



**HEAD OF INTERNAL AUDIT ANNUAL
REPORT 2025/26**

10 July 2026

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Circulation list: Members of the National Park Authority



Background

- 1 The work of internal audit is governed by the Global Internal Audit Standards in the UK public sector¹ and the Authority's audit charter. These require the Head of Internal Audit to bring an annual report to the Authority Committee. The report must include an opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management and control. The report 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 with professional standards.



Internal audit work carried out in 2025/26

- 2 During 2025/26, internal audit work was carried out across a range of areas of the Authority as agreed by the Authority on 9 May 2025. All planned work has been completed.
- 3 Appendix A provides further information on the internal audit work carried out during the year and the opinion given for each report. Full internal audit reports for each audit have been provided to Members; two each to the November 2025, March 2026 and July 2026 meetings of this Committee.
- 4 Appendix B provides an explanation of our assurance levels and priorities for audit findings.



Follow up of agreed audit actions

- 5 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed.
- 6 As a result of this work, we are satisfied that sufficient progress has been made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at Appendix C.

¹ The Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector make up the standards and are referred to as GIAS (UK Public Sector).



Professional standards

Quality assurance improvement programme

- 7 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).
- 8 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).
- 9 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).
- 10 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.
- 11 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 the way in which we engaged flexibly with our clients throughout the internal audit process, at the strategic and operational levels.
- 12 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

² The external 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.

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.

- 13 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.
- 14 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. The self-assessment has not been finalised, but no conformance issues have been identified to date.
- 15 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.
- 16 Details of Veritau's QAIP are set out in appendix D.
- 17 The internal audit charter sets out how internal audit at the Authority will be provided in accordance with professional standards. The charter is reviewed periodically. 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 July 2025. No further changes are considered necessary at this time.



Opinion of the Head of Internal Audit

- 18 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides **Substantial Assurance**.
- 19 The opinion is based on audit work undertaken during the year, supported by ongoing engagement with senior officers and governance groups. We considered assurance levels, significant control issues, and how audit work addressed key Authority risks.
- 20 Work was prioritised through a risk-based plan, and sufficient coverage has been achieved to support the opinion. We also took account of other sources of assurance available to the Authority but did not place formal reliance on them.
- 21 There were no impairments to independence or objectivity during the year.
- 22 In giving this opinion there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

Appendix A: Internal audit work in 2025/26

Final reports issued

Audit	Status	Opinion
IT business continuity and disaster recovery	Completed	Substantial assurance
New starters and casual workers	Completed	Substantial assurance
Risk management	Completed	Substantial assurance
Car parking income	Completed	Reasonable assurance
Contract procedure rules	Completed	Reasonable assurance
Rent reviews, leases and concessions	Completed	Reasonable assurance

Appendix B: Audit opinions and priorities for actions

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	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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 C: Follow up of agreed audit actions

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include timescales for completion. Internal audit carries out follow up work to check that the issues have been resolved once timescales are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by internal audit where necessary.

In total, 31 actions were followed up in 2025/26, with 30 having been satisfactorily implemented and a revised date agreed for one action. These figures include actions from previous years' audits and audits completed in 2025/26. The due dates for 11 actions have not yet passed and these will be followed up once they become due.

Status	Critical	Significant	Moderate	Opportunity	Total
Action completed	0	7	21	2	30
Action overdue	0	0	0	0	0
Revised date	0	0	1	0	1
Actions not yet due	0	2	7	2	11
Total	0	9	29	4	42

Annex D: Internal Audit Quality Assurance and Development Arrangements

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 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.

