



Chartered  
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Auditors

Parliamentary briefing

# Securing the Digital Economy: The Case for Stronger Internal Audit Requirements for Broadband Providers

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## Safeguarding the UK's Digital Infrastructure

In today's digital age, broadband providers form the backbone of the UK economy and are critical to delivering the Government's ambitions for growth. Every sector, from finance and manufacturing to healthcare and education, depends on fast, secure and reliable internet connectivity. The resilience of this infrastructure depends not only on robust physical infrastructure, technology and cyber defences but also on effective governance, risk management, and independent assurance.

Research by the Chartered Institute of Internal Auditors (Chartered IIA) has identified a governance gap among major broadband providers that could put this resilience at risk. Six of the thirteen largest broadband providers currently operate without an internal audit function, collectively serving around two million customers. Several of these companies also build and maintain physical network infrastructure. CityFibre, for example, is the UK's third-largest broadband infrastructure provider, supporting major networks such as Vodafone and TalkTalk.

Without internal audit capabilities, boards may lack the independent and objective assurance they need on whether governance, risk management, and internal control arrangements are working effectively. In a sector underpinning so many aspects of daily life and business, weaknesses in these areas could potentially lead to operational failures, security breaches, and widespread disruption.

This briefing sets out why Parliamentarians should support implementing stronger governance and assurance expectations for broadband providers, and the risks of not doing so. This includes the need for a clear regulatory expectation from Ofcom and the Department for Science, Innovation and Technology (DSIT) that all broadband providers maintain appropriate internal audit capabilities. By strengthening independent oversight, this measure would help secure the UK's digital economy, support long-term growth, and protect the interests of both consumers and businesses.

## A Governance Gap in the Broadband Sector

Despite broadband providers' essential role in maintaining the UK's digital infrastructure, governance and assurance arrangements across the sector remain inconsistent. Weaknesses in independent oversight could leave some providers less equipped to anticipate or manage major technical, operational, financial, or cyber risks that could affect the running of essential services.

[In October 2025](#), Vodafone experienced a nationwide outage affecting broadband, 4G and 5G services, with more than 135,000 reports of disruption. Similar outages have occurred across other UK providers, including [Community Fibre](#) and [Virgin Media](#), in recent years. These incidents highlight how technical or operational failures can cascade across sectors — interrupting healthcare delivery, disrupting public services, hindering online education, and stalling business operations for millions of constituents.

In addition, recent incidents at Jaguar Land Rover, Co-op and Marks & Spencer have demonstrated how cyberattacks can expose vulnerabilities and severely disrupt core business operations and supply chains. Broadband providers themselves are not immune to cyber threats. The [TalkTalk cyber-attack in 2015](#) compromised the personal data of over 150,000 customers, demonstrating how vulnerabilities in the broadband sector can have lasting consequences for the public.

Against this backdrop of technical, operational and cyber risk, Chartered IIA research has identified a significant governance gap across the broadband sector. Based on the latest available information, six major broadband companies — Community Fibre, Hyperoptic, Utility Warehouse, YouFibre, Glide and CityFibre — appear to operate without an internal audit function.

Several of these companies are not only service providers but also build and maintain network infrastructure that underpins the digital economy. CityFibre, for instance, is the UK's third-largest broadband infrastructure provider, supporting major networks such as Vodafone and TalkTalk.

The UK's economic dependence on reliable broadband underlines this risk. According to Ofcom, [94% of UK SMEs have access to the internet, and broadband outages were estimated to have cost the UK economy £17.6 billion over the 12-month period to January 2024](#). These figures demonstrate how the resilience of broadband providers is tied to productivity, competitiveness and national security.

## Why Internal Audit Matters for Broadband Providers

Broadband providers underpin the UK's digital infrastructure, and the resilience and continuity of the services they provide depend on strong governance and effective risk oversight. Internal audit provides boards and senior management with independent assurance that their key risks are being effectively identified, managed, and mitigated, from financial sustainability and operational performance to cybersecurity.

