

AUDIT COMMITTEE

A meeting of the Audit Committee was held on Thursday 16 April 2026.

PRESENT: Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, I Morrish, G Wilson and L Young

PRESENT BY INVITATION: Councillors

ALSO IN ATTENDANCE: Andrew (Mazars), J Dodsworth (Veritau), Stuart Cutts (Assistant Director - Audit Assurance) (Veritau) and Ed Lambert-Martin (Internal Audit Manager) (Veritau)

OFFICERS: C Benjamin, A Johnstone, J Weston, A Humble, H Dalby, R Johansson, C Walker, M Walker, Walker, N Spencer and G Welch

APOLOGIES FOR ABSENCE: Councillors M Nugent

25/1 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the building evacuation procedure.

25/3 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

25/4 **MINUTES - AUDIT COMMITTEE 19 FEBRUARY 2026**

The minutes of the Audit Committee meeting held on 19 February 2026 were submitted and approved as a correct record.

25/5 **HUMAN RESOURCES ANNUAL ASSURANCE PRESENTATION**

The Committee received a presentation from the HR Manager and the Organisational Development Manager in relation to the HR Annual Assurance Report.

The presentation outlined key areas of activity across Human Resources and Organisational Development, including recruitment, workforce development, employee wellbeing, communication initiatives, and workforce data relating to absence and turnover.

Information was provided on recruitment activity undertaken during the year, including advertising, applications received, and engagement activity to promote employment opportunities. The Committee also noted work undertaken in relation to senior officer recruitment and partnership working to support access to employment.

The Committee was advised of a range of employee wellbeing initiatives, including health and wellbeing events, occupational health provision, counselling services, and targeted support programmes. Communication arrangements to promote wellbeing and organisational updates to staff were also outlined.

Information was also provided in relation to organisational development activity, including staff and manager training, leadership development, and the use of tools to support personal and professional development.

The Committee considered workforce data, including absence levels and employee turnover. Information was also provided in relation to reasons for employee turnover, with a breakdown of leavers across a range of categories. The Committee noted the key trends and reasons for leaving.

During discussion, the Committee sought clarification on several areas within the presentation, including employee wellbeing initiatives, communication with staff and Members, and support services available to employees.

Members discussed the range of wellbeing support in place and were advised that these were accessible to staff across the organisation.

Clarification was provided in relation to communication arrangements, including the circulation of wellbeing information and the availability of staff systems and briefings.

The Committee also considered workforce initiatives, including partnership working to support employment opportunities and work experience pathways, and noted ongoing work in this area.

In relation to workforce data, Members sought further information regarding absence levels and how these were calculated. It was confirmed that absence figures were based on working days and could vary depending on individual working patterns.

Discussion also took place regarding employee turnover, including reasons for leaving and the use of exit data. The Committee noted that further work could be undertaken to improve the accuracy and use of this information.

AGREED that:

1. The Human Resources Annual Assurance Presentation be noted.
2. The wellbeing communications and organisational updates be circulated to Members.

25/6

GOVERNANCE AND ASSURANCE MAPPING POLICY

The Committee received a report presented by the Head of the Chief Executive's Department in relation to the Governance and Assurance Mapping Policy.

The report sought approval of the Governance and Assurance Mapping (G&AM) Policy, which establishes a structured, transparent, and evidence-based approach to assessing governance assurance across all Council services.

Members were advised that the policy introduces a consistent framework for identifying, managing, and assessing assurance, aligning governance, risk management, and internal audit activity. The approach is based on the Three Lines Model, clarifying responsibilities across operational management, governance and assurance functions, and internal audit.

The Committee was informed that the policy would improve visibility of assurance levels across the organisation, enabling the identification of areas of strong, moderate, or limited assurance, and supporting more effective targeting of audit and assurance activity. It would also reduce duplication across governance functions and strengthen the evidence base supporting the Annual Governance Statement.

It was noted that the framework incorporates an audit universe and key assurance areas, ensuring that assurance activity is risk-based, proportionate, and aligned with corporate priorities and strategic risks.

Members were advised that defined roles and responsibilities are set out within the policy, including requirements for Heads of Service to complete annual self-assessments, supported by second line oversight and independent assurance from Internal Audit.

The Committee noted that the policy addresses limitations within the current approach, including fragmented assurance activity, duplication of effort, and limited corporate oversight of assurance levels.

In response to queries, Members were advised that the policy had been informed by external advice, including input from a Local Government Association regional advisor, and had been developed collaboratively across services. It was confirmed that both Internal Audit and External Audit were supportive of the approach.

