



Global Internal Audit Standards (UK Public Sector)

25 & 26 March 2025

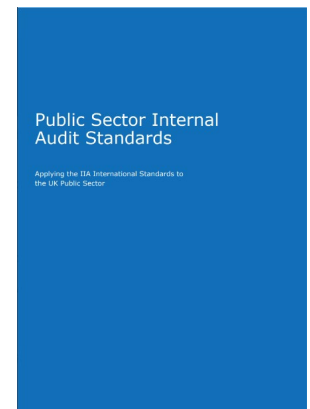
Presentation to Audit Committee

Current Position

The Current Internal Audit Standards which apply to the Internal Audit Team are:

Public Sector Internal Audit Standards

- Based on Institute of Internal Auditors (IIA) International Professional Practices Framework but lots of amendments and clarification
(Issued by Internal Audit Standards Advisory Board)



CIPFA The Chartered Institute of Public Finance & Accounting

Local Government Application Note

- Additional guidance issued by CIPFA for Local Government

local government application note
for the United Kingdom Public Sector
Internal Audit Standards
2019 Edition



New Standards

- In 2024 IIA issued new standards Global Internal Audit Standards (GIAS)
- These have been adopted to take effect 1 April 2025 for the UK Public sector with very few amendments and limited clarification set out in 2 short documents:
 - Application Note: Global Internal Audit Standards in the UK Public Sector (*Issued by IASAB*)
 - Code of Practice for the Governance of Internal Audit in Local Government (*issued by Cipfa*)
- Referred to collectively as GIAS (UK Public Sector)

Global Internal Audit Standards

Lengthy document covering all aspects of Internal Audit best practice and guidance split into 5 Domains

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services



Includes an appendix - Applying the Standards in the Public Sector

Application Note: Global Internal Audit Standards in the UK Public Sector

- This is a short document giving UK Public Sector interpretation to the GIAS.
- It sets out that we have to comply with GIAS and the Application Note and state each year how far we conform with this as GIAS (UK Public Sector)

Application Note

Global Internal Audit Standards in the UK Public Sector

Applicable from 1 April 2025

Issued by the Relevant Internal Audit Standard Setters:



In collaboration with:



December 2024

Application Note: Global Internal Audit Standards in the UK Public Sector

General context for the UK public sector

- Ethics and standards in public life
- Handling information
- Value for money
- The role of regulators

UK public sector-specific interpretations and requirements

- Resources
- Overall conclusions and annual reporting
- Chief audit executive qualifications
- Selecting independent assessors

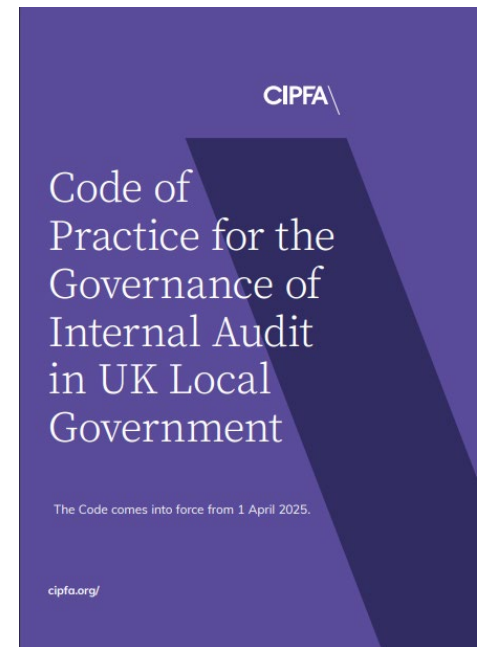
Determining the essential conditions in relation to governance

Code of Practice for the Governance of Internal Audit in Local Government

Sets out additional clarity and guidance for the application of Domain III in Local Government relates to how the Organisation interacts with IA

