



HM Treasury

Tailored Review:

Government Internal Audit Agency

October 2020

Tailored Review: Government Internal Audit Agency



© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN 978-1-913635-78-7 PU3011

Contents

Executive summary		2
Chapter 1	Summary of conclusions and recommendations	4
Chapter 2	Introduction	8
Chapter 3	Overview of GIAA	10
Chapter 4	Facts and Figures 2019/20	12
Chapter 5	An assessment of form and functions	14
Chapter 6	Governance	19
Chapter 7	Relationship with the department and customer	27
Chapter 8	Effectiveness	32
Chapter 9	Efficiency	37
Chapter 10	Other considerations	41
Annex A	Terms of Reference	42
Annex B	Stakeholders consulted	45
Annex C	Delivery Options Checklist	46
Annex D	Corporate Governance Checklist	49
Annex E	GIAA governance structure 2019/20	69
Annex F	GIAA diversity data	70

Executive summary

Since its formation in 2015, GIAA has actively fulfilled its role by providing internal audit and other assurance services across government.

The findings from this Tailored Review have reinforced the ongoing need for GIAA. Due to the nature of the work and the need for GIAA to be able to operate without fear or favour, it is paramount that it remains at arm's length from central government.

Following on from the Financial Management Review in 2013 and the appointment of Elizabeth Honer as CEO in 2018, the organisation has evolved from its inception and made significant strides in shaping how it operates to better deliver on its objectives. This review has concluded that the set-up of GIAA remains an effective model.

It is our view that the work of GIAA is underpinned by exemplary governance arrangements that surpass the Cabinet Office recommended models and common practice across other ALBs. These arrangements are commensurate with the size, type, accountability and financial risk held by the organisation.

GIAA ensures value for money by providing a shared centre for excellence that removes the need to replicate internal audit services for individual government departments. The review highlights opportunities where GIAA can continue to work with HM Treasury, as its sponsoring department, towards independent full cost recovery of its direct services in the future. This will ensure a more efficient use of taxpayer funds and is in line with departmental plans.

GIAA continues to influence policies and address cross government risks with an authoritative voice. It delivers substantial work focused on improving the delivery of services and functions across government. It works effectively across boundaries and locations with multiple stakeholders. The review highlights some additional opportunities to strengthen its approach including focusing on building its relationship with the sponsoring department, HM Treasury.

All fieldwork, analysis and conclusions relating to this review were completed before the outbreak of the COVID-19 pandemic, and therefore the findings, conclusions and recommendations do not fully consider the present and future impact of COVID-19 on GIAA as an organisation. However, reference

is made to GIAA's response to the pandemic as set out in the GIAA Annual Report and Accounts 2019-20.

Overall, this review concludes that GIAA plays a highly significant role and provides value for money in delivering an important objective. The report makes a number of recommendations focused on enabling it to further strengthen its operation and impact.

Chapter 1

Summary of conclusions and recommendations

Conclusions

Functions

- GIAA has an important role in providing internal audit and other assurance services to departments and addressing cross government risks. There is an ongoing need for the organisation.
- The functions of GIAA as set out in the [Review of Financial Management in Government](https://www.gov.uk/government/publications/review-of-financial-management-in-government)¹, 2013, are required and appropriate. There are some recommendations which could support GIAA as its functions are expanded and enhanced to include cross-government audit work, risk consultancy services and Counter Fraud and Investigations.

Form

- The Tailored Review acknowledges the extensive work GIAA has done in creating a single internal audit body working across the majority of central Government departments with the potential to deliver cross government assessments and develop specialisms.
- The Tailored Review team have considered the advantages and disadvantages of changing the classification of GIAA and feel that the organisation should remain as an executive agency at arm's length from central government. If the outstanding customer departments were to join and expand GIAA considerably, this classification may be reconsidered. A full checklist of Delivery Options is attached in Annex C.
- The Tailored Review supports and endorses GIAA's Corporate Plan 2019-2022. It agrees that GIAA should seek to become a world class centre of excellence with a view to attracting the outstanding 3 customer departments in due course.

Governance

- Corporate Governance arrangements and the Board structure are exemplary and exceed best practice models for an Executive Agency. The Board is highly experienced, challenging and supportive.

¹ <https://www.gov.uk/government/publications/review-of-financial-management-in-government>

Relationship with the department

- HM Treasury should remain as the sponsoring department for GIAA. The review has made some limited recommendations that could further clarify and strengthen this relationship.

Effectiveness

- Senior leadership have achieved significant change to the vision and working culture of the organisation, and to the level of audit work produced, in a short period of time. This is reflected in customer feedback, staff survey results and the testimony of stakeholders through interviews conducted by the review team.

Efficiency

- When considering GIAA's budget, the sponsoring department should continue to recognise and support the critical role of GIAA in providing internal audit services across departments and addressing cross-government risks by retaining the residual funding for developmental purposes, currently £1.75 million. GIAA are now ready and ambitious to develop their cross-government capability, and this funding will enable and support them in doing so. The £1.75 million should be ring fenced for development and should be subject to review based on inputs and outcomes. A plan should be agreed on how the money will be spent, and benefits tracked.

Recommendations

Functions

1. The Tailored Review acknowledges the extensive work GIAA has done in creating a single internal audit body with the potential to deliver cross government assessments and develop specialisms. We would now expect to see GIAA deliver on this potential and thus demonstrate the benefit and value of having one joined up service by 2022. This correlates with the GIAA Corporate Plan 2019-2022 which commits to delivering a piece of cross-government work as 'proof of concept' and to act as a basis to develop an approach.
2. HM Treasury should explore ways it could be an advocate for GIAA across Treasury group and government more broadly, such as inviting GIAA to join Cross Government Strategy Group and Partnership Peer Network.

Governance

3. GIAA should continue to review and harmonise legacy pay structures and terms and conditions in order to reduce the gap between pay bands at different grades. GIAA should keep HM Treasury updated, recognising that this will take a number of years to achieve.

4. GIAA should continue to seek to improve the diversity of staff and increase the representation of under 30 and LGBT staff in line with the Economically Active Population Benchmark (ONS 2019) and the Civil Service Average (August 2019), and keep HM Treasury updated. GIAA match or exceed the civil service average for percentage representation of staff who are female, BAME, disabled, aged 30-50 and ages 51 and over. 99% of GIAA staff have completed diversity self-declarations.

Relationship with department and customers

5. HM Treasury should ensure delegation letters and Partnership Agreements between GIAA and the designated sponsor team are reviewed and refreshed every three years in line with Managing Public Money guidance.
6. HM Treasury should formally appoint Director of Public Spending (Vicky Rock) as Sponsor Director and Director General of Public Spending (Cat Little) as GIAA Board member representing HMT as sponsor. The different responsibilities of these two roles should be clarified and formalised.
7. HM Treasury should change management lines so that the GIAA CEO reports to the HM Treasury Second Permanent Secretary. This relationship should cover pay and performance, but not the operational remit of GIAA.
8. GIAA should consider inviting representatives from customer departments to present feedback at the Board meetings on a rotating basis.
9. GIAA should seek to create an annual opportunity for service model feedback from customers.

Effectiveness

10. GIAA should seek to smooth out peaks and troughs in the delivery of audits across four annual quarters as currently work builds up in Q4, a common problem across the audit function. This will be assessed in the upcoming External Quality Assessment in which an independent contractor will review all aspects of internal audit activity against the Internal Audit Quality Assessment Framework², as required by the Public Sector Internal Audit Standards³.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/204214/internal_audit_quality_assessment_framework.pdf

³ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

11. GIAA should continue to build the Counter Fraud and Investigations service and explore strategies to improve the retention rate of existing staff, such as their promising work on career pathway development and apprenticeships. This will help to mitigate challenges facing GIAA caused by demand for the service outstripping the current supply.

