

AGENDA SUPPLEMENT

Audit and Governance Committee

To: Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Merrett, Rose, Coles, Vassie, and Mr M Binney (Independent Member)

Date: Wednesday, 6 May 2026

Time: 5.30 pm

Venue: West Offices

The agenda for the above meeting was published on **Monday, 27 April 2026**.

The attached additional documents are now available for the following agenda items, *where the information contained within this agenda supplement provides an updated version of the information contained within the original agenda pack (highlighted below), the versions within the agenda pack should be disregarded:*

6. Counter Fraud Progress Report

This report provides an update on counter fraud work undertaken so far in 2025/26. The following documents are now included:

- Updated Counter Fraud Progress Report, now incorporating Counter Fraud Annual Report 2025/26 (pages 3-6)
- Annex 2: Counter Fraud Annual report 2025-26 (pages 7-18)

7. 2026/27 Counter Fraud Plan

This report sets out counter fraud work planned for 2026/27.

The following documents are now included:

- Updated 2026/27 Counter Fraud Plan Report (pages 19-22)
- Updated Annex 1 - 2026-27 Counter Fraud Plan (pages 23-44)

9. **Internal Audit Progress Report 2025/26**

This report provides an update on the delivery of the internal audit work programme for 2025/26, and plans for delivery over the remainder of the year. The following documents are now included:

- Updated Internal Audit Progress Report, now incorporating the Head of Internal Audit Annual Report 2025/2026 (pages 45-50)
- *Exempt Annex 9 - Contract management (major project delivery) (pages 51-70)*
- *Exempt Annex 10 - Travel and subsistence (pages 71-80)*
- *Exempt Annex 11 - Absence management (pages 81-94)*
- *Exempt Annex 12 - Residential Care - Ousecliffe and Wenlock Terrace (pages 95-112)*
- *Exempt Annex 13 - Westfield Primary Community School (pages 113-122)*
- *Exempt Annex 14 - Information access request management (pages 123-138)*
- *Exempt Annex 15 - Children & Education local scheme of delegation (pages 139-146)*
- Annex 16 - Head of Internal Audit Annual Report 2025/2026 (pages 147-184)

This agenda supplement was published on
Friday, 1 May 2026

Supplemented report to original report published on 27 April 2026

Supplement Published: 1 May 2026



Meeting:	Audit and Governance Committee
Meeting date:	06/05/2026
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Cllr Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Counter Fraud Progress Report incorporating Counter Fraud Annual Report 2025/26

Subject of Report

1. This report includes the counter fraud progress report, first presented to the Audit & Governance Committee at its 11 March meeting, and the 2025/26 counter fraud annual report.
2. The counter fraud progress report (Annex 1) provides an update on counter fraud work undertaken up to 31 January 2026.
3. The counter fraud annual report (Annex 2) 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 in the year.

Policy Basis

4. The committee is responsible for the overview and effectiveness of counter fraud arrangements.

Recommendation and Reasons

5. The Audit and Governance Committee is asked to:

- Note the results of counter fraud work.

Reason

To enable members to consider the current risk of fraud against the council, as part of the committee's responsibility for overseeing the effectiveness of counter fraud arrangements.

Background

6. Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being up to £81 billion in the United Kingdom. Veritau is engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigate suspected fraud, and take appropriate action when it is detected.
7. The reports at Annexes 1 and 2 include details of proactive work to raise awareness of fraud issues and help manage fraud risks faced by the council. They also include the results of investigative work completed by the team.

Consultation Analysis

8. No consultation was required in the preparation of this report.

Risks and Mitigations

9. The risk of fraud is constantly evolving. If fraud risk is not regularly reviewed and action is not taken to address it, then the council's exposure to fraud will increase as will potential losses.

Contact details

For further information please contact the authors of this Report.

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Report approved:	Yes
Date:	29/04/2026

Background papers

None

Annexes

- Annex 1: Counter Fraud Progress Report
- Annex 2: Counter Fraud Annual Report 2025/26

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COUNTER FRAUD ANNUAL REPORT 2025/26

Date: 6 May 2026

ANNEX 2

CONTENTS

- 3** Background
- 3** Key Performance Figures
- 4** Analysis of Results
- 5** Whistleblowing
- 6** Counter Fraud Management
- 9** Appendix A: Counter Fraud Activity



Jonathan Dodsworth
Assistant Director - Corporate Fraud



BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau provides a corporate fraud service to City of York Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, 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 also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 4 This report provides the Audit and Governance Committee with a summary of counter fraud activity completed in 2025/26. It also details whistleblowing reports received and the types of concerns that have been reported.



KEY PERFORMANCE FIGURES

- 5 Veritau helped the council to achieve £220k in counter fraud savings in 2025/26, against an annual target of £200k.
- 6 The team received 301 referrals of suspected fraud during the year including reports from the public, council employees, external agencies, and issues identified through proactive exercises. Eighty-four investigations were completed in 2025/26 with successful outcomes achieved in 56% of cases³.
- 7 Two people were successfully prosecuted for blue badge fraud⁴, two council properties were recovered following investigations by the counter fraud team, four people accepted formal cautions in lieu of prosecution, warnings were issued to 11 people, eight internal fraud investigations were completed, one Right to Buy application was stopped, and debts owed to the council (£20k) were calculated in a further 9 cases.
- 8 Twenty-six compliance cases were completed in 2025/26 with 31% resulting in a member of the public reporting a significant change in their

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

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

³ Outcomes are successful when fraud or error is found as a result of an investigation.

⁴ [Magistrates fine two drivers who misused others' blue badges](#), City of York Council

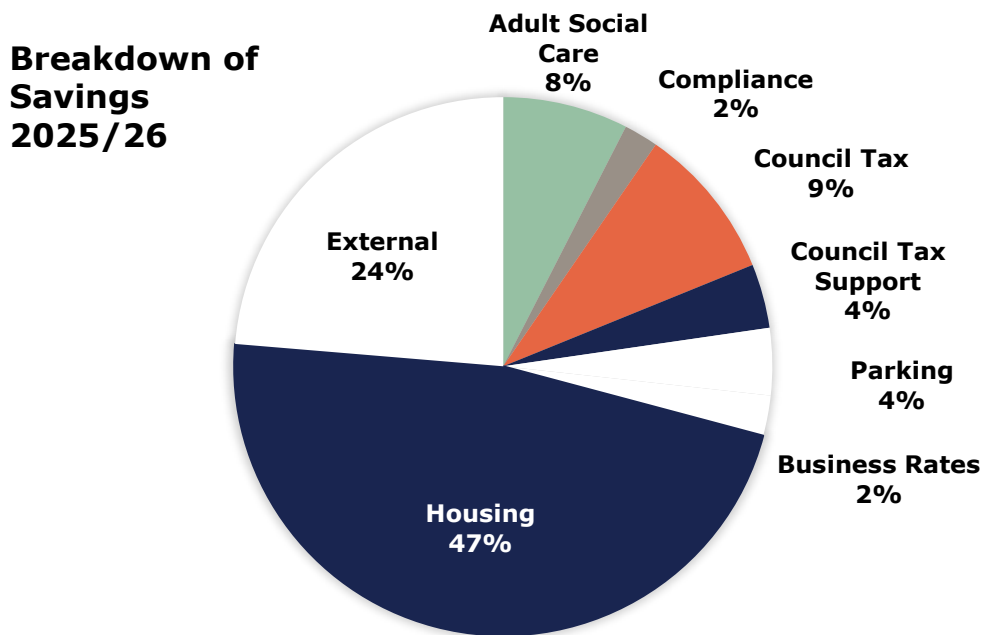
circumstances. Four residential parking permits were removed from people who were not entitled to them and invoices totalling £5,924 were issued to four people.

- 9 The counter fraud team reviewed 12 applications made under the Right to Buy scheme and one application for a school place.
- 10 A detailed summary of performance can be found in appendix A, below.

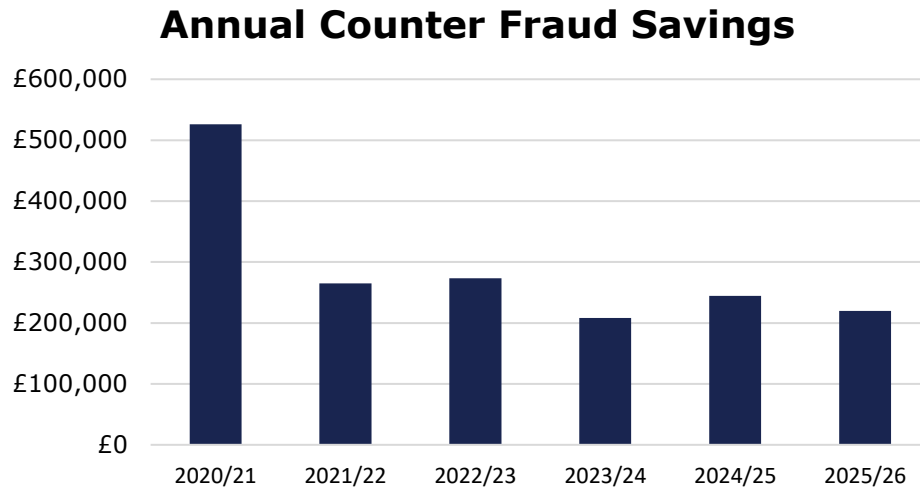


ANALYSIS OF RESULTS

- 11 Veritau has an annual target of £200k to achieve in fraud related savings. These savings comprise the repayment of debt arising following investigative work, a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued, and the prevention of any one-off payments that would have been made without our intervention, eg a Right to Buy discount. The chart below shows the areas where savings were achieved in 2025/26.

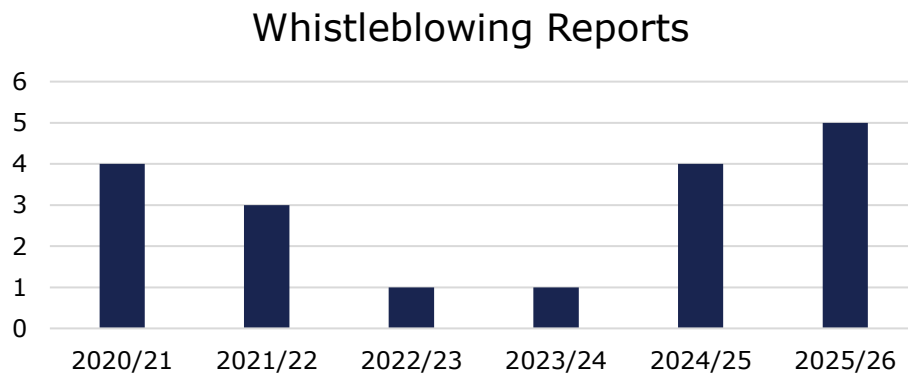


- 12 Over the past six years Veritau has helped the council to achieve £1.7 million in counter fraud savings.⁵



WHISTLEBLOWING

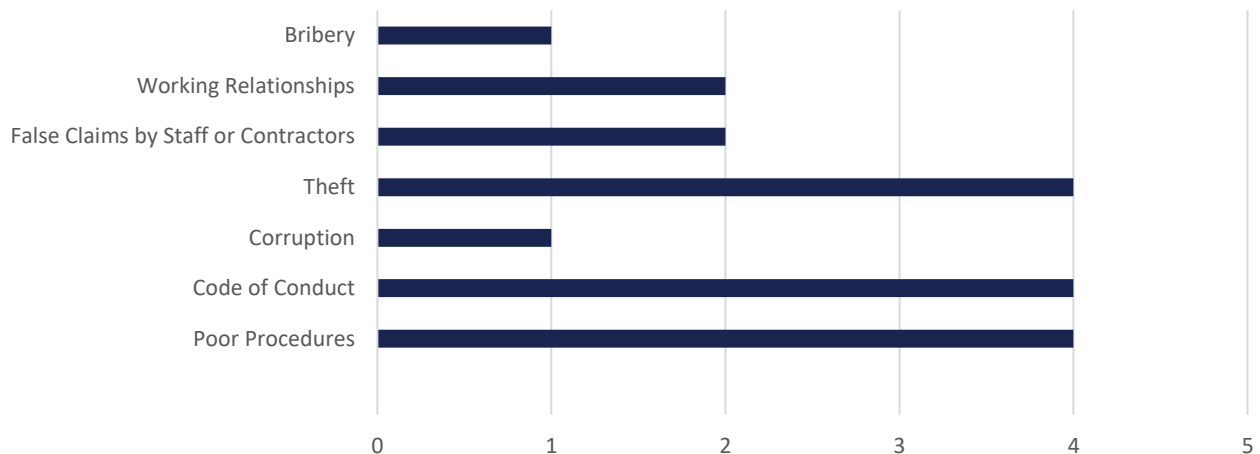
- 13 Veritau supports the council's whistleblowing processes and has had overall responsibility for the policy since 2018. Veritau works with council colleagues within the Human Resources department to ensure that all concerns raised are dealt with appropriately. Awareness of the policy is regularly raised with all council employees including annual publicity for World Whistleblowers' Day in June.
- 14 Five whistleblowing concerns were logged by Veritau in 2025/26 which related to concerns about corruption, bribery, theft, false claims and poor procedures. Investigations into four of the concerns are still ongoing.
- 15 The figure below shows the number of whistleblowing reports recorded over the past six financial years – 18 in total.



