



Resources Directorate Internal Audit Section



Internal Audit Progress Report (as at 31 December 2025)

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Internal Audit Progress Report

1. Introduction

1.1 Background

This Internal Audit Progress Report summarises performance against the Audit Plan, including work completed, key findings, recommendations, emerging trends, and value-for-money observations. It covers the period 1 October to 31 December 2025 and follows the update provided at the Committee meeting on 25 November.

The Audit Plan provides the framework for annual audit work, aligned to the Council's governance arrangements which is responsive to changing risks throughout the year

1.2 Independence and objectivity

The Internal Audit section reports to the Audit Manager. Organisational independence is maintained, as the Audit Manager has not been responsible for managing any functions beyond the Internal Audit and Investigation teams. The Audit Manager reports administratively to the Chief Finance and Deputy S151 Officer and functionally to the Governance and Audit Committee. There have been no impairments to independence or objectivity.

All auditors have completed annual declarations of interest, and there are measures in place to manage any potential conflicts. They have also signed acknowledgements covering ethics, professionalism, and information use, in line with Audit Standards.

1.3 Non-Audit Responsibilities

In 25 March 2025, [Committee](#) considered, and had no objections in principle, to the Audit Manager being appointed as a replacement Director for an outgoing Council officer of [Cardiff Heat Network](#). Cardiff Heat Network is an arms-length wholly owned Council Special Purpose Vehicle. The Chief Executive approves any Board Member changes, and the appointment of the Audit Manager as a Director will be formalised in the coming weeks.

The Internal Audit Charter advises that: "In any case where the Audit Manager has, or is expected to have, roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to maintain independence and objectivity."

The safeguards agreed with the Committee in principle in March 2025 would apply, to manage any perceived risk of independence and objectivity. These are that the Audit Manager would not be involved in any audit work relating to:

- I. The Cardiff Heat Network, and
- II. Prosiect Gwyrdd – as Viridor will have a charge mechanism with Prosiect Gwyrdd to allow the trident park energy from waste to operate in heat extraction mode

In accordance with the Audit Charter, an independent manager with the required qualifications and skills of a Chief Audit Executive, as per the Audit Standards, would be responsible for overseeing any such audits, with no involvement of the Audit Manager.

1.4 Conformance with Audit Standards

The Internal Audit Service operated under the [Public Sector Internal Audit Standards](#) (PSIAS) until 31 March 2025 and under the Global Internal Audit Standards (GIAS) for the UK Public Sector from 1 April 2025.

The GIAS in the UK Public Sector are represented by the Global Internal Audit Standards ([GIAS](#)), subject to the Interpretations of the Application Note for the UK Public Sector ([Application Note](#)), and the CIPFA Code of Practice for the Governance of Internal Audit in the UK Local Government ([Code](#)).

A Quality Assurance and Improvement Programme (QAIP) supports professional standards and service quality. The QAIP includes ongoing monitoring, periodic reviews, and an external assessment every five years, as required by the Standards

The focus of the Audit Management Team is on embedding the new regime, which is supported by the development of new audit methodologies to guide staff, a training and development programme and the updates to the Audit Strategy and Charter considered by Committee in its March meeting.

The latest 5-yearly external assessment with the PSIAS was completed and reported to the Governance and Audit Committee in March 2023, led by the Chief Auditor in Monmouthshire / Newport Councils, who was allocated to undertake the peer assessment of Cardiff Council's Internal Audit service. The assessment reported no partial or non-conformance. The next

external assessment will be due by March 2028 and will assess conformance with the GIAS in the UK Public Sector.

1.5 Continuing Professional Development

A strong baseline of knowledge and skills was recognised across the Audit Team through the Audit Manager's annual review, informed by personal reviews and skills assessments

Audit staff have formalised objectives for 2025/26 in line with corporate timescales. A Training Plan is in place for all auditors, with additional needs identified through personal reviews, supervision, post-audit assessments, and documented learning points. Additionally, funding has been agreed for one Auditor to commence the Certified Internal Auditor (CIA) qualification with the Institute of Internal Auditors this autumn.

2. Summary of Work Performed

The following audit summary covers the work programme for 2025/26, and the associated activities, resources, findings, and measures of performance in quarter three 2025/26.

2.1 Current Activities

Any audits that were targeted to conclude in 2024/25, but were ongoing at the year end, have been completed.

The Internal Audit Team has been progressing the 2025/26 Plan and has provided management advice and guidance on control design and assurance where there has been an identified need and in cases of process change.

As at 31 December 2025, 38 new audits have been completed to at least draft stage, and 31 prior-year audits have been finalised. A summary of audit outputs and opinions is shown below.

Figure 1. Audit outputs and opinions (at 31 December 2025)

Status	Number of completed audits	Opinion				
		Effective	Effective with opportunity for improvement	Insufficient with major improvement needed	Unsatisfactory	No opinion given
Draft	21	1	16	4	0	0
Final	48	4	30	3	2	9
TOTAL	69	5	46	7	2	9
	38	New Audit Engagements completed				
	31	Finalised Audit Engagements from 2024/25				

Over the reporting period, 1 report has been finalised with an opinion of ‘unsatisfactory’, and 4 draft reports have been issued with opinions of ‘insufficient with major improvement needed’. Information on these audits is provided within Section 2.4 – Critical Findings or Emerging Trends.