Efficiency

12. GIAA should make wider use of their workforce by commissioning staff to work across different departments rather than remaining assigned to a single legacy department. This is in line with stages 4 and 5 of [Cross Government Insight & Assurance: Spectrum and Steps for the GIAA](#) which involves 'significant change to mechanisms for allocation of staff, crossing departmental boundaries and increasing use of specialisms.'
13. GIAA should continue to seek to achieve full cost recovery for its direct services and keep HM Treasury updated on its progress, potentially through reviewing its charging model. A plan should be agreed between HM Treasury and GIAA to set out how this will be achieved, and by which year.
14. Clarification is needed over the future of the residual central funding, which to date has been paid to GIAA annually from the reserves. The Tailored Review recommends this investment is continued on a ring-fenced basis for development, with the requirement that GIAA and HM Treasury agree a plan on how the money is being spent and benefits tracked. The funding should be subject to review based on inputs and outcomes.
15. The Tailored Review supports GIAA as it seeks to change to a service-based funding model, rather than a model based on the number of audit engagements delivered which fails to recognise the wider service provided such as advice, both to accounting officers and audit and risk assurance committees, and leads to a focus on outputs rather than value added, provided this doesn't result in a shortfall in operational income.

Chapter 2

Introduction

2. This Tailored review has provided an opportunity to consider the work and set-up of the Government Internal Audit Agency, which helps ensure government and the wider public sector provide services effectively.
 - 2.1 The review was conducted and produced by the Corporate Governance and Risk Assurance Team in the Permanent Secretary's Office, on behalf of HM Treasury. In line with Cabinet Office guidance the review team is independent of the sponsor and GIAA but has consulted both parties throughout.
 - 2.2 All fieldwork, analysis and conclusions relating to this review were completed before the outbreak of the COVID-19 pandemic, and therefore the findings, conclusions and recommendations do not fully consider the present and future impact of COVID-19 on GIAA as an organisation.
 - 2.3 However, following the declaration of a global pandemic by the World Health Organisation on 11th March 2020, we note that GIAA set up a formal Gold-Silver-Bronze Command structure to lead its response for its people and customers. This structure has helped it actively to manage the emergency from the Agency's perspective, keep its people safe, and ensuring a rapid, flexible response to all ongoing developments both internally and for its customers. GIAA has covered its response to the pandemic in its 2019-20 Annual Report and Accounts.
 - 2.4 Whilst the GIAA response has been targeted at managing the impact of the pandemic on its staff and customers, it has also presented it with an opportunity to develop its capabilities in relation to new, more responsive, ways of working which will benefit both the GIAA and its customers in the future. This is entirely consistent with the analysis, conclusions and recommendations on GIAA's operating capabilities as set out in this review.

Tailored Review Background

- 2.5 It is important for good government that public bodies be efficient, effective and accountable. The aim of Tailored Reviews is to provide a robust challenge of Arm's-Length Bodies (ALBs), to ensure that they are

fit for purpose and are offering value for taxpayer's money by assessing the ongoing need for ALBs and scrutinizing a number of areas.

- 2.6 This is a Tier 3 review, which means it is not a designated priority and there is no formal requirement for the review to be publicised through a Written Ministerial Statement (WMS). The findings do not require scrutiny by an external challenge panel, but the Cabinet Office will audit a sample of reviews across the programme.
- 2.7 In line with Cabinet Office guidance, this review has considered the following areas: form, function, governance efficiency, effectiveness, devolution, the impact of the UK leaving the EU, location and the relationships between the Agency, its customers and HM Treasury.
- 2.8 Tailored Reviews aim to review the organisations':
- Capacity for delivering more effectively and efficiently, including considering its form and function, identifying the potential for efficiency savings, and where appropriate its ability to contribute to economic growth.
 - Control and governance arrangements to ensure that the organisation and its sponsor department are complying with recognised principles of good corporate governance.
- 2.9 Following the review, GIAA and the departmental sponsor should agree a clear action plan for the implementation of the recommendations. The HMT Operating Committee (OpCo) will follow up on the implementation and impact of the recommendations in the Review and GIAA will be expected to provide updates in advance of OpCo meetings.
- 2.10 The review team would like to thank all parties who contributed to this review, particularly the GIAA CEO Elizabeth Honer and her staff. A full list of stakeholders who gave up their time to contribute to the review can be found in Annex B.

Chapter 3

Overview of GIAA

3. In 2013, the Review of Financial Management in Government (FMR)¹ picked out several inefficiencies from an unconsolidated system of internal audit. The review recommended a series of transformations to improve the Internal Audit function across government to create a “single integrated audit function for government”.
- 3.1 The review found that having individual Internal Audit services within each department led to inefficiencies such as duplication of services and inconsistencies throughout government on methodology and training. The cross-government approach recommended by the FMR has now been implemented, meaning there is consistent training for all staff.
- 3.2 The FMR outlined a shared integrated Internal Audit service aiming to maximise the benefits from “sharing resources, specialist skills and talent, whilst continuing to provide a high quality, responsible and flexible service” and strengthening the ability to identify and manage a cross-government view of risk and assurance. The FMR recommended an incremental move to a fully integrated independent agency of Her Majesty’s Treasury (HMT) which would be responsible for maintaining a single set of detailed professional standards and driving continuous improvement in these.
- 3.3 The Government Internal Audit Agency (GIAA) was set up in April 2015 as an executive agency of HM Treasury, to improve the quality of internal audit provided to central government. In its first few years, GIAA focused on creating a “single audit practice”. It now provides audit services to three-quarters of central government and has an award-winning Counter Fraud and Investigation (CF&I) service.
- 3.4 The first three years of the agency were dedicated to growth and achieving critical mass. In its strategy and plan to 2022, GIAA is now focusing on how it can improve its services for its customers. The launch of its vision and three-year strategy focused on 5 areas of improvement: customer impact, unleashing people’s talent,

¹ <https://www.gov.uk/government/publications/review-of-financial-management-in-government>

ambition to innovate, uncompromising on quality and building firm foundations.

Chapter 4

Facts and Figures 2019/20

- 13 government departments:
 - Cabinet Office (CO)
 - Home Office (HO)
 - Her Majesty's Treasury (HMT)
 - Department for Business, Energy and Industrial Strategy (BEIS)
 - Department for Digital, Culture, Media and Sport (DCMS)
 - Department for Education (DfE)
 - Department for Environment, Food and Rural Affairs (DEFRA)
 - Department of Health and Social Care (DHSC)
 - Ministry of Housing, Communities and Local Government (MHCLG)
 - Department for International Trade (DIT)
 - Ministry of Justice (MoJ)
 - Department for Transport (DfT)
 - Department for Work and Pensions (DWP).
- 119 associated government bodies
- 67 counter fraud customers

Delivery

- 1364 internal audits
- 101 counter fraud and investigation activities
- 2 external awards won
- 6 service lines: core internal audit; functional audit; counter fraud and investigation; European funds audit authority; select consulting, and professional and policy leadership.

Impact

- Average of 90% overall customer satisfaction for internal audit engagements
- £4 million of fraud detected and prevented by the Counter Fraud & Investigations Team since its inception in 2016.
- 100% of European audit plan delivered on time and quality

People

- 464 people employed
- 56% Engagement Index on Civil Service People Survey 2019, +6 from previous survey
- 5/8 diversity categories surpass either the Economically Active Population benchmark (ONS 2019), the Civil Service average (August 2019) or both, including representation women; BAME; disability; ages 30-50 and ages 50 and over.
- 5 strategic priorities: Impact; People; Quality; Innovation; Firm Foundations
- 5 values: Professional, Trustworthy, Collaborative, Principled and Respectful.

Locations

- 57 Office locations reflecting the national reach of government. Headquarters at 10 Victoria Street, Westminster, which provides close access to Whitehall departments.