Links to existing CIPFA guidance

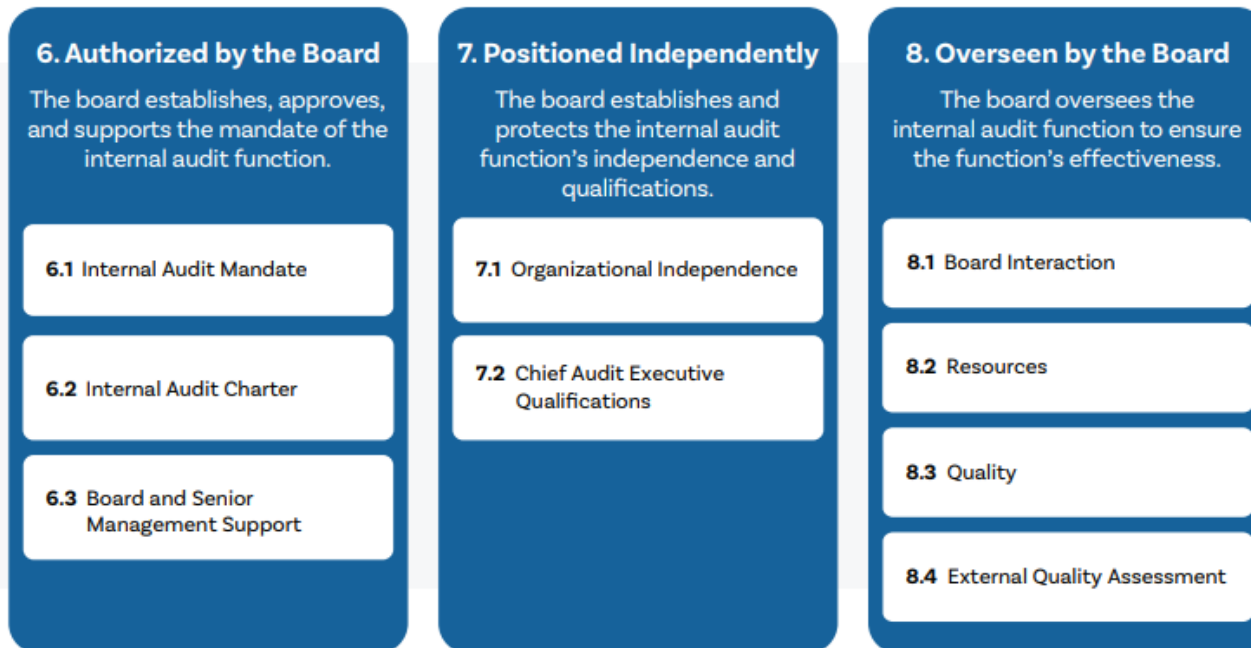
- Position Statement - Audit Committees in Local Authorities
- Role of the Head of Internal Audit
- Financial Management Code



Code of Practice for the Governance of Internal Audit in Local Government

Focus is on Domain III which is the most relevant Domain for the Audit Committee and Leadership Team

The table below depicts the three principles and nine standards of Domain III.



