertaken during the year.

## **6.0 What are the next steps if the recommendations are approved?**

6.1 The Regional Internal Audit Service continues to provide an adequate, effective and professional internal audit service to the Council in accordance with the Global Internal Audit Standards and its statutory obligations.

## **7.0 How does this report support Vale 2030 and Reshaping?**

7.1 Internal Audit is a support service which does not directly provide a Council service to the public.

7.2 Audit reports are balanced in that they identify strengths and weaknesses within a particular system or establishment operated by the Council which leads to an assurance opinion on the adequacy and effectiveness of the internal control environment, governance arrangements and risk management processes in place. This in turn gives confidence to the effective, economic and efficient use of public funds and resources and the minimalization of fraud and error across those services. The strengths identified provide assurance to service managers that they are compliant with policies, procedures and legislation which enables them to continue to deliver effective and efficient services.

7.3 Audit reports often include recommendations to improve the internal control environment, governance arrangements or risk management processes which supports better service delivery at an operational level.

7.4 The internal audit process often opens discussions on how services could be delivered more effectively, economically and efficiently.

## **8.0 How does this demonstrate the Five Ways of Working?**

8.1 Long term – making recommendations where gaps have been identified should enable services to be delivered more effectively, economically and efficiently in the future. Positive assurance on sound financial management now provides a firm foundation for future delivery of services.

8.2 Integrated – providing audit assurance on the compliance with policies, procedures and legislation and the proper use of public funds, supports service areas to deliver their services in line with the well-being goals. Where appropriate audit reports will include recommendations to make service delivery more efficient.

8.3 Involved – Although the responsibility of delivering the annual internal audit plan lies with the Head of Audit; Directors, Heads of Service and Operational Managers are given the opportunity to contribute to the plan by suggesting areas they feel are high risk or where great assurance is required.

- 8.4 Collaborative - RIAS is a member of the Welsh Chief Auditors' Group which shares good practice on service delivery. At a local level the team supports service areas to work collaboratively with other neighbouring local authorities.
- 8.5 Preventative – identifying weaknesses in control, governance or risk management now will minimise the potential of fraud and error and also small issues escalating into much bigger problems in the future.

**Resources**

**9.0 Finance**

- 9.1 There are no resource implications as a direct consequence of this report, but effective audit planning, monitoring and reporting are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

**10.0 Workforce**

- 10.1 There are no workforce issues as a direct consequence of this report

**11.0 Legal and Equalities**

- 11.1 **Does an Equalities Impact Assessment need to be completed? No**
- 11.2 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.
- 11.3 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time.

**12.0 Key Contacts**

**12.1 Who are the primary officers to contact with any comments and/or queries on the report?**

Lead Officer: Andrew Wathan Head of Regional Internal Audit Service	Democratic Services Officer Gareth Davies
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## **Appendix**

Appendix A – Annual Internal Audit Report 2025-26

## **Background Documents**

None



# ANNUAL INTERNAL AUDIT REPORT

2025-26

Andrew Wathan, CPFA

Head of Regional Internal Audit Service  
May 2026

REGIONAL INTERNAL AUDIT SERVICE /  
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL



## Annual Internal Audit Report 2025-26

**Section 1 – Introduction**

- 1.1 In accordance with the Global Internal Audit Standards, this is the Head of Audit's annual internal audit opinion and report based on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This can be used to inform the Vale of Glamorgan Council's Annual Governance Statement.
- 1.2 The 2025/26 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control.
- 1.3 The plan was flexible to respond to changing circumstances and events that may have occurred during the year such as pressures on services, the ability to access staff and evidence or requests to respond to new issues that may have emerged. There were no significant deviations from the original Internal Audit 2025/26 Plan agreed by the Governance and Audit Committee in June 2025.
- 1.4 The Internal Audit Service is delivered through a shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and currently provides internal audit services to Bridgend, Merthyr Tydfil and the Vale Unitary Councils. The arrangement is underpinned by a detailed legal agreement between the Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service). At the five-year anniversary, April 2024, three of the four original partners renewed the partnership agreement.
- 1.5 The service reports to the three Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the three Councils.
- 1.6 During the year auditors have had the flexibility to work from home or the office and have undertaken site visits as appropriate for each audit.

**Section 2 – Summary of Reviews Undertaken 2025/26**

- 2.1 On completion of the audit reviews an audit opinion is formed providing assurance for management and those charged with governance on how well the internal controls and governance arrangements of the system, establishment or area of review are operating.

## Annual Internal Audit Report 2025-26

- 2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Table 1 - Audit Assurance Category Code	
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Table 2 – Audit Opinion Given to Completed Audit Reviews 2025/26**

