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# **Head of Internal Audit annual report 2024/25**

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 14 July 2025

Lead director/officer: Amy Oliver, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Connor Munro, Assistant Director – Audit Assurance (Veritau)
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- Report version number: 1.0

### 1. Summary

- 1.1 This report includes the Head of Internal Audit annual report (appendix 1), which summarises internal audit work undertaken in 2024/25 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 1.2 It also includes an updated internal audit charter (appendix 2), for the committee to approve. The charter has been updated to ensure that it reflects the requirements of the Global Internal Audit Standards in the UK Public Sector, which came into effect on 1 April 2025.

### 2. Recommended actions/decision

- 2.1 The Governance & Audit Committee is recommended to:
  - 2.1.1 Note the results of internal audit work undertaken, and the opinion of the Head of Internal Audit that Reasonable Assurance can be provided on the adequacy and effectiveness of the council's framework of governance, risk management and internal control.
  - 2.1.2 Note the outcome of Veritau's quality assurance and development arrangements, including the confirmation that the internal audit service conforms to public sector internal auditing standards.
  - 2.1.3 Note that no significant control weaknesses have been identified by internal audit during the year which are considered relevant to the preparation of the Annual Governance Statement.
  - 2.1.4 Approve the draft internal audit charter.

### 3. Scrutiny / stakeholder engagement

- 3.1 In preparing and delivering the 2024/25 internal audit work programme, on which this annual report is based, consultation has taken place with members of the Governance & Audit Committee and key officers from across the council.
- 3.2 The work programme has been continually reviewed during the year. This has been done alongside senior officers and this committee, to ensure the programme has remained targeted to priority areas and that it allows internal audit to provide an informed opinion on the council's control environment.

#### **4. Background and options with supporting evidence**

- 4.1 To conform to 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 preparation of the council's Annual Governance Statement.
- 4.2 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 contained in appendix 1.
- 4.3 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 provides details on Veritau's arrangements, confirming its conformance to the PSIAS during 2024/25 and to the new Global Internal Audit Standards in the UK Public Sector.
- 4.4 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.
- 4.5 With effect from 1 April 2025, the PSIAS 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, and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 4.6 A further requirement of professional standards is that the Head of Internal Audit develops and maintains an internal audit charter.
- 4.7 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.
- 4.8 The changes to the standards regime covered in paragraph 4.5 have required Veritau to update the council's internal audit charter (the version approved by the committee in September 2024).
- 4.9 Very little change has been made to the council's internal audit charter. References to PSIAS have been removed and replaced with the Global Internal Audit Standards in the UK Public Sector. Some other minor structural changes have also been made.
- 4.10 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.

- 4.11 The committee should also be aware that Veritau is currently supporting senior management in assessing its conformance with the new Code of Practice for the Governance of Internal Audit in UK Local Government. 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 is intended for local authorities, being designed to support them in establishing effective internal audit arrangements and in providing oversight and support for internal audit.
- 4.12 This is being done to ensure that the council is sufficiently prepared to confirm its conformance when preparing its 2025/26 Annual Governance Statement (a requirement of the Code).
- 4.13 The nature of this report is such that alternative options are not appropriate. To discharge functions under the terms of reference for the Governance & Audit Committee, it is required to review and approve the Head of Internal Audit annual report and the internal audit charter.

## **5. Financial, legal, equalities, climate emergency and other implications**

### 5.1 Financial implications

There are no direct financial implications arising from this report. However, as a result of the work carried out, assurance regarding the operation of key financial systems is gained and there would be an expectation that implementing internal audit recommendations could improve effectiveness, efficiency and economy.

Signed: Amy Oliver, Director of Finance

Dated: 23 June 2025

### 5.2 Legal implications

There are no adverse legal implications arising from this report.

Signed: Kamal Adatia, City Barrister & Head of Standards (Monitoring Officer)

Dated: 24 June 2025

### 5.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The Council has responsibility for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. There are no equality implications arising directly from this report. People from across all protected characteristics should benefit from the work of the committee and the audits that are conducted and reported on by ensuring the effectiveness of the Council's internal control system.

Signed: Surinder Singh, Equalities Officer

Dated: 19 June 2025

#### 5.4 Climate Emergency implications

There are no implications linked to the climate emergency arising directly from this report.

Signed: Phil Ball, Sustainability Officer

Dated: 20 June 2025

#### 5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

#### **6. Background information and other papers:**

None

#### **7. Summary of appendices:**

Appendix 1 – Head of Internal Audit annual report 2024/25

Appendix 2 – Draft internal audit charter

#### **8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

#### **9. Is this a “key decision”? If so, why?**

No