

Agenda Item 11

**JOINT AUDIT COMMITTEE
27 March 2025**

Global Internal Audit Standards

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Joint Audit Committee on the progress towards achieving compliance with the new Global Internal Auditing Standards (GIAS) in the UK Public Sector, which come into effect on 1st April 2025. The new Standards include a number of changes to the requirements for internal audit, senior management and the Joint Audit Committee.

2. BACKGROUND

- 2.1 Since 2017, the Public Sector Internal Audit Standards (PSIAS) have provided the basis on which the public sector internal audit service must be delivered. The Global Institute of Internal Auditors (the IIA) published the new Global Internal Audit Standards in January 2024, following an extensive consultation during 2023. The new Standards place more emphasis on the working relationship of internal audit, the Joint Audit Committee and senior management.
- 2.2 The Standards are arranged into five domains which are underpinned by 15 Principles and 52 Standards which include requirements, considerations for implementation, and examples of evidence of conformance. The five domains are:
- I Purpose of Internal Auditing
 - II Ethics and Professionalism
 - III Governing the Internal Audit Function
 - IV Managing the Internal Audit Function
 - V Performing Internal Audit Services
- 2.3 The Standards recognise that the application may differ for internal auditors in the public sector, and in December 2024 CIPFA issued an Application Note for the Global Internal Audit Standards in the UK Public Sector which sets out interpretations and requirements to be applied, in order that the new Standards form a suitable basis for internal audit within the public sector.

3 JOINT AUDIT COMMITTEE ESSENTIAL CONDITIONS

- 3.1 The Joint Audit Committee plays a vital role in ensuring that the internal audit function adheres to the Standards and fulfils its mandate. Domain III of the Standards focus on arrangements for governing the internal audit function and there are some key documents that support the committee in fulfilling their governance commitments:
- The standards require an internal audit Mandate to be approved by the Joint Audit Committee, which sets out the authority, role, responsibilities, scope and types of services,

organisational independence. These requirements will be addressed in a revised Internal Audit Charter which is presented as a separate agenda item.

- A strategy for the internal audit function is also required that supports the strategic objectives and success of the organisation and aligns with the expectations of the Joint Audit Committee, senior management, and other key stakeholders. The internal audit strategy is also presented as a separate agenda item.
- A quality assurance and improvement programme must also be maintained covering all aspects of the internal audit function. The quality assurance and improvement programme is next due to be reported in June 2025.
- There is now an expectation that the Head of Internal Audit must coordinate with internal and external providers of assurance services and consider relying upon their work. If unable to achieve an appropriate level of coordination, the Head of Internal Audit must raise any concerns with senior management and, if necessary, the Joint Audit Committee. This is an identified gap and an improvement action has been captured to further develop this area.

3.2 Although the Standards cover areas that were in the previous Public Sector Internal Audit Standards, they go further by setting out essential conditions for senior management and the Joint Audit Committee. Those for the Joint Audit Committee are summarised, as follows:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, and responsibilities of the internal audit function;
- Discuss with the Head of Internal Audit and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function;
- Review the internal audit charter with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation;
- Champion the internal audit function to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Demonstrate support to Internal Audit by:
 - Specifying that the Head of Internal Audit reports to a level within the organisation that allows the internal audit function to fulfil the internal audit mandate;
 - Approving the internal audit charter, internal audit plan, budget, and resource plan.
 - Making appropriate enquiries of senior management and the Head of Internal Audit to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities.
 - Meeting periodically with the Head of Internal Audit in sessions without senior management present.
- Review the requirements necessary for the Head of Internal Audit to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.
- Approve the Head of Internal Audit's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
- Communicate with the Head of Internal Audit to understand how the internal audit function is fulfilling its mandate.
- Communicate the Joint Audit Committee's perspective on the organisation's strategies, objectives, and risks to assist the Head of Internal Audit with determining priorities.
- Set expectations with the Head of Internal Audit for:
 - The frequency with which the Joint Audit Committee wants to receive communications from the Head of Internal Audit.
 - The criteria for determining which issues should be escalated to the Joint Audit Committee, such as significant risks that exceed the Committee's risk tolerance.

- The process for escalating matters of importance to the Joint Audit Committee.
- Discuss with the Head of Internal Audit disagreements with senior management or other stakeholders and provide support as necessary to enable the Head of Internal Audit to perform the responsibilities outlined in the internal audit mandate.
- Review and approve the Head of Internal Audit's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
- Review and approve the Head of Internal Audit's action plans to address identified deficiencies and opportunities for improvement, if applicable.
- Approve the internal audit function's performance objectives at least annually.