⁵ Savings calculated in 2020/21 were higher than average due to savings identified as part of Covid-19 grant related investigations.

- 16 The following figure details the categories of whistleblowing reports received over the same period.

Whistleblowing Concerns by Type



COUNTER FRAUD MANAGEMENT

- 17 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council.
- 18 The counter fraud team has operated a compliance scheme since 2024/25 which is designed to make an early intervention when information is received that indicates a member of the public has failed to report a change which would affect their entitlement to council tax support, council tax discount, or a household parking permit. If potential fraud or error has only occurred over a short period of time or the value is too low for it to be economic to investigate then these cases are routed through the scheme. Compliance interventions give members of the public the opportunity to update the council about their circumstances without fear of a fine or any criminal action being taken. The team has increased the number of compliance cases undertaken through 2025/26 and it's achieving positive outcomes. This year we created a new corporate fraud intelligence officer role, to help facilitate this work and four people have been recruited to the position.
- 19 Council car parks were targeted by organised criminals during 2025/26. Stickers were placed on council signs with fraudulent QR codes which directed members of the public to fake websites where they were asked to enter their payment details. This type of fraud is known as 'quishing' and can affect a range of areas other than parking including hospitality, communication, and advertising. Up to one third of UK local authority car parks have been targeted and these frauds have been linked to organised

international fraud networks.⁶ Veritau liaised with the Parking Department to raise awareness of the issue and in conjunction with the council's communications team issued a press release⁷ in September 2025 warning residents and visitors to York of these scams.

- 20 Misuse of blue badges remains an issue in York. The counter fraud team undertook three proactive days of action in 2025/26 – in May as part of a National Day of Action, in July targeting a specific area of York, and again in December as part of an unannounced regional exercise. This work was promoted by the council's communication team⁸ and Veritau⁹
- 21 The counter fraud team is also an active participant in regional and national counter fraud groups. Veritau represented the council in April at a meeting with the Public Sector Fraud Authority and Tom Hayhoe, then Covid Counter-Fraud Commissioner. The meeting focussed on lessons learned from fraud found against Covid-19 schemes during the pandemic and the recovery of loss. Veritau is also a member of the Yorkshire and Humber Counter Fraud Group and Tenancy Fraud Forum.
- 22 Raising awareness of fraud amongst council employees and the public is an important function of the counter fraud team. Information about the council's whistleblowing policy was published to all employees in June 2025. Cybercrime is also a high-risk area for the council. In October, as part of Cyber Security Awareness Month, Veritau worked alongside the council's communications team to raise awareness amongst employees of the danger posed by emails. In November the threat to councils from 'polygamous working' was highlighted during International Fraud Awareness Week. On International Anti-Corruption Day in December details of a new criminal offence, Failure to Prevent Fraud, were shared with employees.
- 23 Additional bespoke training was provided to the following council teams:
- Procurement
 - Community duty
 - Intensive support
 - Hospital discharge
 - Warm homes local grant
 - Adult safeguarding
 - Housing management
 - Creditors
 - Human resources

The training covered how the council is affected by fraud within specific service areas, the role of the Veritau counter fraud team, how council employees can identify the signs of fraud, such as false or forged documents, and how to report their concerns.

⁶ ['Quishing': New QR code scam sweeps UK car parks](#), The Bureau of Investigative Journalism

⁷ [Beware QR codes in car parks, texted parking fines](#), City of York Council

⁸ [Council targets blue badge misuse](#), City of York Council

⁹ [Blue Badge Day of Action helps combat badge misuse](#), Veritau

- 24 Throughout the year Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). The team regularly provides intelligence reports about fraud types and known criminals to affected council service areas, eg human resources, procurement, creditors, benefits, council tax, and business rates.
- 25 The team maintains a fraud reporting telephone number and a dedicated email address¹⁰. Council employees and members of the public are encouraged to report any concerns they have about fraud affecting City of York Council.

¹⁰ Any person who wishes to report fraud against the City of York Council can call 0800 9179 247 or email fraud@york.gov.uk

APPENDIX A: COUNTER FRAUD ACTIVITY 2025/26

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2025/26.

	2025/26 (Actual: Full Yr)	2025/26 (Target: Full Yr)	2024/25 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£219,512	£200,000	£244,639
% of investigations completed which result in a successful outcome (eg payments stopped or amended, sanctions, prosecutions, and properties recovered)	56%	30%	48%

Caseload figures for the period are:

	2025/26 (Full Year)	2024/25 (Full Year)
Referrals received	301	428
Number of cases under investigation ¹¹	79	84
Number of investigations completed	84	103
Number of compliance check completed	26	14
Number of verification cases completed ¹²	13	124

¹¹ As at the end of each financial year on 31 March 2026 and 2025 respectively

¹² Verification cases are reviews of applications for Right to Buy and school places

Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The 2024/25 National Fraud Initiative (NFI) data matching exercise has been underway throughout 2025/26. Over 8,900 matches were produced. The team has reviewed high risk matches and where appropriate commenced investigations or passed matches to council teams to address. The Cabinet Office has calculated that this work has helped save the public purse £47k.</p>
Fraud detection and investigation	<p>We continue to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2025/26 includes the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – The team completed five investigations in this area during the year. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigations have identified £60k of loss to the council. • Council Tax Support fraud – Three council tax support (CTS) cases were completed. Fraud in this area can occur when claimants provide false information when they apply for support or if they fail to declare changes to their income or assets. One person was issued with a warning, and an overpayment was generated in a second case. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be subject to abuse. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Fifteen investigations were completed in this area. • Debt recovery – The team assists the council to recover debts through the identification and tracing of individuals. Two debt recovery cases were completed. • External or third party fraud – Fraud in this area relates to financial scams perpetrated against the council, eg grant and mandate fraud. Ten investigations were completed.

Activity	Work completed
	<ul style="list-style-type: none"> • Housing fraud – Nineteen housing fraud investigations were completed. Two council properties were recovered and have been allocated to families on the housing waiting list. One Right to Buy application was blocked. • Internal fraud – Eight internal fraud investigations were completed in 2025/26. • Parking fraud – Parking fraud often relates to blue badge abuse, however the team also investigates the misuse of residential parking permits by landlords of holiday lets. Twenty investigations have been completed – 15 relating to blue badges, four to parking permits, and one to a bus pass. Two people have been prosecuted for blue badge fraud. Four people accepted formal cautions in lieu of prosecution and six received formal warnings about their conduct. Four residents parking permits were removed from people as they were being used commercially, eg for guest houses or holiday lets. • York Financial Assistance Scheme fraud – The YFAS scheme provides help to residents who are facing financial difficulties or emergency situations. Fraudulent applications can be made by people misrepresenting their circumstances and/or residency. Two investigations were completed during the year.

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Supplemented report to original report published on 27 April 2026

Supplement Published: 1 May 2026



Meeting:	Audit and Governance Committee
Meeting date:	06/05/2026
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Councillor Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

2026/27 Counter Fraud Plan

Subject of Report

1. This report sets out counter fraud work planned for 2026/27. It contains an updated fraud risk assessment, an assessment of counter fraud work at the council against national counter fraud good practice, and an annual counter fraud development plan and work plan.

Policy Basis

2. The committee is responsible for the overview and effectiveness of counter fraud arrangements.

Recommendation and Reasons

3. The Audit and Governance Committee is asked to:
 - i. Note the 2026/27 fraud risk assessment
 - ii. Note the counter fraud development and work plans.

Reason: To enable members to consider the current risk of fraud against the council, as part of the committee's responsibility for overseeing the effectiveness of counter fraud arrangements.

Background

4. Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being up to £81 billion in the United Kingdom. Veritau is 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.
5. The council can reduce the impact of fraud by managing fraud risks through robust policy and procedures. It is considered best practice to regularly review fraud risk and strengthen counter fraud arrangements to meet it.
6. The 2026/27 Counter Fraud Plan, contained in Annex 1, updates the council's fraud risk assessment, evaluates the counter fraud policy framework, and sets priorities for the development of counter fraud work in the coming financial year.

Consultation Analysis

7. No consultation was required in the preparation of this report.

Risks and Mitigations

8. The risk of fraud is constantly evolving. If fraud risk is not regularly reviewed and action is not taken to address it, then the council's exposure to fraud will increase as will potential losses.

Contact details

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Date:	27/04/2026

Background papers

- None

Annexes

- Annex 1: 2026-27 Counter Fraud Plan, version 11 March 2026
- Updated Annex 1: 2026-27 Counter Fraud Plan, version 6 May 2026

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2026/27 Counter Fraud Plan

Date: 6 May 2026
UPDATED ANNEX 1

CONTENTS

3	Background
3	National Counter Fraud Strategy
5	Fraud Risk Assessment
6	Development and Work Plans
6	Policy Framework Review
7	Appendix A: Fraud risk assessment
19	Appendix B: Counter Fraud Development Plan
21	Appendix C: Counter Fraud Work Plan

BACKGROUND

- 1 Fraud continues to be a significant and growing risk to the public sector. Fraud offences account for 41% of all crime reported in the UK¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this was detected and recovered². These losses directly reduce councils' ability to fund essential public services and can cause reputational damage.
- 2 When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Local authorities must ensure that they have the right policies and procedures in place to prevent it from happening. It is important to promote a strong anti-fraud culture at all levels of the organisation as well as amongst the public.
- 3 Criminals are constantly adapting their techniques and using new tools to defraud local authorities and other public sector bodies. To respond effectively, councils need to monitor the fraud landscape to ensure that their counter fraud measures offer protection from these evolving threats.
- 4 This report sets out the council's approach to addressing fraud, reviews its counter fraud policy framework, updates the annual fraud risk assessment, details new and ongoing developmental activity, and sets out how counter fraud resources will be used in 2026/27.