Annual Budget (2019-2020) in Corporate Plan

- £38.3 million raised in customer fees
- £3.5 million funded by HM Treasury
- £41.8 million total administrative costs

Chapter 5

An assessment of form and functions

Functions

5. The Government Internal Audit Agency's core function is to deliver an integrated internal audit function to government departments and their Arm's-Length Bodies (ALBs). GIAA's mission is to provide objective insight so that central government can achieve better outcomes and value for money for the public.
- 5.1 GIAA offers a range of services which include: internal audit, functional cross- government audit, counter fraud services, EU funds audit authority and consulting services.
- 5.2 The case for the establishment of GIAA was set out in the [Review of Financial Management in Government](#)¹ (2013). The Review recommended "a move to a single integrated internal audit function for government", and this service should be an agency of Her Majesty's Treasury (HMT). It also stated that a single integrated audit function would help to combat duplication of services, inconsistencies and overreliance on the private sector.
- 5.3 GIAA should deliver on its cross-government potential by demonstrating the benefit and value of having one joined up service by 2022. This is in line with the GIAA Corporate Plan 2019-2022 which commits to delivering a piece of cross-government work as 'proof of concept' which would act as the basis to develop the approach.

Are Central Government internal audit services needed?

- 5.4 The Tailored Review found that central government internal audit services are needed for the following reasons:

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/266174/review_of_financial_management_in_government.pdf

- The Public Sector Internal Audit Standards² are mandatory for all central government departments, agencies and Non-Departmental Bodies with executive functions.
 - Managing Public Money (MPM)³ is based on the view that internal audit will continue to provide assurance to central government and its Arm's Length Bodies.
 - The UK Corporate Governance Code 2018⁴, produced by the Financial Reporting Council, favours the use of Internal Audit.
- 5.5 The inclusion of CF&I with internal audit enables the GIAA to blend complementary skills to respond to fraud, the identification of vulnerabilities and make focused and informed recommendations to improve controls.
- 5.6 CF&I being part of GIAA places it in an ideal and unique position at the centre of government, enabling it to offer a truly cross government perspective on the threats that organisations face and provide tailored support to organisations in responding to these threats.

Does the function of GIAA contribute to the objectives of the Department and Her Majesty's Government?

- 5.7 The GIAA supports the following HMT strategic objectives:
- Place the public finances on a sustainable footing, ensuring value for money and improved outcomes in public services.⁵
 - Build a great Treasury by creating a more open inclusive and diverse department, underpinned by professionalism and management excellence.
- 5.8 A central aim and function of GIAA is to carry out cross-government audit work and become 'greater than the sum of their parts' (GIAA Corporate Plan 2019-2022)⁶. GIAA is uniquely positioned to map risks and share understanding across the whole of government and is committed to harness the possibilities of its networks in order to provide insights and improve standards across government.
- 5.9 The review team found that there may be a role for Treasury, as the sponsor to consider how they may be able to support the GIAA in

² <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

³ <https://www.gov.uk/government/publications/managing-public-money>

⁴ <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

⁵ <https://www.gov.uk/government/publications/hm-treasury-single-departmental-plan/hm-treasury-single-departmental-plan--2>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816464/GIAA_Corporate_Plan_2019_22_FINAL.pdf

showcasing the value of its work for government. This could be especially important in the GIAA's plans for inviting remaining non-customer Departments' internal audit functions to join GIAA.

- 5.10 Many of the stakeholders interviewed felt "that Treasury could showcase us more," and that "Treasury could have more of an advocacy role, particularly in championing their own ALBs and Non-Ministerial bodies to move to GIAA".
- 5.11 HM Treasury should explore ways it can be an advocate for GIAA across Government, such as through inviting GIAA to join the Cross-Government Strategy Group and the Partnership Peer Network.

Conclusions

- GIAA has an important role in providing internal audit and other assurance services to departments and addressing cross government risks. There is an ongoing need for the organisation.
- The functions of GIAA as set out in the [Review of Financial Management in Government](#)⁷, 2013, are required and appropriate. There are some recommendations which could support GIAA as its functions are expanded and enhanced to include cross-government audit work, risk consultancy services and Counter Fraud and Investigations.

Recommendations

1. The Tailored Review acknowledges the extensive work GIAA has done in creating a single internal audit body with the potential to deliver cross government assessments and develop specialisms. We would now expect to see GIAA deliver on this potential and thus demonstrate the benefit and value of having one joined up service by 2022. This correlates with the GIAA Corporate Plan 2019-2022 which commits to delivering a piece of cross-government work as 'proof of concept' and to act as a basis to develop an approach.
2. HM Treasury should explore ways it could be an advocate for GIAA across Treasury group and government more broadly, such as inviting GIAA to join Cross Government Strategy Group and Partnership Peer Network.

Form

- 5.12 The Cabinet Office Tailored Review guidance⁸ sets out the delivery options and the "Three Tests" that should be considered when reviewing the form of an ALB.

⁷ <https://www.gov.uk/government/publications/review-of-financial-management-in-government>

⁸ [Tailored Reviews: Guidance on Reviews of Public Bodies, Cabinet Office, May 2019](#)

1. Is this a technical function, which needs external expertise to deliver?
Yes

Internal Audit is a technical function and profession, it requires expertise to deliver against the standards as set out in the Public Sector Internal Audit Standards⁹.

2. Is this a function which needs to be, and be seen to be, delivered with absolute political impartiality? Yes

Internal Audit needs to be, and be seen to be, delivered with absolute political impartiality. Its value is in providing an account of risks across departments, their ALB landscape and across government, honestly and without favour.

3. Is this a function that needs to be delivered independently of ministers to establish facts/and or figures with integrity? Yes

Internal Audit must be seen to be independent from ministers in providing its service. It must be transparent and open about its findings, maintaining its integrity and value to ARAC members and departmental Permanent Secretaries as Principal Accounting Officers.

5.13 The review considered two alternative options to using GIAA for internal audit services:

1. Return to separate provision by each central government department.
 - This option is not realistic as the case for GIAA was set out in the 2013 review of Financial Management in Government. GIAA has already delivered outcomes that prove the benefits of the change to a central function. There is also strong current customer and sponsor support for the GIAA delivering internal audit across government.
2. Provision through the market (some form of contracting out, either purchased centrally or by each department, covering some or all of GIAA's work).
 - This option is discounted because of the desire for Government Internal Audit to be provided "by government for government." In [GIAA's Vision 2022](#)¹⁰ it is stated that as a public body, GIAA is able to offer a unique service to its customers which benefits from unrivalled access, trust and independence, cross-government insights and public service values. GIAA also harnesses the ability of the private sector through its commercial arrangements and is responsive to the external context.

⁹ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887455/Vision2020.pdf

Public Body Classification

- 5.14 The GIAA is an executive agency of HMT – An Executive Agency is classified as part of a department with no separate legal personality. As part of the Tailored Review, consideration has also been given to other potential delivery models.
- 5.15 The different organisational forms that the GIAA could take include Executive Agency (EA), Non-Departmental Public Body (NDPB), Parliamentary Body or Public Corporation. The review considered the advantages and disadvantages of the different organisational forms and concluded that there are advantages of retaining the present EA status for at least the next few years. This option would allow:
- Further internal audit departments to join as civil servants and would avoid all the costs, and risks and upheaval associated with a change of status. Stability in form would seem to be especially important at this point in time, given the Spending Review and the need for the GIAA to make swift progress on delivering its ambitious strategy.
 - The other options might be feasible but would require significant detailed investigation to confirm how the new arrangements would operate in practice and how the transfer would be managed.
- 5.16 Annex C sets out the assessment completed against the different delivery models that have been given consideration when reviewing the form of the GIAA.

Conclusions

- The Tailored Review acknowledges the extensive work GIAA has done in creating a single internal audit body with the potential to deliver cross government assessments and develop specialisms.
- The Tailored Review team have considered the advantages and disadvantages of changing the classification of GIAA and feel that the organisation should remain as an executive agency at arm's length from central government. If the outstanding customer departments were to join GIAA, enlarging the size of the organisation, a re-classification may be reconsidered.
- The Tailored Review supports and endorses GIAA's Corporate Plan 2019-2022. It agrees that GIAA should seek to become a world class centre of excellence with a view to attracting the outstanding 4 customer departments in due course.

