SHARED RESOURCE SERVICE
Annual Internal Audit Report

2025/26

Torfaen Internal Audit Service

Contents

Executive Summary

Introduction

This report outlines the internal audit work we have carried out for the year ended 31 March 2026.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e., the organisation's system of internal control).

This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1.

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

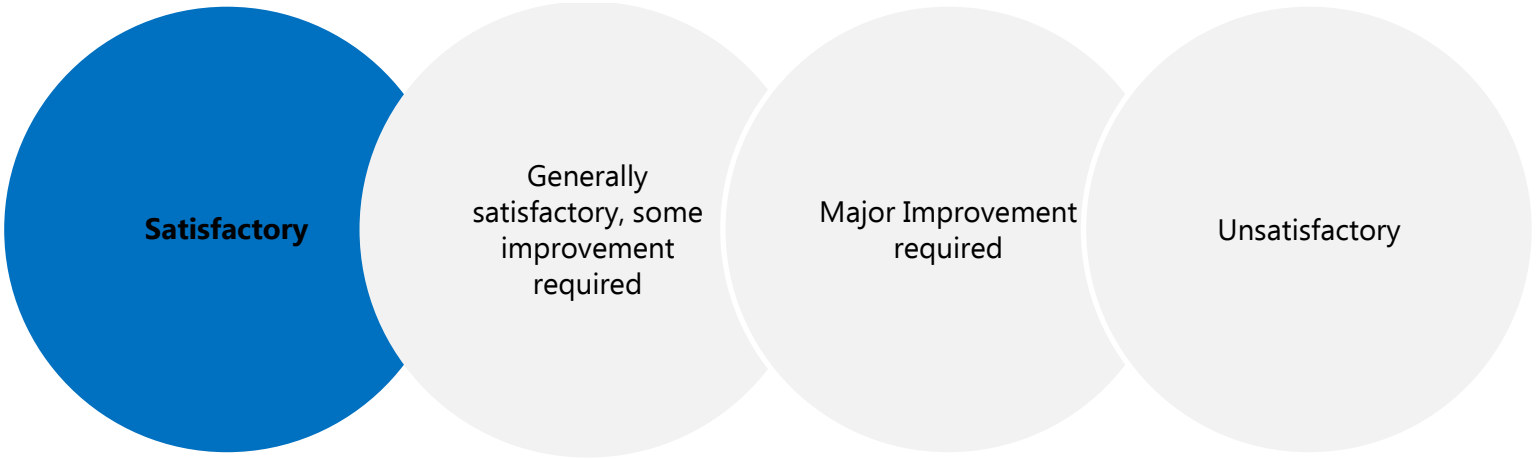
Head of Internal Audit Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and control. It should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

This report and its opinion are based on the audits undertaken which are used and relied upon by all Local Authority Partners, the one specific Gwent Police Authority audit has been reported to them and is excluded from the overall opinion.

Our opinion is as follows:

Executive Summary



Defined as:

- A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and
- None of the individual assignment reports have an overall report classification of either high or critical risk.

Implications:

The agreed audit plan contained 10 reviews, generating 6 ‘full’, and 4 ‘substantial’ audit opinions. The overall opinion recognises the continued maintenance of the improvement achieved in previous years. Areas for improvement will always exist. The expectation is that all agreed recommendations will be implemented and that all opinions are at least ‘moderate’ if not ‘substantial’ which has been achieved.

Improvement (see Pages 05 - 06) is required in those areas identified to enhance the adequacy and effectiveness of the internal control framework.

An explanation of all the types of opinion can be found in Appendix 2.

Executive Summary

Basis of opinion

Our opinion is based on:

- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- Any significant recommendations not accepted by management and the resulting risks.
- The effects of any significant changes in the organisation's objectives or systems.
- Any limitations which may have been placed on the scope or resources of internal audit.
- Any reliance that is placed upon third party assurances.

Acknowledgement

Unfortunately, the plan for this year was again 'flexed' to accommodate operational issues within the Shared Resource Service, but all audits were completed within the year.

For 2026-27, it is hoped that all audits can happen as planned throughout the year.

Internal Audit would like to take this opportunity to thank all SRS staff for their co-operation and assistance in ensuring the completion of audits identified in the plan.

Summary of Findings

The table starting on page 05 records a summary of the key findings from our programme of internal audit work for the year.

Overview

Reviews conducted **10**

- The 1 high risk audit was Cybersecurity
- 16 findings to improve weaknesses in the design of controls and/or operating effectiveness were identified.
- All final reports issued during the year contained agreed action plans, dates, and responsible officers for improving the internal control environment.

Internal Audit Work Conducted

Introduction

The table below sets out the results of our internal audit work and the system opinion for each individual audit assignment plus any implications for next year's plan. We also include a comparison between planned internal audit activity and actual activity.