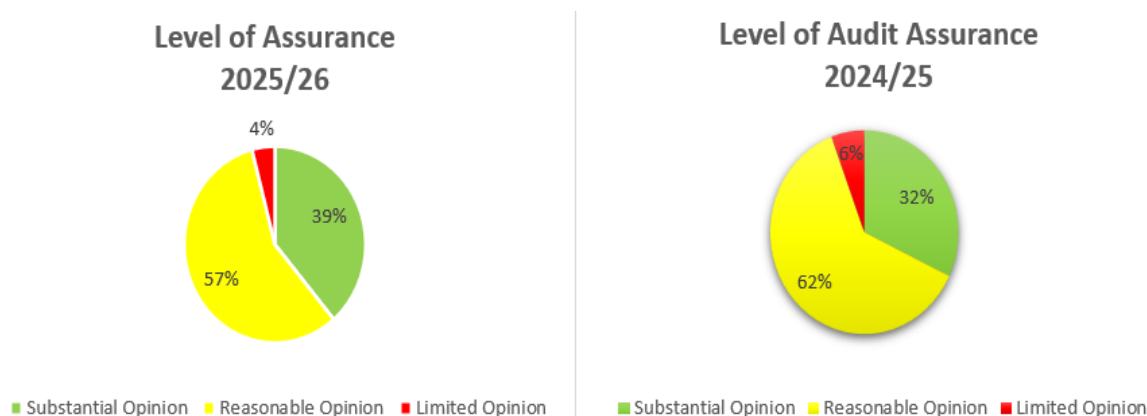
Opinion	Follow Ups	Financial & ICT Systems	Other Audit Reviews	Schools / Education	Grant Verification	Total	%
Substantial	-	4	11	1	3	19	39
Reasonable	3	4	13	7	1	28	57
Limited	-	-	2	-	-	2	4
No Assurance	-	-	-	-	-	0	0
<b>Total</b>	<b>3</b>	<b>8</b>	<b>26</b>	<b>8</b>	<b>4</b>	<b>49</b>	<b>100</b>

- 2.3 Table 2 illustrates that a total of 49 audit reviews have been given an audit opinion and 96% of these audit opinions are *Substantial* or *Reasonable Assurance*, a positive outcome. A list of these audits is at **Annex 1**. A comparison of opinions issued in the previous year is shown at Table 3 below:

## Annual Internal Audit Report 2025-26

**Table 3: Comparison of Audit Opinions**

Opinion	2023/24		2024/25		2025/26	
	Total	%	Total	%	Total	%
Substantial	11	19.5%	17	32%	19	39%
Reasonable	35	62.5%	33	62%	28	57%
Limited	10	18.0%	3	6%	2	4%
No Assurance	0	0	0	0	0	0
<b>Total</b>	<b>56</b>	<b>100%</b>	<b>53</b>	<b>100%</b>	<b>49</b>	<b>100%</b>

**Figure 1 – Level of Audit Assurance 2025/26 & 2024/25**

- 2.4 A summary of the key control issues identified within the 2 *Limited Assurance* opinion audits are in Section 3 of the report.
- 2.5 The final position against the 2025/26 approved audit plan is attached at **Annex 2**. This details the status of each planned review, the audit opinion and the number of any high, medium or low recommendations made to improve the control environment. It should be noted that 17 audit reviews listed have no audit opinion. The majority of these are routine internal audit work, for example advice and guidance, external audit liaison, fraud and irregularity work, audit planning and recommendation monitoring; it also includes time spent collating information for the Annual Governance Statement. This work is planned but the nature of the audit work carried out in respect of these items does not lead to testing and the formation of an audit opinion.
- 2.6 **Annex 2** illustrates the status of the 77 audit assignments included in the audit plan, 60 of which were opinion related. A summary of the status of the planned audits is illustrated in Table 4 below.

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**Table 4 – Status of Planned Audits 2025/26**

Status of Audits Assignments	Number	Percentage (%)
Complete with audit opinion	48	80%
Draft with audit opinion	1	2%
Audit in progress and carried forward	6	-
Audit not started; considered for 2025/26 Plan	5	-
<b>Sub Total</b>	<b>60</b>	<b>82%</b>
Complete with no audit opinion	17	-
<b>Total</b>	<b>77</b>	<b>86%</b>

- 2.7 There were 6 audits that were ongoing at year end so were carried forward. A further 5 were not started and will be considered for inclusion in the 2026/27 audit plan.
- 2.8 It is therefore considered that the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an annual overall opinion.

### Section 3 – Limited Assurance Opinion Reports - Control Issues

- 3.1 Table 2 illustrates that 2 audit reviews identified control issues which meant that only *Limited Assurance* could be provided. These key issues are detailed below:

#### 3.2 Vehicle Fuel Management

The identified key issues, which need to be addressed, are:

- 83% of active Triscan fuel pump users did not have a signed declaration on file confirming their understanding of the fuel access restrictions.
- Many users did not refuel in 2024/25, suggesting they may no longer require access, and some active vehicle keys are assigned to vehicles no longer in the fleet.
- There was no evidence of any reconciliation between manual master key log records and Triscan data, resulting in undetected discrepancies.
- Detailed manual fuel records were not maintained at Waste Transfer Sites, and there was an absence of regular supervisory review and sign-off
- The new supplier for liquid fuel was not being used at Waste Transfer Sites.
- Data Integrity Statistics reports available on Triscan, which flag anomalies like suspicious odometer entries and unusual fuel usage, were not being used by Management.

## Annual Internal Audit Report 2025-26

## 3.3 Corporate Building Compliance

The following key issues were identified during the audit which need to be addressed:

- No formal escalation process is in place to escalate and report on lapsed compliance certification in respect of non-school sites.
- No central process in place to review, monitor and report on the statutory inspection reports received from the Council's insurance provider in respect of the Council's plant, machinery & equipment.
- No central process in place to record, monitor and report on compliance aspects which require significant remedial work identified within service & inspection certificates.