Figure 2. 2025/26 Audit outputs and opinions (at 31 December 2025)

No.	Assurance Audit Engagement	Audit Opinion
1.	Supported Living	Effective
2.	Cardiff International White Water	
3.	Home Care	Effective with Opp’ for improv’t
4.	Statutory Compliance	
5.	Gabalfa Primary School	
6.	Greenhill School	
7.	St. Patrick’s Primary School	
8.	Mental Health Day Services	
9.	Ely and Caerau ICC	
10.	Disabled Facility Services	
11.	Technology Risk Management	
12.	VFM - Invest to Save	
13.	Corporate Complaints Handling	
14.	Safeguarding	
15.	Music Service	
16.	Eastern High	
17.	Bereavement Services	
18.	School Transport	

No.	Assurance Audit Engagement	Audit Opinion
19.	Council Tax	
20.	Pensions and Investments	
21.	School Deficit Budgets / Financial Management	
22.	St Philip Evans Primary	
23.	St Pauls CIW Primary	
24.	Ysgol Melin Gruffydd	
25.	Ysgol Pwll Coch	
26.	Mileage & Subsistence	
27.	Investment Estate	
28.	St Cadoc's Primary	
29.	Ysgol Glan Morfa	
30.	Ysgol Gyfun Gymraeg Bro Edern	Unsatisfactory
31.	PRU - Y Deryn Family of Schools	
Audit Work with 'No Opinion'		
32.	Joint Committees - Prosiect Gwyrdd	Consultancy, certification, advice and guidance
33.	Joint Committees - Port Health Authority	
34.	Joint Committees - Glamorgan Archives	
35.	Small Body Return - Foster Wales and National Adoption Joint Committee	
36.	Innovate Grant	
37.	Purchasing Payments and Processing - CRSA 2025/2026	Control Risk Self-Assessments
38.	Payroll & HR - CRSA 2025/2026	
Concluded Audits from the Prior Year		
39.	Payroll and HR processes 2023/24	Effective
40.	Allocations, Lettings and Voids	
41.	Purchasing, Payments and Processes - in-year testing	
42.	Income Recovery	Effective with opportunity for improvement
43.	Llysfaen Primary School	
44.	Emergency Duty Team	
45.	Residential Care	
46.	Governor Services	
47.	All Saints Primary School	
48.	Cardiff High School	
49.	Ysgol Hamadryad	

No.	Assurance Audit Engagement	Audit Opinion
50.	Rumney Primary School	
51.	St Teilo's C.W. High School	
52.	Radyr Comprehensive School	
53.	Payroll & HR, in-year Testing 2024/25	
54.	Housing Development and Regeneration	
55.	Corpus Christi High School	
56.	Follow-up audit – Falconwood	
57.	Meadowbank School	
58.	Ysgol Plasmawr	
59.	Llanedeyrn Primary School	
60.	Children's Pocket Money and Savings	
61.	Declarations of Interest	
62.	Programmes and Projects	
63.	Coryton Primary School	
64.	Fairwater Primary School	
65.	Below Tender Threshold Procurement Controls	Insufficient, major Improv't needed
66.	Lamby Way stores	
67.	Cardiff Motocross	
68.	Castle Canteen Advisory Review	No Opinion
69.	St. David's Hall Post Closure Review	

The following outputs were not given an assurance opinion, and the reasons are outlined below:

Figure 3. Completed audits without an assurance opinion (at 31 December 2025)

Audit	Comments
Joint Committees - Prosiect Gwyrdd	Work to support completion of Statement of Accounts, 2024/25
Joint Committees - Port Health Authority	
Joint Committees - Glamorgan Archives	
Small Body Return - Foster Wales and National Adoption Joint Committee	Certification
Innovate Grant	
Purchasing Payments and Processing - CRSA 2025/2026	Control Risk Self-Assessments (CRSAs)
Payroll & HR - CRSA 2025/2026	

The report status for the year to date is shown in **Appendix A**.

2.2 Resources

To support compliance and control during the implementation of the corporate ERP system, resources have been assigned from the audit team (0.5 FTE Principal Auditor and 0.5 FTE Senior Auditor) with effect from the financial year-end. To maintain a resilient audit service, recruitment is underway for one additional Senior Auditor (1.0 FTE) and one additional Auditor (0.5 FTE). The summary audit plan presented in agenda item 9.2 has been developed on the assumption that these posts will be in place from April 2026.

There has been one instance of long-term sickness absence during this period. Timesheet analysis recorded 904 chargeable days against a pro-rata target of 1149 days, with the variance primarily attributable to sickness, additional leave and training. Despite this, overall audit output has remained positive (refer to Section 3.2 – Performance).

Time is available for audit development activities, and all auditors are progressing their individual training plans in line with the Continuing Professional Development framework (Section 1.5)

2.3 Annual plan

The Committee approved the Audit Plan 2025/26 in its meeting in March 2025. At this time, it was advised of the position against the Audit Plan 2024/25 including the audit targets for the remainder of the quarter. Details were also provided on how assurance would be achieved for planned audit engagements that would not be completed from the Audit Plan 2024/25.

The 2025/26 Audit Plan (Appendix B) is set annually but remains flexible and is subject to ongoing risk assessment and review to address emerging risks. In-year changes may be introduced where appropriate. In Appendix B, audits being concluded from 2024/25 are shown in grey for tracking purposes and to distinguish them from the audits for 2025/26.

There has been good delivery of the Audit Plan 2025/26, although it remains lower than targeted as at quarter 3 (see Section 3.2 – Performance). There are a number of audits in progress and others targeted, with the intention of delivering the targeted 70% of the Audit Plan.

Audits are allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council's control environment for 2025/26. At the end of the reporting period 7 audit engagements were underway as follows.