Chapter 6

Governance

6. The GIAA is an Executive Agency of HMT. The Cabinet Office has published guidance which sets out the essential governance structures for an Executive Agency in [Executive Agencies: A Guide for Departments](#).¹
 - 6.1 The guidance sets out two models that can be considered by departments when setting up an Executive Agency. The decision on what structure to adopt will be informed by the level of independence required by the agency and home department.
 - 6.2 GIAA's governance structure consists of the GIAA Board, Audit and Risk Assurance Committee (ARAC) and the Nominations and Remuneration Committee (NRC). There is a second tier of governance which includes the Executive Committee (ExCo) which is supported by the People Committee and the Technical Committee.
 - 6.3 The GIAA governance structure is based on model 2 – allowing a greater level of independence from the home department, with assurance being provided by non-executive board members. Annex D of this report shows the governance structure of GIAA.
 - 6.4 The GIAA Board is chaired by a Non-Executive, Steve Burnett who was appointed chair on 1 October 2018 for a period of 3 years. Steve was appointed a Non-Executive Director in 2014.
 - 6.5 Elizabeth Honer was appointed Chief Executive Officer (CEO) and Accounting Officer (AO) of GIAA in 2018. The CEO is accountable to the Permanent Secretary in HM Treasury who has delegated the day to day responsibilities (for the sponsorship of the agency) to the Director General, Public Spending.
 - 6.6 The [Framework Agreement](#)² between HMT and GIAA sets out the relationship between GIAA and its sponsor department, HM Treasury.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690636/Executive_Agencies_Guidance.PDF

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/691110/HMT_GIAA_Framework_Agreement_March_2018_Update_FINAL.pdf

This was last updated in March 2018. The agreement included the arrangements for governance, accountability, financing, staffing and the operation of GIAA. The Framework Agreement has considered the principles set out in the Cabinet Office guidance: Partnerships between departments and their arm's length bodies: code of good practice³.

- 6.7 GIAA has provided a checklist using the comply or explain model to demonstrate compliance against the principles of good corporate governance as set out in Corporate Governance in Central Government Departments: Code of Good Practice⁴. The checklist is set out at Annex D of this report.

Board Effectiveness

- 6.8 The Tailored Review measured the effectiveness of GIAA's Board against the [Corporate Governance Code](#)⁵. The Code lays out the policy for corporate governance in central government departments, ensuring they are accountable and run as efficiently and effectively as possible.
- 6.9 The departmental board model is now embedded as a key element of the fabric of corporate governance across central government departments. The Code states boards help departments to 'achieve their aims by encouraging good planning, managing performance regularly, raising delivery capability and fostering a culture of openness and good governance.'
- 6.10 At the commencement of the Tailored Review, there were a few areas where the code was either partially met or not met. All of these areas are now in compliance due to the recent update and agreement of the GIAA Board Operating Framework (BOF). The updated Framework was agreed by the GIAA Board in September 2019.

Role of the Board – Supporting provisions

- Code ref: 2.8 states the board and its members 'should collectively affirm and document its understanding of the department's purpose, role and responsibilities in a board operating framework. This document should include a formal schedule of matters reserved for board discussion. The board operating framework should be reviewed and updated at least every two years.' This provision is now compliant following the update to the BOF.

³ <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

⁴ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609903/PU2077_code_of_practice_2017.pdf

Board Composition – Principles/Supporting Provisions

- Code ref: 3.2 states ‘the roles and responsibilities of all board members should be defined clearly in the department’s BOF.’ This provision is now compliant following the update to the BOF.
- Code ref: 3.15 states ‘the board should agree and document in its board operating framework a *de minimis* threshold and mechanism for board advice on the operation and delivery of policy proposals.’ This provision is now compliant following the update to the BOF.
- Code ref: 3.18 states ‘in consultation with the chair and the department’s lead non-executive board member, non-executive board members may take the lead on some of the board’s activities. These should be set out in the board operating framework.’ This provision is now compliant following the update to the BOF.

Board Effectiveness – Supporting provisions

- Code ref: 4.9 states that ‘wherever possible, the information presented to the board should enable comparison with other departments or relevant organisations.’ This provision was partially met.

Government Policy – Supporting provisions

- Code ref: 5.5 states ‘the head of internal audit should be invited periodically to attend board meetings, where key issues are discussed relating to governance, risk management processes or controls across the department and its ALBs.’ This provision is partially met as the head of internal audit receives the board papers and has an open invitation to attend but did not attend any meetings in 2018/19.
- Code 5.15 states all boards should ‘ensure the scrutiny of governance arrangements, whether at the board or at one of its subcommittees. This will include advising on, and scrutinising the department’s implementation of, corporate governance policy.’ This provision is now compliant following the update to the BOF.

6.11 The review team interviewed the Non-Executive Chair of the GIAA Board, Steve Burnett and Non-Executive Chair of ARAC, Paul Boyle. Steve and Paul felt that the GIAA had made great progress and spoke about the effectiveness of the Board in support and challenging the GIAA executive team: *“Whilst the Board is advisory, it never felt like that. We have a really good blend on the Board, including (Non-Executive Directors) NEDs.” “My role is to support the CEO and challenge where appropriate.”* This was also echoed by the other stakeholders interviewed as part of the Tailored Review.

6.12 GIAA have completed self-assessment governance effectiveness reviews based on the National Audit Office’s (NAO) Board evaluation

for the GIAA Board and NRC. A self-assessment was also undertaken of the ARAC based on the NAO Audit Committee effectiveness checklist.

- 6.13 The outcomes from the self-assessments show a positive trend with some areas that required improvement. Details can be found in the [GIAA annual report and accounts 2018/19⁶](#).
- 6.14 All Terms of Reference for the committees have been updated and refreshed to align with the principles set out in good corporate governance guidance.

Board Appointments

- 6.15 GIAA is not regulated by the Office for the Commissioner of Public Appointments (OCPA), and appointments of non-executive members to the GIAA Board do not require ministerial approval. However, appointments should be made in accordance with the spirit of Cabinet Office [governance code on public appointments⁷](#).
- 6.16 Any appointments process GIAA wishes to undertake must be approved by the HMT sponsor in advance of the recruitment campaign. The HMT sponsor should be involved in the recruitment and approve the final appointment. The HMT sponsor team will ensure that the responsible minister is aware of the process and the final appointment.

Annual Reports and Accounts

- 6.17 GIAA must publish an annual report of its activities together with its audited accounts after each financial year.
- 6.18 The GIAA annual report and accounts are laid in parliament pursuant to [section 7 of the Government Resources and Accounts Act 2000](#), and made available on [GOV.uk⁸](#).

Quality Measures

- 6.19 The GIAA strategy sets out its commitment to building a quality assurance framework to ensure that its work meets the relevant standards required by the Public Sector Internal Audit Standards

⁶ <https://www.gov.uk/government/publications/government-internal-audit-agency-annual-report-and-accounts-2018-2019>

⁷ <https://www.gov.uk/government/publications/governance-code-for-public-appointments>

⁸ <https://www.gov.uk/government/publications/government-internal-audit-agency-annual-report-and-accounts-2018-2019>

(PSIAS)⁹, relevant professional institutions and other public sector good practice.

- 6.20 In accordance with PSIAS, GIAA must ensure that its service is subject to an External Quality Assessment performed by an independent body. GIAA has created a working group which is supporting the preparation for the assessment which they hope to achieve by November 2020. The assessment will be undertaken by the Chartered Institute of Internal Auditors (Chartered IIA) with an aim of ensuring that the quality of the Internal Audit work done by GIAA is of the highest quality.

