

This report is public.	
Head of Internal Audit annual report 2024/25	
Committee	Accounts, Audit and Risk Committee
Date of Committee	28 May 2025
Portfolio Holder presenting the report	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration, Councillor Lesley McLean
Date Portfolio Holder agreed report	14 May 2025
Report of	Assistant Director of Finance, (Section 151 Officer), Michael Furness

Purpose of report

This report includes the Head of Internal Audit annual report (appendix 1), which summarises internal audit work undertaken in 2024/25 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

It also includes an updated internal audit charter (appendix 2), for the committee to approve. The charter has been updated to ensure that it reflects the requirements of the Global Internal Audit Standards in the UK Public Sector, which came into effect on 1 April 2025.

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the results of internal audit work undertaken, and the opinion of the Head of Internal Audit that Reasonable Assurance can be provided on the adequacy and effectiveness of the council's framework of governance, risk management and internal control.
- 1.2 To note the outcome of Veritau's quality assurance and development arrangements, including the confirmation that the internal audit service conforms to public sector internal auditing standards.
- 1.3 To note that two significant control weaknesses have been identified by internal audit during the year which are considered relevant to the preparation of the Annual Governance Statement, these being: the council's health and safety management system and its handling of strategic site applications (pages 5-6, appendix 1).
- 1.4 To approve the draft internal audit charter.

2. Executive Summary

- 2.1 The council's internal audit service must comply with professional standards and the internal audit charter.
- 2.2 The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the work carried out by internal audit during 2024/25.
- 2.3 The committee is expected to note the opinion for 2024/25, the outcomes from work which contributed to it, and any significant control weaknesses considered relevant to the preparation of the council's Annual Governance Statement. It is also expected to note the outcomes of Veritau's quality assurance and development arrangements, satisfying itself that reliance can be placed on the annual opinion.
- 2.4 Changes to the standards regime for internal audit have required the council's charter to be updated. The changes to the charter are minimal but are nonetheless essential for the committee to approve. This is so that there is an agreed-upon basis for the governance and delivery of the council's internal audit service.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising directly from this report. Michael Furness, Assistant Director of Finance, 08/05/2025			
Legal	This forms part of the annual work programme and reporting. There are no legal implications. Shiraz Sheikh, Assistant Director of Law, Governance and Monitoring Officer, 14/05/2025			
Risk Management	This report provides a summary of internal audit work undertaken and thus aligns with the Council's risk management practices.			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				N/A
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
B Will the proposed decision have an impact upon the lives of people with		X		N/A

protected characteristics, including employees and service users?				
Climate & Environmental Impact		X		N/A
ICT & Digital Impact		X		N/A
Data Impact		X		N/A
Procurement & subsidy		X		N/A
Council Priorities	This report cuts across a number of the council's priorities as expressed in its new internal perspectives strategy. The contribution that the council's internal audit service makes is to provide independent, risk-based, assurance, advice, and insight relating to the council's systems of governance, risk management, and internal control.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	<p>Internal audit has provided input to the council's Annual Governance Statement based on internal audit work completed during 2024/25. However, no consultation was required in the preparation of this report. Appendix 1 details the outcomes of work delivered independently by Veritau during 2024/25 in support of the council's framework of governance, risk management, and control.</p> <p>Internal audit has sought the views and input of the council's Assistant Director of Finance and Assistant Director of Law, Governance and Monitoring Officer in drafting the updated internal audit charter. The draft charter contained in appendix 2 is being presented to the committee for its views and input before it is approved.</p>			

Supporting Information

3. Background

- 3.1 Cherwell District Council's internal audit service is delivered by Veritau Public Sector Limited.
- 3.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. Up until the end of 2024/25, these standards included the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on
- Cherwell District Council

the application of those standards in Local Government, and the CIPFA Statement on the role of the Head of Internal Audit.

