

Global Internal Audit Standards

To: Audit and Accounts Committee

Meeting Date: 4 June 2025

From: Head of Internal Audit & Risk Management

Electoral division(s): All

Key decision: No

Forward Plan ref: n/a

Executive Summary: From 1st April 2025, Internal Audit services within the UK public sector became subject to new mandatory standards, replacing the old Public Sector Internal Audit Standards (PSIAS). These standards consist of the:

- Global Internal Audit Standards (GIAS) (IIA)
- Application Note: Global Internal Audit Standards in the UK Public Sector (RIASS), and
- Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) (CIPFA)

This report provides Committee with an overview of the Standards and the first internal assessment of the Internal Audit service's conformance with the new standards.

Recommendation: The Audit and Accounts Committee is requested to:

- a) review and approve the proposed Internal Audit Charter, including the Internal Audit Mandate and the Internal Audit Strategy (attached as Annex A).
- b) approve the proposal for an external assessment of conformance with GIAS in the UK Public Sector to take place in 2025/6 (see Section 3).

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1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The role of Internal Audit is to provide the Audit Committee and management with independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives. As such, the maintenance of an effective system of internal audit contributes to the achievement of all seven of the Council's ambitions.

2. Background

- 2.1 The Accounts & Audit (England) Regulations 2015 require that the Council "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."
- 2.2 The Internal Audit service at Cambridgeshire County Council was previously subject to the mandatory requirements of the UK's Public Sector Internal Audit Standards (PSIAS). From 1st April 2025, the service is now required to conform to the new Global Internal Audit Standards in the UK Public Sector. These standards consist of the:
- [Global Internal Audit Standards \(GIAS\) - Annex B](#)
 - [Application Note - Global Internal Audit Standards in the UK Public Sector - Annex C](#) and
 - [Code of Practice for the Governance of Internal Audit in UK Local Government - Annex D](#)
- 2.3 There are aspects of the GIAS where it would be difficult for UK local government audit services to fully conform, due to conflicts with legislation or established practice. To address this, CIPFA published the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code). The Code sets out a route to satisfying the essential conditions in GIAS in the UK public sector, tailored for UK local government.
- 2.4 As with the previous standards regime under PSIAS, each internal audit function must internally assess their conformance with the GIAS in the UK Public Sector annually, and undertake an external assessment at least once every 5 years. This report sets out the work that has been undertaken by the Internal Audit team to implement the requirements of the new standards, the outcomes of the first annual assessment against GIAS (at Section 4, below), and presents the Audit Charter (at Annex A) which has been updated to reflect the GIAS in the UK public sector.

3. Work to implement UK Public Sector GIAS:

- 3.1 In order to demonstrate compliance with the requirements of the new GIAS, the Application Note and the Code, Cambridgeshire's Internal Audit team has:

- fully refreshed and updated the Internal Audit Charter and supporting documents. This has been undertaken with reference to the Institute for Internal Auditors Model Charter for Audit in the Public Sector. In particular, key updates have included:
 - explicitly documenting the Internal Audit Mandate as part of the Internal Audit Charter. This is required to be approved by the Audit & Accounts Committee; it sets out the authority, role, responsibilities, scope and types of services provided by the Internal Audit team and how organisational independence is safeguarded.
 - documenting an Internal Audit Strategy, a new requirement under GIAS.
 - formally documenting in detail the existing communication and reporting arrangements between the Internal Audit team, senior management and the Audit & Accounts Committee, in respect of both individual audit engagements and the wider strategic reporting of the team.
 - expanding detail on the respective roles and responsibilities of the Head of Internal Audit, members of the Internal Audit team, the Audit & Accounts Committee, and senior management.
 - replacing reference to the Code of Ethics which formerly applied under PSAIS with appropriate reference to the new Ethics & Professionalism domain of GIAS, and updating the annual ethics declaration made by colleagues accordingly.
- reviewed and updated key Internal Audit template documents, including our Terms of Reference template and Work Programme template, to demonstrate alignment with GIAS in the Public Sector and to provide greater guidance to officers in completing these templates.
- reviewed and updated the team's Quality Assurance & Improvement Programme to ensure that this fully aligns with GIAS.
- developed a new Skills Matrix for Internal Auditors and an annual training plan for the team, to provide greater assurance that team members are confident in applying the requirements of GIAS.