Figure 4. Audits underway (at 31 December 2025)

Audits underway at 31 December 2025	
1.	Housing rents (plus CRSA)
2.	Network and Communications Management
3.	Education – SOP
4.	Childcare Placements
5.	Main Accounting
6.	New ERP System – Advisory
7.	RPA Testing Approach Advisory - SAP and AP Process

Given the proportion and breadth of the Audit Plan completed and underway in the year to date there is not considered to be a risk to providing a full audit opinion on the council’s overall control environment this year.

Further to completion of the audits that are underway, an additional 18 audits have been allocated to the team, as follows. It is not intended to commence any further audits from the Audit Plan 2025/26.

Figure 5. Audits Commencing in quarter 4

Audits Commencing in Quarter 4	
1.	Purchasing and Payments in year testing
2.	Materials Recycling Facility
3.	Taxation
4.	Use of Artificial Intelligence (AI)
5.	Framework Agreements
6.	Ardal Procurement Partnership
7.	Glamorgan Archives
8.	Mary Immaculate High School
9.	School Kitchen Controls - Advisory Audit
10.	Allotment Management
11.	Ysgol Groes Wen
12.	Pentrebane Primary School
13.	National Fraud Initiative (NFI) Participation
14.	Cantonian High School
15.	Ysgol Nant Caerau
16.	Ysgol Glan Ceubal
17.	National Adoption Service and Foster Wales - Procurement
18.	Schools VAT Assurance

2.4 Critical findings or emerging trends (Q3 2025/26)

Over the reporting period one unsatisfactory audit report has been finalised, and four draft reports have been issued with assurance opinions of insufficient with major improvement needed. Details are provided in the following paragraphs.

At its November meeting, the Committee was advised that a draft report had been issued providing an unsatisfactory assurance opinion in respect of the Pupil Referral Unit (PRU) – Y Deryn Family of Schools. The audit identified control issues in a number of key areas, including governance, financial administration, budgetary control, procurement, and asset management. Specific issues included incomplete governance frameworks, inadequate oversight, questionable and miscoded expenditure, inconsistent procurement practices, and the absence of an asset register. The Headteacher at Fitzalan High School has been assigned oversight responsibilities as part of a support package for the PRU to address control matters. The audit report has now been finalised, with the engagement of the Director of Education and PRU management, and an executive summary is provided at Appendix C for information.

An audit relating to the Council's Investment Estate provided an opinion of insufficient with major improvement needed. The audit found that governance structures, professional valuation standards, and financial monitoring processes are in place, supported by CIVICA's reporting capabilities and clear policy frameworks that include ESG considerations. However, key risks remain, including outdated governance documents, lack of a dedicated risk register, significant backlog of rent reviews, income reconciliation discrepancies, and gaps in lease documentation. Addressing these issues promptly is essential to safeguard income targets, strengthen transparency, and ensure effective risk management across the investment estate portfolio.

The audit of Mileage and Subsistence provided an opinion of insufficient with major improvement needed. The findings indicate a need for a cultural shift to embed stronger compliance and managerial ownership, alongside addressing technology limitations within existing systems and through the future ERP implementation. Corporate recommendations are raised which focus on enhancing control and driving behavioural change. Key risks include policy non-compliance, with associated financial, VAT reclaim and health and safety implications. Key control issues included poor compliance with mileage and subsistence controls, notably incomplete or outdated driver authorisations, incorrect documentation uploads, and inadequate receipt evidence, compromising HMRC and Council requirements.

The audit of St. Cadoc's Primary provided an opinion of insufficient with major improvement needed due to compliance and control improvements required. While a number of positive practices were observed, including regular financial monitoring, alignment to FMS, effective health and safety oversight, and established core policies, there remain several areas where controls are not yet consistently applied. These include the need for clarity around delegated authorities and Financial Regulations, improved oversight of agency expenditure, strengthened governance arrangements for private funds, for procurement thresholds to be tailored to a school environment, and improvements to the completeness of the asset register.

The audit of Ysgol Glan Morfa provided an opinion of insufficient with major improvement needed due to compliance and control improvements required. The review identified some positive practices such as regular financial monitoring, health and safety oversight, and the existence of key policies. However, there were weaknesses in governance arrangements, including gifts and hospitality and sponsorship declarations, gaps in financial controls such as incomplete delegated authorities, limited segregation of duties, insufficient independent checks, and weaknesses in agency invoice verification and VAT awareness. Further control issues related to the absence of defined lettings charges, a contract register, a complete asset register, and adequate supporting documentation for purchasing card transactions.

2.5 Value for Money findings (Q2 2025/26)

There were no value for money audits completed over the reporting period. However, the vast majority of audits undertaken by the Internal Audit Team have objectives which cover value for money assurances, from which a general satisfactory level of assurance can be provided for the reporting period. However, within an audit with a lower assurance opinion or an advisory audit with high priority rated recommendations, there would be control gaps which need to be addressed to provide assurance that the objectives of these services are being run with proper attention to a combination of economy, efficiency, and effectiveness.

3. Audit Performance and Added Value

3.1 Added Value

Relationship Manager meetings continue to be held with Directors and their representatives quarterly, with particular focus given to understanding the priorities and risks within each

management team, and the changes to systems or processes planned or underway, in order to direct audit advice and inform the planning of audit engagements.

Feedback from audit clients has been positive with 100% satisfaction and 91% of clients scoring all areas of their audit as good or excellent. Only one client reported that they were not sure if their audit added value.

