

AUDIT COMMITTEE

<p>Date: Thursday 25th June, 2026 Time: 1.30 pm Venue: Spencer Room - Municipal Buildings</p>
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AGENDA

1. Welcome and Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

To receive any apologies for absence.

3. Declarations of Interest

To receive any declarations of interest.

4. Minutes - Audit Committee - 16 April 2026 3 - 8

To receive the minutes of the previous meeting.

5. Management of Strategic Risk 17 - Funding for Key External Projects led by TVCA or MDC 9 - 14

Report to note.

6. Training Programme for Audit Committee Members 15 - 22

Report for decision.

- | | | |
|-----|--|---------|
| 7. | Head of Internal Audit Annual Report 2025/26 | 23 - 56 |
| | <i>Report to note.</i> | |
| 8. | Outcome of the Review of Internal Audit | 57 - 64 |
| | <i>Report for decision.</i> | |
| 9. | Counter Fraud Annual Report | 65 - 74 |
| | <i>Report to note.</i> | |
| 10. | Work Programme (Standard Item) | 75 - 76 |
| 11. | Any other urgent items which in the opinion of the Chair, may be considered. | |

Charlotte Benjamin
Corporate Director of Legal and Corporate Services

Town Hall
Middlesbrough
Wednesday 17 June 2026

MEMBERSHIP

Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, I Morrish, M Nugent and L Young

Assistance in accessing information

Should you have any queries on accessing the agenda and associated information please contact Rachael Johansson, 01642 726421, rachael_johansson@middlesbrough.gov.uk

This document was classified as: OFFICIAL
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
ALSO IN ATTENDANCE:	C Andrew (Mazars), J Dodsworth (Veritau), S Cutts (Veritau) and E Lambert-Martin (Veritau)
OFFICERS:	C Benjamin, A Johnstone, J Weston, A Humble, H Dalby, R Johansson, C Walker, M Walker, R 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 Human Resources Manager and the Organisational Development Manager in relation to the Human Resources 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.

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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 Audit Committee 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 established a structured, transparent, and evidence-based approach to assessing governance assurance across all Council services.

Members were advised that the policy introduced a consistent framework for identifying, managing, and assessing assurance, aligning governance, risk management, and internal audit activity. The approach was 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 the scope of audit activity 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.

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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 identified 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 Portfolio Management Office, 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, communication 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.
- Prevention 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 had 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 provided a transparent procurement route.
- Purchasing card spend was subject to monitoring through data dashboards, with controls in place to manage compliance.
- Work was ongoing to review the number of active purchasing cards and associated limits, with engagement underway with Directors.

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- VAT treatment in relation to purchasing cards was 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

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

NOTED.

MIDDLESBROUGH COUNCIL



Report of: Corporate Director for Regeneration and Housing, Richard Horniman

Submitted to: Audit Committee

Date: 25 June 2026

Title: Deep Dive Review on Strategic Risk 17 – Funding for Key External Projects led by TVCA or MDC

Report for: Information

Status: Public

Council Plan priority: Delivering Best Value

Proposed decision(s)

That the Audit Committee:

- **NOTES** the latest position regarding Strategic Risk 17; and,
- **CONSIDERS** whether they have received sufficient information to be assured that there are appropriate arrangements are in place to manage the risk.

Executive summary

Strategic Risk 17 relates to Funding for key external projects led by TVCA or MDC, and more specifically if there is a funding gap for key projects led by the Tees Valley Combined Authority (TVCA) and its Mayoral Development Corporation (MDC) that results in a risk of delays, disruption, or failure to deliver on key regeneration sites in the town centre. This could negatively affect economic growth, community development, and investor confidence in the region. This risk is yet to materialise, although there are indications with regard to the Gresham project that the risk could be problematic. The overall delays in relation to projects led by TVCA or MDC is however already having a negative effect on the potential for regeneration of the town. Although control and even influence over the risk factors is very limited, the Council is continuing to liaise with TVCA/MDC to manage the risk as effectively as possible.

1. Purpose

- 1.1 This report sets out the background to Strategic Risk 17 relating to the funding for key external projects led by TVCA or MDC. The report sets out the nature of the risk, the latest position and the proposed next steps.

2. Recommendations

- 2.1 That the Audit Committee:

- **notes** the latest position with regard to Strategic Risk 17; and,
- **considers** whether they have received sufficient information to be assured that there are appropriate arrangements in place to manage the risk.

3. Background and relevant information

- 3.1 In October 2025 a strategic risk was identified regarding the funding for external projects led by TVCA or their MDC. The risk was identified due to the potential for any issues with funding causing a slow down of regeneration activity, a loss of inward investment activity and ultimately a direct financial impact upon the Council through reduced business rates.

- 3.2 Although TVCA have traditionally been a regular funder of Council led regeneration, the risk was identified specifically in terms of the projects that would be led directly by TVCA or the MDC.

- 3.3 At the time of specifying the risk, the two key projects identified as being led by TVCA and the MDC that would impact upon Middlesbrough were the Cultural and Creative Investment Zone, and the redevelopment of land at Gresham (including the Crown). Although other projects were potentially under consideration at the time, none were identified as commitments when the risk was specified or have come forward since. The three key elements relating to this risk are therefore considered to be:

- The Digital and Creative Investment Zone
- Gresham (including the Crown)
- Overall confidence in the regeneration of Middlesbrough, as a result

The Digital and Creative Investment Zone

- 3.4 In April 2025 an £80m package for Middlesbrough and Hartlepool was announced that would comprise a mixture of business rate relief, revenue grant funding for businesses in the sector, revenue support for sector wide business support and capital funding to provide the right space for the sector to thrive. This funding is managed through TVCA.

- 3.5 The position as at the end of May is that a significant programme of revenue support is being developed jointly between TVCA and Teesside University. Although this has not happened as quickly as was originally expected, none of the available funding has been lost or is felt to be at risk.

- 3.6 Proposals to spend the capital funding available to invest in infrastructure and accommodation are not however as clearly defined. Although specific buildings were identified in the original submission made by TVCA, this focus on specific buildings is no longer in place. A subsequent piece of work is now being undertaken to identify the appropriate targeting of the capital funding, prior to its release.
- 3.7 It could be argued that the capital funding is at greater risk of not being spent within the timescales set by Government upon its award, but this is not yet impacting negatively upon Middlesbrough.

Gresham (including the Crown)

- 3.8 The development of Gresham was to be facilitated by the MDC through an agreement with a private sector developer. Although a development agreement is in place, a deliverable funding package for the development is yet to be agreed. The private sector development partner is currently looking at amending the proposals to enable a funding package to be agreed, but nothing has yet come forward.
- 3.9 The future of the mayoral development corporations in Middlesbrough and Hartlepool is currently under review by TVCA, which may impact upon the future direction of the Gresham project. At this stage it is impossible to determine whether the MDC in Middlesbrough will continue, or whether a deliverable funding package for Gresham will be agreed.

Overall Confidence in the Regeneration of Middlesbrough as a Result

- 3.10 Although progress on the above schemes has been slower than expected, and still carries a large degree of uncertainty, neither can be said to have had a direct *detrimental* impact upon the regeneration of Middlesbrough. The delay experienced in translating either project from press release through to visible action does however have a detrimental impact upon the overall confidence that other investors, businesses and residents have in the regeneration of Middlesbrough. The continued announcement of new investment builds a perception that much is happening but can be seen to be a significant negative for the town if this is not followed up by visible progress.
- 3.11 Delays such as those detailed above are not uncommon with major regeneration programmes but in this instance have combined with the uncertainty around the role, and now the future of the MDC to create a feeling of inertia that will be difficult to overcome.

Managing the Risk

- 3.12 The Council has taken a number of steps to enable a constant assessment of the risk to be made, to assist in managing the potential risk, and to enable a swift response to be put in place should the risk materialise. These include:
- 3.13 Representation on the board of both TVCA and the MDC, where the Elected Mayor of Middlesbrough represents the Council's interests.

- 3.14 Regular liaison between officers of MBC, TVCA and MDC to ensure a clear picture of progress is known.
- 3.15 Preparation of plans for the regeneration of the town and town centre that are complimentary, but not dependent upon the funding sources identified above.
- 3.16 Preparation of alternative plans for the sites, buildings and sectors identified above to be rolled out either instead of those prepared by TVCA/MDC, or as part of those prepared by TVCA/MDC in the event of partial delivery.
- 3.17 Plans are also being prepared regarding marketing and promotional campaigns to counter the negative inertia created by the lack of progress following TVCA / MDC funding announcements.

Next Steps

- 3.18 The ongoing review of the MDC could potentially have an effect on the future direction of the Gresham development and will therefore be a critical factor in the likelihood of the risk materialising. Officers will continue to liaise closely with TVCA throughout the review process.
- 3.19 Officers will also continue to liaise with TVCA on the development of the digital and creative investment zone to ensure the funding is utilised and not lost.
- 3.20 As noted above, work will continue on the future plans for the town centre, to either supplement or replace those promised funding through TVCA/MDC. The marketing and promotional activity that would accompany it will also continue to be developed.

4. Other potential alternative(s) and why these have not been recommended

Do Nothing

- 4.1 The risk of either, or both of the major initiatives not coming forward is significant, and the implications could potentially be detrimental for the town. Although the risk is not within the Council’s control, ignoring the risk, or taking no action to try to influence it would be negligent.

Take More Direct Control

- 4.2 In theory the Council could take a more direct and proactive role in the Gresham development, but this would come with an associated increase in the level of risk the Council is exposed to. At present the risk relates to the impact on the town, whereas a more direct role would place the risk more directly with the Council’s finances. At present the appetite for increasing the risk in this way is low. x

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including Social Value)	KA to complete *At present there is no direct financial risk to the Council*
Procurement	There are no procurement issues relating to this risk.

Legal	There are no legal issues relating to this risk.
Risk	The risk continues to be monitored, and the issues are set out above. SR 17 continues to be reviewed monthly with the Risk and H&S Manager and Corporate Director Regeneration and Housing. Significant updates are provided to the CEX for review.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no implications relating to this risk.
Reducing poverty	A detrimental impact arising from this risk could potentially make efforts to reduce levels of poverty in the town more difficult.
Climate Change / Environmental	There are no implications relating to this risk.
Children and Young People Cared for by the Authority and Care Leavers	There are no implications relating to this risk.
Data Protection	There are no implications relating to this risk.

Contact: Richard Horniman, Corporate Director of Regeneration & Housing

Email: richard_horniman@middlesbrough.gov.uk

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MIDDLESBROUGH COUNCIL	
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Report of:	Chief Executive, Erik Scollay
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Submitted to:	Audit Committee
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Date:	25 June 2026
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Title:	Audit Committee Member Training Programme 2026/27
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Report for:	Decision
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Proposed decision(s)

That the Audit Committee:

- **APPROVES** the proposed Audit Committee Training Programme for 2026/27, attached at Appendix 1.
- **AGREES** that the core mandatory training session forms part of the requirement for all Committee members (and substitutes) to undertake appropriate development in order to discharge their responsibilities effectively.
- **NOTES** that delivery of the programme forms part of the Committee's agreed response to the 2025 Review of Effectiveness.

Executive summary

This report presents a proposed structured training programme for Audit Committee members for 2026/27.

The programme has been developed in response to the findings of the Audit Committee's first annual review of effectiveness, undertaken with support from the Local Government Association (LGA), which identified the need for a comprehensive training needs analysis and a structured programme of member development.

The programme is designed to ensure that members have the knowledge and skills required to discharge the Committee's responsibilities in line with CIPFA guidance and good practice. It aligns with the Committee's evolving work programme and focuses on strengthening capability in key areas including governance, financial management, audit, risk, and counter fraud.

1. Purpose

1.1 The purpose of this report is to:

- Present a proposed training programme for Audit Committee members for 2026/27; and
- Seek the Committee's approval for its implementation as part of its ongoing development and improvement programme.

2. Recommendations

2.1 That the Audit Committee:

- **APPROVES** the proposed training programme for 2026/27;
- **AGREES** that attendance at identified mandatory training will be required for Committee members and substitutes; and
- **NOTES** that compliance with the training programme will be monitored and reported as part of the Committee's governance arrangements.

3. Background and relevant information

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) position statement on Audit Committees (2022) emphasises that members must have appropriate knowledge, skills and training to enable them to fulfil their role effectively.