Without this independent assurance, organisations are more exposed to governance weaknesses, inadequate risk management, and control failures that can have significant consequences for consumers and the wider economy. Recent cyber incidents and broadband outages in the UK have shown how service disruptions can quickly affect households, businesses and public services that rely on continuous connectivity.

**When broadband providers fail to manage their risks effectively, the impacts can be significant and far-reaching:**

- **Disruption to businesses and the economy:** Broadband outages already cost the UK economy an estimated £17.6 billion in the year to January 2024, affecting productivity across every region of the country.
- **Risks to essential public services:** businesses, schools, hospitals, and local authorities increasingly depend on digital connectivity. Major outages or cyber incidents can disrupt education, healthcare delivery, and emergency communications.
- **Greater exposure to control failures and mismanagement:** Without internal audit, boards may lack a clear, independent view of whether governance, financial, operational and risk controls are functioning as intended.

An appropriately resourced and well-positioned internal audit function enables boards to make informed decisions based on independent assurance of how effectively risks are being identified, managed and mitigated. For broadband providers, this includes assurance over financial management, operational resilience, cybersecurity, internal control and risk management arrangements. Strengthening this independent oversight would help ensure boards receive the assurance they need to maintain the stability and resilience of the UK's digital infrastructure.

## A Regulatory Gap That Needs to Be Closed

While strengthening operational security requirements is important, boards also need independent assurance that these measures are working in practice. Experience from other sectors has shown that where independent assurance is weak or absent, governance risks can escalate unnoticed. In the energy sector, for example, around thirty suppliers collapsed between 2021 and 2022 — including Bulb, the UK's seventh largest — leaving millions of consumers affected and significant costs to the taxpayer. None of these firms had internal audit functions at the time, which may have limited their boards' ability to identify and respond to business-critical risks.

Following these failures, Ofgem strengthened its expectations through the Financial Responsibility Principle, requiring suppliers to demonstrate their internal audit capability or justify its absence. By contrast, there are currently no equivalent expectations for broadband providers, despite their vital role in providing internet connectivity. Broadband providers, like energy suppliers, form part of the UK's critical national infrastructure. Governance failures in this sector could have equally serious implications for the economy, public services, and national security. But currently, broadband providers are without comparable governance expectations.

Given the strategic role that broadband companies play in underpinning the UK's digital infrastructure and enabling the Government's ambition to make the UK a global leader in artificial intelligence, Ofcom should adopt an approach consistent with other regulators by setting a clear regulatory expectation that it is best practice for broadband companies to have an internal audit capability proportionate to the nature, scale and complexity of their business. This would strengthen independent oversight of how key risks are managed, improve organisational resilience, build investor confidence, and support the growth of the UK's digital economy.

## Next steps for Parliamentarians

Parliamentarians can help close this governance gap and enhance the resilience of the UK's broadband infrastructure by supporting stronger internal audit requirements for the broadband and telecoms sector. Embedding internal audit into broadband regulation, Codes and regulatory guidance would bring the sector in line with good practice seen elsewhere in critical infrastructure, helping to protect consumers, strengthen business resilience, and safeguard the UK's digital future.

We encourage all Parliamentarians to consider the following actions:

- **Raise parliamentary questions** on the Government's current governance expectations for broadband/telecoms providers and whether internal audit should form part of those expectations.
- **Support calls for DSIT** to include an explicit reference to internal audit within its update of the Telecommunications Security Code of Practice, reflecting its importance to effective governance and resilience.
- **Engage with the Chartered IIA** to explore how strengthening internal audit expectations across the broadband sector could enhance governance and protect the resilience of the UK's digital infrastructure.
- **Advocate for** the timely passage of the Draft Audit Reform and Corporate Governance Bill without further delay

## Contact us

We hope this briefing has highlighted the importance of strengthening internal audit requirements for broadband providers. For any enquiries regarding this briefing or if you would like to arrange a meeting to discuss how we can further support your work as a parliamentarian, please contact [Gavin Hayes](#), Head of Policy and Public Affairs, at [gavin.hayes@charterediia.org](mailto:gavin.hayes@charterediia.org).