MIDDLESBROUGH COUNCIL	Middlesbrough moving forward

Report of:	Head of Internal Audit, Veritau
Submitted to:	Audit Committee
Date:	3 September 2026
Title:	Internal Audit and Counter Fraud Progress Report
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

That the Committee:

- **NOTES** the update on internal audit and counter fraud work undertaken.
- **NOTES** the proposed priorities for upcoming audit work for 2026/27

Executive summary

This report provides the committee with:

- an update on internal audit and counter fraud work undertaken.
- an update on internal audit priorities and planned work for the remainder of 2026/27 following approval of additional internal audit resources at the June Audit Committee meeting.

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 additional detail on internal audit's planned programme of work for 2026/27 following the additional internal audit resources approved at the June Audit Committee meeting

2. Recommendations

2.1 That the Audit Committee

- Notes the latest update on internal audit and counter fraud work.
- Notes the proposed priorities for upcoming audit work in 2026/27.

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, the Council's internal audit charter and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.

3.3 Fraud is a significant risk to the public sector. Annual losses are estimated as being as high as £81 billion in the United Kingdom. Veritau is 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. Progress reports also set out planned activity for the remainder of the year, which members can review in light of the work programmes approved by the Committee and any subsequent changes to audit priorities and planned activity.

Internal Audit Progress report

3.5 The internal audit progress report is contained in appendix 1. This includes a summary of audit work completed and in progress, key findings from completed audits, current and future audit priorities, and follow-up of previously agreed audit actions. It also provides an update on the planned internal audit programme for 2026/27 following the approval of additional internal audit resources in June 2026.

Counter Fraud Progress report

3.6 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 results 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)	The report itself has no direct financial implications as it is presented for information. However, effective internal audit and counter fraud arrangements support good financial governance, protect public funds, identify opportunities for improved value for money, and contribute to the Council's Best Value responsibilities.
Legal	Internal audit activity supports compliance with the Accounts and Audit Regulations 2015 and the Global Internal Audit Standards. Counter fraud activity assists the Council in meeting its legal and regulatory responsibilities relating to fraud prevention, detection and investigation.
Risk	The report contributes to the Committee's oversight of the Council's governance, risk management and internal control framework. Internal audit and counter fraud activity provide assurance on the effectiveness of controls and support the identification and mitigation of organisational risks.
Human Rights, Public Sector Equality Duty and Community Cohesion	No direct equality, human rights or community cohesion implications arise from this report. Internal audit work may, where relevant, consider compliance with the Equality Act 2010 and broader governance arrangements supporting fair and equitable service delivery.
Climate Change / Environmental	The report has no direct environmental implications. Where relevant, the internal audit programme may review governance and control arrangements relating to the Council's environmental and climate change objectives
Children and Young People Cared for by the Authority and Care Leavers	There are no direct implications arising from this report. Internal audit work may include reviews of services that support children, young people and care leavers, providing assurance over governance and control arrangements within those services.

Data Protection	Internal audit activity may include reviews of information governance and data protection controls, helping to provide assurance regarding compliance with data protection legislation and the safeguarding of personal information.

Appendices

1	Internal Audit Progress Report September 2026
2	Counter Fraud Progress Report September 2026

Background papers

Body	Report title	Date
Audit Committee	Internal Audit Work Programme 2026/27	16 April 2026
Audit Committee	Overview of the review of internal audit	25 June 2026

Contact: **Stuart Cutts**
Email: stuart.cutts@veritau.co.uk

Contact: **Jonathan Dodsworth**
Email: jonathan.dodsworth@veritau.co.uk