

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Head of Internal Audit, Veritau
<b>Submitted to:</b>	Audit Committee
<b>Date:</b>	24 July 2025
<b>Title:</b>	Head of Internal Audit Annual Report and Internal Audit Charter
<b>Report for:</b>	Information
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Delivering Best Value

<b>Executive summary</b>	
<p>This report provides the committee with:</p> <ul style="list-style-type: none"><li>• A summary of internal audit work undertaken during 2024/25</li><li>• An opinion on the Council's framework of governance, risk management and control</li><li>• An updated internal audit charter</li></ul>	

## **1 Purpose**

- 1.1 To provide the committee with a summary of internal audit work undertaken during 2024/25 and an opinion on the Council's framework of governance, risk management, and control. It also contains an updated internal audit charter.

## **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.
  - Approve the updated internal audit charter

## **3 Background and relevant information**

- 3.1 The work of Internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. Up until the end of 2024/25, these standards included 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.
- 3.2 These standards require the Head of Internal Audit to bring an annual report to the Audit Committee. The report must include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management, and control. Internal audit work undertaken during 2024/25 is the main subject of this report, and the PSIAS apply to this work
- 3.3 With effect from 1 April 2025, the standards set out in paragraph 4 were replaced by what is known as the Global Internal Audit Standards in the UK Public Sector. This new regime is made up of the Institute of Internal Auditors' Global Internal Audit Standards (GIAS), including Topical Requirements, and the Application Note: Global Internal Audit Standards in the UK Public Sector (the Application Note).
- 3.4 The purpose of the Application Note is to set out interpretations and requirements which need to be applied to the GIAS so that they form a suitable basis for internal audit practice in the UK public sector. The relevant internal audit standard setter for UK local government is the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.5 CIPFA has also produced a Code of Practice for the Governance of Internal Audit in UK Local Government (the Code). The purpose of the Code is to ensure that the essential conditions for the governance of internal audit can be met in a local government context. The Code sets out requirements on local authorities for

establishing effective internal audit arrangements and providing oversight and support of the service.

### **Head of Internal Audit report**

- 3.6 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.
- 3.7 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 2024/25. A summary of internal audit work undertaken during the year, and relevant to the opinion, is also included in appendix 1.
- 3.8 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 PSIAS during 2024/25 and to the new Global Internal Audit Standards in the UK Public Sector.

### **Updated internal audit charter**

- 3.9 Professional standards for internal audit require that the Head of Internal Audit develops and maintains an internal audit charter
- 3.10 An internal audit charter addresses the purpose, scope, positioning, and authority of internal audit, the support it can expect to receive from senior management, its interactions with the committee, its commitment to adhering to professional standards, and the arrangements for managing resources and quality.
- 3.11 Some changes to the internal audit charter are needed to reflect the new standards outlined in paragraphs 3.3 to 3.5. These are relatively minor. References to PSIAS have been removed and replaced with the Global Internal Audit Standards in the UK Public Sector. Some minor structural and formatting changes have also been made.
- 3.12 The updates made to the charter will result in no change to how the internal audit service is delivered to the Council. The draft internal audit charter is contained in appendix 2.
- 3.13 The committee should also be aware that Veritau is currently supporting senior management in assessing its conformance with the Code of Practice for the Governance of Internal Audit in UK Local Government. This is being done to ensure that the Council is sufficiently prepared to confirm its conformance when preparing its 2025/26 Annual Governance Statement.

#### 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 2024/25
2	Revised internal audit charter

#### Background papers

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

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