It was explained that the policy would incorporate risk information and map assurance activity to identify where sufficient assurance exists and where gaps remain, supporting the future development and targeting of internal audit work.

In relation to implementation, it was acknowledged that while an indicative timeframe of approximately 12 to 18 months had been identified, a fixed timetable had not been set due to the need for service-level input, including the development of service plans. Members were advised that progress updates would be reported to the Committee on a regular basis, anticipated to be at least every six months.

The policy supports compliance with relevant legislative and regulatory frameworks and aligns with the Council's wider governance, risk management, and performance arrangements.

AGREED that:

1. The Governance and Assurance Mapping Policy be approved.

25/7

PROGRAMME AND PROJECT MANAGEMENT FRAMEWORK - ANNUAL ASSURANCE REPORT

The Committee received a report presented by the Head of the Chief Executive's Department in relation to the Programme and Project Management Framework, Annual Assurance Report.

The report provided an overview of the Council's programme and project management arrangements and performance during 2025/26, and outlined planned improvements for 2026/27, providing assurance that appropriate arrangements are in place to support delivery of the Council Plan.

Members were advised that the Portfolio Management Office (PMO) provides strategic oversight of the Council's portfolio of programmes and projects, supported by a consistent framework, standardised templates, and governance processes across the project lifecycle.

The Committee noted that, at the time of reporting, there were forty projects within the corporate portfolio, with performance assessed using Red, Amber and Green (RAG) ratings. It was reported that 76% of projects were rated green or amber and broadly on track to deliver expected outputs, although this remained below the Council's 90% target.

In response to Member queries regarding projects linked to financial savings, it was clarified that several transformation projects had been reviewed following changes to the Council's financial position. Where anticipated savings could no longer be delivered, projects would be closed and alternative savings proposals identified through service areas. It was emphasised that this reflected a more realistic and disciplined approach to delivery, recognising that not all business case assumptions would be achievable in practice.

Members were advised that savings delivery is being more closely aligned with performance management and financial reporting processes, enabling improved oversight and earlier identification of risks to delivery. It was also noted that some activity previously managed as projects would transition into business-as-usual service delivery where appropriate, to ensure proportionate governance and clearer accountability.

The Committee was informed that procurement-related savings and other financial benefits may be realised over a longer timeframe and would not always be immediately reflected in-year but would continue to be monitored through the Council's financial management arrangements.

Members also noted that some planned improvements had been delayed due to capacity constraints within the PMO, although steps had been taken to increase capacity and progress outstanding actions.

AGREED that:

1. The arrangements in place to manage programmes and projects within the Council be noted.
2. The Committee considered that the information provided offered sufficient assurance that appropriate arrangements are in place in relation to programme and project management.

25/8

MANAGEMENT OF STRATEGIC RISK 15 - THREATS TO SOCIAL COHESION AND DEMOCRATIC RESILIENCE

The Committee received a report presented by the Head of Neighbourhoods in relation to the management of Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience.

The report was provided for information and outlined the background to the inclusion of the risk on the Strategic Risk Register following incidents of civil unrest in 2024, together with the actions undertaken to manage and mitigate the risk.

Members were advised that the risk is currently assessed as high, but manageable, with strengthened governance arrangements, partnership working, and enhanced early warning mechanisms contributing to stabilisation since late 2024.

The Committee noted that a range of control measures had been implemented, including multi-agency community tension monitoring arrangements, enhanced community engagement through the neighbourhood model, strengthened liaison with police and partners, communications protocols to address misinformation and disinformation, and ongoing prevent activity supported by positive benchmarking outcomes.

In response to questions from Members, clarification was provided in relation to the Council's role in managing community tensions and responding to potential public demonstrations. The Committee discussed the distinction between broader community cohesion issues and the specific governance and assurance role of the Audit Committee, with emphasis placed on risk management arrangements and controls.

The Committee sought and received assurance that:

- Processes are in place for the early identification and escalation of risks, including engagement with police and partners at a senior level.
- Structured arrangements support the assessment of risks and the coordination of responses.
- Activity is delivered within the relevant legal framework, balancing the right to protest with public safety considerations.
- Prevent and wider community resilience activity form a broader, multi-agency approach, supported by regular review, benchmarking, and partnership working.

Members also discussed community engagement activity and requested further information in relation to communication methods and distribution.

AGREED that:

1. The work undertaken in relation to the management of Strategic Risk 15 be noted.
2. The Committee considered that the information provided offered sufficient assurance that appropriate arrangements are in place to manage the risk.
3. Further information be provided to the Committee regarding the distribution of community newsletters, including the number of hard copy newsletters issued and how they are distributed.