NATIONAL COUNTER FRAUD STRATEGY

- 5 CIPFA sets out the responsibilities of Local Authority leaders to counter fraud and corruption within their organisations in its code of practice on managing the risk of fraud and corruption³. The code says that organisations should:
 - acknowledge their responsibility for countering fraud and corruption
 - identify the fraud and corruption risks
 - develop an appropriate counter fraud and corruption strategy
 - provide resources to implement the strategy
 - take action in response to cases of fraud and corruption.
- 6 Fighting Fraud and Corruption Locally (FFCL) published the most current counter fraud and corruption strategy for local government⁴ in 2020. City of York Council follows the principles set out by CIPFA and FFCL to guide and develop its response to fraud.
- 7 The FFCL strategy recommends that councils consider the effectiveness of their counter fraud framework by considering performance against the five key themes set out below:

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

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

³ [Code of practice on managing the risk of fraud and corruption](#), CIPFA

⁴ [A strategy for the 2020s](#), Fighting Fraud and Corruption Locally

- **Govern** – *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.*

The council maintains a robust and regularly reviewed anti-fraud policy framework, supported by ongoing communication and reminders to staff. Counter-fraud activity is reported to both members and senior officers throughout the year. City of York Council has an employee code of conduct that sets clear expectations of honesty and integrity for all officers. The council maintains an up to date whistleblowing policy. Veritau provides whistleblowing support to employees and managers, logs all referrals, operates a whistleblowing hotline, publicises the policy, and delivers training. The counter fraud policy and counter fraud prosecution policy guide how fraud is investigated at the council and how cases are concluded when fraud is proven to have occurred.

- **Acknowledge** – *Acknowledging and understanding fraud risks and committing support and resources to tackling fraud in order to maintain a robust anti-fraud response.*

City of York Council is aware that it is regularly targeted by fraudsters across different service areas. An annual fraud risk assessment is produced and presented to members. The assessment draws on national fraud trends, intelligence from cases reported to and investigated by the counter fraud team, and the insights of senior officers who understand the risks within their service areas. Each year, targeted development activity is planned in response to the assessed risks, emerging issues, and ongoing evaluation of the council's arrangements against recognised good practice guidance.

- **Prevent** – *Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.*

Fraud prevention is embedded in the work of both the counter fraud and internal audit teams. When investigations highlight opportunities to strengthen controls, these findings are shared with senior officers, and follow-up checks ensure that agreed improvements are implemented. Ongoing investment in specialist training helps counter fraud officers stay current with emerging technologies and techniques. In addition, collaboration with the Communications Team supports the development of a proactive anti-fraud culture across the organisation and within the wider community the council serves.

- **Pursue** – *Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.*

The council takes strong action to hold offenders to account and to recover public funds lost to fraud. All allegations are investigated to criminal standards, and prosecution is considered where appropriate,

alongside a range of alternative sanctions. The council has a constructive partnership with North Yorkshire Police and raises concerns with them where appropriate. The counter fraud team also works closely with the Department for Work and Pensions (DWP) on council tax support fraud, with joint investigations often providing a more efficient and effective response to cases involving both agencies. The council explores every available avenue for financial recovery, including the use of civil remedies. Counter fraud activity has resulted in £220k in savings in 2025/26 demonstrating the impact of this work.

- **Protect** – *Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

Fraud affects communities across Yorkshire, and residents are just as likely to be targeted as the council itself. The council regularly issues alerts to warn residents about emerging scams and fraudulent activity. The counter fraud team shares intelligence on fraud trends with council colleagues, such as cases identified through national data matching that may indicate residents have been victims of identity theft. Collaboration with neighbouring councils helps identify cross-boundary fraud and strengthens regional intelligence.

FRAUD RISK ASSESSMENT

- 8 Fraud risks are assessed annually to identify priorities for counter fraud work. The 2026/27 fraud risk assessment, included in appendix A, draws on national and regional intelligence affecting local authorities, as well as cases reported directly to the counter fraud team. Each area is assigned an inherent risk rating, reflecting the level of exposure to fraud if no controls existed, and the residual risk rating indicates the remaining risk when current controls are considered.

The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
 - update the counter fraud policy framework
 - focus future audit and counter fraud work.
- 9 By their nature, fraud risks are hard to quantify. There are no established methodologies for determining estimated losses due to fraud in most areas. The terms high, medium, and low are therefore used in the risk assessment to provide a general indication of both the likelihood and impact of fraud in each area.
- 10 The risk assessment has been carried out by Veritau, based on our understanding of fraud risks in the sector and our knowledge of controls in place within the council to prevent, identify and deter fraud. It is used to inform priorities for counter fraud and internal audit work by Veritau. It is separate from the wider council risk management framework, however the views of senior officers within affected service areas are sought.

- 11 The updated assessment includes additional work planned by the internal audit and counter fraud teams, eg introduction and revision of e-learning modules to provide training on social care fraud and whistleblowing, support to the council to prevent fraud within the new Crisis and Resilience Fund and changes to reflect the requirements of the new Failure to Prevent Fraud offence.
- 12 The fraud risk assessment will be kept under review so that any significant new or emerging risks are addressed.



COUNTER FRAUD DEVELOPMENT AND WORK PLANS

- 13 The 2026/27 counter fraud development plan is included in appendix B. It sets out development activity for the council and the counter fraud team for the year. These priorities are informed by the fraud risk assessment and policy framework review, and they seek to develop counter measures across each of the five themes set out in the FFCL national counter fraud strategy.
- 14 The counter fraud work plan is included in appendix C. The plan sets out the areas of counter fraud work to be undertaken in 2026/27. The time allocation for each area is not defined because it will depend on the levels of suspected fraud reported to the counter fraud team. Reactive investigations (determined by allegations of fraud received) will however account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud development plan and fraud risk assessment. A total of 887 days has been allocated to counter fraud work in the new financial year. This represents a 10% reduction compared to previous years.



POLICY FRAMEWORK REVIEW

- 15 The council's counter fraud policy framework is reviewed annually. The review considers counter fraud related policies (including the counter fraud and corruption, prosecution, anti-bribery, and whistleblowing policies).
- 16 The review identified that the council's whistleblowing policy requires updating to reflect upcoming changes to whistleblowing legislation due to the Employment Rights Act 2025 as well as a recent employment tribunal decision. No other changes or updates to policies are required currently.

APPENDIX A: 2026/27 FRAUD RISK ASSESSMENT

Risk area #1	Social care fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Adult social care customers complete a financial assessment with the council to determine any financial contribution they must make towards their care. Losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property to avoid paying for residential or domestic care provision. Residential homes could also continue to claim for customers who are no longer in residence (eg after they pass away). In both adult and children's social care, fraud can occur through the misuse of the Direct Payment scheme. For example, where monies allocated to meet a customer's assessed needs are not used to procure support services. Losses in social care fraud cases can be substantial, especially if they are not detected at an early stage.</p>				
Risk controls	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated. A range of monitoring and verification controls are operated by the council. This includes requiring customers in receipt of Direct Payments to have a separate bank account for managing these funds and complying with monitoring procedures to verify spending. In instances of misused Direct Payments, customers are moved to a commissioned service. If concerns are raised about the wellbeing of customers, then the council has a multi-agency safeguarding process which can highlight fraud. The residual risk of adult and children's social care fraud is still considered to be high. This is due to the level of spend in this area, the scale of losses, and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.</p>				
Priorities for internal audit / counter fraud	<p>Veritau has established relationships with senior management and officers responsible for the provision of social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. Internal audit (IA) periodically conducts audits into Direct Payment process, financial assessments, and commissioning, and contract management. The CFT regularly provides fraud awareness to council</p>				

employees with responsibilities for assessment and payments. Veritau will make an e-learning module on Adult Social Care fraud available for council employees in 2026/27.

Risk area #2	Creditor fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Over the course of several years attempts to commit fraud against the creditor payment systems of public and private sector organisations has increased in terms of volume and sophistication. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (more than £1 million). The likelihood of recovery is low once a fraud has been successfully committed. The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the council are targeted and impersonated to obtain fraudulent payments. There have been increased instances nationally and regionally of hackers gaining direct access to the email accounts of suppliers and using them to attempt to commit mandate fraud. These attempts can be very difficult to detect and prevent.</p>				
Risk controls	<p>The council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. Segregation of duties exist between the ordering, invoicing and payments processes. The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss and the frequency of attacks. The council relies on its own employees, and those of its suppliers, to follow processes which prevent this type of fraud from occurring. However good processes can be undermined by human error which is a factor in many successful mandate fraud attacks.</p>				
Priorities for internal audit / counter fraud	<p>Veritau provide support and advice to finance officers responsible for the payment of suppliers. IA regularly perform audits of ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. An audit is planned for 2026/27 that will evaluate controls designed to prevent mandate fraud. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur. All</p>				

instances of attempted creditor related fraud are reported to the CFT who then report to relevant agencies, such as the National Cyber Security Centre. The CFT regularly shares intelligence alerts relating to attempted fraud occurring nationally with relevant council officers to help prevent losses. As part of any investigation of fraud in this area, the CFT will advise on improvements that can help strengthen controls. Training to officers involved in the management of payments to creditors regularly takes place.

Risk area #3	Cybercrime	Inherent risk	High	Residual risk	High
Risk description	<p>Cybercrime is a continually evolving area where criminals refine their techniques in order to overcome controls, obtain unauthorised access and information, and frustrate systems. In 2025, the government reported that approximately 612,000 UK business and 61,000 charities identified cyber breaches or attacks over a 12 month period. The potential for cybercrime is heightened by the availability of online tools and AI-driven attacks. As cybercrime can be perpetrated remotely, attacks can come from within the UK or overseas. Some cybercrime is motivated by profit, however some is designed purely to disrupt services. Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery. There have been several high-profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or ICT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>				
Risk controls	<p>The council employs highly skilled ICT employees whose expertise is used to help mitigate the threat of cybercrime. The ICT department has processes to review threat levels and controls (eg password requirements for employees) on a routine basis. It carries out weekly automated vulnerability scanning, as well as annual penetration testing performed by an accredited third-party organisation. The ICT department also uses filters to block communications from known fraudulent servers and will encourage employees to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls. Despite strong controls being in place, cybercrime remains a high residual risk for the</p>				

	<p>council. The potential for cybercrime is heightened by the availability of online tools. Council systems could be exposed by yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which might allow criminals access to council systems believed to be secure. The residual risk of cybercrime remains high due to the constantly evolving methods employed by fraudsters which requires regular review of controls.</p>
<p>Priorities for internal audit / counter fraud</p>	<p>Cybersecurity is an ongoing priority for IA work and is overseen and delivered by CISA (Certified Information System Auditor) accredited auditors. Planned audits in 2026/27 cover cloud based and 3rd party security, cybersecurity, user awareness, and database & application security. Raising awareness with employees can be crucial in helping to prevent successful cyberattacks. The CFT work with ICT to support activities that raise awareness amongst employees. A campaign to mark cybersecurity awareness month is undertaken annually.</p>

<p>Risk area #4</p>	<p>Council tax and business rate frauds</p>	<p>Inherent risk</p>	<p>High</p>	<p>Residual risk</p>	<p>Medium</p>
<p>Risk description</p>	<p>Council tax discount fraud can be a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the council. Business rates fraud involves people falsely claiming discounts that a business is not entitled to, eg small business rate relief. Reports of business rate fraud are less common than council tax fraud but can lead to higher losses in individual cases.</p>				
<p>Risk controls</p>	<p>The council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms and undertaking visits to properties where needed to verify information. The council routinely takes part in the National Fraud Initiative (NFI). The exercise allows councils to cross check for potential instances of fraud in multiple locations (eg multiple claims for single person discount by one individual). The council regularly undertakes additional data matching exercises designed to identify where multiple people are living in a property, but a single person</p>				

	discount is being claimed. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution.
Priorities for internal audit / counter fraud	Council tax and business rates are one of the council’s key financial systems and as such are routinely examined by IA – an audit is planned in 2026/27. The CFT operate a compliance scheme which ensures that low-value fraud in this area that would not normally warrant a criminal investigation is addressed through contact with the public.