3.4 Follow up audits are undertaken to provide assurance that improvements have been made following a previous *Limited Assurance* audit opinion report. There were 3 follow up audits completed in 2025/26. Improvements were identified and the audit opinions were all *Reasonable Assurance*. These were:

- Tender Evaluation & Award - Project & Planned Team Building Services
- Office Equipment Inventory
- Officer Code of Conduct

## Section 4 – Recommendations 2025/26

4.1 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk. Recommendations are included in a management action plan and following each audit report auditees are asked to complete the action plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions, these ratings being High, Medium and Low.

Recommendation Categorisation	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.

## Annual Internal Audit Report 2025-26

<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.
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- 4.2 Management are asked to provide feedback on the status of each recommendation once the target date for implementation has expired. The implementation of these recommendations is monitored via internal audit software to ensure improvements are being made and the monitoring is regularly reported to Senior Officers via Senior Leadership Team and to Governance and Audit Committee.

**Table 5 – Analysis of Recommendations Made During 2025/26**

Rec. Category	Follow Ups	Financial & ICT Systems	Other Audit Reviews	Schools	Grant Verification	Total	%
High	1	2	3	1	0	7	3%
Medium	8	7	52	47	2	116	44%
Low	10	19	76	32	3	140	53%
<b>Total</b>	<b>19</b>	<b>28</b>	<b>131</b>	<b>80</b>	<b>5</b>	<b>263</b>	<b>100%</b>

- 4.3 Table 5 illustrates that a total of 263 recommendations were made to improve the control environment of the areas reviewed during 2025/26. Management has given written assurance that these will be implemented or have accepted the identified risk if the recommendation has not been accepted.
- 4.4 **Annex 3** provides a summary of the status of the high and medium priority internal audit recommendations made. This includes recommendations made in relation to audits completed in previous years which are yet to be implemented.

## Section 5 – Counter Fraud Work

- 5.1 A separate Annual Corporate Fraud Report will be presented to the Governance and Audit Committee which will outline in more detail the counter fraud work undertaken during 2025/26. However, whilst not part of the RIAS, the Council's Corporate Fraud Officer works closely with the team and significant liaison takes place in relation to policies, corporate fraud matters and related investigations.
- 5.2 Potential Fraud matters can be referred directly to Internal Audit or the Corporate Fraud Officer for review during the year. This work can be generated in several ways, for example by whistleblowing, complaint referrals, by Managers who may have concerns over a certain issue or as a result of an audit review. Two potential fraud or irregularity matters were referred to Internal Audit and the Fraud Officer for review during 2025/26. These are listed in Table 6 below.

## Annual Internal Audit Report 2025-26

**Table 6 - Counter Fraud & Corruption Work**

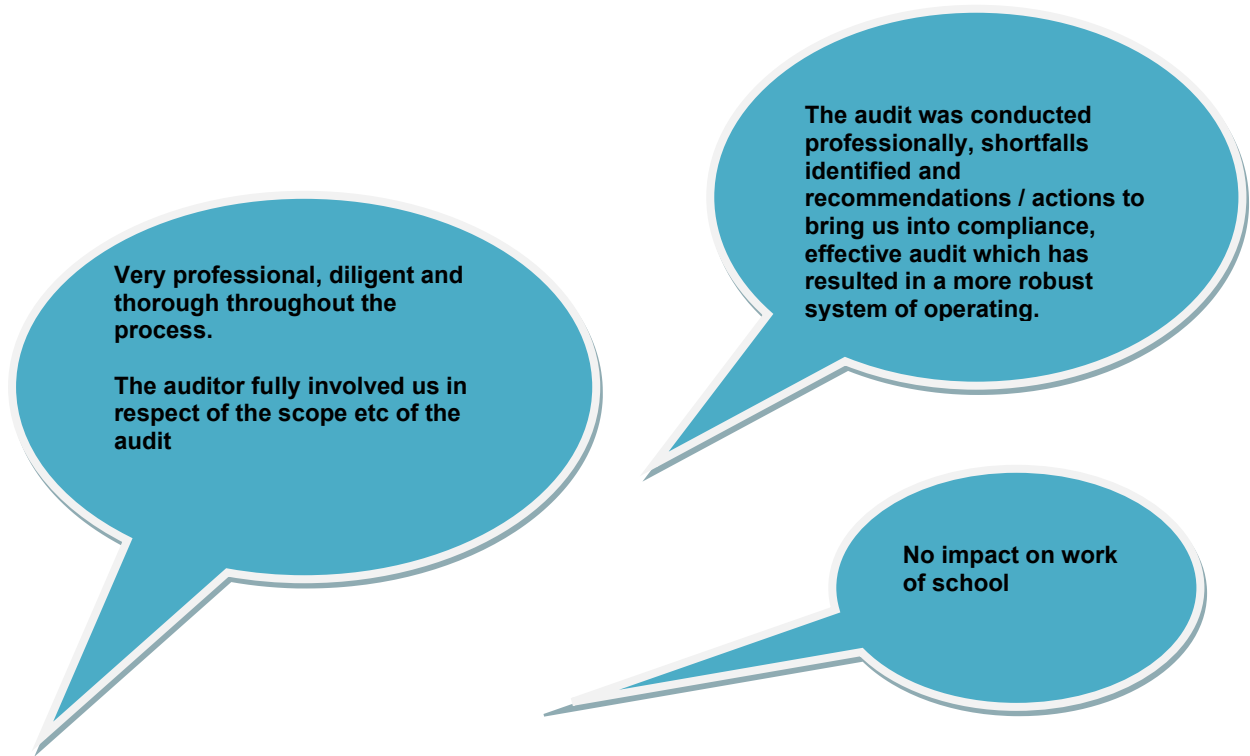
Counter Fraud & Corruption Work	Outcome
Non repayment of employee salary advance	Employee dismissed
Employee failed to make a declaration of Interest	Disciplinary Action

