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| 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 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.

Author

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| Name: | Connor Munro |
| Job Title: | Assistant Director – Internal Audit and Head of Internal Audit (Veritau) |
| 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