Staff Engagement

- 6.21 One of the key challenges that GIAA faced was around staff engagement. The legacy of audit teams across government meant that they sat separately within internal government departments. The creation of GIAA brought all of these individuals together under the agency, into one team. The staffing group at GIAA is made up of 350 Auditors and 40 Investigators at over 65 locations. 68% of the workforce is located outside of London.

- 6.22 The Tailored Review considered the results of the staff survey across 2018 and 2019. The headline results of the 2018 staff survey are shown in brackets below:

Engagement Index: 56% (50%)

- My work: 77% (74%)
- My team: 76% (72%)
- Learning and Development: 50% (44%)
- Pay & Benefits: 33% (27%)
- Leadership and Managing Change: 53% (39%)

- 6.23 The leadership team at GIAA felt that the 2018 staff survey results provided a fair assessment of the Agency's position at that time and also provided a mandate for a new vision and strategy programme initiated by Elizabeth Honer, CEO of GIAA. The Agency's Executive Committee (ExCo) suggested that a 360 consultative group comprising of representatives from each of the teams should take responsibility for analysing the results and implementing an action plan in response.

- 6.24 The 360 Group set out the top three priorities to improve staff engagement: Leadership and Change, Learning and Development and

⁹ <https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Resources. The plan developed set out suggested resolutions, including 'quick wins' and medium-term actions.

- 6.25 The 2019 staff survey results showed a marked improvement in the areas highlighted as a priority in the 2018 survey. While there has been an improvement, GIAA acknowledge that there is still work to be done. The Corporate Plan has a number of priorities regarding staff engagement and the development of people within the GIAA, entitled "Unleashing People's talent and confidence" which will be backed up by the development of a workforce strategy. The plan has set out a number of outcomes that will be used to measure progress up to 2022.
- 6.26 In 2019, GIAA conducted a pulse survey to gauge staff engagement following the implementation of the action plan following the results of the 2018 staff survey. The headline results were:
- A response rate of 70% and over 500 comments which provided confidence that staff are engaged and want to have their voice heard.
 - An upward trajectory in terms of results across the three priority areas; Leadership and Change + 15, Learning and Development + 5 and Resources + 2.
- 6.27 GIAA held its first all staff conference in September 2019, bringing together all staff for the first time. While it was acknowledged by a number of stakeholders interviewed that holding this conference was a risk, it was nevertheless seen as a great success. Stakeholders interviewed commented on how this led to "staff seeing themselves as one team and not individual departmental teams".

Diversity and Inclusion

- 6.28 GIAA has a declaration rate of 99%. In five of the eight areas measured, GIAA's workforce met or surpassed the Economically Active Population Benchmark (ONS 2019), the Civil Service average (August 2019) or both using the last collected data at December 2019. These areas include women; BAME; disability; ages 30-50 and ages 50 and over. The diversity statistics for GIAA are shown at Annex F.
- 6.29 GIAA's workforce did not meet the Economically Active Population Benchmark (ONS 2019) or the Civil Service Average (August 2019) in the following areas: staff working part time, staff aged under 30 or staff identifying as LGBT+.

	Economically Active Population Benchmark (ONS 2019)	Civil Service Average (August 2019)	Government Internal Audit Agency (December 2019)
Part time	25%	30%	15%
Aged under 30	30%	35%	14.4%
LGBT	6%	4.9%	4%

6.30 GIAA is committed to improving its diversity and inclusion and has included a strategy within their Corporate Plan for driving this forward, making the GIAA a diverse and inclusive environment for all staff to be part of. There is a diversity and inclusion plan within GIAA and in the wider Internal Audit profession. Stakeholders interviewed highlighted the commitment to this area by Elizabeth Honer, CEO.

6.31 The GIAA Board was made up of 11 people of which 4 identified as female and one as BAME.

6.32 The Tailored Review aims to support GIAA as it seeks to improve its diversity and inclusion in these areas through its recommendations.

Pay, terms and conditions

6.33 A further challenge for GIAA was around pay, terms and conditions of its staff. The migration of the audit teams from departments had created a number of challenges in this area. The Agency was faced with a number of government departments operating on different pay scales. There is no consistency across the Civil Service. The pay difference between the highest and lowest is substantial and there were 34 different allowances.

6.34 GIAA also faced the challenge of competing with the private sector around pay. They recognised that they would be unable to offer parity on pay but were looking at alternatives that they could offer as part of the overall pay and benefits package. These include flexible working arrangements, pension scheme, setting clear career pathways and their successful apprenticeship scheme.

6.35 The senior leadership team acknowledge that the harmonization of pay and conditions within the Agency is a long-term project. Their pay strategy is focused on closing the gap between the highest and lowest along the pay scale, with a recognition that this has been challenging when working within the Cabinet Office guidance on pay.

6.36 Any new starter to the Agency would now join on their standard terms and conditions and might typically start on the minimum for the pay scale, in line with guidance. However, there are exceptions including those joining from outside the Civil Service.

6.37 The Tailored Review seeks to support the efforts of GIAA to harmonize pay and conditions within the Agency through its recommendations.

Conclusions

- Corporate Governance arrangements and the Board structure are appropriate and exceed best practice models for an Executive Agency. The Board is highly experienced, challenging and supportive.

Recommendations

3. GIAA should continue to review and harmonise legacy pay structures and terms and conditions in order to reduce the gap between pay bands at different grades. GIAA should keep HM Treasury updated, recognising that this will take a number of years to achieve.
4. GIAA should continue to seek to improve the diversity of staff and increase the representation of under 30 and LBGT staff in line with the Economically Active Population Benchmark (ONS 2019) and the Civil Service Average (August 2019), and keep HM Treasury updated. GIAA match or exceed the civil service average for percentage representation of staff who are female, BAME, disabled, aged 30-50 and ages 51 and over. 99% of GIAA staff have completed diversity self-declarations.

Chapter 7

Relationship with the department and customer

7. HM Treasury is the sponsor department for GIAA. The Review has considered whether this is the correct department to sponsor GIAA, and discussions have previously taken place around whether sponsorship should transfer to the Cabinet Office with its oversight around Fraud. The FMR was clear that GIAA should be an agency of HM Treasury and the review team feel that there is nothing that suggests that the sponsorship arrangements should change at this time.
- 7.1 The [Framework Agreement](#)¹ between HMT and GIAA sets out the relationship between GIAA and its sponsor department, HM Treasury. Managing Public Money² states the framework document agreed between an Arm's-Length Body (ALB) and its 'sponsor provides for the sponsor department to exercise meaningful oversight of the ALB's strategy and performance, pay arrangements and/or major financial transactions.'
- 7.2 The Framework Agreement is supported by an annual delegation letter from the Principal Accounting Officer to the ALB. This is in line with Managing Public Money which states that within each department there should be 'adequate delegations, controls and reporting arrangements to provide assurance to the board, the accounting officer and ultimately ministers about what is being achieved, to what standards and with what effect.' In turn, departments should agree with each of their Arm's-Length Bodies (ALBs) a similar set of delegations appropriate to their business.
- 7.3 Managing Public Money states that it is good practice to review delegations to make sure they remain up to date and appropriate. The Tailored Review therefore recommends that the Framework Agreement and delegation letters are regularly updated every three years.