3.2 Middlesbrough Council's first Audit Committee Annual Report confirmed that the Committee is in a period of development and is working to strengthen its alignment with the CIPFA position statement and best practice.

3.3 As part of this, the Committee commissioned an external review of its effectiveness through the Local Government Association in 2025. That review recommended that:

- A training needs analysis (TNA) should be undertaken for all members; and
- A structured training programme should be developed and delivered,

3.4 These recommendations were accepted in principle by the Committee and form part of its agreed improvement plan.

3.5 The Annual Report also highlights the increasing breadth and complexity of the Committee's responsibilities, including:

- Oversight of governance, risk management and internal control;
- Scrutiny of financial management, treasury management and financial reporting;
- Engagement with internal and external audit, including managing the implications of the national audit backlog; and
- Oversight of counter fraud and corruption arrangements.

3.6 Given this complexity, a structured and ongoing programme of member development is required to support effective challenge, informed decision-making, and strong governance.

Proposed training programme

3.7 The proposed training programme is attached at Appendix 1. The programme:

- Provides a structured, year-round programme aligned to the Committee's meeting cycle;
- Includes a core mandatory induction session on roles, responsibilities and governance;
- Covers all key areas of the Committee's remit, including:
 - Corporate governance and the Annual Governance Statement
 - Internal and external audit
 - Financial management and the Financial Management Code
 - Risk management and assurance mapping
 - Counter fraud and whistleblowing
 - Treasury management
 - Cyber risk and information governance.
- Is designed to progress from core knowledge to more advanced topics, supporting the Committee's development over time; and
- Incorporates both in-person and virtual delivery, maximising flexibility and accessibility.

3.8 The programme also aligns closely with:

- CIPFA expectations for Audit Committee knowledge and skills;
- The Committee's future work programme; and
- Areas identified in the Annual Report where further member development would strengthen scrutiny (e.g. treasury management, audit, and risk).

Implementation and monitoring

3.9 The core mandatory training element was implemented before this committee meeting today. The remainder of the programme will be implemented from July onwards if approved.

3.10 Attendance at training programmes will be reported to future Committee meetings by exception.

4. Other potential alternative(s) and why these have not been recommended

4.1 The alternative option would be to continue with ad hoc or unstructured training provision. This has not been recommended as it would not:

- Address the formal recommendations of the effectiveness review;
- Provide assurance that members have the required competencies; or

- Support full alignment with CIPFA best practice.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including Social Value)	The training programme will be delivered primarily using existing officer expertise and planned sessions; any additional costs are expected to be minimal and met within existing budgets.
Procurement	No procurement activity will be necessary to deliver the training programme.
Legal	Supporting members to understand their statutory responsibilities strengthens compliance with governance and audit requirements.
Risk	Improved member knowledge and skills will strengthen the Committee's ability to identify, challenge and mitigate risks, positively impacting the Council's overall control environment.
Human Rights, Public Sector Equality Duty and Community Cohesion	No direct impact; however, strengthened governance supports lawful and fair decision-making.
Reducing poverty	No direct impact; indirect benefit through improved financial oversight and decision-making.
Climate Change / Environmental	No direct impact.
Children and Young People Cared for by the Authority and Care Leavers	No direct impact.
Data Protection	Enhanced awareness of information governance and cyber risk supports compliance in this area.

Appendices

1	Audit Committee Training Programme 2026/27
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Background papers

Body	Report title	Date
Audit Committee	Review of the Effectiveness of Audit Committee – Final Report, Recommendations and Next Steps	31 July 2025
Audit Committee	First Annual Report of the Audit Committee	25 September 2025

Contact: Ann-Marie Johnstone, Head of Chief Executive's Department
Email: ann-marie_johnstone@middlesbrough.gov.uk

APPENDIX 1

Audit Committee Proposed Training Timetable – 2026-27

Committee	Session Title	Duration / information	Learning Objectives
25 June	Audit Committee Roles, Powers & Place in Governance (Core mandatory training – one hour before first committee)	Mandatory in person training session prior to first meeting	<ul style="list-style-type: none"> • Explain the Audit Committee’s statutory purpose and its place in the Council’s governance framework • Distinguish clearly between the roles of Audit, Scrutiny, and Executive functions • Interpret the Committee’s Terms of Reference and understand accountability arrangements. • Describe how audit assurance contributes to the Annual Governance Statement (AGS). • Apply their role effectively within the wider assurance landscape.
23 July	Local Code of Corporate Governance & the AGS (time this for 30 mins before the Audit Committee)	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand the CIPFA/SOLACE Good Governance Framework principles. • Explain how the Local Code of Governance is applied in Middlesbrough Council. • Understand how the AGS demonstrates compliance with the Local Code. • Identify assurance gaps and risks in governance reporting. • Strengthen scrutiny of governance issues when reviewing the AGS.

Committee	Session Title	Duration / information	Learning Objectives
3 September	Committee Effectiveness, Assurance Mapping & AC Annual Report	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand CIPFA expectations for effective Audit Committees. • Apply an effectiveness self-assessment model. • Build and interpret assurance maps. • Identify assurance gaps for the next cycle. • Produce a strong Annual Report to Council showing impact and outcomes.
1 October	Internal Audit: Standards, Assurance & the Audit Plan	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand PSIAS and the Global Internal Audit Standards. • Explain the role and independence requirements of the Head of Internal Audit. • Assess how the risk-based Internal Audit Plan is constructed. • Evaluate the quality and assurance value of internal audit Committee reports. • Understand how external quality assessment demonstrates compliance with standards.
29 October	Counter Fraud, Corruption & Whistleblowing	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand the CIPFA Code of Practice for Managing the Risk of Fraud & Corruption. • Identify the key fraud risks faced by local authorities. • Evaluate the Council's fraud prevention measures. • Understand legal responsibilities in relation to fraud and corruption. • Understand whistleblowing arrangements and oversight requirements.
17 December	Financial Management, Financial Reporting & FM Code	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand the statutory financial statements and how to read them confidently. • Understand CIPFA's Financial Management Code and compliance expectations. • Explain the statutory role of the section 151 Officer. • Assess the organisation's major financial risks and internal controls. • Strengthen financial resilience scrutiny through informed challenge.
28 January 2027	External Audit: Role, Powers, Approach & Backlog	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Explain the statutory role and key powers of the external auditor. • Understand the shift to substantive testing and its implications. • Interpret the external audit plan, opinion, and value-for-money work. • Understand the national audit backlog and backstop arrangements.

Committee	Session Title	Duration / information	Learning Objectives
			<ul style="list-style-type: none"> • Strengthen engagement with external auditors and challenge effectively.
25 February 2027	Introduction to Risk Management	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Explain the fundamentals of risk management and risk appetite. • Understand the Council’s corporate risk strategy and reporting processes. • Recognise the Audit Committee’s oversight role in risk governance. • Describe why effective risk management underpins performance management. • Identify governance questions to ask on high-risk areas, including cyber risk.
24 March 2027	Treasury Management (with External Advisors)	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand the Treasury Management Strategy and Prudential Indicators. • Identify key treasury risks and mitigations. • Understand the Committee’s scrutiny role in treasury matters. • Interpret key treasury reports. • Strengthen challenge and oversight of investment and borrowing decisions.
29 April 2027	Advanced Risk: Cyber, IG & Assurance Mapping	Virtual training session – 1 hour	<ul style="list-style-type: none"> • Understand cyber governance risks and responsibilities. • Recognise the link between information governance and corporate risk. • Review the risk maturity of the organisation. • Understand how assurance mapping works and why it matters. • Ask informed questions about cyber, IG and corporate assurance gaps.

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MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
Submitted to:	Audit Committee
Date:	25 June 2026
Title:	Head of Internal Audit Annual Report 2025/26
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Executive summary	
<p>This report provides the committee with:</p> <ul style="list-style-type: none"> • A summary of internal audit work undertaken during 2025/26 • An opinion on the Council's framework of governance, risk management and control 	

1 Purpose

- 1.1 To provide the committee with a summary of internal audit work undertaken during 2025/26 and an opinion on the Council's framework of governance, risk management, and control.

2 Recommendations

- 2.1 That the Audit Committee

- Notes the results of internal audit work undertaken
- Notes the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control
- Notes the internal audit quality assurance and development arrangements and the confirmation that the internal audit service conforms with the Global Internal Audit Standards in the UK Public Sector which came into effect on 1 April 2025.

3 Background and relevant information

- 3.1 The work of internal audit is governed by the Global Internal Audit Standards in the UK Public Sector and the council's audit charter.

- 3.2 These standards require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control.

- 3.3 To assist the committee in interpreting the annual report, it should also include:
- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - a summary of work undertaken to support the opinion, including any reliance placed on the work of other assurance bodies
 - an overall summary of internal audit performance and outcomes from the internal audit service's quality assurance arrangements, including a statement on conformance to professional standards.

Head of Internal Audit report

- 3.4 To conform with professional standards and the Council's internal audit charter, the Head of Internal Audit must provide an opinion on the strength of the Council's framework of governance, risk management, and control. The annual opinion is a key source of independent assurance for the Council when preparing the Annual Governance Statement.

- 3.5 The opinion is contained in the Annual Report of the Head of Internal Audit included at appendix 1. The opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council is that it provides

Reasonable Assurance. The basis for the annual opinion is the body of internal audit work performed during 2025/26. A summary of internal audit work undertaken during the year, and relevant to the opinion, is also included in appendix 1.

3.6 In addition to providing an opinion, the Head of Internal Audit is also required to report on the outcomes of the internal audit service’s quality assurance and development arrangements. This is to provide the committee with reassurance that work continues to conform to professional standards. Appendix 1 includes details of Veritau’s quality assurance arrangements and confirms its conformance to the Global Internal Audit Standards in the UK Public Sector during 2025/26.

4 Other potential alternative(s) and why these have not been recommended

4.1 This report is for information. There are no other options available.

5 Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	There are no specific impacts or implications.
Legal	There are no specific impacts or implications.
Risk	There are no specific impacts or implications.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no specific impacts or implications.
Climate Change / Environmental	There are no specific impacts or implications.
Children and Young People Cared for by the Authority and Care Leavers	There are no specific impacts or implications.
Data Protection	There are no specific impacts or implications.

Appendices

1	Head of Internal Audit Annual Report 2025/26
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Contact: **Stuart Cutts**
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HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025/26

25 June 2026

APPENDIX 1

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- 2** Background
- 2** Internal audit work carried out in 2025/26
- 3** Follow up of agreed actions
- 3** Professional standards
- 5** Opinion of the Head of Internal Audit
- 7** Annex A - 2025/26 internal audit work
- 9** Annex B - Summary of key issues from audits finalised since the last report to the committee
- 14** Annex C – Summary of progress on ongoing audits
- 16** Annex D - Assurance audit opinions and finding priorities
- 17** Annex E - Follow up of agreed audit actions
- 19** Annex F - Internal audit quality assurance and development arrangements



Ed Lambert-Martin
Internal Audit Manager



Stuart Cutts
Assistant Director - Internal
Audit (Head of Internal Audit)

Background



- 1 The work of internal audit is governed by the Global Internal Audit Standards in the UK Public Sector and the council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control.
- 2 To assist the committee in interpreting the annual report, it should also include:
 - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - (c) a summary of work undertaken to support the opinion, including any reliance placed on the work of other assurance bodies
 - (d) an overall summary of internal audit performance and outcomes from the internal audit service's quality assurance arrangements, including a statement on conformance to professional standards.

Internal audit work carried out in 2025/26



- 3 Audit work has been prioritised based on risk. The programme has been updated throughout the year to reflect changing risks and priorities.
- 4 We have also continued to promote good governance, provide advice and support, and make recommendations to management to help improve controls. We have met with the Assistant Director – Finance and directorate management teams and other officers on a regular basis to help identify and address governance issues and concerns, and to ensure audit work has remained targeted towards key areas.
- 5 The results of completed audit work have been reported to service managers and chief officers during the course of the year. In addition, summaries of all finalised audit reports have been presented to this committee as part of regular progress reports.
- 6 An overview of internal audit work undertaken 2025/26, and relevant to the Head of Internal Audit's opinion, is contained in Annex A. This appendix also shows other work undertaken by the internal audit team to support the council during the year.