4. Self-Assessment of Conformance:

- 4.1 Overall, the self-assessment found that the service **generally conforms** to the new GIAS in the UK public sector, taking into account the updates to key service documentation and processes that have been made, as noted at Section 3, above.
- 4.2 Out of the 52 standards in the GIAS, taking into account the interpretations for the UK Public Sector set out within the Code and the Application note, the self-assessment concluded that the Cambridgeshire Internal Audit team generally conformed with 49 standards (94%), and partially conformed with 3 standards (6%) as per Table 1, below:

Table 1: Outcomes of Internal Audit Self-Assessment of Conformance with GIAS:

Domains	GC	PC	DNC	N/A
I - Purpose of Internal Auditing				-
II - Ethics and Professionalism	13	-	-	-
III - Governing the Internal Audit Function	8	1	-	-
IV - Managing the Internal Audit Function	14	2	-	-
V - Performing Internal Audit Services	14	-	-	-
	49	3	0	0

(GC = “generally conforms”, PC = “partially conforms”, DNC = “does not conform”, N/A = not applicable)

4.3 In the context of the GIAS, "generally conforms" means that the assessment has concluded that the internal audit activity's structures, policies, and procedures comply with the requirements of the individual standards or elements of the Code of Ethics in material respects.

4.4 The three areas of partial conformance relate to:

- **Standard 8.4: External Quality Assessment:** An external assessment of the team’s conformance with GIAS in the UK Public Sector must be performed at least once every five years by a qualified, independent assessor or assessment team. An opinion of partial conformance has been given on this standard until an external quality assessment under the new Standards can be arranged; this is proposed to take place in the current financial year (see Section 5, below).
- **Standard 9.5: Coordination and Resilience:** This standard requires that chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. The CIPFA Code recognises that, in the UK Public Sector: “there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the chief audit executive. The chief audit executive may not have any ability to access the work or conclusions of those assurance providers or gain insight into the scope and timing of their work. Under these circumstances the chief audit executive must consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they must set out to the board the barriers to being able to achieve effective co-ordination”.

Existing practice within the Cambridgeshire Internal Audit team is that the team do already consider and seek to place reliance on the work of other providers of assurance (for example, External Audit, Ofsted etc.). However, given the number and complexity of internal and external assurance providers at Cambridgeshire, it is considered that further mapping of these other assurance providers is required before the service can demonstrate that it has fully sought to co-ordinate in line with this standard or has reported to the Audit & Accounts Committee where this

has not been possible. As such, an opinion of partial conformance has been given.

- Standard 9.5: Coordination and Resilience:** This standard requires that chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management. As this is a new requirement under GIAS, it is considered that further work to evaluate the use of technology by the Internal Audit service is required to conform with this standard. As such, an opinion of partial conformance has been given and this is an area that will be explored in more depth as part of the Internal Audit Strategy.

4.5 The action plan to address these areas of partial conformance and to improve awareness of and conformance with the standards is set out below:

Table 2: GIAS Self-Assessment Key Actions:

Action	Due By:
The Head of Internal Audit will discuss the requirements of Domain III “Governing the Internal Audit Function” with the Audit & Accounts Committee as part of the induction training for the new Committee.	Sept 2025
External Quality Assessment to be completed in 2025/6 (see Section 5, below)	March 2026
The Head of Internal Audit to undertake further mapping of other internal and external providers of assurance to support greater compliance with the requirements around co-ordination with other providers of assurance.	March 2026
As part of the Internal Audit Strategy, the Internal Audit team to conduct a review of technology in use by the service.	June 2026

4.6 In addition to these formal elements of the action plan, the team will undertake internal training sessions to strengthen understanding of the new standards.