The term board above refers to Audit Committee for the Council in this context

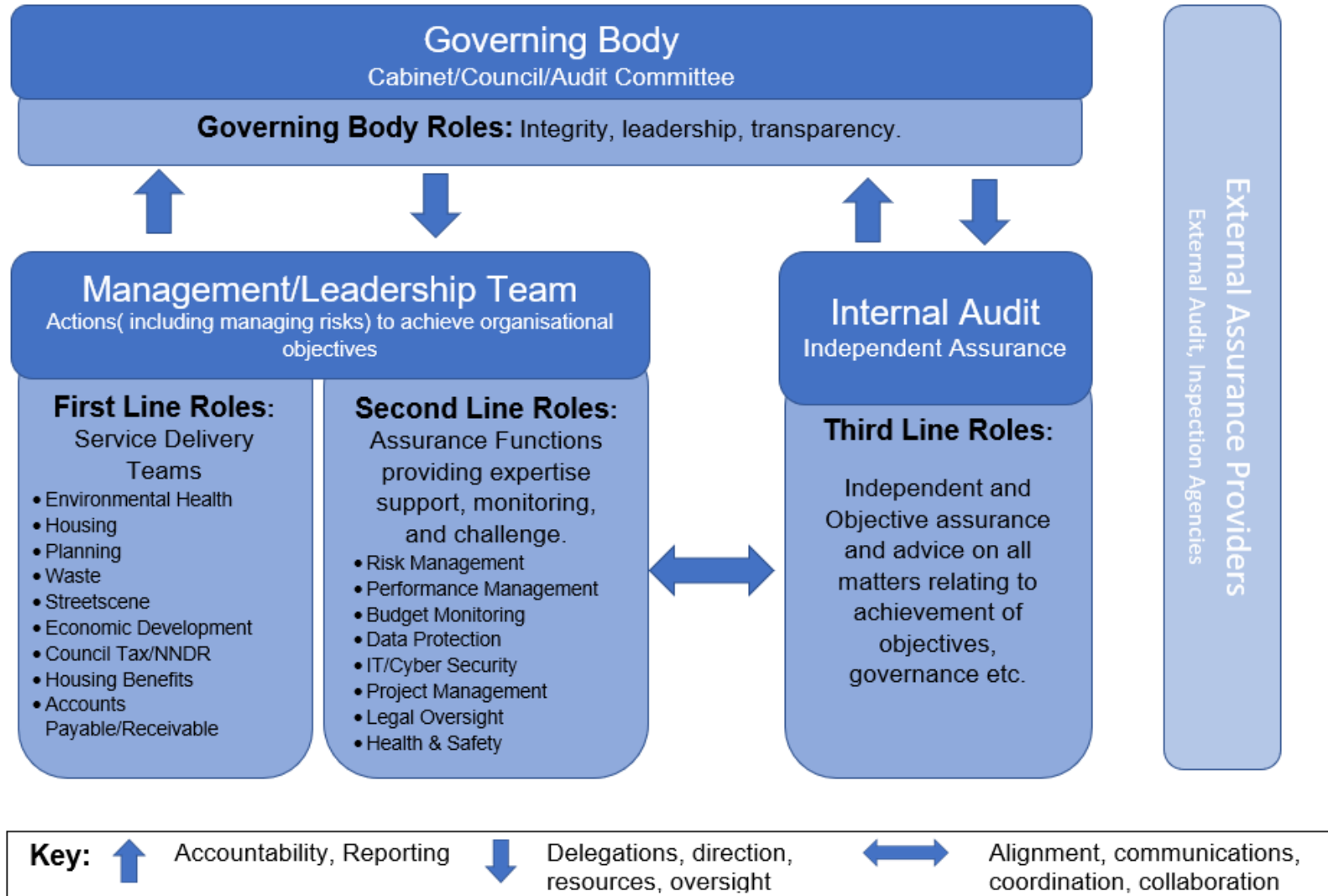
Internal Audit Mandate

- GIAS states the mandate for Internal Audit comes from the Board (Audit Committee)
- For Local Government the primary mandate for Internal Audit comes from legislation
 - section 151 of the Local Government Act 1972 which requires that all Local Authorities must “make arrangements for the proper administration of their financial affairs”.
 - Accounts and Audit Regulations 2015 which require the Council to “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”.

Other Clarifications in the Code

- Internal Audit Charter
- Support for Internal Audit
- Organisational Independence
- Qualifications of the Chief Audit Executive
- Oversight of Internal Audit
 - Audit Committee Interaction –
 - New Requirement of a Internal Audit Strategy to approve
 - Approve Audit Charter, Audit Plan
 - Receive updates on the work of internal audit
 - Receive Annual Report including CIA's Annual Conclusion on the effectiveness of management of governance, risks and controls.
 - Resources
 - Quality
 - External Quality Assessment

3 Lines Model





Questions