Position of work

- 7 At the time of writing, five audits have been finalised since the previous report to this committee in April 2026. A further audit report (Asset management) has been issued to the responsible officer in draft.
- 8 Two audits are at fieldwork completed stage. Draft reports have not yet been issued. We are working to ensure these are issued at draft report stage before the date of the June committee.
- 9 Four audits are ongoing and will be reported in the first 2026/27 progress report to members. See Annex A for the audits that are in progress, and the stage they are at.
- 10 Annex B provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the committee.
- 11 Annex C provides details of progress on ongoing audits. This includes when audits were started, the scope of the audit, commentary on progress including any issues that have caused delays and an expected date for the issuing of the final report and a summary to this committee.
- 12 Annex D provides an explanation of our assurance levels and priorities for management action.

Follow up of agreed actions

- 13 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. A refreshed follow-up and escalation procedure was agreed for 2025/26.
- 14 Based on follow up work completed, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at annex E.

Professional standards

- 15 In order to comply with professional standards, the Head of Internal Audit is required to develop and maintain a quality assurance and improvement programme (QAIP).
- 16 The objective of the QAIP is to ensure that working practices continue to conform with the standards. A summary of quality assurance processes, and any areas identified for development, are reported to the committee each year as part of the annual report. The arrangements consist of various elements, including:

- ▲ maintenance of a detailed audit procedures manual and standard operating practices
 - ▲ ongoing performance monitoring of internal audit activity
 - ▲ regular customer feedback
 - ▲ training plans and associated training and development activities
 - ▲ periodic self-assessments of internal audit working practices (to evaluate conformance to the standards).
- 17 External assessments must also be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. An external assessment of Veritau's internal audit working practices was undertaken between June and August 2023 by John Chesshire, an approved reviewer for the Chartered Institute of Internal Auditors (the UK and Ireland's local chapter)¹.
- 18 The assessment involved a full independent validation of Veritau's own self-assessment of conformance to the Public Sector Internal Audit Standards (PSIAS)², as well as to the wider International Professional Practices Framework which governed the performance of internal auditing globally at the time the assessment was undertaken. The report concluded that Veritau's internal audit activity generally conforms to the PSIAS³ and, overall, the findings were very positive.
- 19 The feedback included comments that the internal audit service was highly valued by its clients. Key stakeholders felt confident in the way Veritau had established effective working relations, both in our approach to planning and the way in which we engaged flexibly with our clients throughout the internal audit process, at the strategic and operational levels.
- 20 Effective from 1 April 2025, the PSIAS were replaced by what are known as the Global Internal Audit Standards in the UK Public Sector. These standards are made up of the Institute of Internal Auditors' Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector ('the Application Note'). The Application Note interprets the GIAS, clarifying how they should be applied in UK public sector organisations.
- 21 In the UK, the body responsible for interpreting the GIAS and setting expectations for the performance of internal audit in the public sector is the Internal Audit Standards Advisory Board (IASAB). The IASAB is made up of six 'Relevant Internal Audit Standard Setters' (RIASS) representing central

¹ Reported to the Audit and Governance committee in November 2023.

² The assessment undertaken in 2023 was made against the PSIAS as the standards applicable at the time. The PSIAS were replaced by the GIAS UK Public Sector on 1 April 2025.

³ PSIAS guidance suggested a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' was the top rating.

and local government, and the health sector. The RIASS for UK local government is the Chartered Institute of Public Finance and Accountancy (CIPFA). The IASAB developed the Application Note, releasing it in the early part of 2025.

- 22 The Global Internal Audit Standards (from which the Application Note provides its local government interpretations) were launched on 9 January 2024 and became effective on 9 January 2025. Veritau has used a conformance assessment toolkit, published by CIPFA in January 2026, to undertake our self-assessment against the Global Internal Audit Standards in the UK Public Sector. At the time of reporting, the self-assessment has not been finalised, but no conformance issues have been identified to date.
- 23 Our overall assessment is that Veritau conforms to the Global Internal Audit Standards in the UK Public Sector. However, through application of the QAIP, we have identified some actions to help strengthen our ability to demonstrate conformance and to continuously improve service delivery.
- 24 Details of Veritau's QAIP are set out in annex F.
- 25 The internal audit charter sets out how internal audit at the council will be provided in accordance with professional standards. The charter is reviewed on an annual basis. It was updated following the introduction of the Global Internal Audit Standards in the UK Public Sector in April 2025 and was presented to the committee in May 2025. No further changes are considered necessary at this time.

Opinion of the Head of Internal Audit



- 26 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council is that it provides **Reasonable Assurance**.
- 27 The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. We have considered the work of other assurance providers where appropriate. No formal reliance has been placed on their work in forming this opinion.
- 28 In forming this opinion, consideration has been given to the level of assurance provided across individual audit assignments, the significance of identified control weaknesses, and the extent to which key risks facing the Council have been subject to internal audit review. There have been no impairments to the independence or objectivity of internal audit during the year.
- 29 A small number of audits within the 2025/26 programme were not finalised at the time of preparing this report. However, sufficient work has been completed, and sufficient evidence obtained, to enable the Head of Internal

Audit to form an overall opinion on the Council's framework of governance, risk management and control. These audits are not expected to have a material impact on the opinion provided.

- 30 In giving our opinion, there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Council's annual governance statement.
- 31 However, we are bringing to the attention of the committee the audit of no recourse to public funds (Children's services). This audit received an opinion of Limited Assurance and contained a number of findings rated as Significant. The council has provided detailed action plans in order to address these issues and whilst the findings are significant for the service and should be addressed as soon as possible we do not believe they indicate wider control issues. We are therefore not recommending them for inclusion in the Council's annual governance statement.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

Final reports issued

Audit	Reported to Committee	Opinion
Treasury management	July 2025	Substantial Assurance
Teesside Pension Fund – Investments	July 2025	Substantial Assurance
Procurement cards (follow-up)	July 2025	Reasonable Assurance
Commercial property income Regen	July 2025	Reasonable Assurance
Domestic abuse	July 2025	Limited Assurance
Server admin (IT)	July 2025	Substantial Assurance
Council Tax and NNDR	July 2025	Substantial Assurance
Members’ allowances and declarations of interest	July 2025	Reasonable Assurance
VAT Accounting	September 2025	Substantial Assurance
Homelessness	September 2025	Reasonable Assurance
Anti-social behaviour management	December 2025	Reasonable Assurance
Debtors	April 2026	Substantial Assurance
Information security	April 2026	Reasonable Assurance
Savings plans delivery	April 2026	Reasonable Assurance
Middlesbrough Community Learning Service (MCLS) – subcontracting standards compliance	April 2026	No opinion given
Business continuity	April 2026	Substantial Assurance
Schools themed audit	April 2026	Reasonable Assurance
Cyber security: malware protection	April 2026	Reasonable Assurance
No recourse to public funds (CS)	June 2026	Limited Assurance
Benefits	June 2026	Substantial Assurance
Partnerships	June 2026	Substantial Assurance
Creditors	June 2026	Substantial Assurance
ASC Financial assessments	June 2026	Substantial Assurance

Other work in 2025/26

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ A review of grant claims including those relating to:
 - ▲ Delivering Better Value in SEND
 - ▲ Bus Service Operators
 - ▲ City Region Sustainable Transport Settlements
- ▲ Supporting District Centre Improvement Grant (DCIG) processes
- ▲ Supporting counter fraud colleagues relating to whistleblowing referrals and other internal investigations
- ▲ Follow up of agreed management actions
- ▲ Reviews of key corporate governance areas to inform risk assessments and audit planning and prioritisation for 2026/27, including: performance management, project management, people management.
- ▲ Provision of general support and advice, and regular liaison with officers.

Audits in progress

Audit	Status
Asset management	Draft report
Planning applications	Fieldwork complete
Home to school transport	Fieldwork complete
Records management	Fieldwork in progress
Section 17 payments	Fieldwork in progress
Climate change	Fieldwork in progress
Implementation of the Procurement Act	Fieldwork in progress

Further explanation of audit progress status

Status	Further explanation
Planning	We are working with officers to define and agree the scope and timing of the internal audit work.
Fieldwork in progress	A specification has been issued and agreed with officers which includes target dates for key work deadlines. Fieldwork has started.
Fieldwork complete	Fieldwork has been completed. Closing meetings to discuss findings are taking place and/or the audit is subject to internal quality assurance review.
Draft report issued	A report with findings has been shared with officers. Appropriately focused actions with deadlines for completion need to be provided by officers before an agreed final report can be issued.

ANNEX B: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
No recourse to public funds (Children's services)	Limited Assurance	<p>The audit reviewed the council procedures to ensure:</p> <ul style="list-style-type: none"> Processing is in line with legislation cases are managed appropriately (including multi-service responses) funds are accessed and approved the transition of children with NRPF from children to adult's services, without discontinuity of NRPF support. <p>The audit was commenced under previous management in children's services.</p>	21 May 2026	<p>The council lacks specific policies aligned to NRPF legislation. Guidance omits key elements, including legal advice and funding considerations. This creates a risk of inconsistency and non-compliance.</p> <p>Cases are generally well managed, with qualified leads, multi-service input, and regular oversight. The absence of formal policy means staff must source key information independently.</p> <p>NRPF expenditure is not consistently coded, leading to incomplete oversight. Approval processes lack transparency, sufficient challenge, and routine finance involvement. Arrangements are in place and operating between services. Limited case numbers restrict the level of assurance.</p>	<p>3 significant findings were agreed. Responsible officer(s): Corporate Director of Children's Services and Finance Business Partner.</p> <p>The council will introduce a formal policy framework and improve guidance and training.</p> <p>Financial control will be strengthened, including enhanced monitoring of spend.</p> <p>Officers will ensure appropriate finance involvement in decision-making and regular review of financial risks.</p> <p>Actions will also improve forward planning and coordination, supporting more effective management of complex cases and transitions.</p> <p>All actions will be completed by 30 September 2026.</p>

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
Benefits	Substantial Assurance	<p>The work covered whether:</p> <ul style="list-style-type: none"> • Applications for Housing Benefit and Council Tax Support are processed promptly and accurately • Payments are made and accurately recorded in the council's accounts • Overpayments are minimised and recovered promptly, with appropriate write-off arrangements • Effective monitoring of entitlements, overpayments and adjustments is in place 	29 May 2026	<p>Applications are processed in line with targets. Performance is monitored through KPIs, quality assurance, and regular oversight.</p> <p>Daily reconciliations ensure payments are accurate and recorded correctly. Discrepancies are identified, investigated, and resolved promptly.</p> <p>Controls minimise overpayments. Recovery processes are effective, and write-offs are appropriately authorised.</p> <p>Monitoring is well established. Reviews and system reporting ensure entitlements remain accurate and adjustments are identified promptly</p>	No management actions required.

