

MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
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Submitted to:	Audit Committee
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Date:	13 March 2025
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Title:	Internal Audit and Counter Fraud Progress Report
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Report for:	Information
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Executive summary

<p>This report provides the committee with:</p> <ul style="list-style-type: none">• an update on internal audit and counter fraud work undertaken.
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1. Purpose

- 1.1 To provide Members with an update on the delivery of internal audit and counter fraud work and on reports issued and other work completed since the last update to the committee.
- 1.2 To provide Members with an update on the new Global Internal Audit Standards and our approach to adopting them.

2. Recommendations

2.1 That the Audit Committee

- Notes the latest update on internal audit and counter fraud work.
- Notes the latest update on the Global Internal Audit Standards

3. Background and relevant information

- 3.1 Internal audit provides independent and objective assurance and advice on the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 3.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3.3 Fraud is a significant risk to the public sector. Annual losses are estimated as being as high as £59 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for Middlesbrough Council. The service helps the Council to mitigate fraud risks and to take appropriate action where fraud is suspected.
- 3.4 The Audit Committee has oversight of the work of both internal audit and the counter fraud team. Regular progress reports keep members of the committee informed of the work of both teams over the course of the financial year. They also can be assessed against the planned activity set out in respective work programmes approved by the Committee at the beginning of the year (July 2024).

Internal Audit Progress report

- 3.5 The internal audit progress report is contained in appendix 1. This includes a summary of current work in progress, internal audit priorities for the year, completed work, and follow-up of previously agreed audit actions.

Global Internal Audit Standards

- 3.6 From 1 April 2025, internal audit teams in the public sector will be working to new internal audit standards. These will be a combination of the new Global Internal Audit Standards

(GIAS) and the “Application Note, Global Internal Audit Standards in the UK Public Sector” published by the Chartered Institute of Public Finance and Accountancy (Cipfa). Cipfa is the body responsible for setting standards for internal audit in local government in the UK. The new standards will be referred to as the Global Internal Audit Standards (UK public sector).

3.7 Whilst 1 April 2025 is the effective date for the new standards, internal audit teams will not be expected to demonstrate full conformance on this date. They must start to work in accordance with the new standards from this date and by doing so they will build up their conformance.

3.8 In order to conform with the new standards, we are updating our audit charter, audit manual and will provide training to staff. We will also review our working practices to ensure that they comply with the standards. We expect to bring an updated audit charter to the July meeting of this committee, along with an update on actions to achieve conformance.

Counter Fraud Progress report

3.9 The counter fraud progress report is contained in appendix 2. A range of work is detailed including activity to promote awareness of fraud, work with external agencies, and the result of investigative work undertaken for the Council.

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	Internal audit progress report March 2025
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2	Counter fraud progress report March 2025
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Background papers

Body	Report title	Date
n/a	n/a	n/a

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