- 5.3 The National Fraud Initiative is also included in the audit plan. Internal Audit facilitates the upload of data and works with the Council's Corporate Fraud Officer to provide advice to officers reviewing the data matches. A biennial exercise commenced when data was extracted from the various Council systems and submitted for matching in October 2024. The matches were returned in January 2025, and work is ongoing to review the data matches to identify if there any fraud or error has occurred.

### Section 6 – Key Performance Measures – Client Satisfaction Questionnaires

- 6.1 The Internal Audit Service uses the Internal Audit software to enable clients to feedback with comments on the work undertaken by internal auditors. The client satisfaction questionnaires provide managers with the opportunity to feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general. The questions are contained in **Annex 4**.
- 6.2 58 questionnaires were issued during 2025/26 with 41 being returned, a return rate of 71%, an improvement on the previous year's return rate of 50%. There are discrepancies between the number of audit opinions and questionnaires issued due to timing as questionnaires are only sent after an audit is finalised.
- 6.3 The returned surveys confirm satisfaction with the audit approach, the service provided and the conduct of the Auditors. It is pleasing that the average rate of satisfaction was 95% (96% in 2024/25).
- 6.4 An analysis of the question *"how would you rate the usefulness of the audit"* was undertaken as it is felt that this response rate provided a useful insight. The rate of satisfaction to this question was 88%.
- 6.5 The client also has an opportunity to make comments within the Client Satisfaction Questionnaire. Set out below are examples of comments received during the period. Most of the feedback received was positive although all comments received are considered.

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### Section 7 – Key Performance Measures – Staff Training

- 7.1 Investment in the development of staff continues as it is recognised that with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated, and versatile audit staff has never been higher.
- 7.2 In terms of professional training, our two Graduate Auditors have each successfully completed 3 of the 4 stages of the Chartered Institute of Public Finance and Accountancy (CIPFA) exams. The final stage will be completed within the next year and will result in them becoming fully qualified CIPFA Accountants. Another four members of staff are working towards the Chartered Institute of Internal Auditors, Certified Internal Auditor qualification.
- 7.3 Staff are encouraged to complete on-line courses to develop their skills and networking opportunities. Listed below illustrate the range of training courses that staff have completed during 2025/26:
- Senior Auditor Skills
  - Fraud Awareness
  - Data Protection
  - Project Management
  - Safeguarding – Children and Adults

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- How to Use Data
- AI and Co-Pilot skills
- Ethics
- Challenging Conversations
- Delivering Effective Feedback
- Welsh Language
- Writing Smarter

7.4 In addition, those staff who hold professional qualification continue to meet their continuing professional development (CPD) requirements.

### Section 8 – Key Performance Measures – Benchmarking

- 8.1 The Regional Internal Audit Service (RIAS) is a member of the Welsh Chief Auditors Group (WCAG) and its benchmarking exercise. When the figures become available, they will be shared with the Governance and Audit Committee.
- 8.2 The key indicator is the level of assurance the team can provide on the adequacy of the control environment, governance arrangements and risk management process in place across all service areas of the Council.
- 8.2 The RIAS set quarterly targets to monitor the delivery of the approved audit plan to assist in ensuring sufficient audit coverage has been given to the Council to provide an overall opinion at the end of 2025/26. The year-end target set was 80% and Table 4 above illustrates that 86% of the audit plan was completed. A total of 77 assignments were planned during the year of which 66 were completed. Of these, 49 audits were completed with an audit opinion. The nature of the remaining 17 audits did not lead to testing and the formation of an audit opinion, although in some instances recommendations were made.

### Section 9 - Global Internal Audit Standards

- 9.1 From 1 April 2025 internal audit teams in the public sector in the UK have been working to new internal audit standards. These are a combination of the Global Internal Audit Standards (GIAS) and CIPFA's Application Note, Global Internal Audit Standards in the UK Public Sector.
- 9.2 The Global Internal Audit Standards have replaced the Public Sector Internal Audit Standards, and Internal Audit documentation such as the Internal Audit Charter and the RIAS Audit Manual, have been updated to reference this.

## Annual Internal Audit Report 2025-26

- 9.3 There were some additional requirements and changes, the key ones were:
- a 'mandate' for internal audit; in local government, internal audit's primary mandate comes from statutory regulations
  - an internal audit strategy
  - professional courage and professional scepticism
  - Internal Audit plans support the achievement of organisation's objectives
- 9.4 The Standards have 5 Domains, 15 Principles and 52 Standards:  
The five domains are:
- Purpose
  - Ethics and Professionalism
  - Governing
  - Managing
- 9.5 The GIAS requires an external assessment to be conducted every five years by a qualified, independent assessor or assessment team external to the organisation. The external quality assessment can also be carried out via an independently validated self-assessment. Members of the Welsh Chief Internal Audit Group elected to adopt the self-assessment approach. The external assessment for the RIAS is scheduled for 2027.
- 9.6 In addition, an annual internal self-assessment to determine compliance with GIAS is conducted by an Auditor within the team and any non-conformance is reported to the relevant Governance and Audit Committees. This work resulted in a *Substantial Assurance* opinion with 2 low priority recommendations being made and agreed to make further improvement; the Internal Audit Charter was updated to reflect this. Therefore, the RIAS fully conforms with the Global Internal Audit Standards.