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
Partnerships	Substantial Assurance	<p>The audit reviewed whether:</p> <ul style="list-style-type: none"> Annual partnership health assessments are completed, up to date, and aligned to governance standards The partnership register is up to date and reflects links to the council's strategic priorities Partnership risks are appropriately identified, recorded, and linked to the council's risk registers Controls identified on the Chief Executive's risk register for partnership working are in place and operating effectively 	29 May 2026	<p>Annual partnership assessments are completed on time using a consistent template and aligned to governance standards. However, some elements were not fully updated, reducing the reliability of reported information.</p> <p>The partnership register is up to date and clearly links partnerships to the council's strategic priorities.</p> <p>Most partnerships maintain risk registers. However, some do not have registers in place, and some link officers lack appropriate access, limiting risk visibility.</p> <p>Controls on the Chief Executive's risk register are in place, operating effectively, and subject to regular oversight. One partnership is rated red, with an improvement plan in place.</p>	<p>2 moderate findings were agreed.</p> <p>Responsible officer(s): Head of Chief Executive's Department.</p> <p>The council will reinforce requirements to ensure all elements of partnership assessments are fully reviewed and updated annually.</p> <p>Action will be taken to ensure partnership risk registers are in place where required, kept up to date, and accessible to link officers.</p> <p>These actions will strengthen oversight, improve risk visibility, and support consistent application of partnership governance requirements.</p> <p>All actions will be completed by 31 October 2026.</p>

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
Creditors	Substantial Assurance	<p>The audit reviewed whether:</p> <ul style="list-style-type: none"> • Appropriate performance management arrangements are in place to monitor and report on creditor performance. • Duplicate invoices are identified and payment prevented. • There are suitable procedures in place for setting up new suppliers and amending supplier details and these are followed correctly. • Goods and services are ordered in line with the Council's financial regulations, appropriately authorised, and paid in line with agreed timescales 	5 June 2026	<p>Creditor performance is effectively monitored through monthly dashboards and KPIs, with the 30-day payment target consistently achieved.</p> <p>Controls to detect and recover duplicate payments are operating well, although formal guidance is limited.</p> <p>Processes for supplier setup are robust with clear segregation of duties. However segregation of duties was not consistently in place for making amendments to supplier details.</p> <p>While policies for managing creditor fraud are in place, staff training is outdated.</p> <p>Overall goods and services are ordered in line with the council's financial regulations, appropriately authorised, and paid in line with agreed timescales.</p>	<p>1 significant and 2 moderate findings were agreed.</p> <p>Responsible officer(s): Operations manager, Strategic Business Manager.</p> <p>The council will review and revised the procedures for the amendment of suppliers to ensure the requirement for a segregation of duties is clear and ensure staff are aware of this requirement.</p> <p>The council will ensure processes for identification and handling of duplicate invoices is clearly documented in creditors guidance.</p> <p>The council will arrange for cyber security and mandate fraud training for the accounts payable and receivable teams.</p> <p>All actions will be completed by 31st July 2026</p>

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
ASC Financial assessments	Substantial Assurance	<p>The audit reviewed whether:</p> <ul style="list-style-type: none"> • Policies and procedures are in place, up-to-date and aligned with legislation. • Guidance and correspondence is provided to individuals in an accessible format and a suitable timeframe, allowing for informed decisions to be made. • Financial assessments are completed in a timely manner, correct procedures are followed, and documentation is retained and recorded appropriately. • Reviews of financial assessments are undertaken in a timely manner. 	15 June 2026	<p>The council has established a robust and compliant framework for financial assessments, aligned with the Care Act 2014.</p> <p>Clear and accessible guidance supports informed decision-making.</p> <p>Assessments are completed promptly, with strong performance monitoring, documentation standards, and management oversight.</p> <p>Staff are supported through structured training, supervision, and quality assurance processes.</p> <p>Review mechanisms operate effectively with appropriate oversight and timely client communication.</p> <p>While arrangements are generally effective, there is an opportunity to enhance ContrOcc functionality to streamline processes, reduce manual effort, and improve efficiency and document management.</p>	<p>1 opportunity finding was agreed.</p> <p>Responsible officer(s): Senior financial officer</p> <p>The council will develop a timeline and project plan outlining the requirements for IT and Finance, ensuring that all letters are prepared in readiness for the April 2027 annual uplift, with clear ownership assigned to each element and agreed completion dates established.</p> <p>This action will be completed by 31st July 2026</p>

ANNEX C: SUMMARY OF PROGRESS ON ONGOING AUDITS

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
Planning applications <i>Fieldwork complete</i>	September 2025	Compliance with legislation and guidance, compliance with policies and procedures.	Fieldwork has been substantially completed. Some final information is being requested. Internal audit quality review needs to take place and a closing meeting to be held with the service.	June 2026	October 2026
Asset Management <i>Draft report issued</i>	March 2026	Asset strategy, long term plans to manage assets, assets sales.	Fieldwork has been completed and a draft report has been issued to responsible officers. Reasonable assurance opinion given with a number of moderate findings but no significant control weaknesses.	June 2026	October 2026
Home to school transport <i>Fieldwork complete</i>	March 2026	Policy and procedures, transport referrals, emergency procedures, non-school transport.	Fieldwork has been completed and a report is being drafted. Internal quality review needs to take place and a closing meeting to be held with the service.	June 2026	October 2026

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
Records Management <i>Fieldwork in progress</i>	February 2026	Governance over management of records, access to records, retention and disposal,	Fieldwork in progress; systems documented. Testing has been delayed due to resourcing constraints but expected to be substantially completed during June.	August 2026	October 2026
Section 17 payments <i>Fieldwork in progress</i>	February 2026. Re-issued April 2026	Roles and responsibilities, plans, policies and procedures, authorisation of payments, budgetary control.	Start delayed due to key staffing changes in service. Testing strategy in place. Fieldwork to start in June 2026.	September 2026	October 2026
Climate change <i>Fieldwork in progress</i>	April 2026	Governance arrangements, embedding of plans in services, strategy priorities and actions.	Delayed response to specification. Agreed in May 2026 and fieldwork to start in June 2026.	September 2026	October 2026
Implementation of the Procurement Act <i>Planning</i>	April 2026	Procurement strategy and policies; training and guidance; compliance with the Procurement Act 2023.	Delayed response to specification. Fieldwork to start in June 2026.	August 2026	October 2026

ANNEX D: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

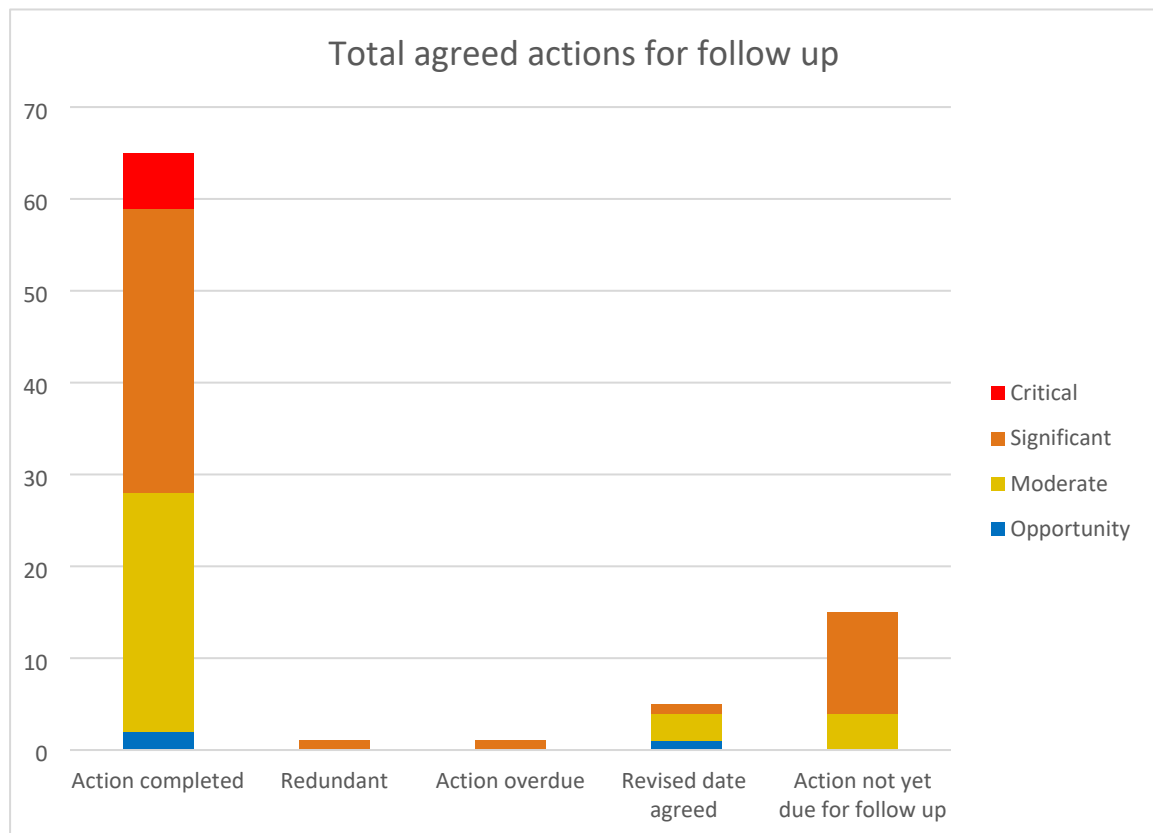
Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

ANNEX E: FOLLOW UP OF AGREED AUDIT ACTIONS

- 1 Follow-up work is carried out through a combination of notifications via the Council’s Pentana system, questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary.
- 2 Where responsible officers have not taken the action they agreed to, issues are escalated to more senior officers. Ultimately, they may be referred to the Audit Committee in accordance with the follow-up and escalation procedure.
- 3 In figure 1, below, the status of agreed actions from follow-up activity undertaken up to 27 May 2026 is shown⁴.
- 4 For clarity, the figure shows the results of follow up activity for this period, regardless of when actions were originally due (that is, it includes actions which were due over twelve months ago but which are still being followed up).
- 5 For completeness, it also shows the number of actions which have been agreed in finalised audits but which have either (a) not yet fallen due, so have not been followed up or (b) which have been followed up and a revised completion date has been agreed.

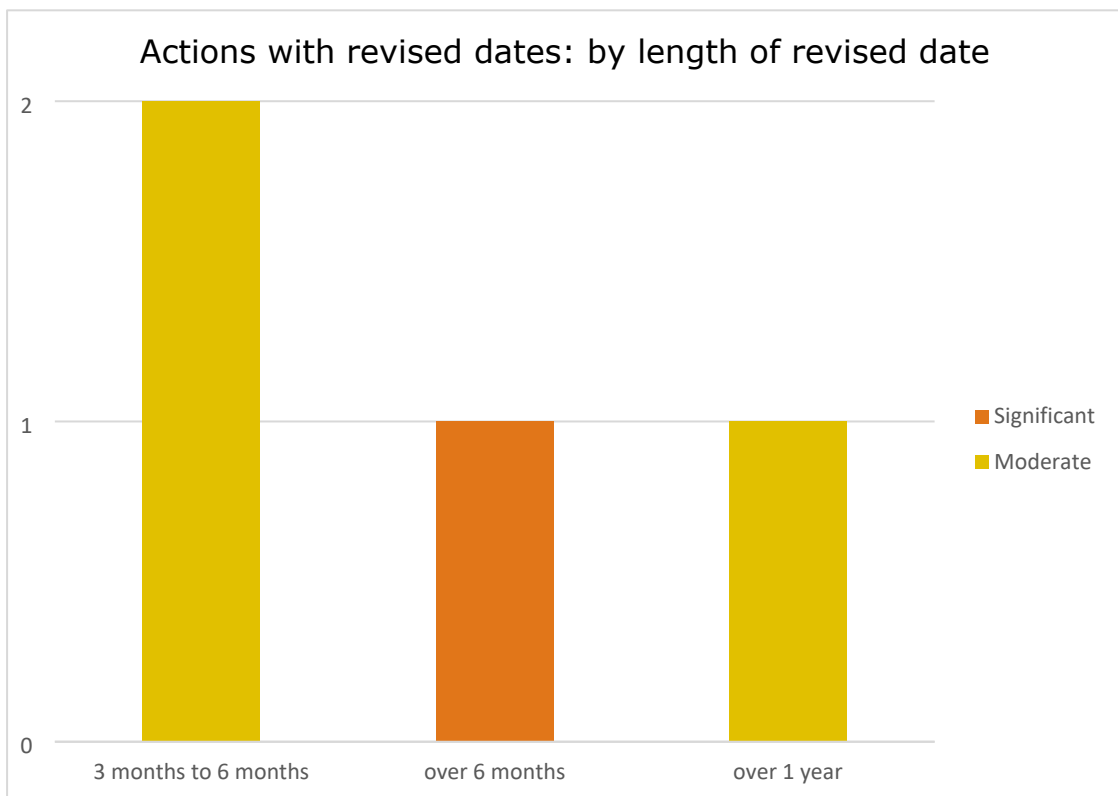
Figure 1: Total agreed actions by current status



⁴ Effective 1 April 2025, follow-up data has been reported on a rolling 12-month basis.

- 6 A total of 74 actions have been followed up in the last twelve months. Of these, 65 have been satisfactorily implemented (88%). Thirteen actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting.
- 7 A total of four outstanding actions have had their original implementation timescale extended. A revised implementation date has been agreed with the action owner. We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. Although lengthy or continued revision of implementation dates can increase the risk of issues occurring. Figure 2, below, shows how long dates have been extended beyond original implementation dates.

Figure 2: Length of revised dates agreed for action implementation



- 8 At the time of reporting, no actions are overdue.