In the audit outputs issued to date (as at 31 December 2025), there have been 328 recommendations made, 126 recommendations have been agreed, and all other recommendations are being considered by audit clients through draft audit outputs. These are summarised below:

Figure 6. Recommendations raised and agreed

Rating	Recommendations made	Recommendations agreed	Recommendations being considered
Red	21	13	8
Red / amber	183	63	120
Amber / green	115	46	69
Green	9	4	5
TOTAL	328	126	202

3.2 Performance

As outlined in section 2.1 ('Current Activities'), the priorities and approach of the Internal Audit Team during the quarter were to progress the 2025/26 Plan and to provide management advice and guidance on control design and assurance where there has been an identified need and in cases of process change.

Figure 7 contains the performance indicators and targets for 2025/26, together with the outcomes for 2024/25 for consideration and comment by the Governance and Audit Committee.

At the outset of the year, a proposed target for delivery of the Audit Plan was set at 70% and this has been integrated into audit planning and performance management processes. The target is considered to be stretching and achievable and performance in the year to date whilst below pro rata target, represents a reasonably strong position. Section '2.3 – Annual Plan', provides details of the audits in progress and others targeted, with the intention of delivering the targeted 70% of the Audit Plan.

As referred to in Section 2.2 – Resources, the audit output of the team has been positive over the quarter, particularly when taking into account staff availability due to sickness, additional leave and training.

A number of audits have been finalised from last financial year, as is shown in figure 2, and attention is being given to the timely conclusion of draft audit reports issued this year. Attention is also being given to delivery of draft reports within four week target of concluding audit fieldwork in the year to date which remains below target.

Governance and Audit Committee Members have taken particular interest in performance against the percentage of audit recommendations implemented within the agreed timescale, which has been below target for a number of years. A target is proposed of 80% for 2025/26, which represents an ongoing expectation of the high delivery of agreed management actions, and an expected improvement of directorate performance from 2024/25. The performance measure has not been achieved in the year to date and is a continued focus of attention in audit relationship management meetings and SMT engagement.

Figure 7. Performance against targets for 2025/26 (to date)

Performance Indicator	2024/25 Outcome	2025/26 Target	Q1 Outcome	Q2 Outcome	Q3 Outcome
The percentage of the Audit Plan completed	57%	70%	16%	30%	44%
The average number of audit productive days per FTE	145	150	28.53	62.35	90.79
The average number of finalised audits per FTE	5.47	8	2.68	4.02	5.36
The percentage of draft audit outputs delivered within four weeks	84%	90%	79%	81%	82%
The percentage of audit recommendations implemented within the agreed timescale	63%	80%	57%	56%	61%

3.3 Audit Plan Delivery

In addition to monitoring and managing the numbers of audits delivered, audit engagements are allocated in order to ensure that there is a breadth of assurance by the financial year-end, upon which to provide a complete Audit Manager annual opinion.

As outlined in section 2.1 – Current Activities, there have been 38 new audit engagements completed in current year to date. The current position for the full Audit Plan 2025/26 is shown in **Appendix B – Audit Plan**.

3.4 Recommendations

A summary of the audit recommendations and progress at the reporting date are provided within **Appendix D**. Full recommendation trackers on the recommendations open, and those completed since the last committee, are available for Governance and Audit Committee Members via a SharePoint site for information and reference.

Figure 8. Revised recommendation implementation dates and status

Directorate / Audit Category	Number of recommendations with revised dates	Actions now implemented	Actions still open
Fundamental	18	17	1
Corporate	51	37	14
External and grants	5	5	0
People and Communities	1	1	0
Adults, Housing and Communities	56	49	7
Children’s Services	32	30	2
Economic Development	92	56	36
Education and Lifelong Learning	47	32	15
Planning Transport and Environment	42	36	6
Resources	50	47	3
Governance and Legal Services	7	7	0
Waste Management	7	4	3
	408	321	87
Schools	279	242	37
TOTAL	687	563	124

NB - It should be noted that the table above represents the position as at 31 December 2025, whereas the recommendation tracker appendices show the detailed position against each recommendation at the closest possible date to each Committee meeting.

4. Conclusion

4.1 Summary

The UK Public Sector GIAS have applied since April 2025. The Audit Management Team has continued to focus on embedding this regime through new audit methodologies, a training and

development programme, and updates to the Audit Strategy and Charter which were considered by Committee in March 2025.

There has been good delivery of the Audit Plan 2025/26, although it remains lower than targeted as at quarter 3 (see Section 3.2 – Performance). There are a number of audits in progress and others targeted, with the intention of delivering the targeted 70% of the Audit Plan. Audits are allocated on a basis that provides the greatest assurance and value and mitigates any impairment to the annual opinion of the Audit Manager on the Council’s control environment for 2025/26. Section ‘2.3 – Annual Plan’, provides details of the audits in progress and others targeted over the remainder of the financial year.

Given the proportion and breadth of the Audit Plan completed and underway in the year to date there is not considered to be a risk to providing a full audit opinion on the council’s overall control environment this year.

Audits from the previous year have been finalised, and efforts continue to conclude current draft reports promptly. Emphasis is placed on issuing draft reports within four weeks of fieldwork and reinforcing timely implementation of recommendations through audit relationship meetings and SMT engagement.

Following Committee consideration of the Audit Manager’s appointment as a Director of Cardiff Heat Network, an arms-length wholly owned Council Special Purpose Vehicle in March, the Chief Executive will shortly formalise Board changes. Independence safeguards for this non-audit role, as previously agreed by Committee, will apply.