## Section 10 – Regional Internal Audit Service Progress

- 10.1 The expanded shared service came into existence on 1<sup>st</sup> April 2019, it is hosted by the Vale of Glamorgan Council and provides internal audit services to Bridgend, Merthyr Tydfil and the Vale Councils. A 3 Partner Model has successfully been in operation since April 2024.
- 10.2 The vision for the service is to be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing and to be a service that is regarded as:
- ✓ Professional
  - ✓ Approachable
  - ✓ Flexible
  - ✓ Independent but internal to the organisation – a critical friend

## Annual Internal Audit Report 2025-26

- 10.3 During 2025/26, the service was supported by an agency auditor for a few months and the Graduate Auditors are being supported to become professionally qualified which will assist in succession planning.
- 10.4 Audit work has been conducted using various digital solutions and audit staff and auditees all have adjusted well to this way of working. The audit service continues to be delivered remotely with an element of office based and face to face working as required.
- 10.5 The audit software solution continues to be used. Ongoing development will continue to ensure maximum use of the improved functionality and reporting tools.
- 10.6 The RIAS undertook some internal audit work for the Welsh Local Government Association (WLGA) during 2025/26, and this agreement will continue for 2026/27.
- 10.7 The longer-term success of the Regional Internal Audit Service includes plans to develop a commercial approach and analysing the potential public sector market. Limited progress has been made on this aspect as the foundations referred to above need to be embedded before progressing this.

## Annual Internal Audit Report 2025/26

**Section 11 - Opinion Statement 2025/26**

This statement of opinion is underpinned by:

**Internal Control Framework**

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. Creditors, Council Tax and BACS) or generally in the reviews undertaken in respect of directorate systems and processes.

In providing my annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2025/26 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at my opinion, the following matters have been taken into account:

- The results of all internal audits undertaken during the year ended 31<sup>st</sup> March 2026
- The results of follow-up reviews of action taken to address audit recommendations;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives and activities.
- Other sources of assurance

## Annual Internal Audit Report 2025/26

**Risk Management**

Effective Risk Management forms a key aspect of assurance and governance. The Corporate Risk Management Policy is aligned with Directorate Plans and the Council's performance management framework.

Key risks are distilled in the Corporate Risk Assessment which is regularly reviewed and challenged by senior management. Detailed reports are also provided quarterly to the Governance & Audit Committee. A Corporate Risk Management audit was undertaken during 2025/26 and a *Substantial Assurance* opinion provided. Risk management is also considered as part of every audit.

It is not possible to eliminate all risk of failure to meet the targets in the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of **Substantial Assurance** is given.

**Governance Arrangements**

Good Governance will facilitate effective management that can deliver long term success and performance of an organisation.

Governance arrangements are considered as part of every audit where applicable.

The Council has responsibility for conducting on an annual basis the review of the effectiveness of its governance framework. The assessment process and the results of the assessment are published within the Annual Governance Statement. This work is co-ordinated by the Regional Internal Audit Service.

No other significant issues were identified from a governance perspective therefore an opinion of **Reasonable Assurance** is given.

**Internal Control**

I have based my opinion on internal control using the work undertaken by internal audit during the year.

A total of 49 reviews culminating in an overall opinion have been completed, (96%) of which have been closed with either a *Substantial* or *Reasonable Assurance* opinion level (Section 2). 2 audit reviews (4%) were given a *Limited Assurance* opinion which identified significant weaknesses in the overall control environment, and these have been summarised in Section 3 above.

Therefore, an opinion of **Reasonable Assurance** can be given on internal control.

## Annual Internal Audit Report 2025/26

**Head of Internal Audit Opinion Statement 2025/26**

From the work undertaken during the financial year 2025/26 and taking into account other sources of assurance, such as Head Teacher and Chair of Governor Assurance Statements, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025/26 is:

**“Reasonable Assurance”**

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

Many Council staff are continuing to work remotely, and systems & processes have had to be adjusted to cater for these ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