Results of individual assignments

Ref	Review / Opinion	Fieldwork Completed	Draft		Final	Num Tested	%age in place	No of Findings		
			Issued	Response	Issued			H	M	L
SRS-25001	Change Management **FULL**	30/10/25	30/10/25	03/11/25	03/11/25	6	100			
SRS-25002	Cybersecurity **SUBSTANTIAL**	01/04/26	02/04/26	10/04/26	13/04/26	21	80.96		2	2
SRS-25004	Firewall **SUBSTANTIAL**	05/03/26	06/03/26	13/03/26	17/03/26	12	83.34			2
SRS-25005	Identity and Access Management **FULL**	04/08/25	07/08/25	14/08/25	15/08/25	37	91.89		3	
SRS-25006	Information Security Management System **FULL**	14/05/25	14/05/25	14/05/25	14/05/25	1				
SRS-25007	IT Disposals **SUBSTANTIAL**	11/11/25	11/11/25	12/11/25	12/11/25	3			2	
SRS-25008	IT Service Continuity Management **FULL**	03/12/25	05/12/25	05/12/25	16/12/25	6				2
SRS-25009	Mobile Computing **FULL**	09/06/25	12/06/25	12/06/25	12/06/25	1				
SRS-25010	M365 **SUBSTANTIAL**	24/03/26	25/03/26	25/03/26	26/03/26	17	82.35			3
SRS-25011	Virtualisation **FULL**	30/3/26	31/03/26	31/03/26	31/03/26	36	100			
					Totals	140			7	9

Internal Audit Work Conducted

Implications for the 2026 – 27 internal audit plan

The internal audit plan detailed below has been agreed with management.

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
SRS – 26001	22/06/2023	FULL	SYS	CCTV Control Centre The audit will review whether the CCTV Control Centre provides effective, secure, and compliant monitoring in support of public safety and incident management. The scope will focus on the adequacy and effectiveness of key controls over governance and oversight, operational procedures, system access and security, staff competency, incident handling, and the management, retention, and use of recorded footage.	1	89
SRS – 26002	13/04/2026	SUBSTANTIAL	FUP	Cybersecurity The audit will assess the adequacy of management action(s) relating to the 4 issues identified in audit SRS – 25002.	3	52
SRS – 26003	[redacted]	[redacted]	SPL	Cloud AWS Audit scope to be detailed prior to the audit.	1	89
SRS – 26004	11/04/2023	SUBSTANTIAL	SYS	Data Protection The audit will review whether assurance can be provided that personal data is processed in compliance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018, and related regulatory guidance, and that data protection risks are appropriately identified, managed, and mitigated.	3	89

Internal Audit Work Conducted

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
				The scope will include governance and accountability arrangements, including roles and responsibilities; the lawfulness and purpose limitation of personal data processing; transparency and privacy information; data subject rights management; data minimisation, accuracy, retention, and deletion practices; access controls and information security measures; third-party data processing and information sharing arrangements; and procedures for managing data breaches and regulatory reporting.		
SRS – 26005	13/11/2024	SUBSTANTIAL	FUP	Document Management The audit will assess the adequacy of management action(s) relating to the 2 issues identified in audit ACO – 24023.	1	52
SRS – 26006	[redacted]	[redacted]	SYS	Financial Regulations Audit scope to be detailed prior to the audit.	2	89
SRS – 26007	17/03/2026	SUBSTANTIAL	FUP	Firewall The audit will assess the adequacy of management action(s) relating to the 2 issues identified in audit SRS – 25004.	4	52
SRS – 26008	07/02/2024	SUBSTANTIAL	SPL	IT Governance The SRS Board is considering changing its model to Local Authority (Partner) owned company. The audit will via consultancy style approach, review whether there is:	1	89

Internal Audit Work Conducted

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
				▪ assurance over governance and shareholder oversight. ▪ financial sustainability against the business case and funding model. ▪ compliance with legislation and public-sector requirements. ▪ an adequate control environment for service delivery and commercial trading. ▪ effective risk management, including the council–company interface. The scope will focus on the following areas: ▪ Governance & shareholder oversight; board effectiveness; conflicts of interest. ▪ Strategic alignment & business case integrity. ▪ Financial sustainability, cash flow, funding and pricing/subsidy control. ▪ Commercial, contracting & procurement compliance. ▪ Operational performance (KPIs, SLAs) and capacity. ▪ Risk management, compliance (GDPR, H&S governance), and fraud/whistleblowing. ▪ Council–company interface (SLAs, recharges) and core financial/operational controls.		
SRS – 26009	26/03/2026	SUBSTANTIAL	FUP	M365 The audit will assess the adequacy of management action(s) relating to the 3 issues identified in audit SRS – 25010.	3	52
SRS – 26010	[redacted]	[redacted]	SYS	NICE CX1	2	89

Internal Audit Work Conducted

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
	[redacted]	[redacted]		This is a VOIP[1] solution procured through connecting Wales. The audit will seek to provide assurance that the VoIP services, procured and delivered under a third-party supplier contract, are appropriately governed, secure, resilient, compliant with contractual, regulatory, and organisational requirements, delivers value for money, manages operational and information risks appropriately, and meets the organisation's business and compliance needs. The audit scope will cover: ▪ supplier selection and contract management, including service level agreements, performance monitoring, and responsibilities for security and continuity. ▪ the design and operation of VoIP controls over availability, call quality, and resilience. ▪ information security and data protection arrangements, including call data and recordings. ▪ access management and user provisioning. ▪ incident management and service continuity.		