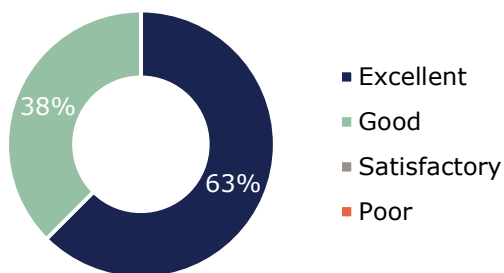
2.0 Customer satisfaction survey 2026

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

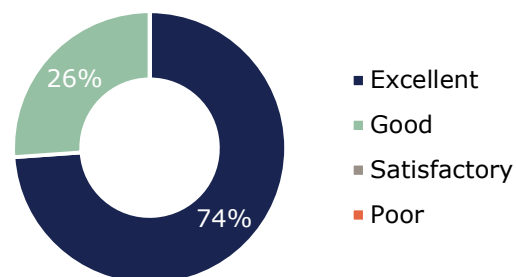
rate the different elements of the audit process as either excellent, good, satisfactory or poor.

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%).

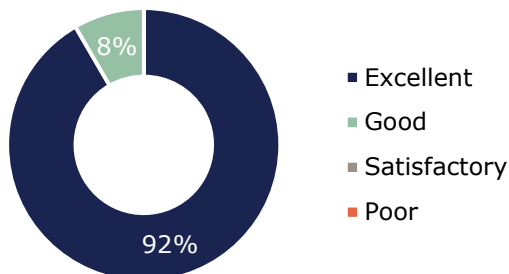
Quality of audit planning / coverage



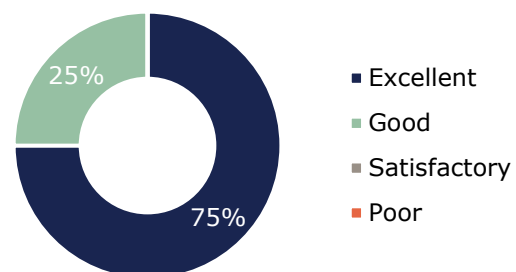
Provision of advice / guidance



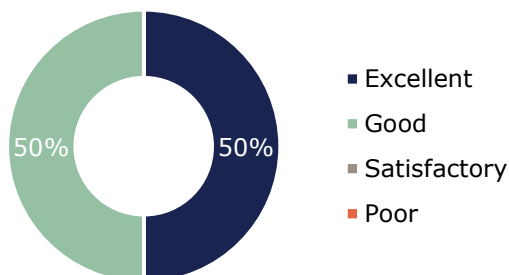
Staff conduct & professionalism



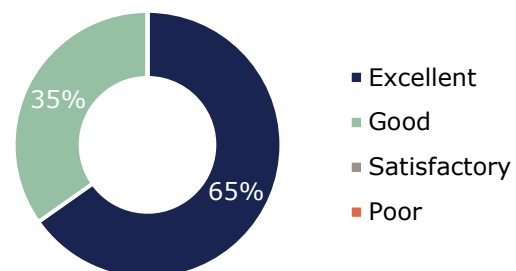
Ability to establish positive rapport



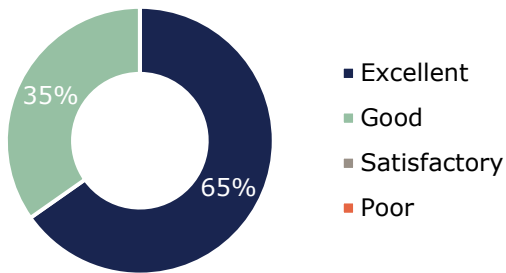
Knowledge of area being audited



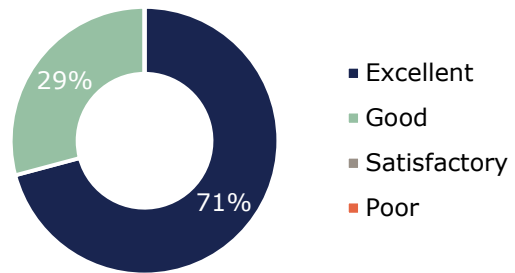
Minimising disruption for area being audited