ANNEX F: INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

1.0 Background

Quality assurance and improvement programme (QAIP)

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards. From April 2025 those standards are the Global Internal Audit Standards in the UK Public Sector. Veritau's QAIP includes:

- ▲ the maintenance of a detailed audit procedures manual
- ▲ the requirement for all audit staff to conform to a Code of Ethics and Standards of Conduct Policy
- ▲ the requirement for all audit staff to complete annual declarations of interest
- ▲ detailed job descriptions and competency profiles for each internal audit post
- ▲ regular operational 121 meetings for all auditors, to review progress with audit engagements, and formal 121s that include discussion of overall performance and development
- ▲ induction programmes, training plans and associated training activities
- ▲ attendance on relevant courses and access to e-learning material
- ▲ the maintenance of training records and training evaluation procedures
- ▲ membership of professional networks
- ▲ agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- ▲ the results of all audit testing and other associated work documented in a structured format using our audit management system – K10 Vision
- ▲ file review by senior auditors and audit managers and sign-off at each stage of the audit process
- ▲ the ongoing investment in tools to support the effective performance of internal audit work (for example, data interrogation software)
- ▲ post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- ▲ regular client liaison meetings to discuss progress, share information and evaluate performance.

On an ongoing basis, completed audit work is subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by an Assistant Director (Head of Internal Audit). Any key learning points are shared with the relevant internal auditors and internal audit management team. Appropriate mitigating action will be taken

where required (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, Veritau seeks feedback from each client on the quality of the overall internal audit service. This includes surveys targeted at senior officers and chairs of audit committees. The Head of Internal Audit also undertakes an annual self-assessment against internal audit standards. As part of ongoing performance management arrangements, managers and auditors assess current skills and knowledge against the competency profiles for internal audit roles. Where necessary, further training or support will be provided to address any development needs.

The internal audit management team also participate in various professional networks and obtain information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of annual client surveys, self-assessment against the standards, professional networking, and ongoing quality assurance and performance management arrangements are used to identify any areas requiring further development or improvement. Actions required are reflected in Veritau business plans, the Veritau internal audit strategy, and individual personal development plans as appropriate. Any specific changes needed to address conformance with professional standards are reported to the Audit Committee as part of the annual report of the Head of Internal Audit. The report also summarises other development activity planned to enhance the delivery of the service. Information gathered for quality assurance and development purposes is also used to evaluate overall conformance with internal audit standards.

External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client. Any specific areas identified as requiring further development and/or improvement will be incorporated into current development plans.

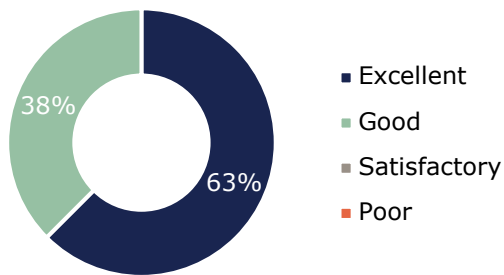
2.0 Customer satisfaction survey 2026

In March 2026, we asked clients for feedback on the overall quality of the internal audit service provided by Veritau during the preceding year. Where relevant, the survey also asked questions about counter fraud and information governance services. A total of 189 surveys (2025 – 188) were issued to senior managers in client organisations. A total of 24 responses were received, representing a response rate of 13% (2025 – 17%). Respondents were asked to

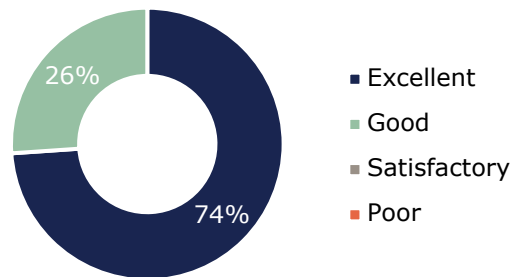
rate the different elements of the audit process as either excellent, good, satisfactory or poor.

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below. These are presented as percentages, for consistency with previous years. However, it is recognised that the relatively low number of respondents means that the percentage for each category is sensitive to small changes in the selected response (1 respondent represents about 4%).

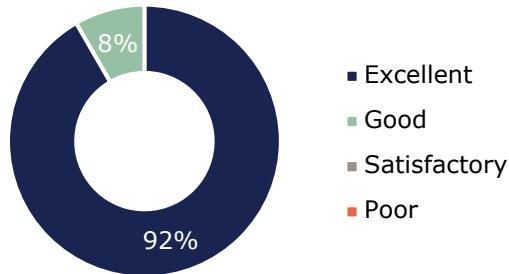
Quality of audit planning / coverage



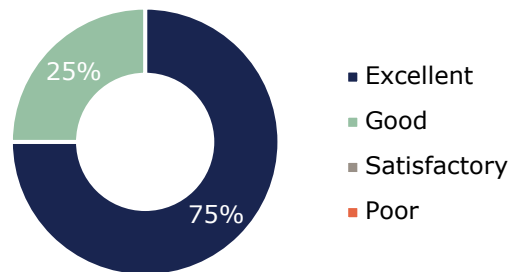
Provision of advice / guidance



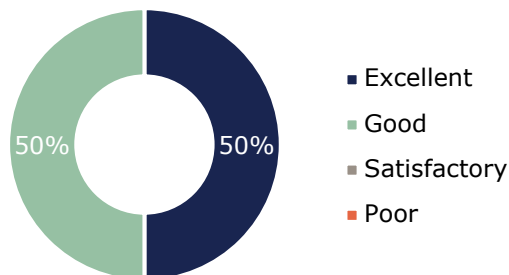
Staff conduct & professionalism



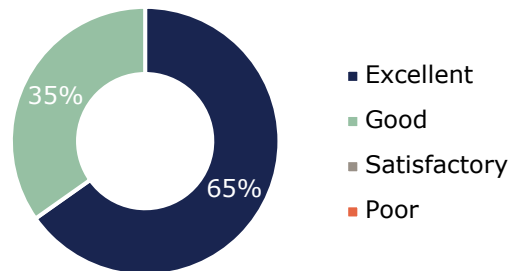
Ability to establish positive rapport



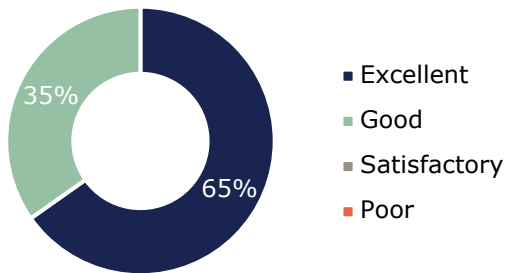
Knowledge of area being audited



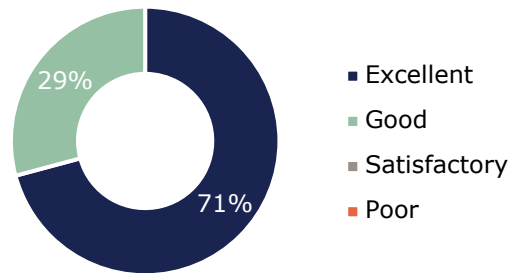
Minimising disruption for area being audited



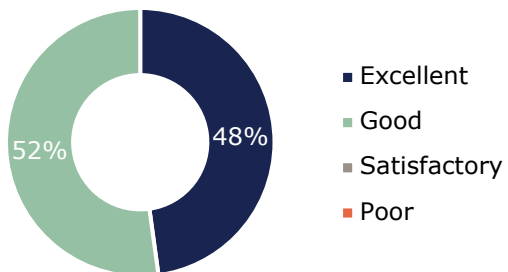
Communication of issues during audit



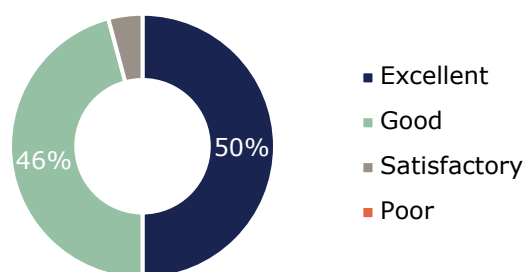
Quality of feedback at end of audit



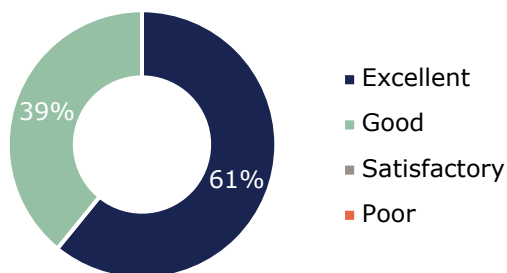
Accuracy / format / length / style of report



Relevance of audit opinions & conclusions



Overall rating for the Internal Audit service



The overall ratings in 2026 were:

	2026 ⁵		2025	
Excellent	14	61%	18	56%
Good	9	39%	12	38%
Satisfactory	0	0%	2	6%
Poor	0	0%	0	0%

The feedback shows that the respondents continue to value the service being delivered.

3.0 Internal audit quality and effectiveness survey (audit committee chairs) 2026

In April 2025, Veritau issued its first internal audit quality and effectiveness survey. The survey was sent to the chairs of the audit committees (or equivalent) of our larger clients. Its purpose was to seek the chairs' feedback on how well Veritau had performed, during 2024/25, in supporting the work of their committees. The same survey was issued in April 2026.

The survey includes eight questions covering consultation on audit priorities, coverage and relevance of audit work, timeliness of responses and communication of key issues, quality of reporting, and professionalism. Respondents are also asked to provide an overall rating for the service.

A total of 10 surveys (2025 – 10) were issued in April 2026. Seven responses were received, representing a response rate of 70% (2025 – 50%). Respondents were asked to provide a rating of excellent, good, satisfactory or poor for each question.

The overall ratings in 2026 were:

	2026 ⁶		2025	
Excellent	5	83%	3	60%
Good	0	0%	2	40%
Satisfactory	1	17%	0	0%
Poor	0	0%	0	0%

Overall, the feedback shows that audit committee chairs continue to consider Veritau's internal audit service effective.

⁵ Despite responding either 'excellent' or 'good' to the 10 other questions in the survey, one respondent did not provide an overall rating. Therefore, the total response count in the table for 2026 equals 23 rather than 24.

⁶ Despite responding either 'excellent' or 'good' to the seven other questions in the survey, one respondent did not provide an overall rating. Therefore, the total response count in the table for 2026 equals 6 rather than 7.

4.0 Self-assessment against audit standards

The Accounts and Audit Regulations 2015 require internal auditors working in local government to take into account public sector internal auditing standards or guidance. CIPFA (who are responsible for setting internal audit standards for local government) has adopted the Global Internal Audit Standards in the UK Public Sector – or GIAS (UK Public Sector). These standards came into effect on 1 April 2025.

Prior to 2025, Veritau had used a checklist published by CIPFA to assess conformance with the previous standards, the Public Sector Internal Audit Standards. No equivalent checklist for assessment against the new standards had been published by CIPFA at the time the 2025 self-assessment took place. This meant that the 2025 self-assessment used documentation published by the Institute of Internal Auditors (designed to help internal audit functions prepare for the introduction of the new standards) and CIPFA's Application Note.

In January 2026, CIPFA launched its GIAS (UK Public Sector) conformance assessment toolkit. The toolkit requires 91 conformance assertions to be made⁷ across the following:

- ▲ Global Internal Audit Standards (Institute of Internal Auditors)
- ▲ Application Note: Global Internal Audit Standards in the UK Public Sector (Relevant Internal Audit Standard Setters, including CIPFA)
- ▲ Code of Practice for the Governance of Internal Audit in UK Local Government (CIPFA)

CIPFA's conformance assessment toolkit was used to undertake a full self-assessment for 2026, the outcomes from which are summarised later.

5.0 2025 self-assessment: update on previous actions

Partial conformance actions

Our 2025 self-assessment allowed us to confirm our overall conformance with the GIAS (UK Public Sector). However, we identified two actions to address areas of partial conformance. These were to update internal audit charters to align with the GIAS (UK Public Sector) and to provide a more structured means for audit committees to provide input on internal audit performance. Both actions have been completed.

All audit charters were updated to incorporate new and changed requirements brought about by the GIAS (UK Public Sector) and were presented to audit

⁷ Conformance assertions are made on a three-point scale: does not conform; partially conforms; generally conforms. Assertions are made at the domain, principle, standard, interpretation, and requirement levels.

committees for approval. A new survey of chairs of audit committees was also developed and issued in April 2025 and is now repeated annually.

Continuous improvement actions

The 2025 self-assessment also highlighted a number of other actions that were not required to conform to the standards but which would help to improve the service. Good progress has been made in implementing these actions.