Andrew Wathan CPFA  
Head of Regional Internal Audit Service  
May 2026

**Audits Completed with an Audit Opinion 2025/26**

Audit	Audit Opinion/Assurance			Recommendations		
	Substantial	Reasonable	Limited	High	Medium	Low
Tender Evaluation & Award - Project & Planned Team Building Services Follow Up		√		1	1	6
Office Equipment Inventory Follow Up		√		0	2	3
Officer Code of Conduct Follow Up		√		0	5	1
Corporate Safeguarding		√		0	2	2
Corporate Risk Management	√			0	0	1
Performance Framework	√			0	0	0
Illegal Money Lending Grant	√			0	0	0
Bus Service Support Grant 2024-25		√		0	1	2
Enable 2024-25	√			0	1	0
Housing Support Grant 2024-25	√			0	0	1
Council Vehicles / Fleet Management		√		0	4	7
Local Authority Trading Company		√		0	3	5
Capital Expenditure - NEC system		√		0	2	3
Creditors		√		0	2	5
Council Tax Premium Charges		√		2	2	0
Bankers Automated Clearing System (BACS)	√			0	0	3
Financial Management Code	√			0	0	1
Identity and Access Corporate Network		√		0	1	2
Electoral Management ICT System	√			0	0	2
EasyConf Connect System	√			0	0	1
Oracle Fusion System	√			0	0	3
Hybrid Council Meetings	√			0	0	3
Elections		√		0	1	1
Safer Recruitment		√		1	1	2
Communications & Social Networking		√		0	5	5
SRS Joint Service - Governance & Financial Controls		√		0	2	5
Vehicle Fuel Management			√	0	10	8
Stores Management		√		0	5	3
Highways Potholes		√		0	4	0
Sheltered Housing	√			0	0	2
Corporate Building Compliance			√	2	2	3
Community Safety		√		0	1	3
Llangan Primary	√			0	3	7
Cowbridge Comprehensive		√		1	7	5
St Richard Gwyn Comprehensive		√		0	6	8
Gwenfo Primary School		√		0	9	3
Pencoedtre High School		√		0	7	4
School Governance & Budget Monitoring		√		0	11	0
School CRSA & Annual Report		√		0	0	2
Additional Learning Needs - Out of County Placements		√		0	4	3
Building Control	√			0	1	4
Shared Prosperity Fund	√			0	0	2
Plan for Neighbourhoods - Pride in Place	√			0	1	1
Regional Adoption Service	√			0	0	5
Foster Carer Payments		√		0	6	1
Complaints and Compliments		√		0	4	4
Domiciliary Care	√			0	0	2
Effectiveness of the Governance & Audit Committee		√		0	0	4
Compliance with GIAS - Self Assessment	√			0	0	2
<b>Totals</b>	<b>19</b>	<b>28</b>	<b>2</b>	<b>7</b>	<b>116</b>	<b>140</b>

## Vale of Glamorgan Council - Progress Against the Internal Audit Plan 2025-26

Ref	Directorate	Area	Audit Objective	Status	Report Date	Audit Opinion/Assurance			Recommendations		
						Substantial	Reasonable	Limited	High	Medium	Low
	Cross Cutting	Follow up Limited Assurance Reports	To provide assurance that service areas where limited assurance opinions were provided are followed up in a timely manner								
1			Tender Evaluation & Award - Project & Planned Team Building Services	final issued	22-10-25		√		1	1	6
2			Office Equipment Inventory	final issued	28-04-26		√		0	2	3
3			Officer Code of Conduct	final issued	18-05-26		√		0	5	1
4	Cross Cutting	Corporate Safeguarding	This review will include follow up on the previous limited report on governance and training.	final issued	06-08-25		√		0	2	2
5	Cross Cutting	Corporate Risk Management	A review of a sample of corporate risks to identify if they are being appropriately managed and progress is being reported accurately.	final issued	30-03-26	√			0	0	1
6	Cross Cutting	Performance Framework	To provide assurance that the new performance framework via the corporate plan (Vale 2030) and directorate plans, is compliant to legislative requirements, is adequately and regularly challenged and regularly reported and is being incorporated throughout all service areas.	final issued	15-04-26	√			0	0	0
	Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.								
7			Illegal Money Lending Grant	final issued	02-06-25	√			0	0	0
8			Bus Service Support Grant 2024-25	final issued	30-07-25		√		0	1	2
9			Enable 2024-25	final issued	20-10-25	√			0	1	0
10			Housing Support Grant 2024-25	final issued	26-09-25	√			0	0	1
11	Cross Cutting	Council Vehicles / Fleet Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of fleet management	final issued	05-12-25		√		0	4	7
12	Corporate Resources	Local Authority Trading Company	To provide assurances on the governance and operation of the Catering Company.	final issued	24-03-26		√		0	3	5
	Corporate Resources	Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year will differ.								
13			Capital Expenditure - NEC system	final issued	23-05-25		√		0	2	3
14			Creditors	final issued	19-06-25		√		0	2	5
15			Council Tax Premium Charges	final issued	15-09-25		√		2	2	0
16			CTRS & Discretionary Benefit Payments	on-going C/F							
17			BACS	final issued	10-04-26	√			0	0	3
18			Corporate Resources	Financial Management Code	To provide assurance that the information presented is accurate	final issued	27-06-25	√			0
	Corporate Resources	ICT Audits	ICT systems reviews will be undertaken across Directorates ICT systems to ensure robust controls are evident and operating effectively.								
19			Identity and Access Corporate Network	final issued	24-10-25		√		0	1	2
20			Electoral Management ICT System	final issued	21-01-26	√			0	0	2
21			EasyConf Connect System	final issued	10-02-26	√			0	0	1
22			Microsoft 365	on-going C/F							
23	Corporate Resources	Oracle Fusion System	To provide assurance on the security of information and continuity of services for the Council's use of Oracle Fusion, for both corporate device and mobile access.	final issued	17-10-25	√			0	0	3
24	Corporate Resources	Hybrid Council Meetings	To provide assurance that hybrid Council meetings are compliant, effective and efficient including stability of the solution	final issued	13-01-26	√			0	0	3
25	Corporate Resources	Scrutiny Arrangements	To provide assurance that the new arrangements are efficient and effective	to be considered 2026/27							
26	Corporate Resources	Elections	To provide assurance that controls surrounding the elections is robust and the costs incurred are accurately supported with source documents and the overall governance is sound.	final issued	27-10-25		√		0	1	1
27	Corporate Resources	Safer Recruitment	To provide assurances that safer recruitment is operating effectively across the council by ensuring that policies and procedures are in place and that, DBS, reference checks or risk assessments are in place prior to employment commencement.	final issued	21-08-25		√		1	1	2
28	Corporate Resources	Communications & Social Networking	To review Council social media accounts to ensure compliance with any relevant legislation and internal policies	final issued	09-09-25		√		0	5	5
29	Environment & Housing	SRS Joint Service - Governance & Financial Controls	To provide assurance to the Shared Regulatory Service Board on the systems and processes in place in respect of the overall control environment including governance, risk management and internal control for the 2024-25 Financial Year.	final issued	11-08-25		√		0	2	5
30	Environment & Housing	Vehicle Fuel Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Vehicles Fuel System.	final issued	18-08-25			√	0	10	8
31	Environment & Housing	Security of Assets & Stock in Alps Depot	To review the security arrangements in place to provide assurance they are effective.	to be considered 2026/27							
32	Environment & Housing	Stores Management	To review the systems in operation regarding the control and recording of the Stores facility and to review the methodology employed to ensure the accuracy of the annual stock returns.	final issued	15-05-26		√		0	5	3
33	Environment & Housing	Responsive Repairs	To examine the procedures and processes in place for Building Services Responsive Repairs including monitoring of performance targets to ensure compliance and to provide assurance that the control environment is robust and efficient.	on-going C/F							