Risk area #5	Council tax support fraud	Inherent risk	High	Residual risk	Medium
Risk description	Council Tax Support (CTS) is a council funded reduction in liability for council tax. It is resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss. CTS fraud can involve applicants failing to correctly declare their assets, income, or household composition. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support. Most CTS claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP).				
Risk controls	The council undertakes eligibility checks on those who apply for support. Officers manage the assessment of new and ongoing claims for CTS to identify potential issues. The DWP use data from HMRC on claimants’ incomes which is then passed through to council systems which mitigates the risk of claimants not updating the council with income details. There are established lines of communication with the DWP where claims for support are linked to externally funded benefits. The council routinely takes part in the National Fraud Initiative (NFI) which highlights potentially fraudulent claims. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution. The CFT jointly works with the DWP to investigate fraud when it affects both organisations. This can help achieve better results for the council where state benefits are involved. If fraud cannot be addressed by the council directly it will be reported to the DWP.				

Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in processing claims for CTS as well as seeking opportunities to raise awareness with the public about the mechanisms for reporting fraud. IA have a planned audit in this area for 2026/27.
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Risk area #6	Housing related fraud	Inherent risk	High	Residual risk	Medium
Risk description	Council properties represent a significant asset to the council. Housing fraud can deprive the council of these assets through false applications for Right to Buy. Tenants who sublet or falsely obtain council properties remove a property from a person or family in true need of housing and can negatively affect the council financially when people are in temporary accommodation and are waiting for a suitable property to become available.				
Risk controls	The council has strong controls in place to prevent false applications for housing. The housing department engages with tenants regularly to ensure properties are not being misused. Eligibility checks are made before council owned properties are let. The CFT work with council colleagues to conduct checks, eg identity and money laundering, on all applications for Right to Buy. The CFT provide a deterrent to fraud in this area through the investigation of any suspected subletting of council properties using powers under the Prevention of Social Housing Fraud Act. Offenders face criminal prosecution and repossession of their council properties.				
Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in applications for council housing and the management of housing stock. The investigation of reports of the subletting of council properties are treated as a priority.				

Risk area #7	Procurement fraud	Inherent risk	High	Residual risk	Medium
Risk description	<p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. Businesses that collude to stifle competition and fix or inflate prices are referred to as a cartel. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more. Procurement fraud can also take the form of mischarging, undertaking substandard work, and diverting goods or services. In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>				
Risk controls	<p>The council has established Contract Procedure Rules. The rules are reviewed regularly and require a competitive process for significant procurements through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The Contract Procedure Rules also set out the requirements for declarations of interests to be made. Contract monitoring helps to detect and deter potential fraud.</p>				
Priorities for internal audit / counter fraud	<p>Continued vigilance by relevant employees is key to identifying and tackling procurement fraud. IA and the CFT monitor and share guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. In 2026/27 IA will audit the council's compliance with new procurement legislation introduced last year as well as contract management processes. The CFT provides regular training to the procurement team.</p>				

Risk area #8	Internal fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	<p>Fraud committed by employees is a risk to all organisations. Internal fraud within councils occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurred at a senior level there is the potential for a greater level of financial loss and reputational damage to the council. There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some employees have access to equipment and material that may be misused for private purposes. Payroll related fraud can involve the setting up of 'ghost' employees to obtain salary payments. A new criminal offence came into force in 2025, Failure to Prevent Fraud, which holds large organisations like the council accountable for fraud committed by employees, contractors, suppliers that is designed to benefit the council.</p>				
Risk controls	<p>The council has up to date whistleblowing, counter fraud policies, and anti-bribery policies. Campaigns are held annually to promote the policies and to remind staff how to report any concerns. Veritau provide e-learning training on whistleblowing to council employees and managers. The council has checks and balances in place to prevent individual members of staff being able to circumvent financial controls, eg deviation reports are produced and checked for expense claims that can highlight potential issues with claims, segregation of duties are applied in council processes. Management controls are also in place surrounding flexitime, annual leave and sickness absence.</p>				
Priorities for internal audit / counter fraud	<p>Veritau regularly liaises with senior management on internal fraud issues. Instances of internal fraud are analysed by both IA and CFT to determine if control weaknesses exist and can be addressed. The CFT provides training to all staff on whistleblowing and how to report concerns. Any suspicion of fraud or corruption is treated as a priority investigation. Where appropriate IA and CFT work together to investigate suspected fraud. Serious cases of fraud will be reported to the police. Disciplinary action taken by the council relating to internal fraud issues is often supported by the CFT. IA undertake work to ensure that appropriate checks and balances are in place to help prevent and detect internal fraud and corruption. Veritau is raising awareness of Failure to Prevent Fraud and training is being provided to employees.</p>				

Risk area #9	Recruitment fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	<p>Recruitment fraud can affect all organisations. Applicants can provide false or misleading information to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK. There is danger for the council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility or not having the appropriate professional accreditation for their post. In addition, there have been reports nationally of 'polygamous working' fraud, where an employee, usually in a temporary position, works for several different organisations at the same time.</p>				
Risk controls	<p>The council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken for certain roles as necessary. Additional checks are made on applications for roles involving children and vulnerable adults. References are taken from previous employers and there are processes to ensure qualifications provided are genuine. Right to work checks are completed in line with statutory guidance. The National Fraud Initiative undertakes payroll data matches to identify employees who are working for multiple organisations at the same time.</p>				
Priorities for internal audit / counter fraud	<p>Where there is a suspicion that someone has provided false information to gain employment, CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken. Applicants making false claims about their right to work in the UK or holding professional accreditations will be reported to the relevant agency or professional body, where appropriate. The CFT routinely share details of identities found to be used in polygamous working with HR to prevent and detect potential issues. IA reviewed council recruitment and selection processes in 2025/26 and gave them reasonable assurance.</p>				

Risk area #10	Theft of assets	Inherent risk	Medium	Residual risk	Low
Risk description	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The council own a large amount of portable, desirable physical assets such as ICT equipment, vehicles, and tools that are at higher risk of theft.				
Risk controls	Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained. The council operates CCTV systems covering key premises and locations where high value items are stored. Entrances to council buildings are regulated and controlled via different access methods. The council employs a specialist security team to safeguard its premises, employees, and assets. The security team respond to incidents of theft through increased patrols and recommending improvements to processes. The council's whistleblowing arrangements provide an outlet for reporting concerns of theft. Thefts are reported to the police and Veritau.				
Priorities for internal audit / counter fraud	Instances of theft will be investigated by CFT where appropriate. IA have a planned audit looking into security arrangements at West Offices and Hazel Court.				

Risk area #11	Treasury management	Inherent risk	Medium	Residual risk	Low
Risk description	Treasury Management involves the management and safeguarding of the council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.				

Risk controls	Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect council funds. Only pre-approved employees can undertake transactions in this area and they work within pre-set limits.
Priorities for internal audit / counter fraud	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.

Risk area #12	Grant schemes	Inherent risk	Medium	Residual risk	Low
Risk description	The council takes on the responsibility for disbursing government funded grant schemes to residents, businesses, and other organisations. Fraud in this area can include applicants supplying incorrect information to obtain grant payments or grant funded works (for example where grant funds are paid to a third-party supplier). Suppliers undertaking work may overcharge or not complete work to agreed standards. The council can become liable for recovery of any incorrectly paid government funding. This can create a loss to the council and may affect access to future grant schemes.				
Risk controls	The council will complete any required fraud management plan which will consider fraud risks, and mechanisms for preventing and detecting fraud. When awarding payments or agreeing works, the council (or their contractor) will complete checks to confirm applicants' eligibility.				
Priorities for internal audit / counter fraud	The CFT and IA support the development of fraud management plans, and associated controls, where required. CFT will undertake investigation in cases of suspected fraud. IA regularly undertake certification work on grant funded schemes. A new scheme, the Crisis and Resilience Fund, will be introduced in April 2026. Veritau will support the council to prevent fraud against the scheme and protect funds meant for vulnerable people.				

Risk area #13	Blue badge & parking fraud	Inherent risk	Low	Residual risk	Low
Risk description	Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the council if abuse of this scheme is not addressed. Other types of parking fraud also occur, including the misuse of residential parking permits by the owners of short term holiday lets to avoid commercial parking charges. Electronic payments by members of the public for use of council car parks can be diverted by criminals using false QR codes.				
Risk controls	Measures are in place to control the issue of blue badges, to ensure that only eligible applicants receive badges. Checks are made to ensure that commercial businesses don't inappropriately access residential parking permits. The council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse. The CFT and Parking Enforcement work closely together to identify, deter and investigate parking fraud. Proactive days of action are undertaken by both teams to raise awareness and act as a deterrent to blue badge misuse. Warnings are issued to people who misuse parking permits and blue badges. Serious cases of both types of fraud are considered for prosecution. Council car parks are monitored to detect and deter efforts to divert electronic payments.				
Priorities for internal audit / counter fraud	The CFT routinely investigate fraud in this area as well as undertaking days of action to combat blue badge fraud. The team will work with the parking department to investigate and stop the use of false QR codes in council car parks to divert payments. IA plan to audit the application process and consider eligibility policies in 2026/27.				

APPENDIX B: COUNTER FRAUD DEVELOPMENT PLAN

Veritau is responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the council. An annual review of priorities for the future development of counter fraud arrangements is therefore undertaken. Actions to be taken over the next year are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the council's arrangements for countering the risk of fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any other emerging issues
- regular reporting of internal audit and counter fraud activity to the Audit and Governance Committee.

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
1	Update the council's whistleblowing policy	Governing	May 2026	Veritau / Human Resources	The council's whistleblowing policy will be revised to reflect changes in the law. E-learning material will also be updated to reflect this.
2	Review and maintain the council's fraud risk assessment	Acknowledging	Ongoing	Veritau	Ensure the council is made aware of new threats and respond to emerging risks like polygamous working and the new Failure to Prevent Fraud offence.
3	Raising awareness of adult social care fraud amongst employees	Preventing	Ongoing	Veritau	In 2026/27 Veritau will introduce an e-learning module on adult social care and make it available to employees working in the area.
4	Support service areas in collation and submission of	Pursuing	November 2026	Veritau / Council Departments	Veritau will receive data from a range of council departments, cleanse data

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
	data for the 2026/27 National Fraud Initiative				to meet NFI specifications, and securely upload it. Privacy notices will also be reviewed to ensure compliance with data sharing regulations.
5	Support the council to introduce the new Crisis and Resilience Fund	Protect	Ongoing	Veritau	Helping prevent fraud in this new scheme will protect funds meant to support the public in times of crisis.
6	Continue active engagement with neighbouring bodies and local authorities.	Protect	Ongoing	Veritau	Fraud can occur across council boundaries. Veritau chairs and/or are active members of regional professional networks in Yorkshire and the North East. These forums bring together fraud officers, internal auditors, and housing associations. Identifying opportunities to share information and undertake joint working can help to detect and deter fraud.