Updates have been made to our internal training forward plan so that it now links individual sessions to the relevant professional standard(s). Training has been designed and delivered on the professional scepticism standard. Training preparation and evaluation forms have also been developed. Other actions, such as reviewing role competency profiles and value for money auditing procedures, have been incorporated into wider development plans and initiatives.

6.0 2026 self-assessment: outcomes

The 2026 self-assessment has been completed. No areas of non-conformance were identified.

Across the 91 assertions made, only two indicate that Veritau is achieving partial conformance. Both arise from requirements in the Application Note: Global Internal Audit Standards in the UK Public Sector. Specifically, these are the requirements to:

- ▲ Promote awareness and support understanding of value for money, including development of evaluation criteria
- ▲ Have a methodology in place to risk-assess areas covered by a Topical Requirement⁸ and, where required, to perform work in accordance with it.

Three 'conformance actions' have been developed to address the partial conformance identified, as follows:

Ref.	Title	Action	Timescale
CA01	Auditing value for money: definition and evaluation criteria	Update the audit manual and create a new appendix which defines value for money, provides example evaluation criteria, and documents an approach to evaluation.	December 2026
CA02	Auditing value for money: training	Develop and provide training to the internal audit service on value for money in the public sector, and on suggested approaches for evaluation.	December 2026

⁸ Topical Requirements provide a minimum baseline and relevant criteria for a consistent, comprehensive approach to assessing the design and implementation of governance, risk management, and control processes in particular risk areas (the topics).

CA03	Managing Topical Requirements	Update the audit manual to include a methodology for how Topical Requirements will be managed, including the rationale for inclusion or exclusion of relevant audits based on an assessment of risk (using the IIA's Topical Requirements Application Guidance to support with design and implementation).	December 2026
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These three actions will be brought into Veritau’s quality assurance and improvement programme via the ‘conformance and continuous improvement action plan’. The action plan will also contain a further 24 ‘continuous improvement actions’ arising from domains 2-5 of the Global Internal Audit Standards and the Code of Practice for the Governance of Internal Audit in UK Local Government. All 24 actions are designed to support Veritau’s ability to evidence conformance in areas already assessed as ‘generally conforms’.

The conformance and continuous improvement action plan will be owned and delivered by Veritau’s audit management team. We expect that all actions will be completed in time for the 2027 self-assessment.

7.0 External Assessment

The GIAS (UK Public Sector) require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau’s internal audit working practices was undertaken in summer 2023, by John Chesshire, an approved reviewer for the Chartered Institute of Internal Auditors. The report concluded that Veritau internal audit activity ‘generally conforms’ to the PSIAS⁹ and, overall, the findings of the review were very positive. The feedback included comments that the internal audit service was highly valued by its member councils. Key stakeholders felt confident in the way Veritau had established effective working relations, both in our approach to planning, and the way we engage flexibly with our clients throughout the internal audit process, at both strategic and operational levels.

The outcomes from the external assessment were reported to this committee on 8 November 2023. The assessment was based on the PSIAS. Many of the requirements under the new standards are the same or similar, and we can therefore continue to place reliance on the previous report. However, a further external assessment against the new standards will need to be carried out in the next two years.

⁹ PSIAS guidance suggested a scale of three ratings, ‘generally conforms’, ‘partially conforms’ and ‘does not conform’. ‘Generally conforms’ was the top rating.

8.0 Wider development plans and initiatives

Overall, the internal audit services provided by Veritau continue to meet the requirements of professional standards. However, we recognise that the pace of change in local government and the wider public sector mean that there is a need to continually review and update aspects of our service to ensure it stays up to date and continues to deliver good value.

The internal audit strategy

We first introduced an internal audit strategy in 2021. The strategy identified priorities for developing the service and actions to deliver continuous improvement. The latest strategy (2025 to 2027) was adopted in January 2025. It sets out areas we are prioritising for development. These include the following:

- ▲ focussing on the development of high value assurance techniques and expertise
- ▲ further development of systems for planning, prioritising and reporting audit work
- ▲ use of the K10 audit system to improve functionality for the delivery of audit work and the production of management information.

To achieve these priorities, we have focused actions in the following four key areas during 2025/26:

1. embedding a strategic approach to work programme development and the use of the audit opinion framework
2. redesigning and modernising our audit working practices (including assignment planning and reporting)
3. further developing our use of data analytics
4. developing our key performance indicators and the measures of added value.

At the time of preparing this report, we are currently refreshing our internal audit strategy. The new strategy will retain many of the priorities and focus areas of the previous version because they remain central to our continuous improvement efforts. However, early stages of development show that further emphasis will be placed on generating deeper insights and minimising time taken to deliver value. Attention is required in these areas to ensure we keep pace with developments in the profession, aspects of which have been accelerated by improvements in data analytics capability / availability and the growth in artificial intelligence. We expect to launch the new strategy in the first half of 2026.

Quality assurance group: outcomes

The internal audit quality assurance group is currently working on its 2025/26 review. With new follow-up and escalation procedures established at the

beginning of the year, the group is aiming to assess how well these have been applied through our K10 system. Specifically, the review is looking at the design and governance of the follow-up process, its overall effectiveness in terms of outcomes, compliance with procedures, and the strength of the links with client arrangements, the annual opinion, and work programme development.

The group has concluded the first part of the review into governance and procedures. They found that Veritau's arrangements for follow-up align strongly with the requirements of the GIAS (UK Public Sector). Expectations are clearly set in the audit manual, with accompanying procedures available to support consistent application of the process.

A small number of areas requiring improvement have been identified. These include:

- ▲ Further clarifying procedures for initiating follow-up audits, and how to treat the follow-up of actions prior to these audits
- ▲ Developing a stronger process for recording and tracking new actions agreed as a result of follow-up work (i.e. those which replace the originally agreed action)
- ▲ Developing more detailed guidance on the use of system reports, including data quality checks to perform on information shared with client governance groups and audit committees
- ▲ Improving the ease with which system reports can be converted into management information so that we can continue to report on the overall disposition of follow-ups to governance groups rather than on an escalation-only basis.

Once the review has concluded, the final set of improvement actions will be communicated and brought into Veritau's quality assurance and improvement programme. Improvements will then be implemented in a range of ways such as through updating procedures, further system development, incorporation into the internal audit strategy, via team training events, and through feedback to individual auditors where required.

9.0 Overall conformance with standards

Based on the overall outcomes from Veritau's quality assurance and improvement programme, the Head of Internal Audit considers that the internal audit service conforms to Global Internal Audit Standards in the UK Public Sector.

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MIDDLESBROUGH COUNCIL



Report of:	Corporate Director of Finance (S151 Officer)
Submitted to:	Audit Committee
Date:	25 June 2026
Title:	Outcome of the Review of Internal Audit
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

That the Audit Committee:

- **NOTES** the findings of the Section 151 Officer's review of the current internal audit arrangements in place at the Council.
- **APPROVES** the additional investment in internal audit days to that set out in the table at paragraph 3.12, subject to those resources being available from the Council's medium term financial plan. This will ensure that the Council buys internal audit services at the average level for unitary authorities.
- **NOTES** that a revised work programme with an additional 170 days for 2026/27 will be produced by Veritau for consideration at the Committee's next meeting in July.

Executive summary

Following recommendations made as part of the Peer Review challenge during early 2025, and to ensure that value for money is being derived from the current contract with Veritau Public Sector Ltd, the internal audit arrangements at the Council have been reviewed.

The current contract with Veritau commenced in January 2020, with a ten-year term and an option to extend for a further five years thereafter. The existing arrangement establishes a medium to long term partnership with the internal audit provider to assess the quality and level of governance and risk management within the organisation. At present, an annual number of 555 days are being purchased at an annual cost of £184k.

The amount of internal audit days per annum has remained unchanged for many years and is still at the same level as that provided by the predecessor provider Tees Valley Audit and Assurance a decade ago. During this time, the Council has been through a variety of challenges: the Covid-19 pandemic, governance challenges and leadership changes, statutory external audit recommendations, as well as a fragile financial position with a low level of usable reserves. The level of risk involved with these and implicit within Council activities has been volatile and at a high level for some time. The organisation now is very different to what it was a decade ago.

As a result of this and some of the commentary made as part of the Peer Review, in relation to the effectiveness and value for money being achieved on the internal audit contract, discussions have been held over several months between the S151 officer and senior management at Veritau about next steps. This has concluded that the level of investment on the internal audit function by the Council has fallen behind that of many other local authorities. That and a lack of capacity within the Council to pro-actively manage the current contract are seen as the primary reasons why the work programme, impact, and visibility of internal audits need to be strengthened.

A proposal is made within this report to increase the level of investment with Veritau over the course of the medium-term financial planning (to 2029/30) from the current level of 555 days per annum to 1,000. This would bring our investment in line with the average for other unitary authorities. An increase of 80% on the existing programme. This would be done on a stepped basis to allow sufficient time for the additional days to be discussed, planned and embedded accordingly.

Although further discussion is required on exactly what this additional investment will buy for the Council, the main emphasis will be on increasing the profile of internal audit within Middlesbrough, using internal audit more as a critical friend/consultant rather than just for process and system reviews, and additional reporting/contact with LMT, Audit Committee, Heads of Service and within Directorates.

Some examples of the additional audit work that could be undertaken are given in paragraph 3.14 of this report. The cost of the additional days is £154k over the four-year period, taking the total cost to £338k per annum, and could be funded via a growth bid to the medium-term financial plan. The purchase of additional internal audit days would be aimed at increasing the quality and depth of the governance processes and knowledge within the organisation and thereby minimising the levels of risk to service activity.

1. Purpose

- 1.1 Following the Council's Peer Review by the Local Government Association during January 2025, it was suggested that a review was undertaken of the current internal audit arrangements in place. This was based on feedback received from both elected members and officers that were interviewed as part of the Peer Review team's work.
- 1.2 This report provides the findings from the review by the Council's Section 151 Officer, with a proposal to invest in additional capacity and audit days for the current internal

audit function. This will ensure greater visibility, impact, and reporting on the auditor's work programme whilst ensuring that the maximum possible value is added.

2. Recommendations

2.1 That the Audit Committee:

- **NOTES** the findings of the Section 151 Officer's review of the current internal audit arrangements in place at the Council.
- **APPROVES** the additional investment in internal audit days to that set out in the table at paragraph 3.12, subject to those resources being available from the Council's medium term financial plan. This will ensure that the Council buys internal audit services at the average level for unitary authorities.
- **NOTES** that a revised work programme with an additional 170 days for 206/27 will be produced by Veritau or consideration at the Committee's next meeting in July.

3. Background and relevant information

3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines internal audit as an independent, objective assurance and consulting activity, designed to add value and improve an organisation's operations. It evaluates and improves the effectiveness of risk management, control, and governance processes.

3.2 The responsibility for internal audit within local government under legislation rests with the S151 Officer, in consultation with the other statutory and executive officers responsible for management of the organisation. An annual programme of work, based on an ongoing risk assessment and dialogue with officers, is undertaken by internal audit each financial year and is agreed and reported to LMT and Audit Committee. The current annual programme of days is 555 in total per year at a cost of £183,705.

3.3 Internal Audit was one of the areas of governance identified for improvement as part of the Peer Review exercise in 2024. The rationale for this was that some of the feedback given by both officers and elected members to the Review Team identified issues with:

- The value of specific projects to the Council, particularly those of a recurring nature which can often be audited annually.
- The timeframe between commencing audit work and reporting often being too long leading to slippage of audits between annual programmes.
- The visibility of the internal audit at service level within the organisation not being as high as it should be.