¹ <https://www.gov.uk/government/publications/government-internal-audit-agency-framework-agreement>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf

- 7.4 The review team interviewed the executive team of GIAA, the HMT sponsor team, the Director General and Director of Public Spending, the Non-Executive Directors (NEDs) and a number of GIAA's customers. All those interviewed agreed that there was a close, effective working relationship between the agency and its sponsor department.
- 7.5 During the course of the Tailored Review, Cat Little replaced James Bowler as the HM Treasury Director General of Public Spending. Prior to this, the Director General of Public Spending had regular meetings with the GIAA CEO to ensure alignment with HMT and to provide support. He also sat on the GIAA Board where he received performance reports including forecasts.
- 7.6 The review found that there was some overlap of responsibilities and recommended that these roles are separated and formalised. It recommends HMT should formally appoint the Director of Public Spending (Vicky Rock) as Sponsor Director and the Director General of Public Spending (Cat Little) as GIAA Board member representing HMT as sponsor.
- 7.7 The review also concluded that as the GIAA CEO is a DG level position, HM Treasury should change management lines so that the GIAA CEO reports to the HM Treasury Second Permanent Secretary. This relationship should cover pay and performance, but not the operational remit of GIAA. This will further strengthen the partnership between HMT and GIAA.
- 7.8 GIAA and HMT also have working level contacts in teams covering Finance, HR, Communications, IT, Security and Estates and Governance.
- 7.9 The review team also received feedback from stakeholders that HM Treasury could do more to promote and endorse GIAA across government. The review agrees that there may be a role for HM Treasury, as the sponsor, to consider how they may be able to support GIAA in showcasing the value of its work for government. These recommendations are discussed in this report under 'Functions.'
- 7.10 The Review also sought to gain feedback from business areas across the department through a short questionnaire. Representatives from Human Resources, Treasury Group Shared Services and Information Workplace Solutions were contacted. The responses showed that GIAA broadly delivers internal audit assignments on time and in consultation with customers. When asked if the work of GIAA provides customers with an appropriate level of assurance over

business operations, and whether their recommendations reduce the overall level of business risk, all respondents answered yes.

- 7.11 It may be useful for customers to consider ongoing processes for gaining internal feedback and assurance about the value and usefulness of GIAA's services.

Conclusions

Relationship with the department

- HM Treasury should remain as the sponsoring department for GIAA. The review has made some limited recommendations that could further clarify and strengthen this relationship.

Relationship with customers

- 7.12 The GIAA's customers include 13 government departments:

- Cabinet Office
- Department for Business, Energy & Industrial Strategy (BEIS)
- Department for Digital, Culture, Media & Sport (DCMS)
- Department for Education (DfE)
- Department for Environment, Food & Rural Affairs (DEFRA)
- Department for Health and Social Care (DHSC)
- HM Treasury (HMT)
- Home Office (HO)
- Ministry for Housing, Communities & Local Government (MHCLG)
- Department for International Trade (DIT)
- Ministry of Justice (MOJ)
- Department for Transport (DfT)
- Department for Work and Pensions (DWP)

- 7.13 GIAA also provides services to 119 associated government bodies and 40 counter fraud customers.

- 7.14 The review team interviewed customers from DfE, DIT and DWP. Overall, the feedback about the GIAA was positive. All customers recognised the value of internal audit, the importance of GIAA, with high praise being received from one department's Audit, Risk and Assurance Committee.

- 7.15 The departments all agreed that while there was no systematic feedback mechanism, they were asked for feedback following the submission of reports. It was also acknowledged that the CEO was receptive to concerns raised by departments around the quality of service received. The review team discussed with GIAA more formal opportunities for annual feedback to review overall satisfaction levels on the year's audits and engagements.

- 7.16 The executive team are seeking to improve mechanisms for customer feedback including inviting customers to their board meetings on a rolling rota and providing an annual opportunity to gather feedback on other professional services GIAA offers such as consultancy and advisory services and counter fraud and investigation. The review seeks to support through its recommendations.
- 7.17 The interviews did highlight some of the challenges that GIAA and its customers faced in building effective relationships, in particular with the newest department, the Department for International Trade (DIT). Both GIAA and DIT are developing organisations and therefore DIT found that there have been some challenges in the relationship. However, DIT explained they had seen a significant improvement following discussions with the CEO of GIAA, and the conducting of an External Quality Assessment (EQA) by KPMG. GIAA does not currently offer a standalone EQA for its services to customers.
- 7.18 All of the departments could see the value of the cross-government work that GIAA are working towards, and are actively pushing for more of this work, but felt that there was still some way to go. There was a view from one department that all ALBs should be using GIAA for internal audit services which would allow them to understand the risks across the departmental landscape as a whole.
- 7.19 There were differing views around the impact of the fees being charged, for some departments this has led to a reduction in the number of audit days that form their plans for the year. "HM Treasury had imposed funding challenges on GIAA, which were passed onto customers. If GIAA works, it needed to be properly funded and we don't have a mechanism to do that at the moment". One department interviewed did break this mould and would be looking at increasing their number of audit days. Recommendations around GIAA's charging model are discussed in this report under 'Efficiencies.'
- 7.20 The customers interviewed all raised concerns around the capacity, retention and the pay and conditions of GIAA staff. There were concerns around how the Agency would be able to attract people into the profession, the ability to draw on specialist expertise and the impact on the calibre of staff that they would be able to attract which may impact on the quality of service that the GIAA could provide.

Recommendations

5. HM Treasury should ensure delegation letters and Partnership Agreements between GIAA and the designated sponsor team are reviewed and refreshed every three years in line with Managing Public Money guidance.
6. HM Treasury should formally appoint the Director of Public Spending (Vicky Rock) as Sponsor Director and the Director General of Public Spending (Cat Little) as GIAA Board member representing HMT as sponsor. The different responsibilities of these two roles should be clarified and formalised.
7. HM Treasury should change management lines so that the GIAA CEO reports to the HM Treasury Second Permanent Secretary. This relationship should cover pay and performance, but not the operational remit of GIAA.
8. GIAA should consider inviting representatives from customer departments to present feedback at Board meetings on a rotating basis.
9. GIAA should seek to create an annual opportunity for service model feedback from customers.

Chapter 8

Effectiveness

Objectives

8. GIAA's mission is described in its [Vision for 2019-22](#)¹: 'Our people provide objective insight so that central government can achieve better outcomes and value for public money – better insights, better outcomes.' This vision is broken down into five key strategy areas:
 - Demanding on customer impact
 - Unleashing our people's talent and confidence
 - Uncompromising on quality
 - Ambitious on innovation
 - Built on firm foundations.

- 8.1 To measure GIAA's overall performance against these objectives and as part of its reporting process, GIAA tracks its progress against five key performance indicators which are agreed by GIAA and HM Treasury annually. The 2019-20 performance indicators are published in [GIAA's Corporate Plan 2019-2022](#):

In 2019-20, we will measure our overall performance against the following indicators:



Deliver a year-end financial position within a 1% surplus and breaking even on our 2019-20 budget.



Achieve an average of 70% for overall customer satisfaction with individual pieces of work.



Aim that 75% of higher importance recommendations we make are actioned on time by customers.



Deliver 90% of planned audits to at least draft report issued stage by March 2020.



Increase our people engagement score in the people survey.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816476/GIAA_Vision_Feb_2019.pdf

Customer satisfaction

- 8.2 GIAA's relationship with its customers has been covered in the previous chapter, but customer satisfaction with performance and quality of audit reports will be discussed in more detail in this chapter.
- 8.3 The review team interviewed a range of customer stakeholders including representatives from the Department for Education (DfE), the Department for Work and Pensions (DWP) and the Department for International Trade (DIT). Feedback was also gathered from within HM Treasury's business areas.
- 8.4 Customers highlighted that overall, they were extremely satisfied with the audit and counter fraud services provided by GIAA, and that GIAA was proactive and responsive to customer feedback. Where some customers had previously had issues with the quality and timing of audit reports, they had seen stark improvement.
- 8.5 Some issues flagged through stakeholder interviews included
- Lack of consistency with quality of Group Chief Internal Auditors (GCIA). Some customers had changed GCIA a number of times and reported that the working relationship and the level of audit work produced was of a much higher quality under some GCIA's than others. Customers said that the GIAA CEO had responded to issues positively and the general picture was improving.
 - Timing of audit reports which were often delivered in peaks and troughs which accumulated in quarter four. This is a common problem across the audit function, arising from a series of complex factors such as year-end, staffing availability, and departmental work priorities.