3.3 The majority of the essential requirements stated form part of the committee's terms of reference, such as approving the internal audit charter, reviewing performance etc. Opportunities will be presented to the committee throughout the year to review and contribute to key documentation, such as the internal audit strategy, quality assurance improvement programme and performance reporting. It should be noted that the CIPFA guidance on Audit Committees: Practical Guidance for Local Authorities and Police, which the committee's current terms of reference is based on, has not been revised as a result of the new Standards.

4. ASSESSMENT AGAINST THE REQUIREMENTS OF THE NEW STANDARDS

- 4.1 A self-assessment against the Global Internal Audit Standards provides assurance that the internal audit service operates in line with the intent of these Standards. The self-assessment has identified that the internal audit service generally conforms with the majority of standards, but some areas of improvement have been identified where the service partly conforms. The self-assessment, along with key improvement actions is set out at Appendix A. As the internal audit function is currently on a journey to change its current systems and processes, this presents an opportunity to further align with the new requirements.
- 4.2 Work is underway to progress the actions arising from the self-assessment and progress will be monitored as part of the services quality assurance and improvement programme, with regular updates reported into this committee. The next external assessment is due to be undertaken in Summer 2027, but we anticipating addressing all actions much sooner.

5 RECOMMENDATIONS

- 5.1 The Committee to note the introduction of the new Global Internal Audit Standards in the UK Public Sector, which become effective from 1 April 2025, and key changes to the requirements for the Joint Audit Committee.

CONTACT OFFICER

Name: Lynn Joyce
Title: Head of Internal Audit

BACKGROUND DOCUMENTS

[Global Internal Audit Standards](#)

[Application note: Global Internal Audit Standards in the UK Public Sector](#)

Self-assessment against Global Internal Audit Standards (February 2025)

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
Domain I: Purpose of internal Auditing			Generally Conforms			
Domain II: Ethics and Professionalism						
Principle 1: Demonstrates Integrity	Assessment of Principle 1: Internal Auditors demonstrate integrity in their work and behaviour.		Generally Conforms			
	Standard 1.1	Honesty and Professional Courage	Generally Conforms			
	Standard 1.2	Organisations Ethical Exceptions	Generally Conforms			
	Standard 1.3	Legal and Ethical Behaviour	Generally Conforms			
Principle 2: Maintain Objectivity	Assessment of Principle 2: Internal Auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions		Generally Conforms			
	Standard 2.1	Individual Objectivity	Generally Conforms			
	Standard 2.2	Safeguarding Objectivity	Generally Conforms			
	Standard 2.3	Disclosing Impairments to Objectivity	Generally Conforms			
Principle 3: Demonstrate Competence	Assessment of Principle 3: Internal Auditors apply the knowledge, skills and abilities to fulfil their roles and responsibilities successfully		Generally Conforms			
	Standard 3.1	Competency	Generally Conforms			
	Standard 3.2	Continued Professional Development	Generally Conforms			
Principle 4: Exercise Due Professional Care	Assessment of Principle 4: Internal Auditors apply due professional care in planning and performing internal audit assessments		Generally Conforms			

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
	Standard 4.1	Conformance with the Global Internal Audit Standards	Generally Conforms	GIAS: The Internal Audit Functions methodologies must be established, documented and maintained in alignment with the Standards Action: Audit Manual to be updated to reflect revised Standards and new systems and processes recently introduced	Audit Portfolio Leads	31/12/25
	Standard 4.2	Due Professional Care	Generally Conforms			
	Standard 4.3	Professional Scepticism	Generally Conforms			
Principle 5: Maintain Confidentiality	Assessment of Principle 5: Internal Auditors use and protect information appropriately		Generally Conforms			
	Standard 5.1	Use of Information	Generally Conforms	Action: All Team members to attend refresher training around GDPR and protection of information.	Head of Internal Audit	31/12/25
	Standard 5.2	Protection of Information	Generally Conforms			
Domain III: Governing the Internal Audit Function						
Principle 6: Authorised by the Board	Assessment of Principle 6: The board establishes, approves, and supports the mandate of the internal audit function.		Generally Conforms			
	Standard 6.1	Internal Audit Mandate	Generally Conforms	GIAS: To help the Board and Senior Management determine the scope and types of internal audit services the Chief Audit Executive must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities.	Head of Internal Audit	31/03/2026