Report Status (as at 31 December 2025)

Report Status (as at 31 December 2025)

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
Fundamental / High				
Effective	Purchasing Payments & Processing, In-year Testing cf			
	Payroll and HR processes 2023/24 cf			
Effective with opportunity for improvement	Treasury Management cf			Drafts Issued
	Technology Risk Management			
	VFM - Invest to Save			
	Corporate Complaints Handling			
	Council Tax			
	Pensions and Investments			
	Payroll & HR, In-year Testing 2024/25 cf			
	Income Recovery cf			
	Programmes and Projects cf			
	Safeguarding			
Insuff'nt major Impr'nt needed	Mileage & Subsistence	1		Draft
	Below Tender Threshold Procurement Controls cf			
	Lamby Way Stores cf	1	1	
Medium				
Effective	Cardiff International White Water			Draft
	Supported Living			
	Allocations, lettings and voids cf			
Effective with opportunity for improvement	Tongwynlais cf			Drafts Issued
	Corpus Christi R.C. High School cf			
	Highways Maintenance cf			
	Greenhill School			
	St. Patrick's Primary School			
	Gabalfa Primary School			
	Ely and Caerau ICC			
	Music Service	1		

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)	
		Proposed	Agreed		
	School Transport				
	School Deficit Budgets / Financial Management				
	St Philip Evans Primary				
	St Pauls CIW Primary				
	Ysgol Melin Gruffydd				
	Ysgol Pwll Coch				
	Llysfaen Primary cf				
	Emergency Duty Team cf				
	Residential Care cf				
	Governor Services cf				
	All Saints Primary cf				
	Cardiff High cf				
	Ysgol Hamadryad cf				
	Rumney Primary School cf				
	St Teilo's C.W. High School cf				
	Radyr Comprehensive cf				
	Children's Savings (Pocket Money)cf				
	Llanedeyrn Primary cf				
	Ysgol Gyfun Gymraeg Plasmawr cf				
	Meadowbank School cf				
	Mental Health Day Services				
	Eastern High				
	Coryton Primary cf				
	Declarations of Interest cf				
	Home Care				
	Statutory Compliance				
Disabled Facility Services					
Bereavement Services					
	Fairwater cf				
Insufficient with major	Building Repairs and Maintenance cf	2			Drafts
	Unregistered Placements cf	1			Issued

Audit Opinion	Audit Area	High Risk Recommendations		Status (If not Final)
		Proposed	Agreed	
improvement	Cardiff Motocross cf	2		
needed	Llanishen High cf	1		
	Investment Estate	2		
	St Cadoc's Primary	2		
	Ysgol Glan Morfa	2		
Unsatisfactory	PRU - Y Deryn Family of Schools	7	7	Draft
	Ysgol Gyfun Gymraeg Bro Edern	6	6	
Grants / Accounts / External Bodies				
No assurance opinion given	Brindley Road Stores Advisory Review cf	2		Draft
	Castle Canteen Advisory Review cf			
	St. David's Hall Post Closure Review cf			
	Joint Committees - Prosiect Gwyrdd	Statement of Accounts Reviews / Certification / Support		
	Joint Committees - Port Health Authority			
	Joint Committees - Glamorgan Archives			
	Small Body Return - Foster Wales and National Adoption Joint Committee	Certification		
	Innovate Grant			
	Purchasing Payments and Processing - CRSA 2025/2026	Control Risk Self-Assessments (CRSAs)		
	Payroll & HR - CRSA 2025/2026			