- 3.3 These standards require the Head of Internal Audit to bring an annual report to the Accounts, Audit and Risk Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. Internal audit work undertaken during 2024/25 is the main subject of this report, and the PSIAS apply to this work.
- 3.4 With effect from 1 April 2025, the PSIAS were replaced by what is known as the Global Internal Audit Standards in the UK Public Sector. This new regime is made up of the Institute of Internal Auditors' Global Internal Audit Standards (GIAS), and the Application Note: Global Internal Audit Standards in the UK Public Sector ('the Application Note').
- 3.5 The purpose of the Application Note is to set out interpretations and requirements which need to be applied to the GIAS so that they form a suitable basis for internal audit practice in the UK public sector. The 'relevant internal audit standard setter' for UK local government is the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.6 CIPFA has also produced a 'Code of Practice for the Governance of Internal Audit in UK Local Government' ('the Code'). The purpose of the Code is to ensure that the essential conditions for the governance of internal audit can be met in a local government context. The Code is intended for local authorities, being designed to support them in establishing effective internal audit arrangements and in providing oversight and support for internal audit.
- 3.7 The internal audit charter is a key document governing the council's internal audit service. In drafting the updated charter, the requirements and expectations of the GIAS, Application Note, and the Code have been considered and applied.

4. Details

Head of Internal Audit annual report 2024/25

- 4.1 To conform to professional standards and the council's internal audit charter, the Head of Internal Audit must provide an opinion on the strength of the council's framework of governance, risk management, and control. The annual opinion is a key source of independent assurance for the preparation of the council's Annual Governance Statement.
- 4.2 The basis for the annual opinion is the body of internal audit work performed during 2024/25. A summary of internal audit work undertaken during the year, and relevant to the opinion, is contained in appendix 1.
- 4.3 In addition to providing an opinion, the Head of Internal Audit is also required to report on the outcomes of the internal audit service's quality assurance and development arrangements. This is to provide the committee with reassurance that work continues to conform to professional standards. Appendix 1 provides details on Veritau's arrangements, confirming its conformance to the PSIAS during 2024/25 and to the new Global Internal Audit Standards in the UK Public Sector.

Draft internal audit charter

- 4.4 Professional standards for internal audit require that the Head of Internal Audit develops and maintains an internal audit charter.
- 4.5 An internal audit charter addresses the purpose, scope, positioning, and authority of internal audit, the support it can expect to receive from senior management, its interactions with the committee, its commitment to adhering to professional standards, and the arrangements for managing resources and quality.
- 4.6 The changes to the standards regime covered in paragraphs 3.4 to 3.6 have required Veritau to update the council's internal audit charter (the version approved by the committee in May 2024).
- 4.7 Very little change has been made to the council's internal audit charter. References to PSIAS have been removed and replaced with the Global Internal Audit Standards in the UK Public Sector. Some minor structural changes have also been made.
- 4.8 The updates made to the charter will result in no change to how the internal audit service is delivered to the council. The draft internal audit charter is contained in appendix 2.
- 4.9 The committee should also be aware that Veritau is currently supporting senior management in assessing its conformance with the Code of Practice for the Governance of Internal Audit in UK Local Government. This is being done to ensure that the council is sufficiently prepared to confirm its conformance when preparing its 2025/26 Annual Governance Statement (a requirement of the Code).

5. Alternative Options and Reasons for Rejection

- 5.1 The nature of this report is such that alternative options are not appropriate. To discharge functions under the terms of reference for the Accounts, Audit and Risk Committee, it is required to note the Head of Internal Audit annual report and to approve the internal audit charter.

6 Conclusion and Reasons for Recommendations

- 6.1 The Accounts, Audit and Risk Committee is recommended to note the opinion of the Head of Internal Audit, the outcomes from Veritau's quality assurance and development arrangements, and the two significant control weaknesses which should be considered for inclusion in the Annual Governance Statement.
- 6.2 The Accounts, Audit and Risk Committee is also recommended to approve the draft internal audit charter.
- 6.3 These recommendations are made so that the committee can fulfil its responsibility for overseeing the work of internal audit. This responsibility is defined in the committee's terms of reference.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Head of Internal Audit annual report 2024/25
Appendix 2	Draft internal audit charter
Background Papers	None
Reference Papers	None
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Corporate Director Approval (unless Corporate Director or Statutory Officer report)	Assistant Director of Finance (Section 151 Officer), 16 May 2025