APPENDIX C: COUNTER FRAUD WORK PLAN

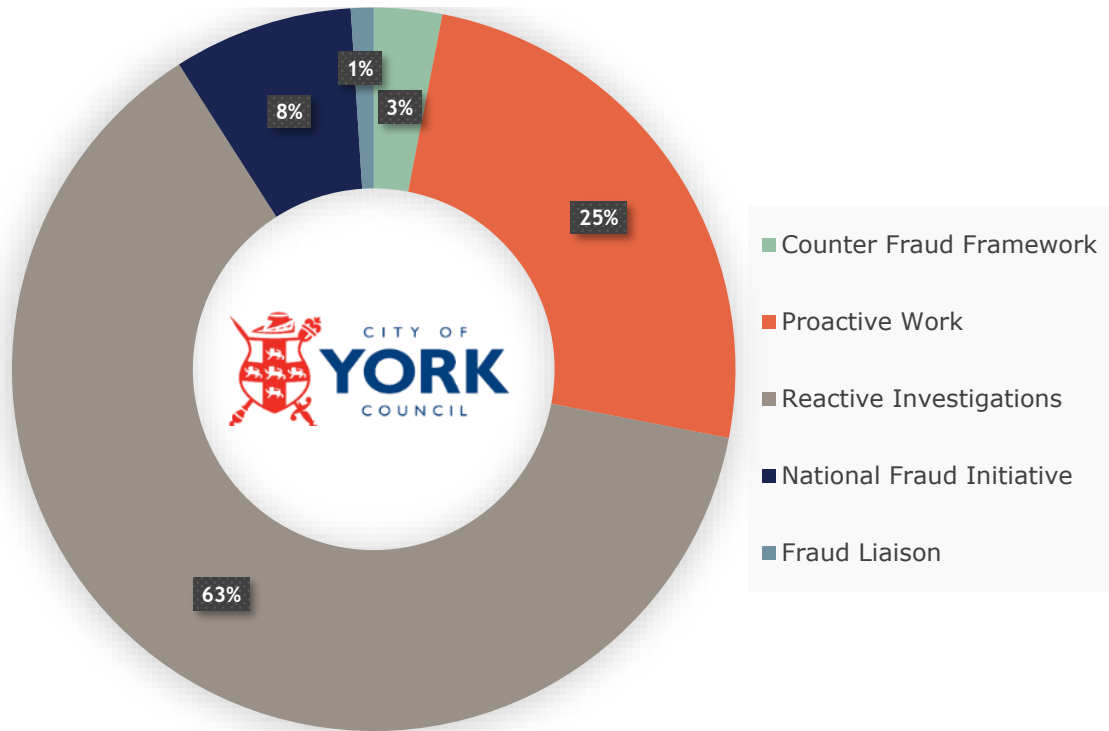
- 1 Veritau undertakes counter fraud work on behalf of City of York Council. This document summarises expected counter fraud activity for 2026/27.
- 2 A large part of the work of the team involves undertaking reactive investigations. The level of investigations is driven by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Fraud Risk Assessment and Counter Fraud Development Plan. Table 1 below provides a high-level summary of areas of planned counter fraud work:

Table 1: Counter fraud work programme

Programme area	Purpose
▲ Counter Fraud Framework	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and support to the council with maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Audit and Governance Committee during the year.
▲ Proactive Work	This includes: <ul style="list-style-type: none"> • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues • targeted proactive counter fraud work - for example through local and regional data matching exercises • support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.
▲ Reactive Investigations	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
▲ National Fraud Initiative	Coordinating submission of data to the Public Sector Fraud Authority for the National Fraud Initiative (NFI) data matching programme and investigation of subsequent matches.
▲ Fraud Liaison	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support housing benefit investigations.

- 3 The overall level of service is based on an indicative number of days for planning purposes (887 for 2026/27). Figure 1 below shows the proportion of time we expect to deliver across each area during the year.

Figure 1: Indicative split of counter fraud work



- 4 The split of activities shown in the figure above are not fixed. Actual work will depend on the level of suspected fraud referred to the team. We will also keep priorities for proactive and other counter fraud work under review, to ensure counter fraud resources continue to be used in the areas of greatest value to the council.

Supplemented report to original report published on 27 April 2026

Supplement Published: 1 May 2026



Meeting:	Audit and Governance Committee
Meeting date:	06/05/2026
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Cllr Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Internal Audit Progress Report incorporating the Head of Internal Audit Annual Report 2025/26

Subject of Report

1. This report incorporates the Head of Internal Audit annual report for 2025/26 with the internal audit progress report, first presented to the Audit & Governance Committee at its 11 March meeting.
2. The progress report (Annex 1) provides an update on the delivery of the internal audit work programme to 20 February 2026, and sets out plans for delivery over the remainder of the year. It is being presented for a second time because the committee was unable to consider the report in full at its 11 March meeting.
3. This report now also includes the Head of Internal Audit annual report 2025/26 (Annex 16), which reflects work undertaken since the March meeting. It provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

Policy Basis

Progress report

4. The work of internal audit in local government is governed by the Global Internal Audit Standards in the UK Public Sector. This regime, which came into effect on 1 April 2025, is made up of the Institute of Internal Auditors' Global Internal Audit Standards (including Topical Requirements), and the Application Note: Global Internal Audit Standards in the UK Public Sector.
5. The Application Note directs local government sector bodies to CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government ('the Code'). The Code is aimed at those responsible for ensuring effective governance arrangements for internal audit.
6. In accordance with these standards, periodic reports on internal audit work are presented to the Audit and Governance Committee.

Head of Internal Audit annual report 2025/26

7. The GIAS UK Public Sector 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.

Recommendation and Reasons

8. The Audit and Governance Committee is asked to:
 - Note the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year

Reason

To enable members to consider the implications of internal audit findings, and to review planned activity for the remainder of 2025/26.

- Note the results of internal audit work undertaken, and 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.

Reason

To enable members to consider the implications of internal audit findings.

- Note the outcome of Veritau's quality assurance and improvement programme, including the confirmation that the internal audit service conformed to the GIAS UK Public Sector during 2025/26.

Reason

To enable members to consider the opinion of the Head of Internal Audit.

- Note the one significant control weakness identified by internal audit during the year which is considered relevant to the preparation of the Annual Governance Statement.

Reason

To enable the Annual Governance Statement to be prepared.

Background

Internal audit progress report

9. The 2025/26 internal audit work programme was approved by the Audit and Governance Committee at its meeting on 17 March 2025.
10. To conform with professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to the committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.

11. Annex 1 to this report provides an update on progress made in delivering the internal audit work programme. This includes a summary of completed work, work currently in progress, and work no longer programmed for 2025/26 but currently prioritised for delivery in 2026/27. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.

Head of Internal Audit annual report 2025/26

12. 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 preparation of the council's Annual Governance Statement.
13. 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 contained in Annex 16.
14. In addition to providing an opinion, the Head of Internal Audit is required to report on the outcomes of the internal audit service's quality assurance and improvement programme (QAIP). This is to provide the committee with the necessary assurance that work continues to be conform to professional standards. Annex 16 provides details on Veritau's QAIP and confirms its conformance to the GIAS UK Public Sector during 2025/26.

Consultation Analysis

15. Senior council officers and this committee were consulted during the development of the 2025/26 work programme on which the progress report is based. Internal audit has provided input to the council's Annual Governance Statement based on internal audit work completed during 2025/26. However, no consultation was required in the preparation of this report. Annex 16 details the outcomes of work delivered independently by Veritau during 2025/26 in support of the council's framework of governance, risk management, and control.

Risks and Mitigations

16. The council will not comply with proper practice for internal audit if the results of internal audit work are not reported to senior management and the Audit and Governance Committee. This could result in external scrutiny and challenge.

Contact details

For further information please contact the authors of this Report.

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Service Area:	Veritau Limited
Telephone:	01904 553512
Report approved:	Yes
Date:	29/04/2026

Background papers

None.

Annexes

- Annex 1: Internal audit progress report
- *Exempt Annex 2: ICT disaster recovery (phase 1) final audit report*
- *Exempt Annex 3: Follow-up audit – risk management final audit report*
- *Exempt Annex 4: School themed audit – governance final audit report*
- *Exempt Annex 5: Service and role-specific training final audit report*
- *Exempt Annex 6: Sundry debtors final audit report*
- *Exempt Annex 7: Main accounting system final audit report*
- *Exempt Annex 8: Danesgate Community School final audit report*
- *Exempt Annex 9: Contract management – major project delivery*
- *Exempt Annex 10: Travel and subsistence final audit report*
- *Exempt Annex 11: Absence management final audit report*
- *Exempt Annex 12: Residential care – Ousecliffe & Wenlock Terrace final audit report*
- *Exempt Annex 13: Westfield Primary Community School final audit report*
- *Exempt Annex 14: Information access request management final audit report*
- *Exempt Annex 15: Children & Education local scheme of delegation final audit report*
- Annex 16: Head of Internal Audit Annual Report 2025/26

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HEAD OF INTERNAL AUDIT ANNUAL REPORT 2025/26

6 May 2026

ANNEX 16

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2	Internal audit work carried out in 2025/26
3	Follow up of agreed actions
4	Professional standards
6	Opinion of the Head of Internal Audit
7	Appendix A - 2025/26 internal audit work
10	Appendix B - Summary of key issues from audits finalised since the last report to the committee
23	Appendix C – Assurance audit opinions and finding priorities
24	Appendix D - Follow up of agreed audit actions
27	Appendix E - Internal audit quality assurance and improvement programme
36	Appendix F – Exit payments



Connor Munro
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 Throughout 2025/26 audit work has continued to be prioritised based on risk and the need to provide coverage of the council's framework of governance, risk management and control. This has seen audits removed from the work programme and others added as risks and priorities have changed, and as our understanding of key systems of internal control has developed.
- 4 We have also continued to promote good governance, provide advice and support, and make recommendations to management to help improve controls. We have attended the council's Governance, Risk, and Assurance Group (GRAG) and met with the Director of Finance, Director of Governance and Monitoring Officer, directorate senior management teams and other officers on a regular basis. Maintaining this level of contact over the year has helped us to identify and address governance issues and concerns, and to ensure audit work has remained targeted towards key risk and priority areas.
- 5 The results of completed audit work have been reported to service managers, relevant chief officers, members of this committee, and Executive portfolio holders during 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 appendix A. This appendix

also shows other work undertaken by the internal audit team to support the council during the year.

- 7 At the time of writing, six audits have been finalised since the previous report to this committee. A further three audit reports have been issued to the responsible officers but remain in draft. We expect these audits to be finalised over the next 2-3 weeks.
- 8 Seven audits from the 2025/26 programme are ongoing. The majority of work on these audits is complete. We expect to share outcomes in our next report to the committee.
- 9 Appendix B provides details of the key findings arising from internal audit assignments completed between November 2025 and April 2026. Summaries were provided for eight audits in our 11 March 2026 progress report. However, the committee was only able to consider one of these before the meeting was called to a close. The other seven audit summaries have been reproduced in this report, alongside summaries from audits that we have not previously reported to the committee. Final reports listed in appendix B are included as exempt annexes to this report.
- 10 Appendix C provides an explanation of our assurance levels and priorities for management action.

Follow up of agreed actions



- 11 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. Implementation of the procedure has resulted in improvements to overall action completion rates and better visibility of action status across the organisation. The procedure has also provided a route for escalation via GRAG meetings – a route that ultimately was not required during the year.
- 12 Based on follow up work completed, we are satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 13 A summary of the current status of follow up activity is included at appendix D.

Professional standards



- 14 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).
- 15 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).
- 16 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.
- 17 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.
- 18 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

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.

the way in which we engaged flexibly with our clients throughout the internal audit process, at the strategic and operational levels.

- 19 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.
- 20 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 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.
- 21 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.
- 22 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.
- 23 Details of Veritau's QAIP are set out in appendix E.
- 24 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



- 25 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**.
- 26 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. No reliance was placed on the work of other assurance providers in reaching this opinion.
- 27 In giving this opinion, there is one significant control weaknesses which, in the opinion of the Head of Internal Audit, is rightly included in the council's annual governance statement. The Head of Internal Audit's opinion on this significant control weakness is as follows:

- ▲ **Governance and management of major capital projects:** in evaluating the council's arrangements for governing and managing its portfolio of major capital programmes and projects, several issues have been identified which, taken together, represent a significant control weakness.

Issues include a lack of oversight and critical appraisal in pre-delivery phases (which has led to consequences such as entering contracts at risk or of a form not optimised for the project, and incurring additional costs due to changes during delivery), inadequate financial profiling, under-developed governance and assurance arrangements, a lack of skills and support capacity, and an over-reliance on external expertise.

Most of these issues were included in the contract management: major project delivery internal audit report which was presented to the Audit and Governance Committee in January, and again in March 2026. Since this audit, the council has been implementing an improvement plan which seeks to strengthen governance arrangements and build internal capacity and expertise.

Given the significant sums invested in these projects, and the potential implications on already pressured capital and revenue budgets, this is an area which will require continued focus.