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				<p>CIPFA LGAN: It should be noted that the Head of Internal Audit may not have any ability to access the work or conclusions of assurance providers or gain insight into the scope and timing of their work. Under these circumstances Internal Audit will consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, the barriers to being able to achieve effective co-ordination will be reported to the Board.</p> <p>Action: To meet this requirement Internal Audit should map roles/responsibilities of other assurance providers and clarify how Internal Audit rely upon the work of other assurance providers.</p>		
	Standard 6.2	Internal Audit Charter	Generally Conforms			
	Standard 6.3	Board and Senior Management Support	Generally Conforms	<p>GIAS: The Chief Audit Executive must coordinate the Internal Audit function's board communications with senior management to support the board's ability to meet its requirements.</p> <p>Action: Develop a matrix showing what information should be communicated by the Head of Internal Audit to Joint Audit Committee and senior management and the expected frequency.</p>	Head of Internal Audit	31/08/2025
Principle 7: Positioned Independently	Assessment of Principle 7: The board establishes and protects the internal audit function's independence and qualifications.		Generally Conforms			
	Standard 7.1	Organisational independence	Generally Conforms			

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
	Standard 7.2	Chief Audit Executive Qualifications	Generally Conforms	<p>GIAS: The Chief Audit Executive must maintain and enhance the qualification and competencies necessary to fulfil the roles and responsibilities expected by the Board. Examples of evidence to meet this requirement would be a documented succession plan.</p> <p>Action: Head of Internal Audit to confirm if Joint Audit Committee and Senior Management require a succession planning document for the internal audit function.</p>		
Principle 8: Overseen by the Board	Assessment of Principle 8: The board oversees the internal audit function to ensure the function's effectiveness.		Generally Conforms			
	Standard 8.1	Board Interaction	Generally Conforms	<p>GIAS: There may be instances when the chief audit executive disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the ability of the internal audit function to execute its responsibilities. In such cases, the chief audit executive must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders.</p> <p>Action: Arrangements for managing disagreements to be set out in the Audit Manual.</p>	Audit Portfolio Leads	31/12/2025
	Standard 8.2	Resources	Generally Conforms	<p>CIPFA LGAN - Boards may not have authority over budgets and this may prevent the chief audit executive from being able to seek or obtain additional funding due to other funding priorities within the</p>	Audit Portfolio Leads	31/12/2025

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				<p>organisation. In such circumstances to fulfil GIAS 8.2 (Resources) the chief audit executive must develop a resource strategy which suggests practical approaches for consideration by the board.</p> <ul style="list-style-type: none"> The chief audit executive must inform the board of the impact of insufficient resources and any options available to mitigate that impact. <p>Action: Reporting arrangements to be set out in the Audit Manual for when resources are insufficient to meet the agreed work programme for internal audit along with proposed steps to consider for mitigating and minimising impact.</p>		
	Standard 8.3	Quality	Generally Conforms			
	Standard 8.4	External Quality Assessment	Generally Conforms			
Domain IV: Managing the internal Audit Function			Partially Conforms			
Principle 9: Overseen by the Board	Assessment of Principle 9: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.		Generally Conforms			
	Standard 9.1	Understanding Governance, Risk Management and Control Processes	Generally Conforms			
	Standard 9.2	Internal Audit Strategy	Generally Conforms	<p>GIAS: The Chief Audit Executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation and aligns with the expectation of the board, senior management and other key stakeholders</p>	Head of Internal Audit	31/3/25

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				Action: Head of Internal Audit to create an Internal Audit Strategy to clearly set out the vision, strategic objectives and supporting initiatives for the internal audit function.		
	Standard 9.3	Methodologies	Generally Conforms	Action: Audit Manual to be updated to reflect revised methodologies and new Standards introduced from April 2025.	Audit Portfolio Leads	31/12/25
	Standard 9.4	Internal Audit Plan	Generally Conforms	<p>GIAS: The Internal Audit Plan must be dynamic and updated timely in response to changes in the organisations business, risks, operations, programs, systems, controls and organisational culture.</p> <p>Action: Head of Internal Audit to continue to work with Senior Management to promote dynamic plans and accommodate changes. The Audit Portfolio Leads will have responsibility to develop enhanced engagement.</p>	Head of Internal Audit / Senior Management	31/3/26
	Standard 9.5	Coordination and Resilience	Partially Conforms	GIAS: The Chief Audit Executive must coordinate with other internal and external providers of assurance services and consider relying upon their work. If unable to achieve an appropriate level of coordination the Chief Audit Executive must raise concerns with senior management and, if necessary, the board.	Head of Internal Audit / Senior Management	31/3/26