Reports

- 8.6 The review made one recommendation that GIAA should seek to smooth out the delivery of work in collaboration with its customers (Recommendation 12).
- 8.7 Apart from the timing of audit reports, the review did not consider the quality of audit work done as this is a specialist function which will be assessed in the upcoming External Quality Assessment² in which an independent contractor will review all aspects of internal audit activity against the Internal Audit Quality Assessment

² <https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Framework³, as required by the Public Sector Internal Audit Standards⁴. These standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector and are mandatory for all central government departments, agencies and executive Non-Departmental Public Bodies (NDPBs).

Policy development and engagement

- 8.8 The review found that GIAA could improve its effectiveness as a single audit service by further developing its role in policy development and engagement. Through its direct audit relationship with customer departments across government, GIAA has built up unique insight and expertise in a broad range of policy areas. Part of GIAA's strategic vision going forward is to use this broad expertise to inform policy and decisions made across government.
- 8.9 The review therefore sought to explore ways in which HM Treasury, and government more broadly, could seek to draw upon and benefit from GIAA's expertise and unique vantage point. These considerations are covered in Recommendation 2:

'HM Treasury should explore ways it could be an advocate for GIAA across Treasury group and government more broadly, such as inviting GIAA to join Cross Government Strategy Group and Partnership Peer Network.'

- 8.10 Other projects are currently underway, for example HM Treasury Risk Assurance Team have invited GIAA to deliver a cyber-risk workshop to its 11 ALBs and plans are going ahead to utilise GIAA as a consulting service to tackle other common risk areas in the future. Engaging more with these kind of cross-government learning opportunities will enhance GIAA's role in the development of policy and risk consultancy.

Skills and diversity

- 8.11 Strengthening the skills and diversity of GIAA's workforce is set out as an organisational priority in [GIAA's Vision to 2022](#)⁵. GIAA state they invest in their people through providing opportunities to work for different customers, to research the latest thinking in their innovation hub, through their apprenticeship and trainee programmes and other continuous development opportunities.

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/204214/internal_audit_quality_assessment_framework.pdf

⁴<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887455/Vision2020.pdf

- 8.12 In the past GIAA has relied on contractors to manage gaps in skills and capability. Work peaked at the end of the 2018-19 Financial Year which resulted in a £5 million spend on contractors. The Agency has taken steps to reduce this reliance but maintains that a continued partnership with private sector firms is crucial for transferring specialist expertise and keeping up to date with best practice as well as managing peaks in demand.
- 8.13 In order to build upon GIAA's capability, the senior management team have identified a number of strategic shifts within the Agency's corporate priorities. These include building a skills matrix including technical skills, softer leadership skills and managing customer experience.
- 8.14 The Learning & Development Team are also creating 'learning passports' to actively support training needs and develop structured career pathways. GIAA staff spent on average 8 days on Learning and Development last year, according to the head of HR.
- 8.15 Staff responses to the 2019 staff survey showed an improvement of 6% on Learning and Development, increasing from 44% in 2018 to 50%.
- 8.16 This is still 5% below the Civil Service average score for Learning & Development of 55%, according to the [2019 People Survey](#).⁶
- 8.17 GIAA are also seeking to improve skills and capability through recruitment and retention. They have a successful apprenticeship programme which currently has the majority of its apprentices at Level 7, in the professional audit scheme. The GIAA works with Birmingham City University and the Chartered Institute of Internal Auditors (Chartered IIA) to develop their apprenticeship offer under this scheme.
- 8.18 GIAA has demonstrated it is a versatile and innovate organisation through the achievements of its Counter Fraud & Investigations Function (CF&I). Though small, GIAA CF&I has supported over 60 organisations since 2016 and has actively contributed to professionalise the counter fraud culture and response across government. CF&I services are located within GIAA as there is not a strong business case for Departments and Arm's-Length Bodies to each have their own counter fraud teams.

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876879/Civil_Service_People_Survey_2009_to_2019_Median_Benchmark_Scores_-_final.pdf

- 8.19 Demand for planned and emergency counter fraud services has increased faster than anticipated and need for the work currently outstrips the supply and resources available. Customers also commented that they felt the service was more valuable than what was currently being charged for, and the review identified this as an opportunity for GIAA to raise additional revenue.
- 8.20 The review makes one recommendation to support GIAA as they seek to build the Counter Fraud function and improve the retention rate of existing staff.

Recommendations

10. GIAA should seek to smooth out peaks and troughs in the delivery of audits across four annual quarters as currently work builds up in Q4, a common problem across the audit function. This will be assessed in the upcoming External Quality Assessment in which an independent contractor will review all aspects of internal audit activity against the Internal Audit Quality Assessment Framework¹, as required by the Public Sector Internal Audit Standards¹.
11. GIAA should continue to build the Counter Fraud and Investigations service and explore strategies to improve the retention rate of existing staff, such as their promising work on career pathway development and apprenticeships. This will help to mitigate challenges facing GIAA caused by demand for the service outstripping the current supply.

Chapter 9

Efficiency

Cross Government Work

9. The most significant way that GIAA could seek to make efficiencies for government is to enhance its role in cross government risk assurance. This is covered by Recommendation 1:

'The Tailored Review acknowledges the extensive work GIAA has done in creating a single internal audit body with the potential to deliver cross government assessments and develop specialisms. We would now expect to see GIAA deliver on this potential and thus demonstrate the benefit and value of having one joined up service by 2022. This correlates with the GIAA Corporate Plan 2019-2022 and stages 5 and 6 of ['Cross Government Insight & Assurance: Spectrum and Steps for the GIAA'](#), which commits to delivering a piece of cross-government work as 'proof of concept' and to act as a basis to develop an approach.'

- 9.1 GIAA's role in the delivery of cross-government work is ever evolving as needs arise and a number of projects are currently underway. For instance, GIAA have been invited to conduct cyber risk training for HM Treasury's ALBs.
- 9.2 The review also recommends that HM Treasury considers opportunities where it can act as an advocate for GIAA, such as through inviting GIAA to join the Cross-Government Strategy Group and Partnership Peer Network. These forums would provide an opportunity to draw on GIAA's unique expertise and to develop and enhance their cross-government role.

Workforce

- 9.3 In order to achieve this, the review recommends that GIAA seeks to make wider use of its workforce by commissioning staff to work across different departments, rather than being tied to their legacy departments. This would mean that rather than work being replicated by multiple teams across departments, a central team could assess the risk landscape across government on common issues. Audit work carried out in this way is more efficient and more effective, because the quality of reports is strengthened by cross-government comparison.

- 9.4 This recommendation supports stages 4 and 5 of [Cross Government Insight & Assurance: Spectrum and Steps for the GIAA](#) which involves 'significant change to mechanisms for allocation of staff, crossing departmental boundaries and increasing use of specialisms.'
- 9.5 As part of the 20/21 business planning discussions, HM Treasury highlighted that any reduction to GIAA's income as a result of customers choosing other audit providers or a reduction in their audit requirement would need to be absorbed by GIAA. HMT advised that any pressures, need to be offset by a reduction in costs, such as consultancy or re-prioritisation of existing staff.
- 9.6 These plans are already successfully underway at GIAA, and the review recommends that GIAA keep HM Treasury updated as they progress.

Overall budget and efficiency

- 9.7 GIAA's annual budget for 2019-20 was set out in its 2019-2022 Corporate Plan. The administrative budget for 2019-2020 totals £41.8 million. Revenue budgets in relation to customer fees totalled £38.3 million, and supply funding by HM Treasury was budgeted at £3.5m. Details of actual spend against these budgets will be published in the Agency's 2019-20 Annual Report and Accounts.
- 9.8 Every year since its inception GIAA has received additional investment from HM Treasury central reserves. This funding is required as the organisation was not set up to cover all the required overhead costs, and so does not currently achieve full cost recovery.
- 9.9 This HM Treasury investment has been used for a broad range of spending needs, including overhead costs, staff costs including changes to Civil Service guidance on pensions, and Learning and Development.
- 9.10 In 2019-20, in line with other government bodies, GIAA faced a historic pension issue. GIAA had no opportunity to plan for the £1.2 million additional cost, as the relevant pension changes came into effect after the Agency had agreed its annual fee income with its customers. For 2019-20, HM Treasury agreed budget cover for this unexpected pressure, which was funded from the £2m reserve claim and an additional £1.5m budget cover from HMT core.