AUDIT PLAN 2025/26

Audit Category	Risk	Engagement Type	CIPFA Classification	Audit Plan 2024/25	Audit Plan 2025/26	Assignment	Days	Audit Scope	National Issue	Audit Output Status 31/12/2025	Audit Opinion
Fundamental Audits - S151 Assurance											
Purchasing Payments and Processing	High	Assurance	Chargeable	50	30	CRSA	5	Purchases and Payments are compliant, authorised, accurate and timely		Final Issued	No Opinion
						Purchasing Payments and Processing, In-year Testing	0			Final Issued	Effective
						In-year Testing	25				
Payroll & HR				50	30	CRSA	5	Recruitment processes are transparent and robust, leave processes are well governed, only bona fide, authorised and accurate payments are made, with effective prevention, detection and recovery of errors		Final Issued	No Opinion
						Payroll and HR processes 2023/24	0			Final Issued	Effective
						Payroll & HR, In-year Testing 2024/25	0			Final Issued	Effective with Opportunity for Improvement
						In-year Testing	25				
Income and Debtors				20	20	Income and Debtors	20	Operation of appropriate arrangements to record, monitor and recover sundry debts.			
Asset Management				20	20	Asset Management	20	Effective recording, monitoring, management and control of physical assets			
Council Tax				20	20	Council Tax	20	Compliance and control, with effective and efficient processes	Draft Issued	Effective with Opportunity for Improvement	
Housing Rents				0	10	Housing Rents	10	Effective controls to ensure accurate processing of bona fide claims			
NNDR				0	20	NNDR	20	Business rate collection and control is working effectively and efficiently			
Main Accounting				0	20	Main Accounting	20	The main accounting system and processes are well controlled and operating effectively			
Treasury Management				0	0	Treasury Management	0	Effective treasury management strategy, governance, risk management and monitoring framework	Draft Issued	Effective with Opportunity for Improvement	
<i>HB / LHA/ CTRS</i>				20							
<i>Treasury Management</i>				0							
Total				180	170	170					
Corporate Audit											
				Audit Plan 2024/25	Audit Plan 2025/26	Assignment	Days				
Risk Management	High	Assurance	Chargeable	15	15	Technology Risk Management	15	Risk management arrangements are effective and operated consistently		Draft Issued	Effective with Opportunity for Improvement
Contract Audit				40	40	Below Tender Threshold Procurement Controls	0	Effective contract compliance, control and delivery of objectives		Final Issued	Insufficient with Major Improvement Needed
						Framework Agreements	20				
						Direct Award Contracts	20				
ICT Audit				30	30	IT Business Continuity	15	Effective governance, risk management and control			
						Network and Communications Management	15				
National Fraud Initiative		Participation		10	10	National Fraud Initiative	10	Data matching counter-fraud exercise			
Value for Money studies		Assurance		30	15	Invest to Save	15	Assurance on value for money in invest to save schemes		Draft Issued	Effective with Opportunity for Improvement
Stores				20	10	Lamby Way Stores	0	Effective and efficient stores management, and stock / equipment control		Final Issued	Insufficient with Major Improvement Needed
						Store - tbc	10				
Education - SOP				20	20	Education - SOP	20	Delivery of objectives, with effective compliance and control			
Corporate Complaints Handling				30	20	Corporate Complaints Handling	20	Assurance on the embedding of the Corporate Council Complaints System		Draft Issued	Effective with Opportunity for Improvement
Delegation and decision making				20	20	Delegation and Decision Making	20	Effective application of delegated authority and decision making			
Ethics and Values				20	10	Declarations of Interest	0	Effective governance and procedures, consistently applied		Final Issued	Effective with Opportunity for Improvement
						Gifts and Hospitality	10				
Health and Safety				20	20	Health and Safety	20	Effective and compliant application of the Council's health and safety framework			
Safeguarding				20	20	Safeguarding	20	Effective safeguarding governance and control processes		Final Issued	Effective with Opportunity for Improvement
Pensions and Investments				20	20	Pensions and Investments	20	Effective compliance and control		Draft Issued	Effective with Opportunity for Improvement
Taxation				0	20	Taxation	20	Effective compliance and control.			
Mileage & Subsistence				0	15	Mileage & Subsistence	15	Effective governance, risk management and control		Draft Issued	Insufficient with Major Improvement Needed
Fleet Management				0	15	Fleet Management	15	Effective directorate monitoring and control of Council fleet and grey fleet			
Programmes and Projects				20	0	Programmes and Projects	0	Effective, clear and consistent project governance arrangements.		Final Issued	Effective with Opportunity for Improvement
<i>Procurement</i>				20							
<i>Governance Arrangements</i>				20							
Total				355	300	300					

Service Specific Audit				Audit Plan 2024/25	Audit Plan 2025/26	Assignment	Days			
Service / Process Advisory	Medium	Advisory	Chargeable	30	85	Use of AI	20	Consideration of AI policy, training and guidance, risk and benefits management.		
						RPA Testing Approach Advisory - SAP and AP Process	10	Advice on the robotic process automation testing approach for Accounts Payable's automation process in SAP		
						New ERP System	35	Project advice and support		
						Core Offices	20	Consideration of arrangements for compliance, coordination and control in office moves		
Resources	Medium	Assurance		40	25	Income Recovery	0	Delivery of service objectives with effective compliance and control	Final Issued	Effective with Opportunity for Improvement
						Budgeting and Forecasting cf	15	Assurance on budgeting and forecasting arrangements, supported by Accountancy		
						Ardal Procurement Partnership cf	10	Delivery of service objectives with effective compliance and control		
Governance and Legal Services	Medium	Assurance		30	15	Glamorgan Archives	15	Delivery of service objectives with effective compliance and control		
People and Communities	Medium	Assurance		30	25	Housing Development and Regeneration	0	Delivery of service objectives with effective compliance and control	Final Issued	Effective with Opportunity for Improvement
						Homelessness - Temporary Accommodation cf	15			
						Welsh Language Standards	15	Compliance with Welsh Language Standards and service objectives		
						National Adoption Service and Foster Wales - Procurement	10	Effective governance, compliance and internal control		
Adults, Housing & Communities	Medium	Assurance		150	90	Allocations, lettings and voids	0	Delivery of service objectives with effective compliance and control	Final Issued	Effective
						Residential Care	0		Final Issued	Effective with Opportunity for Improvement
						Emergency Duty Team	0		Final Issued	Effective with Opportunity for Improvement
						Disabled Facility Service / Grants cf	15		Final Issued	Effective with Opportunity for Improvement
						Home Care cf.	15		Final Issued	Effective with Opportunity for Improvement
						Learning Disabilities Day Services cf	15			
						Mental Health Day Services cf.	15		Final Issued	Effective with Opportunity for Improvement
						Supported Living cf	15		Final Issued	Effective
						Housing Repairs Process	15	Accurate charging to jobs, cost management / assurance, compliance and control		
Children's Services	Medium	Assurance		60	30	Children's Savings (Pocket Money)	0		Final Issued	Effective with Opportunity for Improvement
						Unregistered Placements	0		Draft Issued	Insufficient with Major Improvement Needed
						FOLLOW UP - Falconwood Children's Home	0	Delivery of service objectives with effective compliance and control	Final Issued	Effective with Opportunity for Improvement
						Special Guardianship cf	15			
						Childcare Placements cf	15			
Economic Development	Medium	Assurance		120	80	Building Repairs and Maintenance	0	Delivery of service objectives with effective compliance and control	Draft Issued	Insufficient with Major Improvement Needed
						Cardiff Motocross	0		Final Issued	Insufficient with Major Improvement Needed
						Statutory Compliance cf	15	Assurance on statutory compliance systems and controls	Final Issued	Effective with Opportunity for Improvement
						Materials Recycling Facility cf	15	Delivery of service objectives with effective compliance and control		
						Cardiff International White Water cf	10		Draft Issued	Effective
						Allotment Management cf	10			
	Investment Estate	15	Effective property management, governance and control							
	Brindley Road Stores Advisory Review	0	Advisory system based control review	Draft Issued	No Opinion					
	Castle Canteen Advisory Review	0		Final Issued	No Opinion					
	St. David's Hall Post Closure Review	0	Review of financial control processes and lessons learned	Final Issued	No Opinion					
Commercial Waste	15	Review management controls - oversight, assurance, efficiency and effectiveness								
Education and Lifelong Learning	Medium	Assurance		190	125	Governor Services	0	Effective compliance and control	Final Issued	Effective with Opportunity for Improvement
						Coryton Primary	0		Final Issued	Effective with Opportunity for Improvement
						Fairwater	0		Final Issued	Effective with Opportunity for Improvement
						Llanedeyrn Primary	0		Final Issued	Effective with Opportunity for Improvement
						Tongwynlais	0		Draft Issued	Effective with Opportunity for Improvement
						Ysgol Gyfun Gymraeg Plasmawr	0		Final Issued	Effective with Opportunity for Improvement
						Corpus Christi R.C. High School	0		Final Issued	Effective with Opportunity for Improvement
						Meadowbank School	0		Final Issued	Effective with Opportunity for Improvement
						All Saints Primary	0		Final Issued	Effective with Opportunity for Improvement
						Cardiff High	0		Final Issued	Effective with Opportunity for Improvement
						Ysgol Hamadryad	0		Final Issued	Effective with Opportunity for Improvement