- 3.4 Until the early 2000's internal audit at Middlesbrough was an in-house function with internal auditors employed by the Council. Due to the age profile of the existing team leading to several retirements and subsequent recruitment issues, a shared service was established between Middlesbrough and Redcar and Cleveland Borough Council from April 2010 - Tees Valley Audit and Advisory Services (TVAAS), to ensure that services were maintained at an appropriate level and quality.
- 3.5 TVAAS experienced similar retention and recruitment problems during the following decade leading to the non-viability of the shared service. To ensure that a fit for purpose internal audit function was maintained, Middlesbrough procured Veritau, a local authority internal audit company created by North Yorkshire County and City of York Councils. This organisation provided audit and counter-fraud services to several other local authorities, including some commercial offerings. As a result of the new provider's size and stability, this eliminated many of the risks associated with internal audit under the TVAAS set up.
- 3.6 Middlesbrough (and Redcar and Cleveland) joined under new a new contract approved by the Council's Executive from January 2020. This was on a subscription basis via capital investment in a new company, Veritau Tees Valley Ltd. The contract is a long term one to encourage partnership working and collaboration, with an initial period of ten years (to December 2029), plus the option to extend for a further five subsequent years.
- 3.7 Due to the continuing growth and success of Veritau within the wider public sector, the company has recently restructured into separate 'not for profit' and 'commercial' arms, with the audit contract for the Council, transferring to the former, Veritau Public Sector Ltd from February 2026. The change in delivery vehicle for the contract has had no impact on the level and quality of service delivery or the annual cost.
- 3.8 The current annual internal audit programme has remained unchanged since the transfer from TVAAS at 555 days per year. In this period however, the Council has been through a range of significant issues from Covid-19, leadership and service related changes, governance challenge and improvements following statutory external audit recommendations, government intervention in the form of the Best Value Notice, and a difficult budget and medium term financial position following years of under-funding and demand led pressures, particularly related to children's and adult social care. The 'Recover, Reset and Deliver' approach to organisational change in recent years means that the Council is now very different to that at the start of the Veritau contract.
- 3.9 Given the feedback from the Peer Review team highlighting several issues to consider on the value of internal audit to Middlesbrough, and the above highlighted organisational change, it seems an opportune time to review the existing internal audit arrangement. Discussions have been held between the S151 Officer and

senior management at Veritau to consider the LGA findings and performance in recent years. These have identified that the level of investment by the Council in internal audit is much lower than for most other unitary authorities. Although this might have been appropriate a decade ago, it needs to be reviewed for the current challenges facing local government and Middlesbrough at present.

3.10 Veritau provided the S151 Officer with a set of benchmarking data (on a confidential basis) on the number of internal audit days used by other unitary local authorities to assist with the review, and which provided the following conclusions:

- The average number of days for unitary authorities who are part of our CIPFA nearest neighbour model (those with similar socio-economic and demographic characteristics) was **890** days per annum. (over **60%** greater than Middlesbrough).
- The average number of days for the total unitary authority population was **988** days per annum (**78%** greater than Middlesbrough).
- The Council is significantly under investing in internal audit services in comparison to others and this may be the primary factor influencing the comments received by the LGA during the Peer Review interviews.
- The profile and impact of internal audit within the organisation have possibly been reduced because of the lower level of investment by Middlesbrough, than for an average local authority in recent years.

3.11 For Middlesbrough to catch up with other unitary local authorities and increase the value for money under the current contract, it is proposed that an increase in the number of internal audit days is bought by the Council over a period. This will allow the Council to work with Veritau to establish a new and improved internal audit programme which will address the comments from the LGA and for Management to cascade this new approach to senior officers within the organisation.

3.12 The following profile of days is suggested as a managed transition to a revised set of working arrangements with Veritau, that increases the scope and coverage of the current internal audit work programme:

Financial Year	Number of internal audit days	% Increase from current level	Rationale for proposed increase
2025/26	555	-	Current contracted amount.
2026/27	725	30.6%	Halfway between current no of days and the CIPFA nearest neighbour model average. [Given the financial year is already underway, there is not enough time to implement a major

			increase for 2026/27, but this demonstrates a commitment and ambition to do more with Veritau.]
2027/28	890	60.4%	Increases Middlesbrough's investment in internal audit to the CIPFA nearest neighbour model average for the next financial year.
2028/29	890	60.4%	Retain the status quo for 2027/28 to embed the revised approach to working with Veritau within the organisation.
2029/30	1,000	80.2%	Average level of investment in internal audit services by unitary local authorities who were part of the benchmarking exercise.

3.13 Although further discussion is required on exactly what this additional investment will buy for the Council, the main emphasis will be on increasing the profile of internal audit within Middlesbrough, using internal audit more as a critical friend/consultant rather than just for process and system reviews, and additional reporting/contact with LMT, Audit Committee, Heads of Service and within Directorates.

3.14 Some additional areas of new audit coverage have already been discussed with Veritau as a part of recent monthly liaison meetings:

- Specific projects linked directly to the strategic and directorate risks registers.
- Consultancy type work, where Veritau have greater knowledge and exposure to topic areas due to working with other local authorities and clients.
- Focussed reviews on areas of non-compliance with the Constitution and the Finance & Contract Procedure Rules
- Training and guidance for council staff.
- Additional projects added to the current year work programme from Veritau's own risk assessment of the Council's operations.

All would be with the aim of increasing the quality and depth of governance processes and knowledge within the organisation and minimising the levels of risk where possible

3.15 In terms of finance, the current cost of internal audit days is £331 per day but this increases by CPI each year. Assuming that inflation is broadly 2% over this period, the additional cost for the suggested increases in the number of internal audit days, and how they could be funded are set out in the table below.

Financial Year	Additional internal audit days	Cost per Day (£)	Total Additional Cost (£)	Basis for Funding
2026/27	170	338	57,460	From 2025/26 growth amount
2027/28	165	345	56,925	Growth bid to MTFP
2028/29	0	352	0	No additional budget required
2029/30	110	359	39,490	Growth Bid to the MTFP

3.16 The total increase over the MTFP period would be £153,875 taking the annual cost from £183,705 to £337,580. An increase of 80%.

3.17 Following Audit Committee and an agreement being reached on the additional investment required on an annual basis going forwards, officers at Veritau will prepare a revised work programme for the 2026/27 financial year for further discussion. This will be to the July meeting of the Committee.

4. Other potential alternative(s) and why these have not been recommended

- 4.1 Do Nothing – Keep the current contract at the existing level of 555 days. This option is not recommended as this would not give the relevant capacity to improve given the current feedback on the effectiveness of the internal audit contract.
- 4.2 Invest but at a different number of days or profile to that recommended in the table at Paragraph 3.12. This would be for Members to discuss. The suggested number of days and profile though is based on data from other comparable local authorities and from discussion with management in the Council and at Veritau on what is reasonable to achieve from the existing base and over the MTFP timeframe.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including Social Value)	The financial implications of purchasing additional internal audit days are set out in the table at 3.15 above. The total revised annual cost for internal audit is set out at 3.16 and totals £337,580 per annum.
Procurement	There are no associated procurement implications with the recommendations being made in this report. The existing contract will continue until expiry on 31 December 2029, where there is an option for the Council to extend for a further five years.

Legal	There are no legal implications from this report. Internal Audit is a statutory function under the Local Government Act 1972 and the requirements on the Council are set out in the Local Audit and Accountability Act 2014.
Risk	Investing in additional internal audit services is part of the Council's overall strategy to manage risk, both at strategic and directorate (operational levels). The impact of internal audit work on areas will be reflected as part of the Council's own self-assessment scoring on the level of inherent risk.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no direct implications in this area from the recommendations being made in this report.
Reducing poverty	There are no direct implications in this area from the recommendations being made in this report.
Climate Change / Environmental	There are no direct implications in this area from the recommendations being made in this report.
Children and Young People Cared for by the Authority and Care Leavers	There are no direct implications in this area from the recommendations being made in this report.
Data Protection	There are no direct implications in this area from the recommendations being made in this report.

Background papers

Body	Report title	Date
Audit Committee	Internal Audit Work Programme 2026/27	23 April 2026
Audit Committee	Head of Internal Audit Annual Report – 2025/26	25 June 2026

Contact: Justin Weston, Head of Corporate Finance (Deputy S151 Officer)
Email: justin_weston@middlesbrough.gov.uk

MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
Submitted to:	Audit Committee
Date:	25 June 2026
Title:	Counter Fraud Annual Report
Report for:	Information
Status:	Public
Council Plan priority:	Safe and resilient communities

Proposed decision(s)
<p>That the Committee:</p> <ul style="list-style-type: none"> • NOTE the results of counter fraud work undertaken during 2025/26.

Executive summary
<p>This report contains the counter fraud annual report (appendix 1), which summarises counter fraud work undertaken in 2025/26. It details levels of savings achieved by the council as a result of counter fraud work. The report also provides the committee with information about whistleblowing concerns raised during the year.</p>

1 Purpose

1.1 To provide the committee with a summary of counter fraud work undertaken in 2025/26.

2 Recommendations

2.1 That the Audit Committee

- Note the results of counter fraud work undertaken during the year

3 Background and relevant information

3.1 Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for the Council. The service helps mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.

3.2 The annual counter fraud report is contained in appendix 1.

4 Other potential alternative(s) and why these have not been recommended

4.1 This report is for information. There are no other options available.

5 Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	There are no specific impacts or implications.
Legal	There are no specific impacts or implications.
Risk	There are no specific impacts or implications.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no specific impacts or implications.
Climate Change / Environmental	There are no specific impacts or implications.
Children and Young People Cared for by the Authority and Care Leavers	There are no specific impacts or implications.
Data Protection	There are no specific impacts or implications.

Appendices

1	Counter fraud annual report 2025/26
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Contact: Jonathan Dodsworth
 Email: jonathan.dodsworth@veritau.co.uk

COUNTER FRAUD ANNUAL REPORT 2025/26

Date: 25 June 2026

Appendix 1

CONTENTS

- 3** Background
- 3** Investigative work
- 5** Whistleblowing
- 6** Counter fraud management



Jonathan Dodsworth
Assistant Director -
Corporate Fraud



BACKGROUND

- 1 Fraud and corruption present a significant and ongoing risk to local authorities. Fraud is the most common offence in the UK, accounting for 43% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 billion and £81 billion in 2023/24, with only a fraction of this detected². Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau provides a corporate fraud service to Middlesbrough Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments to prevent fraud, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team plan and take part in counter fraud campaigns (eg the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the Council's counter fraud framework and associated policies.
- 4 This report provides the Audit Committee with a summary of counter fraud activity in 2025/26. It also details whistleblowing reports received, and the related outcomes for the year.



INVESTIGATIVE WORK

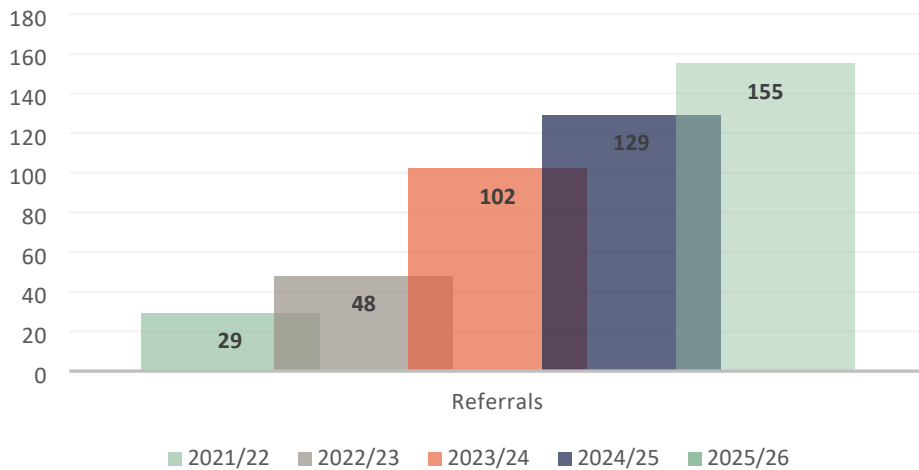
- 5 The counter fraud team helped the Council achieve £371k in counter fraud savings in 2025/26. Savings are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. The largest element of savings (£300k) related to a repayment of unpaid business rates resulting from an attempt by a business to evade its liabilities. Working alongside council officers, members of the counter fraud team gathered evidence and testified in court in support of the Council's case.
- 6 Veritau recorded £233k of loss to the Council in 2025/26 due to fraud and error. The largest area of loss was within adult and children's social care (£173k).
- 7 Working with council enforcement officers the counter fraud team participated in two exercises to combat blue badge fraud in the town centre. In May 2025, the council joined 140 other local authorities in a concerted effort to check blue badges in use across the country. In December the same exercise was repeated alongside other Veritau council clients.

¹ [National Economic Crime Centre Annual Report 2024-2025](#), National Crime Agency, published July 2025.

² [An overview of the impact of fraud and error on public funds](#), National Audit Office, published November 2024.