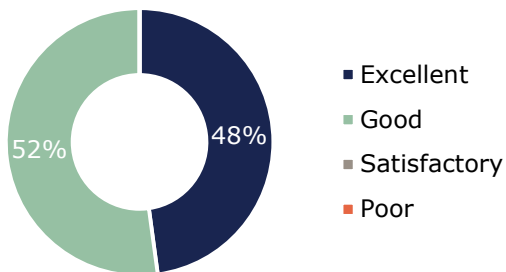
Communication of issues during audit



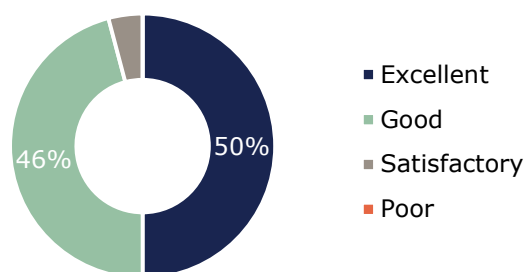
Quality of feedback at end of audit



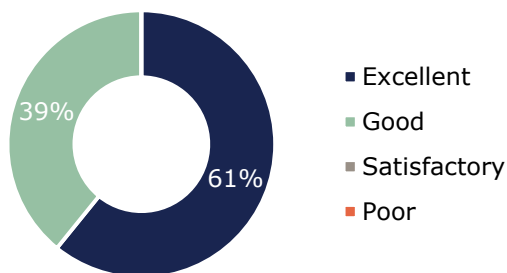
Accuracy / format / length / style of report



Relevance of audit opinions & conclusions



Overall rating for the Internal Audit service



The overall ratings in 2026 were:

	2026 ⁴		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 ⁵		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.

⁴ 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.

⁵ 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. The toolkit requires 91 conformance assertions to be made⁶ across the following:

- ▲ Global Internal Audit Standards (Institute of Internal Auditors)
- ▲ Application Note: Global Internal Audit Standards in the UK Public Sector (Relevant Internal Audit Standard Setters, including CIPFA)
- ▲ Code of Practice for the Governance of Internal Audit in UK Local Government (CIPFA)

CIPFA’s conformance assessment 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

⁶ Conformance assertions are made on a three-point scale: does not conform; partially conforms; generally conforms. Assertions are made at the domain, principle, standard, interpretation, and requirement levels.

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

The 2026 self-assessment has been completed. No areas of non-conformance were identified.

Across the 91 assertions made, only two indicate that Veritau is achieving partial conformance. Both arise from requirements in the Application Note: Global Internal Audit Standards in the UK Public Sector. Specifically, these are the requirements to:

- ▲ Promote awareness and support understanding of value for money, including development of evaluation criteria.
- ▲ Have a methodology in place to risk-assess areas covered by a Topical Requirement⁷ and, where required, to perform work in accordance with it.

Three 'conformance actions' have been developed to address the partial conformance identified, as follows:

Ref.	Title	Action	Timescale
CA01	Auditing value for money: definition and evaluation criteria	Update the audit manual and create a new appendix which defines value for money, provides example evaluation criteria, and documents an approach to evaluation.	December 2026
CA02	Auditing value for money: training	Develop and provide training to the internal audit service on value for money in the public sector, and on suggested approaches for evaluation.	December 2026

⁷ Topical Requirements provide a minimum baseline and relevant criteria for a consistent, comprehensive approach to assessing the design and implementation of governance, risk management, and control processes in particular risk areas (the topics).

CA03	Managing Topical Requirements	Update the audit manual to include a methodology for how Topical Requirements will be managed, including the rationale for inclusion or exclusion of relevant audits based on an assessment of risk (using the IIA's Topical Requirements Application Guidance to support with design and implementation).	December 2026
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These three actions will be brought into Veritau's quality assurance and improvement programme via the 'conformance and continuous improvement action plan'. The action plan will also contain a further 24 'continuous improvement actions' arising from domains 2-5 of the Global Internal Audit Standards and the Code of Practice for the Governance of Internal Audit in UK Local Government. All 24 actions are designed to support Veritau's ability to evidence conformance in areas already assessed as 'generally conforms'.

The conformance and continuous improvement action plan will be owned and delivered by Veritau's audit management team. We expect that all actions will be completed in time for the 2027 self-assessment.

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 PSIAS⁸ 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 PSIAS guidance suggested a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' was the top rating.

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

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.