Pupil Referral Unit – Y Deryn Family of Schools

Background

1. An Internal Audit review has been undertaken of the Pupil Referral Unit (PRU). A PRU is an alternative education setting designed to support pupils and young people who cannot attend mainstream schools for a variety of reasons including behavioural, emotional & social challenges and specific matters that may affect their learning, including neurodivergent learning styles.
2. Welsh Government guidance on governance of PRUs specifies that the setting of the budget and determining staffing matters sits with the local authority, although the guidance sets out that the views of the management committee should be sought in some of these areas. The guidance also stipulates that the local authority must delegate specific functions to management committees, including overseeing the running of the PRU.
3. There are four establishments making up the y Deryn family of schools, as follows, managed by one Headteacher, one Deputy and five Assistant Headteachers and overseen by the Headteacher at Fitzalan High School:
 - **Bryn y Deryn** supports learners at KS4 (years 10 and 11) and is situated in Leckwith at the site of the former Fitzalan High School. It was situated in the Gabalfa/Llandaf North area of Cardiff until September 2024. *
 - **Can y Deryn** (formerly known as the Carnegie Centre), also at the former Fitzalan High School site, supports learners at KS4 with anxiety-based school avoidance issues.
 - **Nyth y Deryn** (in Gabalfa/Llandaf North) support learners at KS3 (years 7 to 9).
 - **Coed y Deryn** supporting learners at KS3 who had been in hospital for more than 14 days, with one-to-one support.

** Fitzalan had vacated the site in July 2023, at which point it became Bryn y Deryn, although learners did not start to use the new school until September 2024.*

4. The PRU was subject to Estyn inspection in May 2022. Three recommendations were raised by Estyn at that time and related to strategies to monitor and improve attendance, improve the provision and development of Welsh language skills of all pupils, and to improve opportunities for pupils to use ICT across the curriculum.
5. The responsibility for setting of a budget for the PRU lies with the Council. At the time of the audit visits, the PRU had a nett budget of £4.656m (including an unallocated surplus of around £8,000), although the budget for 2025/2026 had not been formally agreed. The chart of accounts for 2024/2025 showed a small deficit.

Audit Objective and Areas of Review

6. The objective of the audit was to provide assurance on the system of internal control using a checklist approach, along with testing of transactions for income, expenditure and assets. The checklist included questions in the following areas:
 - (a) Governance
 - (b) Financial controls and procedures
 - (c) Financial reporting
 - (d) Income
 - (e) Expenditure

- (f) Health and safety
- (g) Asset management
- (h) IT
- (i) Payroll and HR
- (j) Taxation.

7. The auditor undertook site visits to Bryn y Deryn, Can y Deryn and Nyth y Deryn.

Main Conclusions

8. The audit has identified control issues in a number of key areas, including core areas of governance, financial administration and oversight, and a draft audit opinion of **Unsatisfactory** has been allocated. It is essential that prompt attention is given by Senior Management and Members of the Management Committee to address the matters identified within this report. Key audit findings are grouped within the following improvements areas:

(i) Governance

Key systems were not fully established, such an authority list to record the approved allocation of duties and declarations of interest for core assurance over the disclosure and management of any potential conflicts of interest. The school financial regulations contained incomplete levels of authority delegated authority. Addressing these gaps is essential to reinforce accountability and assurance. Management and Finance Committee minutes were limited and included very little record of discussion, and in one Management Committee meeting sampled, quorum was not achieved but the meeting continued, and some decisions were made.

(ii) Oversight

The reporting structure and line management arrangements for the PRU differed from mainstream schools. For some of the period reviewed by Internal Audit, the Headteacher for the PRU reported to the Director of Education via an Operational Manager, whereas mainstream schools have a direct line of reporting to the Director. The reporting line for the Headteacher was amended to the Headteacher at Fitzalan High School as part of a support package for the PRU to address senior management concerns regarding controls at the PRU. It is considered that the PRU should have the same level of oversight as other schools, and the line management arrangement should be formalised. It is appreciated that this may have resource implications, and these would need to be factored into the PRU budget.