[1] Voice over Internet Protocol (VoIP), also known as IP telephony, it is a set of technologies used primarily for voice communication sessions over Internet Protocol (IP) networks, such as the Internet. VoIP enables voice calls to be transmitted as data packets, facilitating various methods of voice communication, including traditional applications like Skype, Microsoft Teams, Google Voice, and VoIP phones.

Internal Audit Work Conducted

Audit Ref	LAST SYSTEM AUDIT	LAST SYSTEM OPINION	TYPE	PROJECT_NAME	QTR	HOURS
	[redacted]	[redacted]		▪ compliance with relevant UK regulatory and legal obligations.		
SRS – 26011	[redacted]	[redacted]	FUP	DDaT (Digital, Data and Technology) The audit will assess how well digital, data and technology capabilities are being managed, delivered and governed in a well-controlled, secure, value-for-money manner that is compliant with applicable standards. The scope will focus on the following areas: A. Governance & Strategy B. Skills & Capability C. Technology Infrastructure D. Data Management E. Delivery & Service Management	4	89
TOTAL						**831**

Individual audit opinion ratings:

The ratings below are now used for both systems and follow up audit reviews, confirmation of at least the existing review control environment for a follow up.

Rating	% controls tested deemed operating
NIL	0 – 10%
LIMITED	11 – 49%.
MODERATE	50 – 69%
SUBSTANTIAL	70 – 89%
FULL	90 – 100%

Internal Audit Work Conducted

Internal Audit Work Conducted

Direction of Control Travel

	25/26	24/25	23/24	22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16
Total Issues	16	11	18	4	23	34	55	98	43	32	78
Num Audits	10	10	12	12	10	9	11	8	5	9	9
Average	1.60	1.10	1.50	0.33	2.30	3.78	5.00	12.25	8.60	3.56	8.67
	25/26	24/25	23/24	22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16
High	0	2	0	0	0	0	1	0	0	0	0
Medium	7	7	15	2	14	25	39	84	38	26	75
Low	9	2	3	2	9	8	15	14	5	6	3

Implications for Management

The mix and focus of the internal audit plan differs between years so the above results are indicative and not directly comparable. This year has seen a reduction in the number of high-risk findings, an increase in the number of low-risk findings, with comparable numbers of medium-risk findings based on 2024/25. The number of audits performed has remained roughly constant.

Comparison of planned and actual activity 2025/26

Ref	Stage	Type	Title	Quarter	
				Planned	Complete
SRS-25001	COM	SYS	Change Management	1	3
SRS-25002	COM	SYS	Cybersecurity	4	4
SRS-25003	DFT	FUP	Data Centre - GPA	2	4
SRS-25004	COM	SYS	Firewall	4	4
SRS-25005	COM	SYS	Identity and Access Management	1	2
SRS-25006	COM	FUP	Information Security Management System	1	1

Internal Audit Work Conducted

SRS-25007	COM	FUP	IT Disposals	3	3
SRS-25008	COM	FUP	IT Service Continuity Management	3	3
SRS-25009	COM	FUP	Mobile Computing	2	1
SRS-25010	COM	SYS	M365	4	4
SRS-25011	COM	SYS	Virtualisation	4	4

Within planned timeframe
After planned timeframe.

Appendix 1: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Our work has been performed subject to the limitations outlined below.

Overall Opinion based on all work carried out

The overall opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. Consequently, management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended, or other relevant matters were brought to our attention.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the Shared Resource Service is for the period 1 April 2026 to 31 March 2027. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that the:

- design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- degree of compliance with policies and procedures may deteriorate.

Appendix 1: Limitations and responsibilities

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 2: Overall Opinion Types

Limitations inherent to the internal auditor's work

The table below sets out the five types of overall opinion that we use, along with an indication of the types of findings that may determine the opinion given. The Head of Internal Audit will apply his judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Opinion	Factors contributing to this opinion
Satisfactory	▪ A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and ▪ None of the individual assignment reports have an overall report classification of either high or critical risk.
Generally satisfactory with some improvements required	▪ Medium risk rated weaknesses identified in individual assignments that are not significant in aggregate to the system of internal control; and/or ▪ High risk rated weaknesses identified in individual assignments that are isolated to specific systems or processes; and ▪ None of the individual assignment reports have an overall classification of critical risk.
Major improvement required	▪ Medium risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or ▪ High risk rated weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected; and/or ▪ Critical risk rated weaknesses identified in individual assignments that are not pervasive to the system of internal control; and ▪ A minority of the individual assignment reports may have an overall report classification of either high or critical risk.
Unsatisfactory	▪ High risk rated weaknesses identified in individual assignments that in aggregate are pervasive to the system of internal control; and/or

Appendix 2: Overall Opinion Types

	▪ Critical risk rated weaknesses identified in individual assignments that are pervasive to the system of internal control; and/or ▪ More than a minority of the individual assignment reports have an overall report classification of either high or critical risk.
None	▪ An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either: □ Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or □ We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.

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