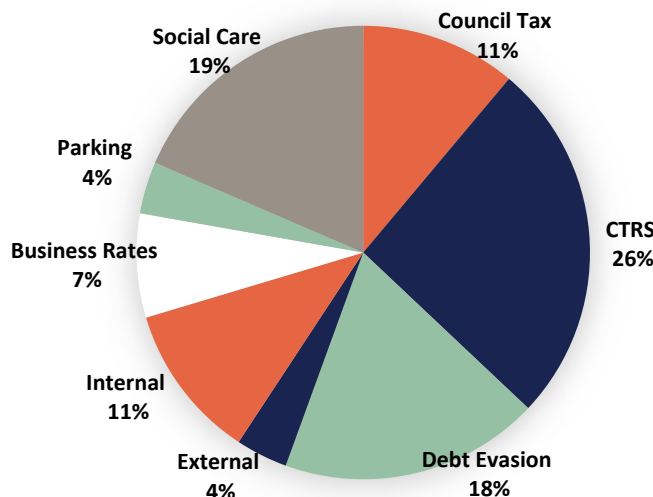
- 8 The team received 155 referrals of suspected fraud during the year including reports from the public, council employees, external agencies, and issues identified through proactive exercises. This equates to a 20% increase in referrals from the previous financial year and represents a fifth year of growth in referral numbers.

Annual number of referrals



- 9 Twenty-seven investigations were completed in 2025/26 with successful outcomes achieved in 58% of cases³. Six formal warnings were issued, and debts owed to the Council were calculated in a further five cases, three internal investigations were completed, and information was provided in 5 debt evasion cases.

Completed investigations by area

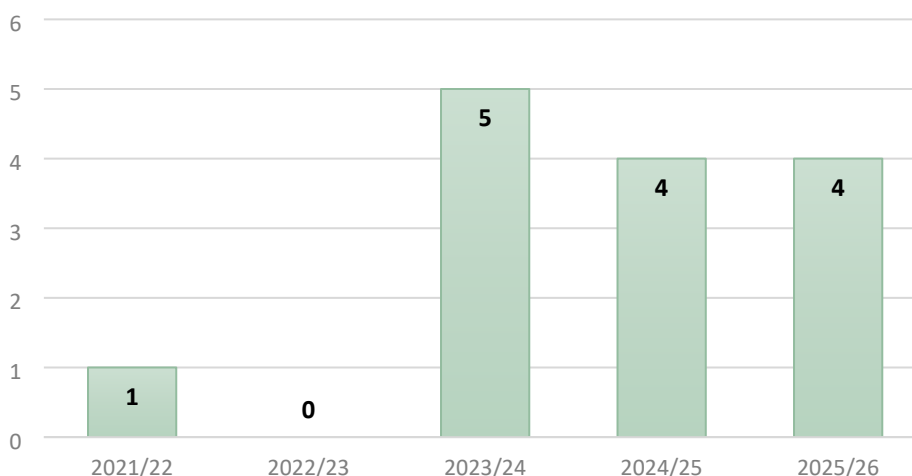


³ Outcomes are considered to be successful when fraud or error is found as a result of an investigation, excluding internal fraud and debt evasion cases.

WHISTLEBLOWING

- 10 Middlesbrough Council has arrangements in place to ensure that there is a clear process for managing whistleblowing reports. Veritau helps to support the Council's whistleblowing process by keeping a log of any concerns raised through Veritau's whistleblowing hotline and email address or when we are notified by the Council that a report has been made internally. We work closely with colleagues in Human Resources and other relevant services to help ensure that concerns raised are dealt with appropriately.
- 11 Veritau routinely undertakes work to raise awareness of the whistleblowing policy. Details of activity undertaken in the financial year are set out below in paragraph 18.
- 12 Four whistleblowing reports were logged by Veritau in 2025/26. All four were assigned to council officers to address. They related to alleged corruption, poor procedures, and code of conduct.
- 13 An investigation into poor procedures by council staff substantiated some, but not all, of the concerns raised in the whistleblowing report. Action to address the issues is being undertaken through internal processes. A second whistleblowing report into a code of conduct issue was investigated and again the whistleblowing concern was substantiated. This led to formal advice and guidance being given to a council employee and a general reminder to all staff within that specific workplace. Two further cases are still being investigated by council officers.
- 14 The figure below shows the number of whistleblowing reports recorded over the past four financial years – 14 in total. They include three reports that ultimately were determined to not be whistleblowing – two in 2023/24 and one in 2024/25.

Whistleblowing Reports



COUNTER FRAUD MANAGEMENT

- 15 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the Council. In March 2025 the 2025/26 Counter Fraud Plan was presented to the Audit Committee. The report included an updated fraud risk assessment and a development plan for counter fraud work in the upcoming financial year.
- 16 The Council increased the level of resources invested into counter fraud work in 2025/26 by 100 days, to a total of 250 days. This increase reflected the growth of counter fraud work since the service was established in 2020/21. This additional resource enabled the team to increase the number of ongoing investigations for the council.
- 17 Raising awareness of fraud amongst council employees and the public is an important function of the counter fraud team. Bespoke training was provided to employees working within revenues, benefits, social care, and procurement teams in 2025/26. Over the course of the year the team produced and circulated a quarterly newsletter for employees working in adult social care which highlighted recent frauds detected locally and nationally.
- 18 The team worked with the Council's communications team to raise awareness of the Whistleblowing Policy with employees on World Whistleblowers' Day in June 2025. Employees were encouraged to make themselves familiar with the Council's policy and how to report issues. Employees also have access to e-learning modules developed by Veritau and hosted on the Council's e-learning platform.
- 19 Cybercrime is considered a high-risk area for the Council. Working with the Council's communication team Veritau helped raise awareness during Cyber Security Awareness Month in October 2025. Information was shared about the danger of opening attachments or clicking links from unknown senders, how to verify email addresses, and tactics used by fraudsters to pressure employees into bypassing process and internal controls.
- 20 In November, during International Fraud Awareness Week, the counter fraud team highlighted the threat to councils from polygamous working. There have been several recent high-profile cases where council workers have been found to be working for multiple organisations at the same time and not informing their employers.
- 21 On International Anti-Corruption Day in December, a new offence, Failure to Prevent Fraud, was highlighted to all employees. Introduced under the Economic Crime and Corporate Transparency Act 2023, large organisations can be found to be guilty of the offence if an employee, contractor, or supplier delivering services commits a fraud offence that benefits the organisation.
- 22 Veritau is an active participant in regional and national counter fraud groups. Veritau represented the Council in May 2025 at a meeting with the Public Sector Fraud Authority leadership team and Tom Hayhoe, the now

former Covid Counter-Fraud Commissioner. The meeting focussed on the recovery of public funds lost due to Covid-19 grant fraud.

- 23 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The counter fraud team ensured that the Council met government datamatching requirements and best practice when providing data in October 2024 for the most recent NFI exercise.
- 24 The Council is a member of the National Anti-Fraud Network (NAFN). NAFN provide investigative resources which support the counter fraud team as well as trading standards. NAFN also release urgent intelligence alerts relating to frauds experienced by other councils. The team routinely share alerts with relevant council officers.
- 25 Veritau maintain a fraud reporting telephone number and a dedicated email address⁴. We work closely with officers and encourage members of the public to report any concerns they have about fraud affecting Middlesbrough Council.

⁴ Any person who wishes to report fraud against Middlesbrough Council can call 0800 9179 247 or email counter.fraud@veritau.co.uk

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Theme	Report	Authors	25/06/26	23/07/26	03/09/26	01/10/26	29/10/26	17/12/26	28/01/27	25/02/27	24/03/27	29/04/27	first meeting 27/28
Governance, Risk and control	Health and Safety Annual Assurance report	A Johnstone				x							
Governance, Risk and control	Complaints annual assurance report	A Johnstone		x									
Governance, Risk and control	Risk annual assurance report expanded to include an overview on progress made in addressing risks	A Johnstone				x							
Governance, Risk and control	Mid-year Risk Update expanded to include an overview on progress made in addressing risks	A Johnstone						x					
Governance, Risk and control	Senior Information Risk Owner (SIRO) annual report	A Johnstone				x							
Governance, Risk and control	Overview of Risks within the Strategic Risk Register – rolling programme from LMT leads	Various / A Johnstone	x				x				x		
Governance, Risk and control	Annual Assurance Report on Partnership Governance	A Johnstone						x					
Governance, Risk and control	Annual Assurance Report on Decision Making	C Benjamin / A Wilson								x			
Governance, Risk and control	Annual Assurance Report on Business Continuity	A Johnstone									x		
Governance, Risk and control	Local Code of Corporate Governance	A Johnstone								x			
Governance, Risk and control	Annual Assurance Report HR	N Finnegan										x	
Governance, Risk and control	Performance Management assurance report	A Johnstone			x							x	
Governance, Risk and control	Programme and Project Management Framework assurance report	A Johnstone										x	
Governance, Risk and control	Outcome of the review of Internal Audit Services	A Humble	x									x	
Governance, Risk and control	Annual assurance report on the governance around revenue and capital budgets and the effectiveness of budget monitoring processes	A Humble								x			
Governance, Risk and control	Annual Assurance report on actions taken to reduce the likelihood of fraud	J Weston					x					x	
Governance, Risk and control	Annual review of the effectiveness of Internal Audit Service	A Humble										x	
Governance, Risk and control	Corporate Governance Assurance policy, framework and implementation plan	A Johnstone										TBC	
Governance, Risk and control	Annual Update on Failure to Prevent Fraud legislation	J Weston							x				
Governance, Risk and control	Training programme for Audit Committee Members (June) and then progress reports as necessary	J Weston / A Johnstone	x	x	x	x	x	x	x	x	x	x	
Financial and governance reporting	Prudential Indicators and Treasury Management Mid-Year Review	J Weston						x					
Financial and governance reporting	Prudential Indicators and Treasury Management Outturn Report 2025/26	J Weston		x									
Financial and governance reporting	Final Statement of Accounts	J Weston							x				
Financial and governance reporting	Treasury Management Report	J Weston						x					
Financial and governance reporting	Letter of Representation on the Accounts from the Director of Finance	J Weston						x					
Financial and governance reporting	Draft Statement of accounts including AGS	J Weston / A Johnstone		x									
Financial and governance reporting	Annual Review of Financial Procedure Rules Compliance	J Weston	x									x	
Financial and governance reporting	Annual Procurement Report	C Walker				x							
Financial and governance reporting	Annual Review on Financial Procedure Rules Compliance	J Weston							x			x	
Financial and governance reporting	Update to Committee on Comparative Reserves Performance	H Dalby			x							x	
Internal Audit	Internal Audit future year Consultation Report	S Cutts								x	x		
Internal Audit	Veritau internal audit work programme for the coming financial year	S Cutts										x	
Internal Audit	Head of Internal Audit annual report and counter fraud annual report future years format to be amended to include information on analysis of resources available to deliver the work and their sufficiency	S Cutts	x										
External Audit	Audit Strategy Memorandum for Teesside Pension Fund	Thomas Backhouse (Forvis Mazars)		x									
External Audit	Progress report – Forvis Mazars	Cath Andrew (Forvis Mazars)				x				x		x	
External Audit	Pension Fund Audit Progress Report – Forvis Mazars	Thomas Backhouse (Forvis Mazars)				x				x		x	
External Audit	Forvis Mazars Auditors Annual Report	Cath Andrew (Forvis Mazars)					x						
External Audit	Forvis Mazars – Audit Completion Report (backstop is end jan - may need special)	Cath Andrew (Forvis Mazars)						x					
External Audit	Audit Completion report for the Pension Fund (deadline end of Jan - may need a special)	Thomas Backhouse (Forvis Mazars)						x					
Accountability	Annual review of the Committee's effectiveness	A Johnstone		x									

Accountability	Draft Annual Report of the Committee	A Johnstone						x					
Misc	Audit Committee work programme	A Johnstone	x	x	x	x	x	x	x	x	x	x	
Misc	Ad hoc attendance and reporting as necessary by LMT members to set out reasons why significant audit actions have not been delivered	Various	x	x	x	x	x	x	x	x	x	x	
Committee ask from 11 December 2025 meeting	If not addressed, committee require an update from the Chief Officer who has not ensured information is supplied to auditors to enable them to complete an audit on no recourse to public funds audit	TBC - Stuart Cutts to advise											
Deadline for final audited accounts is 30 January 2027 for 2025/6 accounts		The meeting in diaries at the moment will likely be too early and may need a special meeting booked in or the February date moved											
Deadline for final audited accounts is 30 November 2027 for 2026/7 accounts													