APPENDIX A: 2025/26 INTERNAL AUDIT WORK

Final reports issued

Audit	Reported to Committee	Opinion
Safety Valve (implementation review)	May 2025	Substantial Assurance
Housing benefits	May 2025	Substantial Assurance
NHS Data Security and Protection Toolkit: accountable suppliers	May 2025	No Opinion Given
School themed audit: purchasing and best value	July 2025	Reasonable Assurance
Communications	July 2025	No Opinion Given
Funded early education	July 2025	Reasonable Assurance
Member induction programme	July 2025	No Opinion Given
Commercial asset performance	July 2025	Substantial Assurance
Savings plans	July 2025	Reasonable Assurance
Clifton Green Primary School	July 2025	Reasonable Assurance
Elvington Primary School	November 2025	Reasonable Assurance
Carbon adaptation and reduction	November 2025	Substantial Assurance
Physical information security	November 2025	Reasonable Assurance
Schools themed audit: premium allocations	November 2025	Substantial Assurance
Public EV charging strategy	November 2025	Substantial Assurance
Free school meals: auto-enrolment	November 2025	Substantial Assurance
Recruitment and selection	November 2025	Reasonable Assurance
Contract management	November 2025	Reasonable Assurance
ICT disaster recovery	March 2026	Reasonable Assurance
Follow-up audit: risk management	March 2026	Reasonable Assurance
Schools themed audit: governance	March 2026	Reasonable Assurance

Audit	Reported to Committee	Opinion
Service and role-specific training	March 2026	Reasonable Assurance
Sundry debtors	March 2026	Substantial Assurance
Main accounting system	March 2026	Substantial Assurance
Danesgate Community School	March 2026	Reasonable Assurance
Contract management: major project delivery	March 2026	Limited Assurance
Children and Education local scheme of delegation	May 2026	Reasonable Assurance
Children's residential care: overtime and procurement cards	May 2026	Reasonable Assurance
Key financials: Westfield Primary	May 2026	Substantial Assurance
Information access request management	May 2026	Reasonable Assurance
Absence management	May 2026	Reasonable Assurance
Travel and subsistence	May 2026	Reasonable Assurance

Audits in progress

Audit	Status
Flexi time and annual leave	In draft
Data quality and security: applications	In draft
Unaccompanied asylum seeker children	In draft
Payments to care providers and contract management (ASC&I)	In progress
Home to school transport	In progress
Cybersecurity: user account management	In progress
Payroll	In progress
Right To Buy	In progress
Children's direct payments	In progress

Audit	Status
St Mary's CE Primary School	In progress

Other work completed in 2025/26

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

- ▲ Follow up of agreed actions
- ▲ Refresh of the follow-up and escalation procedure, with regular reporting to the Governance, Risk and Assurance Group
- ▲ Grant certification work:
 - ▲ Scambusters
 - ▲ UK Shared Prosperity Fund programme assurance (2024/25)
 - ▲ HUG2
- ▲ Consultative engagements:
 - ▲ Fact-finding review into manual creditor payments
 - ▲ Fact-finding review into the management of services provided by YorHome
 - ▲ Fact-finding review into the engagement of consultants on the York Station Gateway project
 - ▲ High-level review of the council's performance management framework
- ▲ Provision of support and advice:
 - ▲ Preparation of a briefing note on CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government ('the Code')
 - ▲ Support with undertaking the council's self-assessment against the Code
 - ▲ Holiday let commercial waste income collection procedures

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

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Travel and subsistence (April 2026)	Reasonable Assurance	The purpose of this audit was to review the council's compliance with its travel and subsistence policy.	<p>The council's travel and subsistence policy is up to date, reflecting the claims process in operation.</p> <p>However, weaknesses were identified in compliance with key policy requirements. A high proportion of claims reviewed included subsistence costs incurred on service users which are excluded under the policy but had nonetheless been approved by line managers. In addition, there was widespread non-compliance with requirements to retain supporting evidence, with receipts often unavailable.</p>	<p>A HR advisory circular will be issued which will recommunicate policy requirements and expected practice.</p> <p>Options will be explored to change the configuration of iTrent so that receipts can be uploaded and records deleted at the end of their retention period.</p>
Absence management (April 2026)	Substantial Assurance	This audit reviewed the council's processes for managing short- and long-term sickness absence.	The council has a comprehensive attendance management policy, with supporting procedures and guidance. However, weaknesses were identified with return-to-work (RTW) interviews, which were not always	HR will remind DMTs of expectations relating to RTW interviews and responding to absence triggers. Managers will also continue to be supported

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>held within the three-day requirement and, in some cases, were not held at all. Follow-up action on triggers is not consistently applied by line managers. Where RTW interviews had been held, absence triggers were generally identified and appropriate action taken in most cases.</p> <p>Management and HR receive sufficient and timely information to monitor attendance, with HR actively chasing outstanding RTWs and undertaking work to strengthen managerial ownership of absence monitoring through improved use of Medigold data. Controls over absence data are operating effectively, with timely system notifications to managers, reliable management reporting produced by Business Intelligence, and regular data integrity checks. Interfaces between</p>	<p>and coached on attendance management procedures.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			attendance management and payroll processes are also working correctly.	
Children's residential care: overtime and procurement cards (April 2026)	Reasonable Assurance	<p>The purpose of this audit was to review the design and effectiveness of controls relating to overtime and use of procurement cards at children's residential homes.</p> <p>The audit reviewed processes in operation at the Wenlock Terrace & Ousecliffe homes.</p>	<p>Controls over overtime and allowance claims are not consistently applied, with unclear guidance, inconsistencies in claims, and gaps in the retention of daily running logs reducing assurance over the accuracy and appropriateness of payments.</p> <p>A purchasing card policy and supporting guidance are in place and clearly set out cardholder responsibilities. However, the policy is out of date and lacks a defined review schedule, reducing assurance that requirements remain current.</p> <p>Weaknesses in purchasing card controls, including inconsistent use of transaction logs, missing receipts, a breach of loyalty card rules, and insufficient evidence to support increases to card limits, undermine</p>	<p>Overtime claims made on RotaCloud will require citation that allows for matching to individual shifts. Spot checks will be undertaken to ensure compliance.</p> <p>Business support will provide weekly assistance to ensure all transactions are logged on Civica. Alternative systems that enable real-time card expenditure monitoring will be explored.</p> <p>Authorisation to increase single transaction card limits for purchases will be documented separately by business support, the manager of the service and the procurement team.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			the integrity of card monitoring and compliance.	
Information access request management (April 2026)	Reasonable Assurance	This audit reviewed the council's arrangements for handling a range of information access requests relating to data protection, use, and disclosure in accordance with legislation.	<p>Key documentation and templates for handling information requests have been updated to reflect legislative changes, and processes for Annex 6 and CCTV requests are generally operating effectively, with requests completed appropriately and within reasonable timescales.</p> <p>However, arrangements for logging and tracking information requests are inconsistent across services, with gaps in recording, duplicated data, and key information dispersed across multiple systems. The absence of comprehensive and consistent logging, particularly for adult and children's social care requests, limits assurance over the completeness and accuracy of management information. It therefore reduces the council's ability to report reliably on</p>	<p>Standing operating procedures for managing and responding to all requests for information will be developed with input from Legal Services and Business Support.</p> <p>An alternative, secure network system storage solution for CCTV network requests will be explored.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			volumes, outcomes, and disclosure decisions.	
Key financials: Westfield Primary (April 2026)	Substantial Assurance	This audit reviewed the governance and financial management arrangements at Westfield Primary Community School.	<p>Governance arrangements are compliant with statutory and local authority requirements. The School Financial Value Standard for 2025/26 had been completed but the minutes of the governing body do not evidence scrutiny prior to its submission.</p> <p>Financial management arrangements are generally sound. One instance was identified where the required number of quotations was not obtained, and while a justification was provided, the exception was not formally documented or approved.</p> <p>Income collection arrangements are sound, but ParentPay income recording could be done more efficiently. Debt management, budget setting, and monitoring arrangements are also effective. However, the school website does</p>	<p>The governing body will ensure that scrutiny and approval of the SFVS is clearly evidenced within meeting minutes prior to sign-off.</p> <p>Reasons for applying exemptions to the school's financial procedures will be formally documented and approved.</p> <p>The current process for recording ParentPay income will be reviewed and options considered to reduce reliance on manual data entry.</p> <p>The school's website will be updated to include a declaration confirming the number of staff earning over £100,000 in £10,000 bandings, or confirm that no staff fall within this category, in line with transparency requirements.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			not currently include the required declaration on staff earning over £100,000.	
Children and Education local scheme of delegation (April 2026)	Reasonable Assurance	The purpose of this audit was to review the Children and Education directorate's arrangements for implementing and applying its scheme of delegation.	<p>While an up-to-date scheme of delegation was in place for Children's Services, at the time of the audit there was no scheme covering the work of Education and Skills.</p> <p>Financial decision-making in the directorate is facilitated by Civica Purchasing. Changes in financial thresholds for individual officers are independently updated by Finance, following requests made by authorised individuals. These arrangements provide a documented audit trail of sub-delegations (and alterations to these).</p> <p>Most staff in Children and Education with financial responsibilities had not completed finance and procurement training. This is despite both being</p>	<p>The directorate prepared a scheme of delegation for Education and Skills before the audit was concluded.</p> <p>The Assistant Director of Education and Skills will liaise with Finance and workforce development to discuss appropriate finance and procurement training to be delivered to the directorate, and will also agree what should be mandatory and service critical.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			identified as 'service critical' by the management team.	
Danesgate Community School (December 2025)	Reasonable Assurance	This audit reviewed the governance and financial management arrangements at Danesgate Community School - a specialist provider for pupils with social, emotional and mental health needs.	<p>Danesgate Community Pupil Referral Unit's management committee operates within a compliant legal constitution, with statutory policies and website content up to date. Governance is effective, with regular meetings, challenge, and budget oversight. However, some gaps in governor training and inconsistent financial delegations were noted.</p> <p>Financial processes are generally sound. Systems and controls for purchasing, income, payroll, payment cards, reconciliations and petty cash are appropriate, but some financial policies lack sufficient guidance to support their practical implementation.</p> <p>The school's contract register lacks key detail, and some contracts have not been recently reviewed.</p>	<p>A review of governor training and skills will be conducted to identify training requirements. Training will be a regular item on management committee meetings and governors will be signposted to the training available through the council's governance team.</p> <p>The financial management policy will be reviewed.</p> <p>The debt management policy will be reviewed. Debt management will be a standing item on Finance and Resource committee meeting agendas.</p> <p>The contract register will be updated to ensure that it contains information to assist governors in overseeing contract management.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Main accounting system (December 2025)	Substantial Assurance	The purpose of this audit was to provide assurance on access arrangements to the financial management system and on the performance of key in-system activities.	<p>Access to the financial management system (FMS) is appropriately restricted and supported by layered controls, but weaknesses in user access management such as complex access structures, inconsistent forms, and delays for movers and leavers reduce assurance that access remains appropriate.</p> <p>Controls over journals, virements and year-end processes are generally effective, although virement guidance could be clearer.</p> <p>Feeder system data is transferred accurately, with timely uploads and reconciliations.</p> <p>Suspense and control accounts are reviewed regularly, with reasonable balances and prompt resolution of discrepancies.</p>	<p>Service managers' responsibilities for user access management, particularly regarding the timely completion of user access forms when roles or responsibilities change, will be reinforced, and communicated.</p> <p>The user access management process will be enhanced by streamlining access categories and clearly defining the permissions associated with each, based on typical role requirements. User access request forms will be updated to ensure they are clearer, more user-friendly, and aligned with the revised process.</p> <p>The virements guidance will be reviewed and updated to clearly define what constitutes a virement, and to clarify the associated processes for managing and approving them</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
				and evidencing approval on the FMS.
Sundry debtors (December 2025)	Substantial Assurance	This audit reviewed the council's arrangements for issuing invoices, collecting and recording income, monitoring debt, and writing off debt.	<p>Invoices are raised accurately with proper supporting information, and no duplicates were found. Only a very small number of duplicate debtor accounts and unallocated suspense items exist, and both were being addressed at the time of the audit. The council's corporate debt policy and guidance on raising invoices are outdated and do not fully reflect current practice.</p> <p>Income is correctly allocated, and credit notes are properly authorised (albeit with occasional delays in processing).</p> <p>Debt is monitored but recovery is inconsistent and not always sustained, with older debts being significant in volume and value.</p>	<p>Debt forums will be established for the Adult Social Care and Integration directorate, and similar measures introduced for non-adult social care debt.</p> <p>Details of service-area specific debt recovery procedures will be documented. The corporate debt policy will be reviewed, and a suitable review schedule established. Existing guidance on raising invoices will also be updated.</p> <p>Refunds will now be processed twice a week. The debtors' team will regularly produce a report of outstanding refunds. The income services team will then be notified that there are refunds to process.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			Debt write-offs are well controlled and authorised, although accounts could be closed more promptly.	
Service and role-specific training (November 2025)	Substantial Assurance	This audit reviewed the council's arrangements for identifying, monitoring and recording training required within adult social care, children and education, and housing.	<p>The council's MyLo system provides a strong basis for managing training, with effective tools for assigning courses, tracking completion and maintaining certifications.</p> <p>Training matrices are well designed and updated through regular engagement between services and the Workforce Development Unit. However, not all courses are yet on MyLo, meaning that some services rely on manual records.</p> <p>MyLo is not always updated to reflect the true status of training, resulting in inaccurate or incomplete information. Reporting arrangements also varied, with no consistent process for escalating training performance at directorate level.</p>	<p>A reminder will be issued reinforcing the requirement to ensure that staff training completions are promptly recorded on MyLo. The reminder will also emphasise the need for timely renewal of service and role-specific training to prevent lapses.</p> <p>The Workforce Development Unit will promote the use of existing MyLo functionality and the annual Learning Needs Analysis to support consistent oversight of training compliance. Through this exercise, it will be recommended that Directorate Management Teams discuss training issues quarterly, and awareness of available MyLo system support will be reinforced.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Schools themed audit: governance (November 2025)	Reasonable Assurance	The purpose of this audit was to provide assurance that maintained schools meet statutory governance requirements.	<p>Governance arrangements met statutory requirements, with appropriate structures and up-to-date schemes of delegation. However, some schools lacked a documented governance framework for the full governing body, committee terms of reference had not been recently reviewed, and declarations of interest had not been fully updated. Minutes, agendas and documentation were generally available, and minutes evidenced appropriate challenge. Policy schedules were maintained well overall.</p> <p>Governor membership and attendance were mostly strong, but some vacancies, outdated skills audits and unclear training records were noted.</p> <p>Contract registers were kept but risk registers and website compliance checks were inconsistent across schools.</p>	<p>A number of actions were agreed to address the identified control weaknesses. These included:</p> <ul style="list-style-type: none"> ▲ Reviewing training records termly ▲ Clearly capturing outcomes and actions from skills audits ▲ Making cybersecurity and data protection training mandatory for at least one governor ▲ Formalising and including the role of the Finance Committee chair / school business manager link in committee terms of reference ▲ Improving arrangements for providing 'Get Information About Schools' data ▲ Standardising risk registers and guidance, and ensuring termly review of risks ▲ Adoption of the contract register template already shared with schools ▲ Including school website checks in the annual framework.