Ref	Directorate	Area	Audit Objective	Status	Report Date	Audit Opinion/Assurance			Recommendations		
						Substantial	Reasonable	Limited	High	Medium	Low
67	Internal Audit	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples								
68	Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the GIAS								
69	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.								
70	Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit's Annual Opinion Report 2024/25 and start preparation for 2025/26 report.								
71	Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan								
72	Internal Audit	Audit Charter / Manual	To review and update the documents as required								
73	Internal Audit	Closure of reports - 2024/25	To finalise all draft reports outstanding at the end of 2024-25.								
74	Internal Audit	Emerging Risks / unplanned	To enable Audit Services to flexibly respond to provide assurance activity as required.								
75	Cross Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.								
76	Cross Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.								
77	Cross Cutting	Fraud / Error / Irregularity	Anti-Fraud & Corruption – Proactive - Proactive counter-fraud work that includes targeted testing of processes with inherent risk of fraud.								
			<b>OVERALL TOTALS</b>			<b>19</b>	<b>28</b>	<b>2</b>	<b>7</b>	<b>116</b>	<b>140</b>

## Vale of Glamorgan Council - Recommendation Monitoring

Audit Name	Audit Opinion	Final Report Date	Number Made			Not Agreed	Implemented			Overdue			Future Target Date		
			High	Medium	Total		High	Medium	Total	High	Medium	Total	High	Medium	Total
<b>2023-24</b>	<b>Total Recs Made</b>		<b>26</b>	<b>137</b>	<b>163</b>	<b>0</b>	<b>25</b>	<b>136</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>
PCI-DSS Follow Up	LIMITED	21-09-23	0	3	3	0	0	2	2	0	0	0	0	1	1
Ysgol Y Deri & St Cyres Building Compliance Follow Up	REASONABLE	23-04-24	1	1	2	0	0	1	1	0	0	0	1	0	1
<b>Total</b>			<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>2024-25</b>	<b>Total Recs Made</b>		<b>11</b>	<b>106</b>	<b>117</b>	<b>0</b>	<b>11</b>	<b>99</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>7</b>
Cyber Security in Schools	REASONABLE	09-01-25	0	3	3	0	0	1	1	0	0	0	0	2	2
ICT Business Continuity Follow Up	LIMITED	20-01-25	3	2	5	0	3	1	4	0	0	0	0	1	1
Tascomi (SRS IT System)	SUBSTANTIAL	03-03-25	0	1	1	0	0	0	0	0	0	0	0	1	1
Civil Enforcement Follow-up	REASONABLE	14-04-25	0	2	2	0	0	0	0	0	0	0	0	2	2
Business Rates	REASONABLE	12-05-25	0	7	7	0	0	6	6	0	0	0	0	1	1
<b>Total</b>			<b>3</b>	<b>15</b>	<b>18</b>	<b>0</b>	<b>3</b>	<b>8</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>7</b>
<b>2025-26</b>															
Capital Expenditure - NEC System	REASONABLE	23-05-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Creditors	REASONABLE	19-06-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Llangan Primary	SUBSTANTIAL	21-07-25	0	3	3	0	0	3	3	0	0	0	0	0	0
Bus Service Support Grant (BSSG) 2024/25	REASONABLE	30-07-25	0	1	1	0	0	1	1	0	0	0	0	0	0
Safeguarding - Governance & Training Follow Up	REASONABLE	06-08-25	0	2	2	0	0	2	2	0	0	0	0	0	0
SRS Joint Service - Governance & Financial Controls	REASONABLE	11-08-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Vehicle Fuel Management	LIMITED	18-08-25	0	10	10	0	0	10	10	0	0	0	0	0	0
Safer Recruitment	REASONABLE	21-08-25	1	1	2	0	1	0	1	0	0	0	0	1	1
Communications & Social Networking	REASONABLE	09-09-25	0	5	5	0	0	5	5	0	0	0	0	0	0
Council Tax	REASONABLE	15-09-25	2	2	4	0	2	2	4	0	0	0	0	0	0
Cowbridge School	REASONABLE	17-09-25	1	7	8	0	1	6	7	0	0	0	0	1	1
Foster Carer Payments	REASONABLE	06-10-25	0	6	6	0	0	6	6	0	0	0	0	0	0
Enable Grant Certification 2024/25	SUBSTANTIAL	20-10-25	0	1	1	0	0	1	1	0	0	0	0	0	0