4.7 The proposed Quality Assurance & Improvement Programme (QAIP) for the Internal Audit service in 2025/6 is set out below, identifying the key components of the team’s work to ensure both ongoing conformance with GIAS and continuous service improvement. This includes continuous monitoring and reporting of our core Key Performance Indicators within the team, maintenance of key service controls such as our file and report review process as set out in the Audit Charter, delivery of our Training Plan and completion of annual assessments of conformance with GIAS:

Table 3: Quality Assurance & Improvement Programme 2025/6:

REF	Theme	QAIP Components
Key Performance Indicators		
0.1	Staff	All staff to have had a Post Audit Assessment completed within the last 3 months

REF	Theme	QAIP Components
		% staff professionally qualified; part-qualified; or working towards professional qualification
0.2	Customer Satisfaction	All audits completed in year to have a Feedback Survey issued
0.3		Average rating of 3.5 on Customer Feedback Surveys
0.4	Productivity & Audit Plan Completion	Team Productivity (target: 85%)
0.5		Productive days input to CCC Audit Plan
0.6		Audit Plan % Completion by no. of audits
0.7		Committee Reports on Time (target: 75%)
Team Development		
1.1	Staff Development	Complete Skills Mapping Exercise for all colleagues
1.2		Completion of Internal Audit team training plan and corporate Essential Learning for all colleagues
Quality Development		
2.1	Quality Development	File and report reviews completed for all audits by supervisor and Head of Internal Audit, in line with Charter
2.2		Develop and launch Contract Management Audit Templates & Guidance Notes
2.3		Management Team to undertake assurance mapping of internal and external providers
2.4		Management Team to review Key Performance Indicators
Technology & Resources		
3.1	Audit Technology	Review technology in use by the Internal Audit service and identify scope for improvements.
3.2	Artificial Intelligence	Explore the use of AI (inc. free CoPilot functionality) and how we can expand this effectively as a team
GIAS Outcomes		
4.1	GIAS	Annual GIAS Internal Assessment review complete
4.2		GIAS External Assessment review complete in 2025/6

5. External Quality Assessment 2025/26

- 5.1 Under GIAS Standard 8.4, an external quality assessment of conformance with GIAS must be performed at least once every five years by a qualified, independent assessor or assessment team. Given that the implementation of the new GIAS has taken place in 2024/25, the Head of Internal Audit is proposing that an external quality assessment be commissioned for the 2025/26 financial year, to provide independent assurance over compliance with the new standards.
- 5.2 It is proposed that the Internal Audit team will seek to arrange an external assessment, with the assessment to take place in Q4 of the financial year to allow the new processes sufficient time to embed. The external assessment may either be:
- conducted by a Head of Internal Audit of another local authority. This is permitted under GIAS in the UK public sector, providing the arrangement is not reciprocal (i.e. two Heads of Internal Audit cannot agree to assess one another's services).

This option has several benefits, including ensuring the assessor is highly experienced in public sector internal audit, and is likely to be most cost-effective. Where a group of Heads of Internal Audit can agree to complete an assessment and receive an assessment from within the group, this may be arranged without fees being required. In order to ensure independence, it is proposed that Cambridgeshire will seek to identify a suitable assessor from another authority outside the Cambridgeshire and Peterborough region, from an authority which has no existing relationship with the Cambridgeshire Internal Audit team.

- if it does not prove possible to identify a suitable assessor meeting the above criteria, the team will instead seek to procure an external assessor, in line with the Council's Contract Procedure Rules. This would likely be from a large external firm or from the Chartered Institute of Public Finance & Accountancy/Chartered Institute of Internal Auditors as the relevant professional bodies. This option will come with a cost, but the scale of likely fees is not yet known; this would be explored if/when the first option is not successful.

5.3 The Audit and Accounts Committee will receive the full results of the assessment and the team's action plan to address any recommendations. Progress in implementing any actions will then be reported periodically to the Committee.

4. Significant Implications

4.1 Finance Implications

Funding for external assessments of compliance with GIAS is not included within the existing Internal Audit budget and, if required, will need to be met through use of team vacancy savings.

4.2 Legal Implications

Effective Internal Audit planning supports the Council's compliance with its obligations under the Accounts & Audit (England) Regulations 2015 and Global Internal Audit Standards.

4.3 Risk Implications

Effective Internal Audit planning is risk-based, and should provide the Audit & Accounts Committee and management with an assurance over the effectiveness of risk management at the Council.

4.4 Equality and Diversity Implications

N/A

5. Source Documents

5.1 This report draws on the following key source documents which are provided as annexes to the report:

- Internal Audit Charter and supporting documents – Annex A
- [Global Internal Audit Standards \(GIAS\) - Annex B](#)
- [Application Note - Global Internal Audit Standards in the UK Public Sector - Annex C](#)
- [Code of Practice for the Governance of Internal Audit in UK Local Government - Annex D](#)