

INTERNAL AUDIT 2024/25 ANNUAL REPORT

1. Purpose

- 1.1 To provide a summary of the Internal Audit work performed in 2024/25 and to express an opinion on the overall framework of governance, risk management and controls in place at the Authority.
- 1.2 To inform Members of the changes to the internal audit standards which came into effect on 1st April 2025.
- 1.3 To present an updated Internal Audit Charter, which reflects the new internal audit standards, for the Authority to approve.
- 1.4 Thomas Absalom, Internal Audit Manager – Audit Assurance, Veritau, will be present at the meeting and available to answer any Members questions.

2. Context

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards, and the Authority's Internal Audit Charter. Up until the end of 2024/25, these standards included the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government, and the CIPFA Statement on the role of the Head of Internal Audit.
- 2.2 These standards require the Head of Internal Audit to present an annual report to the Authority. The report must include an opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management, and control. The Authority received an overall opinion of **Substantial Assurance** for 2024/25. The full report can be found at Appendix 1.
- 2.3 The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during audit work.
- 2.4 With effect from 1 April 2025, 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), including Topical Requirements, and the Application Note: Global Internal Audit Standards in the UK Public Sector (the Application Note').
- 2.5 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.

- 2.6 The Internal Audit Charter is a key document governing the Authority's internal audit function. In drafting the updated Charter, the requirements and expectations of the GIAS, Application Note, and the Code have been considered and applied.

3. Proposals

- 3.1 Members are asked to consider the Internal Audit Annual Report for 2024-25. The report contains the Head of Internal Audit's overall assurance opinion, and a summary of the key findings in each area audited during the year. This can found at Appendix 1.
- 3.2 Members are asked to note the outcome of the quality assurance and development arrangements and confirmation that the internal audit service conforms to relevant professional standards. The full report is available in Appendix 2.
- 3.3 Members are asked to approve the updated Internal Audit Charter. Professional standards for internal audit require that the Head of Internal Audit develops and maintains an internal audit charter. 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.
- 3.4 The changes to the internal audit standards have required Veritau to update the Authority's Internal Audit Charter. The Authority already has well-established arrangements for internal audit and so only limited changes to the Charter have been necessary. References to PSIAS have been removed and replaced with the Global Internal Audit Standards in the UK Public Sector. Some minor structural and formatting changes have also been made.
- 3.5 The updates made to the Charter will result in no change to how the internal audit service is delivered to the Authority. The Internal Audit Charter is attached at Appendix 3.

4. Recommendations

- 4.1 To consider and note the Internal Audit Annual Report for 2024/25 from the Internal Auditors at Appendix 1.**
- 4.2 To consider and note the quality assurance and development arrangements and the confirmation that the internal audit service conforms to relevant professional standards at Appendix 2.**
- 4.3 To approve the updated Internal Audit Charter at Appendix 3.**

5. Corporate Implications

a. Legal

Pursuant to Regulation 5 of the Accounts and Audit Regulations 2015, the Authority, as a relevant authority defined in paragraph 2, Schedule 2 of the Local Audit and Accountability Act 2014, must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

b. Financial

The cost of the Internal Audit is allocated from the Finance Budget. The annual cost of the Internal Audit service is £14,350 and the Authority has just entered a 3-year contract, with the annual price being fixed over the term.

c. National Park Management Plan and Authority Plan

The Authority Plan includes Objective F (Governance) - to have best practice governance arrangements in place.

d. Risk Management

The Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority. Our Internal Auditors provide independent assurance that internal controls are functioning as intended. They will report significant risks back to management and offer recommendations to combat such risks.

e. Net Zero

With the exception of attendance at Authority meetings where required, all meetings with Internal Auditors are held virtually, reducing the associated emissions caused by business travel.

6. Background papers (not previously published)

None.

7. Appendices

Appendix 1: Internal Audit Annual Report 2024/25

Report Author and Responsible Officer, Job Title and Publication Date

Author: Sinead Butler, Finance Manager & Chief Financial Officer. Responsible Officer: Emily Fox, Head of Resources 17/06/2025