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				<p>CIPFA LGAN: It should be noted that the Head of Internal Audit may not have any ability to access the work or conclusions of assurance providers or gain insight into the scope and timing of their work. Under these circumstances Internal Audit will consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, the barriers to being able to achieve effective co-ordination will be reported to the Board.</p> <p>Action: To meet this requirement Internal Audit will attempt to map roles and responsibilities of other assurance providers and clarify how Internal Audit rely upon the work of other assurance providers. Support will be needed from senior management to understand fully the other sources of assurance (e.g. assurance map.)</p>		
Principle 10: Manage Resources	Assessment of Principle 10: The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate		Partially Conforms	<p>CIPFA LGAN: The chief audit executive may have no ability to develop resource management approaches distinct from their organisation and tailored to the needs of the internal audit function. The chief audit executive's ability to develop a strategy to obtain sufficient resources and address shortfalls may also be constrained by their organisation's legal or regulatory obligations. Under these circumstances the chief audit executive will not be expected to follow the requirements of GIAS 10.1 to 10.3 (Manage Resources) if they cannot develop approaches that achieve the objectives of those standards. Instead, a chief audit executive must set out in the Charter what alternative approaches apply to the internal audit service, and then seek to manage financial, human and IT resources within those constraints.</p>	Head of Internal Audit	31/3/25
	Standard 10.1	Financial Resource Management	Generally Conforms			
	Standard 10.2	Human Resource Management	Generally Conforms			
	Standard 10.3	Technological Resources	Generally Conforms			

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				<p>The chief audit executive must also inform the board of any resource management arrangements at the organisation that may put at risk the ability of the internal audit service to fulfil its mandate.</p> <p>Action: Head of Internal Audit to set out resource management processes within the Audit Charter.</p>		
Principle 11: Communicate Effectively	Assessment of Principle 11: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.		Partially Conforms			
	Standard 11.1	Building Relationships and Communicating with Stakeholders	Partially Conforms	<p>GIAS: The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators and internal and external assurance providers and other assurance providers.</p> <p>Action: Develop plan for managing key stakeholder relationships, including other assurance providers.</p>	Audit Portfolio Leads	31/12/25
	Standard 11.2	Effective Communication	Generally Conforms			
	Standard 11.3	Communicating Results	Generally Conforms	<p>GIAS: The findings and conclusions of multiple engagements, when viewed holistically, may identify patterns or trends, such as root causes. When the chief audit executive identified themes related to the organisation's governance, risk management and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management.</p>	Head of Internal Audit	1/4/25

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
				Action: Head of Internal Audit to develop a process of capturing and reporting on themes from assurance assignments.		
	Standard 11.4	Error and Omissions	Partially Conforms	GIAS: If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication. Significance is determined according to criteria agreed upon with the board. Action: Head of Internal Audit to agree criteria when revised communication would be distributed to the Joint Audit Committee in cases of errors or omissions. Criteria and process to be documented in Audit Manual	Head of Internal Audit	31/12/25
	Standard 11.5	Communicating the Acceptance of Risk	Generally Conforms			
Principle 12: Enhance Quality	Assessment of Principle 12: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards		Generally Conforms			
	Standard 12.1	Internal Quality Assessment	Generally Conforms			
	Standard 12.2	Performance Measurement	Generally Conforms			
	Standard 12.3	Oversee and Improve Engagement Performance	Generally Conforms			
Domain V: Performing Internal Audit Services			Generally Conforms			
Principle 13: Plan Engagements Effectively	Assessment of Principle 13: Internal auditors plan each engagement using a systematic, disciplined approach.		Generally Conforms			
	Standard 13.1	Engagement Communication	Generally Conforms			
	Standard 13.2	Engagement Risk Assessment	Generally Conforms			

Domain			Conformance Assessment	Improvement Action	Responsible Lead	Target Date
	Standard 13.3	Engagement Objectives and Scope	Generally Conforms			
	Standard 13.4	Evaluation Criteria	Generally Conforms			
	Standard 13.5	Engagement Resources	Generally Conforms			
	Standard 13.6	Work Program	Generally Conforms			
Principle 14: Conduct Engagement Work	Assessment of Principle 14: Internal auditors implement the engagement work programme to achieve the engagement objectives.		Generally Conforms			
	Standard 14.1	Gathering Information for Analyses and Evaluation	Generally Conforms			
	Standard 14.2	Analyses and Potential Engagement Findings	Generally Conforms			
	Standard 14.3	Evaluation of Findings	Generally Conforms			
	Standard 14.4	Recommendations and Action Plans	Generally Conforms			
	Standard 14.5	Engagement Conclusions	Generally Conforms			
	Standard 14.6	Engagement Documentation	Generally Conforms			
Principle 15: Communicate Engagement results and Monitor Action Plans	Assessment of Principle 15: Internal Auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans		Generally Conforms			
	Standard 15.1	Final Engagement Communication	Generally Conforms			
	Standard 15.2	Confirming the Implementation of Recommendations or Action Plans	Generally Conforms			