25/9

PROCUREMENT OVERVIEW 2024/25

The Specialist Commissioning and Procurement Manager presented the report, outlining procurement activity for 2024/25 and associated governance arrangements.

The Committee was advised that the report has been delayed due to changes within the team, and that a further report for 2025/26 would be presented in September 2026.

In response to questions, the Committee noted that:

- Dynamic Purchasing Systems provide a transparent procurement route.
- Purchasing card spend is subject to monitoring through data dashboards, with controls in place to manage compliance.
- Work is ongoing to review the number of active purchasing cards and associated limits, with engagement underway with Directors.
- VAT treatment in relation to purchasing cards is considered within existing guidance.

AGREED that:

1. The content of the report be noted.
2. Further information on the Dynamic Purchasing Systems be circulated to Audit Committee Members.

25/10

INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT

The Committee considered a report of the Head of Internal Audit, Veritau, which provided an update on internal audit and counter fraud activity, including progress against the audit plan and follow-up of agreed actions.

In discussion, Members sought assurance in relation to several areas including the management of invoice processes, information governance and information technology security arrangements, audit findings relating to savings delivery, and capacity and resourcing issues impacting delivery of actions. The Committee also considered progress in addressing previously agreed audit actions, including those which had been overdue, and was advised that actions continued to be progressed with services.

AGREED that:

1. The report be noted.

25/11

INTERNAL AUDIT WORK PROGRAMME 2026/27

The Head of Internal Audit, Veritau, presented the report outlining the proposed Internal Audit Work Programme for 2026/27.

Members were advised that the programme had been developed using a risk-based approach, informed by the Council's strategic priorities, risk profile, and consultation with senior officers. The work programme remained flexible to respond to emerging risks during the year.

The Committee noted the strategic context, including ongoing financial pressures, demand-led services, and the importance of maintaining strong governance, risk management and internal control arrangements.

Members discussed the level of internal audit resources, noting CIPFA guidance that audit committees should consider and approve the number of audit days. It was highlighted that paragraph 20 of the report referred to an indicative number of audit days, with current provision based on approximately 555 days per year. Members also noted that benchmarking and the recent LGA peer review indicated the Council may be under-investing in internal audit.

Following discussion, Members agreed that Appendix 1 (Internal Audit Work Programme 2026/27) be amended to confirm a minimum provision of 555 audit days.

AGREED that:

1. The Internal Audit Work Programme for 2026/27, as amended, be approved.

2. The programme reflects a minimum of 555 audit days.

25/12 **COUNTER FRAUD PLAN 2026/27**

The Committee considered a report from Internal Audit outlining the Counter Fraud Plan for 2026/27.

The report set out the Council's approach to preventing, detecting and responding to fraud, supported by an updated fraud risk assessment, a counter fraud development plan, and a counter fraud work plan.

It was noted that counter fraud activity had delivered measurable financial benefits and that resources had been increased to reflect the scale and complexity of fraud risks. The fraud risk assessment would be kept under review to ensure emerging risks were identified and addressed.

AGREED that:

1. The Counter Fraud Plan for 2026/27 be approved.

25/13 **EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report from External Audit on the progress in delivering the external audit responsibilities for Middlesbrough Council and the Teesside Pension Fund.

The report outlined the audit opinions issues for 2024/25 and provided an update on outstanding matters. It also set out the planned approach and timetable for the 2025/26 audit, including completion ahead of the statutory backstop date 31 January 2027.

In discussion, Members noted the audit opinions issued in March 2026 and sought assurance in relation to the timetable for completion of the 2025/26 audit.

AGREED that:

1. The report be noted.
2. An additional meeting of the Audit Committee be scheduled, if required, to consider the external audit findings ahead of 31 January 2027 deadline.

25/14 **WORK PROGRAMME (STANDARD ITEM)**

The Head of the Chief Executive's Department provided a verbal update on the Audit Committee Work Programme.

Members were advised that the work programme covered the full remit of the Committee. In discussion, Members highlighted the need for additional time to consider specific areas in more detail.

AGREED that:

1. The update be noted.
2. An additional meeting of the Audit Committee be scheduled, if required, to support the delivery of the work programme.
3. A deep dive session on Strategic Risk 17 be scheduled for 25 June 2026.
4. The Strategic Risk Register be circulated to Audit Committee Members.
5. Members be invited to submit suggested areas for future deep dives.

25/15 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

The Chair advised the Committee of the following:

- The Annual General Meeting would take place on 20 May 2026.
- Audit Committee meeting dates for the next municipal year were to be agreed.

16 April 2026

- A tentative meeting of the Audit Committee had been scheduled of 25 June 2026.

NOTED.