Tender Evaluation & Award Follow Up (Project & Planned Team)	REASONABLE	22-10-25	1	1	2	0	0	1	1	0	0	0	1	0	1
Identity & Access - Corporate Network	REASONABLE	24-10-25	0	1	1	0	0	1	1	0	0	0	0	0	0
Elections	REASONABLE	27-10-25	0	1	1	0	0	1	1	0	0	0	0	0	0
Building Control	SUBSTANTIAL	07-11-25	0	1	1	0	0	0	0	0	0	0	0	1	1
Fleet Management	REASONABLE	05-12-25	0	4	4	0	0	3	3	0	0	0	0	1	1
Gwenfo Primary School	REASONABLE	15-01-26	0	9	9	0	0	6	6	0	0	0	0	3	3
St Richard Gwyn Comprehensive	REASONABLE	20-01-26	0	6	6	0	0	5	5	0	0	0	0	1	1
Corporate Building Compliance	LIMITED	06-02-26	2	2	4	0	0	1	1	0	0	0	2	1	3
Highways Potholes	REASONABLE	10-02-26	0	4	4	0	0	0	0	0	0	0	0	4	4
Complaints & Compliments (Social Services)	REASONABLE	12-02-26	0	4	4	0	0	1	1	0	0	0	0	3	3
Community Safety	REASONABLE	24-02-26	0	1	1	0	0	0	0	0	0	0	0	1	1
School Governance & Budget Monitoring	REASONABLE	06-03-26	0	11	11	0	0	6	6	0	0	0	0	5	5
Pencoedre High School	REASONABLE	09-03-26	0	7	7	0	0	5	5	0	0	0	0	2	2
Local Authority Trading Company (LATC) Governance & Performance	REASONABLE	24-03-26	0	3	3	0	0	0	0	0	0	0	0	3	3
Plan for Neighbourhoods / Pride in Place	SUBSTANTIAL	24-03-26	0	1	1	0	0	1	1	0	0	0	0	0	0
Out of County Placements (ALN)	REASONABLE	07-04-26	0	4	4	0	0	1	1	0	0	0	0	3	3
Office Equipment Inventory Follow-up	LIMITED	28-04-26	0	2	2	0	0	0	0	0	0	0	0	2	2
Stores Management	REASONABLE	18-05-26	0	5	5	0	0	0	0	0	0	0	0	5	5
Officer Code of Conduct	REASONABLE	18-05-26	0	5	5	0	0	0	0	0	0	0	0	5	5
<b>Total</b>			<b>7</b>	<b>116</b>	<b>123</b>	<b>0</b>	<b>4</b>	<b>74</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>42</b>	<b>45</b>

## **RIASS CLIENT QUESTIONNAIRE**

### **AUDIT PLANNING**

1. Were you satisfied with the notice given prior to the commencement of the Audit?

- SATISFIED
- ADEQUATE
- UNSATISFIED

Click or tap here to enter text.

2. Were you adequately consulted with in respect of the nature, scope and objectives of the Audit?

- SATISFIED
- ADEQUATE
- UNSATISFIED

Click or tap here to enter text.

### **AUDIT FIELDWORK**

3. Was the audit fieldwork undertaken in a timely manner, with minimum disruption to service delivery?

- Yes
- No
- Partially

Click or tap here to enter text.

4. Was a summary of the audit findings adequately explained to you following completion of the audit fieldwork and prior to the issue of the draft report?

- Yes
- No
- Partially

Click or tap here to enter text.

## AUDIT REPORT

5. Did you find the recommendations within the report fair and accurate

- Yes
- No
- Partially

Click or tap here to enter text.

6. Were you adequately consulted and given sufficient opportunity to comment on the Draft Report?

- Yes
- No
- Partially

Click or tap here to enter text.

7. Do you feel the recommendations within your report will be of value to you as a Manager?

- Yes
- No
- Partially

Click or tap here to enter text.

8. Were you happy that the format of the Report was clear, concise and easy to read?

- Yes
- No
- Partially

Click or tap here to enter text.

9. How do you rate the timeliness of the issue of the Final Report?

- SATISFIED
- ADEQUATE
- UNSATISFIED

Click or tap here to enter text.

## CONDUCT OF THE AUDITOR(S)

10. Were the auditor(s) generally helpful throughout the audit and offer appropriate assistance and/or advice (if applicable)?

- Yes
- No
- Partially

Click or tap here to enter text.

11. How do you assess the Auditor(s) in terms of professionalism, helpfulness and politeness?

- Very Good
- Good
- Average
- Poor
- Very Poor

Click or tap here to enter text.

## OVERALL

12. How would you rate the usefulness of the audit?

- Very Good
- Good
- Average
- Poor
- Very Poor

Click or tap here to enter text.