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Follow-up audit: risk management (November 2025)	No Opinion Given	The purpose of this audit was to review the council's arrangements for identifying, managing, and reporting directorate and service risks in accordance with corporate requirements. It was undertaken as a follow-up of the 2023/24 audit.	<p>Although some progress was evident, with the Risk Management Team beginning to re-establish its support and facilitation role, this had not been fully embedded between directorates and across service areas sufficient for them to continue risk management work independently. This also meant that agreed processes, including the issuing of quarterly risk reports, had not been regularised.</p> <p>While arrangements for risk management remain inconsistent across directorates, and the council's risks are not visible on a council-wide basis, the risk management process is not embedded to the level expected in the policy and strategy.</p>	A detailed management response to the report and its recommendations was provided. In summary, the response cited improvements made (and in progress) while also recognising that the council's policy and strategy need to be reviewed to reflect the council's desired approach to risk management.
ICT disaster recovery (November 2025)	Reasonable Assurance	This audit reviewed the council's ICT disaster recovery arrangements.	The council has key ICT disaster recovery arrangements in place, and its current plan is clear, accessible and regularly updated. Roles are defined and incident action cards	Actions to address weaknesses will be agreed as part of phase two of the ICT disaster recovery audit (scheduled for 2026/27).

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>support responses, although detailed playbooks are not yet in place.</p> <p>Recovery priorities are set by ICT, without structured input from service areas.</p> <p>Disaster recovery testing is informal, relying on lessons from real incidents rather than being formally scheduled. Backup arrangements and security controls are robust.</p>	

APPENDIX C: 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.

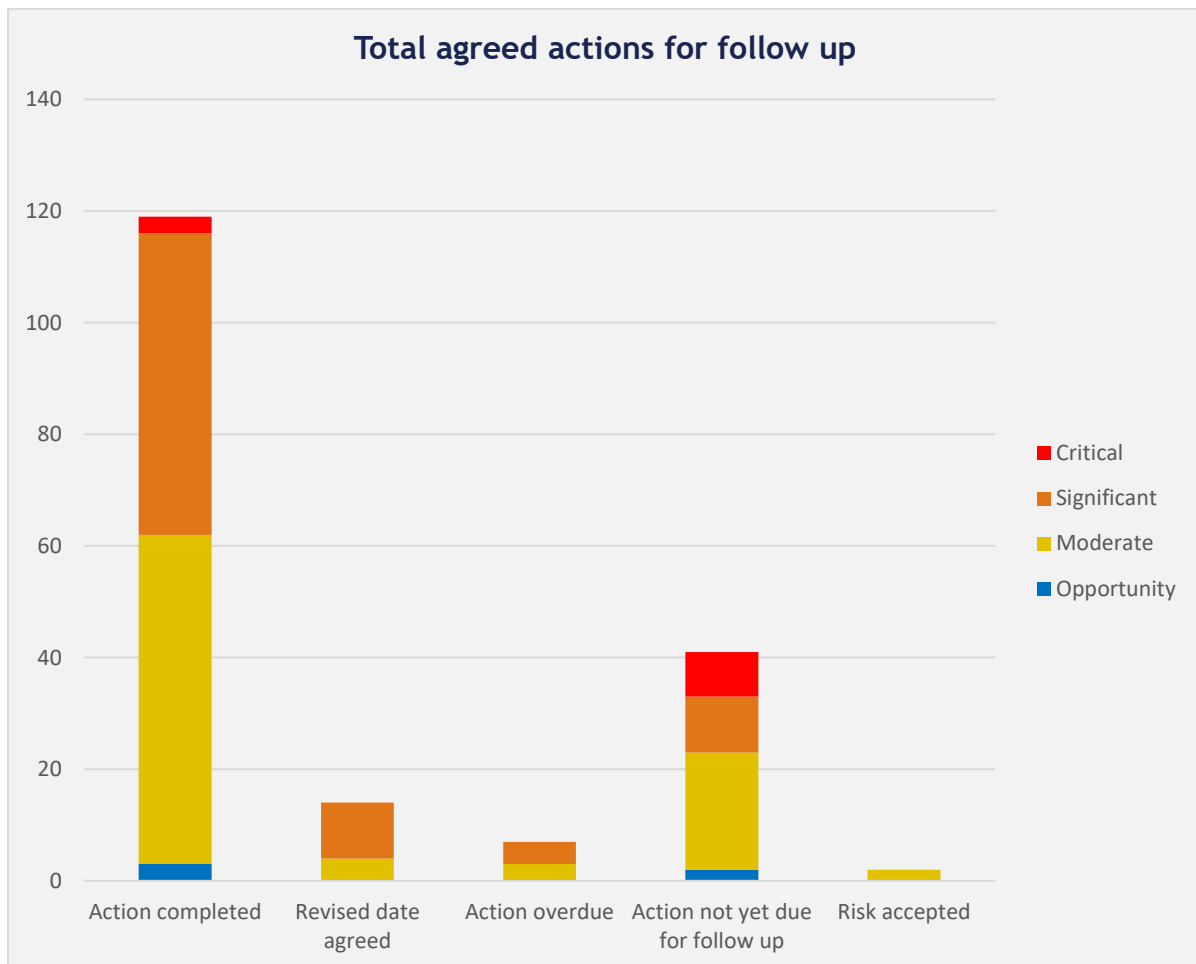
Finding ratings

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.

APPENDIX D: FOLLOW UP OF AGREED AUDIT ACTIONS

- 1 Follow up work is carried out through a combination of 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 & Governance 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 in the last twelve months is shown⁴. 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).
- 4 For completeness, it also shows actions which have been agreed in finalised audits, but which have not yet fallen due and so have not been followed up.

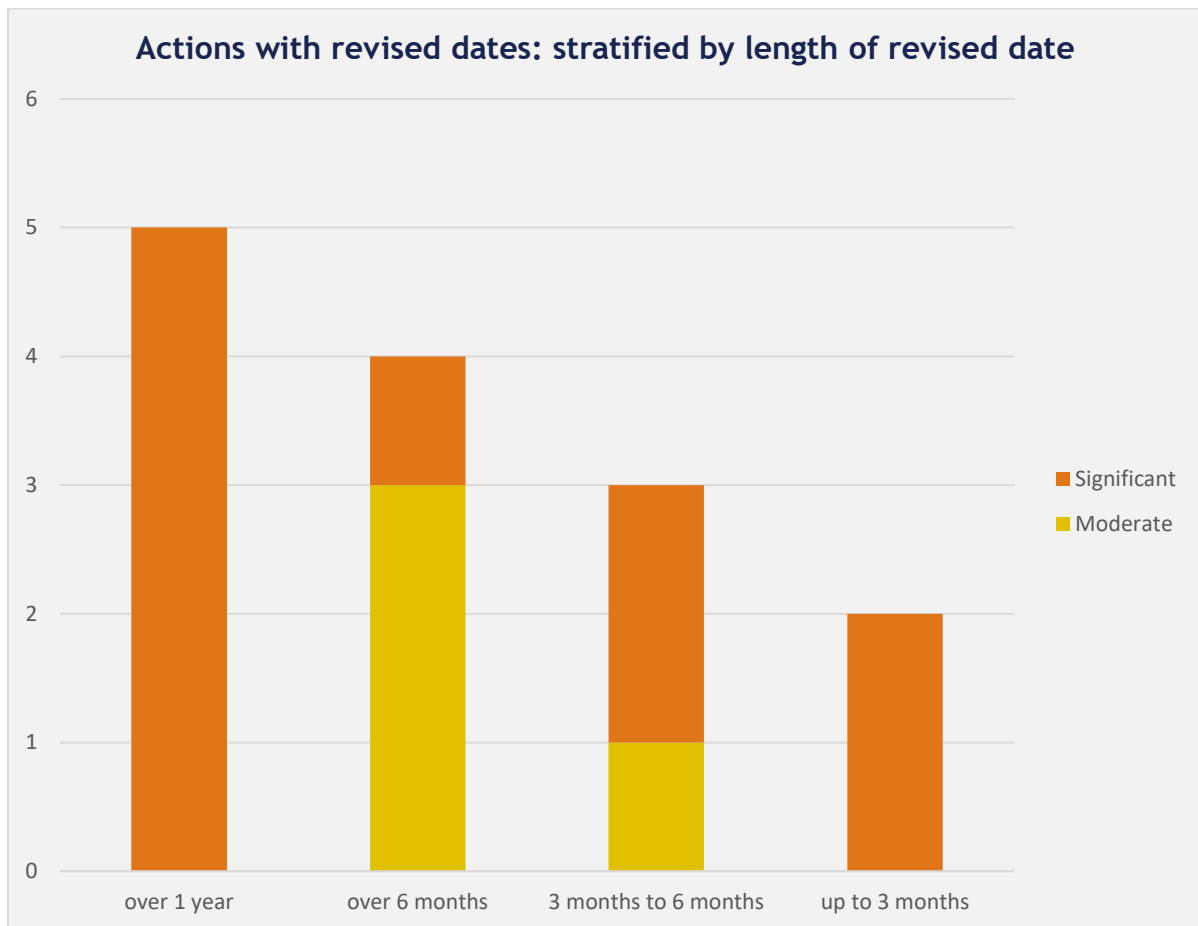
Figure 1: Total agreed actions by current status