(iii) Budgetary Control

The audit has identified many examples of excessive and questionable spend within PRU settings, whilst the PRU is broadly operating within its delegated budget. Accordingly, the budget allocation process for the PRU should be reviewed and strengthened management and oversight of the budget is needed. Several instances of miscoded expenditure have been noted, as have examples where expenditure does not clearly link to the curriculum or educational provision. It was also noted that the PRU made use of circa £47k of its projected budget surplus for 2023/24, arising due to a later appointment of support staff than planned due to a delayed move to the Fitzalan site. The necessity of this spend in these circumstances is questioned. Overtime was also being paid for work that was not considered necessary, and has since stopped, and one member of staff was approving their own overtime which represents a control risk.

(iv) Procurement

Procurement practices were inconsistent and not adequately controlled. The audit identified heavy use of purchasing cards over official orders, along with spending on items such as staff gifts, food and facilities for staff which are not appropriate. There were many examples of excessive spending within the provision, on furniture, technology, resources and decorative items, to provide a less formal environment than a mainstream school, and spend linked to wellbeing (beauty, exercise equipment and dog agility etc.). Learner reward spend was not sufficiently controlled, and the nature of some rewards

(such as McDonalds) is questioned for appropriateness, as are the provision of protein shakes and bars, and video games rated PEGI 16+ and 18+. The PRUs procurement relationships with a vehicle sourcing company and a hair and beauty class provider also need to be reviewed. The vehicle sourcing company was being used to source items on behalf of the PRU which did not relate to its area of business (wall mounted fans, a circular saw and Screwfix consumables) and the school budget was used to purchase hair and beauty equipment for classes paid for in advance by the PRU. Some VAT and off payroll working guidance has been provided to the PRU. Additionally, use was being made of the Welsh Government framework for agency staff, but checks were not being made to approved rates charged before payment.

(v) Asset management

Assurance cannot be provided on school-level asset management as there was no asset record / inventory for the PRU sites which limited the audit checks that could be made. In addition to assets purchased by the PRU, a number of tables, chairs and computers (including smartboards) purchased by Fitzalan were left when the school moved to its new site and, whilst many such items were sighted during the audit visit, there was no record to account for these items. The V5C document for one vehicle checked showed the PRU was not the registered keeper, which caused a delay in purchasing of road tax during which time the vehicle could not be used. It was further noted that learners were being collected by staff using their own vehicles and this practice needs to be reviewed for appropriateness.

(vi) Income

Audit was advised that any invoices raised by the PRU are done using letter-headed paper. This can cause difficulties with income collection and debt control procedures, and it cannot be assured that correct processes are being followed in relation to VAT.

(vii) Training

Not all staff dealing with financial matters had completed relevant training on VAT and procurement and, at the time of reporting, Audit has not confirmed if drivers using the PRU vehicles (minibuses and cars) have undertaken the requisite training, or if staff have been trained in the use of the evacuation chairs situated in Can y Deryn. It is strongly recommended that training is arranged to ensure members of the Management Committee are clear in their duties, and their role to oversee and challenge core areas of school governance.

Recommendations for Action

7. The report contains thirty-two recommendations (seven of which are red and twenty-five red/amber), all of which have been agreed with school management.

Latest Position

8. A series of meetings have taken place will be arranged with PRU Senior Management and the Director and Assistant Director of Education and Lifelong Learning, through which a course of action to address the necessary improvements has been agreed. Internal Audit will monitor the internal control environment through the recommendation tracker and regular discussions with management. A follow up audit will be undertaken in line with the audit protocol.

Recommendations Summary - ('Red' and 'Red / Amber' open recommendations)

Recommendations Summary - ('Red' and 'Red / Amber' open recommendations)

Directorate / Area	No. of Audits	No. of Red Recs	No. of Red/ Amber Recs	'open recommendations' - by audit assurance rating					'open recommendation' by status			
				No. of Recs Effective	No. of Recs Effective with Opportunity for Improvement	No. of Recs Insufficient with major improvement needed	No. of Recs Unsatisfactory	No. of Recs N/A	No. of Recs with Amended Action Date	No. of Recs where action date has passed	Current target date not yet due	
Adults Social Services, Communities & Housing	4		7		6	1			7	2	5	2 - overdue actions, where an update is required
Children's Services	3	1	8		8	1			2	9	0	7 - overdue actions, where update/evidence is under review. 2 - overdue actions, where evidence requested in order to close action
Corporate Governance	7	1	14		11	4			6	6	9	6 - overdue actions, where an update is required
Economic Development	10	5	27		7	14		11	22	14	18	14 - overdue actions, where an update is required 11 - N/A - relates to Advisory Audits
Education & Lifelong Learning	4	3	23		4	4		18	10	18	8	5 - overdue action, where an update is required 1 - overdue action, where update is under review 12 - overdue actions, where evidence requested in order to close action 18 - N/A - relates to Advisory Audits
Education & Lifelong Learning - Schools	24	15	99		52	15	47		15	88	26	7 - overdue actions, where update is under review 68 - overdue actions, where an update is required 13 - overdue actions, where evidence requested in order to close action
External and Grants												
Fundamental (Resources)												
People and Communities (Development and Regeneration)												
Planning, Transport & Environment	4		11		11				5	2	9	1 - overdue action, where an update is required 1 - overdue action, where evidence requested in order to close action
Resources	3		4		2	2			1	3	1	3 - overdue actions, where an update is required
TOTALS	59	25	193	0	101	41	47	29	68	142	76	

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