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

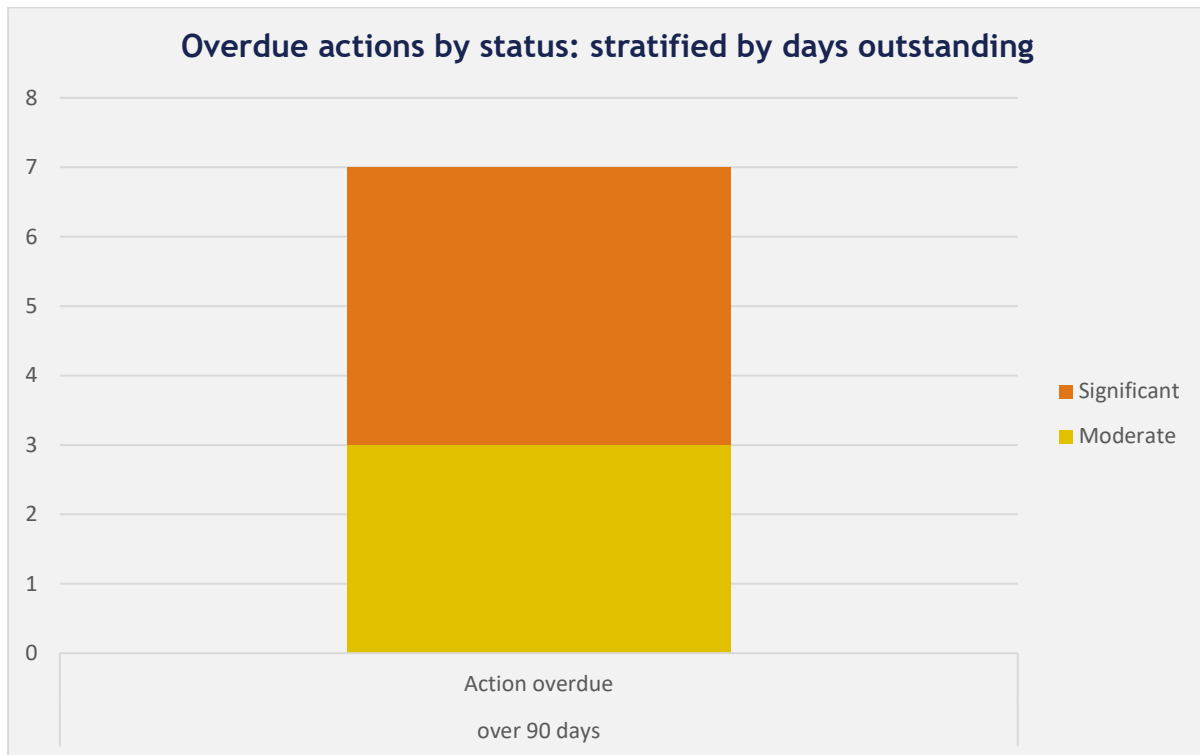
- 5 A total of 142 actions have been followed up so far this year. Of these, 119 have been satisfactorily implemented. 41 actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting.
- 6 A total of 14 actions have had their original implementation timescale extended, with revised implementation dates being 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. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.
- 7 Figure 2, below, shows how long dates have been revised from the original implementation date.

Figure 2: Length of revised dates agreed for action implementation



- 8 At the time of reporting, 7 actions are overdue. This is shown in figure 3, on the following page.

Figure 3: Length of time actions have been overdue



- 9 For all seven actions overdue by more than 90 days we have received a response from officers. In these cases, the process of following up the action and drawing conclusions is ongoing.
- 10 There will usually be some instances like this at any point in time. It can be due to ongoing communication with the responsible officers to obtain evidence confirming completion of the action. It can also be due to instances where the action taken is not exactly as agreed and further work is being undertaken to assess whether the action taken does satisfactorily address the risk or because there are ongoing discussions about whether to agree revised dates for the action.
- 11 Overdue actions are escalated according to the agreed escalation policy, firstly to relevant directors, then to senior officers via GRAG (Governance, Risk and Assurance Group). They may subsequently be brought to the Audit & Governance Committee. At this stage, no overdue actions are being escalated to the committee.

APPENDIX E: 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 and Governance 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.

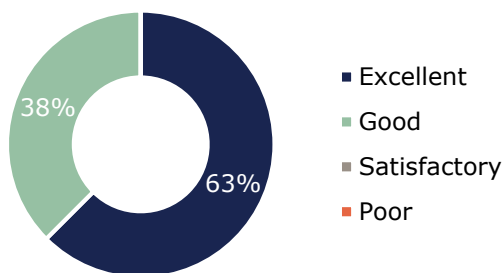
2.0 Customer satisfaction survey 2026

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

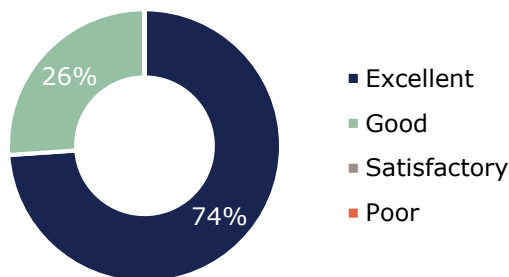
rate the different elements of the audit process as either excellent, good, satisfactory or poor.

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%).

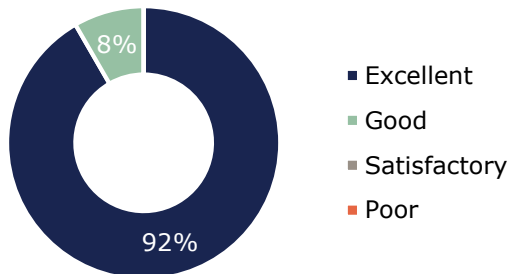
Quality of audit planning / coverage



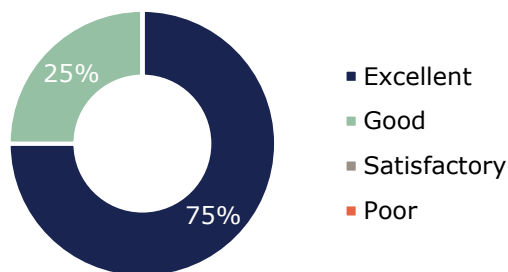
Provision of advice / guidance



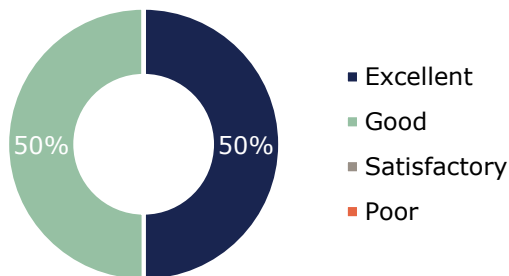
Staff conduct & professionalism



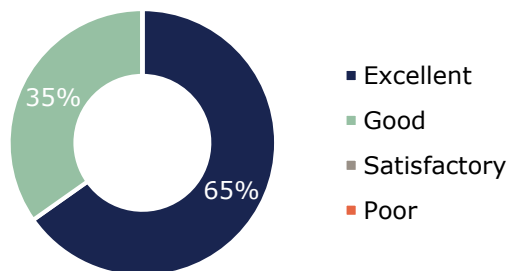
Ability to establish positive rapport



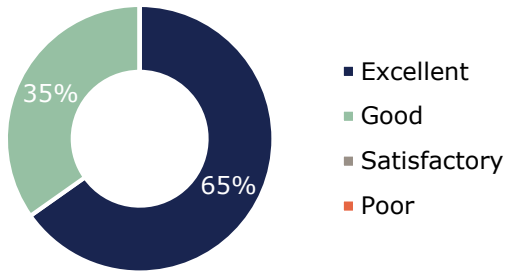
Knowledge of area being audited



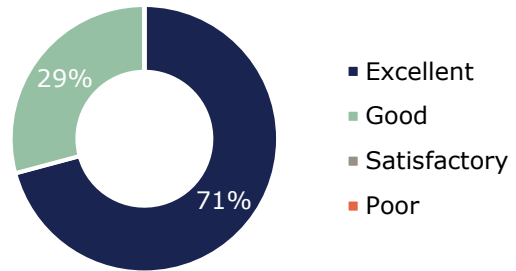
Minimising disruption for area being audited



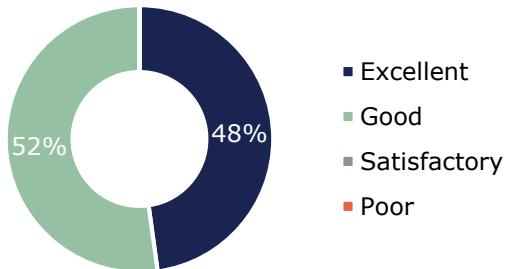
Communication of issues during audit



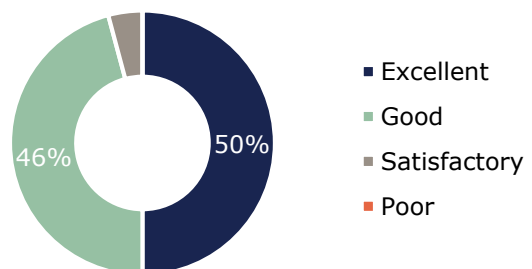
Quality of feedback at end of audit



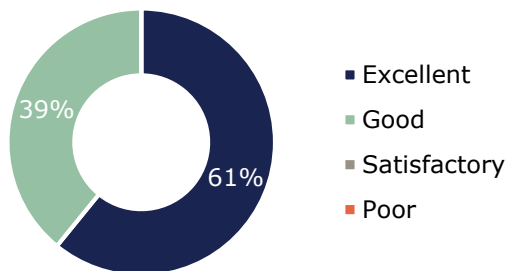
Accuracy / format / length / style of report



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. CIPFA's 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 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

At the time of preparing this report, our conformance self-assessment has not been finalised. Therefore, outcomes are not available for reporting to the committee at this meeting. However, no areas of non-conformance have been identified to date, with only minor improvements required to strengthen evidence of conformance.

The final outcomes from our conformance self-assessment, including any improvement actions arising, will be reported to the committee at its next meeting.

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 PSIAS⁷ 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.

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

⁷ PSIAS guidance suggested a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' was the top rating.

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.

APPENDIX F: EXIT PAYMENTS

In April 2021, the council's external auditor issued a Report in the Public Interest. This related to exit payments made to a former employee. The report, and actions to address concerns about processes that were raised, were considered by the Council on 4 May 2021.

Following the report, a new system for agreeing settlement agreements was approved by the Staffing Matters and Urgency Committee in October 2021.

It was agreed that internal audit would review packages finalised under the new system, to assess whether the council has complied with the process, and that it would report the outcome of any reviews in the annual Head of Internal Audit report.

In the period to the end of April 2026, one settlement agreement was reached. We reviewed the agreement, finding that the correct process had been followed.

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