- 9.11 It should be noted that the level of supplementary HM Treasury funding needed has decreased incrementally each year as GIAA move towards full cost recovery for its direct services. A number of projects are successfully underway to raise additional revenue, for example GIAA has reviewed its charging model for audit and counter fraud work.
- 9.12 The review endorses GIAA's exploration into moving to a service-based model rather than a model based on the number of audit engagements delivered which fails to recognise the wider service such as advice to accounting officers and audit and risk assurance committees and encourages a focus on the number of outputs rather than the value added.
- 9.13 The review seeks to support and encourage GIAA in these endeavours and recommends that GIAA continue to seek to achieve full cost recovery for its direct services and keep HM Treasury updated.
- 9.14 A plan should be agreed between HM Treasury and GIAA to show how full cost recovery for direct services will be achieved, and by which year. HM Treasury Finance Team believed GIAA were aiming for cost recovery of 95% by 2021, with HM Treasury funding the remaining 5% gap.
- 9.15 It also recommends that a ring-fenced level of central investment from HM Treasury is continued to fund development and support GIAA as they seek to develop their role in addressing risk across government. A plan should be agreed on how the money will be spent, and benefits tracked. The funding should be subject to review based on inputs and outcomes.

Location

- 9.16 Spread across 57 UK locations, GIAA is one of the most geographically diverse and expansive organisations in government. This supports the 2020 'levelling up' agenda and the 2018 Places for Growth programme, which aim to address the regional imbalance of public sector roles throughout the UK and boost local economic growth.
- 9.17 For this reason, the review recommended no changes to the location of GIAA, acknowledging the need for GIAA to retain a

presence in central London at their headquarters in 10 Victoria Street.

- 9.18 The review agreed that in order to maintain strong working relationships, GIAA must retain a presence close to their customers, and that further geographic dispersion of GIAA could take place as and when government departments continue to move outside of central London in line with the programmes mentioned.

Recommendations

12. GIAA should make wider use of their workforce by commissioning staff to work across different departments rather than remaining assigned to a single legacy department. This is in line with stages 4 and 5 of [Cross Government Insight & Assurance: Spectrum and Steps for the GIAA](#) which involves 'significant change to mechanisms for allocation of staff, crossing departmental boundaries and increasing use of specialisms.'
13. GIAA should continue to seek to achieve full cost recovery for its direct services and keep HM Treasury updated on its progress, potentially through reviewing its charging model. A plan should be agreed between HM Treasury and GIAA to set out how this will be achieved, and by which year.
14. Clarification is needed over the future of the residual central funding, which to date has been paid to GIAA annually from the reserves. The Tailored Review recommends this investment is continued on a ring-fenced basis for development, with the requirement that GIAA and HM Treasury agree a plan on how the money is being spent and benefits tracked. The funding should be subject to review based on inputs and outcomes.
15. The Tailored Review supports GIAA as it seeks to change to a service-based funding model, rather than being dependent on the delivery of a set number of audits, provided this doesn't result in a shortfall in operational income.

Chapter 10

Other considerations

Devolution

10. It is stated in GIAA's Corporate Plan 2017-18¹ GIAA work closely with the heads of internal audit Scotland, Wales and Northern Ireland, to lead the profession across the whole of the UK and jointly maintain the Public Sector Internal Audit Standards and other functional standards.

10.1 GIAA's customer list includes associated bodies across Scotland, Wales and Northern Ireland including the Youth Justice Board for England and Wales and the Electoral Office of Northern Ireland; as well as the UK Government departments of the Northern Ireland Office; the Office of the Secretary of State for Scotland and the Office of the Secretary of State for Wales.

EU Exit

10.2 GIAA assessed the key areas of potential impact on its services. These impacts were analysed and, where appropriate, mitigating action is being taken including appropriate engagement with HM Treasury.

10.3 GIAA is the Audit Authority for a number of EU structural funds. These functions will cease although the timing will not be known until the UK completes its exit negotiations with the EU. GIAA is working with its customers to wind up the structural funds in the UK.

10.4 GIAA has contributed to cross government preparation for EU Exit by engaging across its teams and other assurance providers beyond the Agency to share insights on likely risks and mitigations. GIAA formed a cross government EU Exit coordination group and produced a publication which was shared with varied senior audiences.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/618678/GIAA_Corporate_Plan-

[2017-18.pdf](#)

Annex A

Terms of Reference



Tailored Review of Government Internal Audit Agency (GIAA) - Terms of Reference

Purpose and Objectives

Good government requires that public bodies are efficient, effective and accountable. That in turn requires us to ensure our public bodies are set up correctly and that good governance processes are in place. In line with Cabinet Office guidance¹, the Treasury is carrying out reviews of its arm's-length bodies and associated enterprises.

These tailored reviews aim to review the organisations':

- Capacity for delivering more effectively and efficiently, including considering its form and function, identifying the potential for efficiency savings, and where appropriate its ability to contribute to economic growth.
- Control and governance arrangements to ensure that the organisation and its sponsor department are complying with recognised principles of good corporate governance

About GIAA

GIAA is an executive agency of HM Treasury. It was set up in April 2015 to improve the quality of internal audit provided to central government. In the first few years, GIAA focused on creating a "single audit practice". It now provides internal audit services to three-quarters of central government and has an award-winning counter fraud and investigation (CF&I) service.

¹ [Tailored Reviews: Guidance on Reviews of Public Bodies, Cabinet Office, May 2019](#)

Building on this, it is embarking on a new phase to take GIAA to the next level, becoming more than the sum of its parts to provide better insights and achieve better outcomes for government.

Scope

- Objectives of the organisation- set out the objectives of the organisation, how these fit within departmental and wider government objectives and link them to the functions of the organisation.
- Functions of the organisation- set out the functions of the organisation and why these are necessary and whether they are being delivered efficiently, effectively and are providing value to the public sector.
- Delivery options- review whether the current delivery model is the most appropriate to deliver the functions of the organisation and to explore the possibility of relocation of the organisation².
- Efficiencies- consider whether, how and where efficiencies can be made, whilst maintaining a proportionate approach.
- Devolution- consider the extent to which the organisation's functions are directly or indirectly delivered in a devolved context.
- The UK leaving the EU- consider the extent to which organisation's functions are delivered in an environment currently directly affected by EU regulations or processes.
- Principles of Good Corporate Governance- review the governance arrangements that are in place against the code of good practice and whether they are being followed in practice.
- Partnerships Code of Good Practice – consider the effectiveness of the relationship between GIAA and the Treasury and whether it is consistent with the principles set out in the Partnerships Code of Good Practice
- Transparency – whether GIAA operates in an open and transparent manner showing clear accountability for its resources and performance.

Process

The review will be headed by Charles Roxburgh, who will be supported by officials from the Corporate Governance team in the Permanent Secretary's Office in the Treasury. Following a desk top exercise, it will seek to obtain views from key stakeholders and interested parties, including, but not limited to, GIAA itself, the sponsor team, Treasury Finance and TLA.

A senior reporting officer (SRO) will be nominated by GIAA in addition to a point of contact who will be available to answer questions and coordinate responses from the organisation.

² Specifically, the review will consider, in conjunction with the Places for Growth Programme, the relocation of any GIAA non-core staff in London and/or alternative locations.

The Review will provide a conclusion and recommendations in the form of a written report. This report will be agreed by the Accounting Officers for GIAA and the policy area in HM Treasury, and then submitted to the Exchequer Secretary to the Treasury, as departmental minister, and copied to the chair of the Audit Committee.

The Review will consider the identification, specification and measurement of benefits throughout the process, from inception through to the recommendations made, to subsequent implementation and identification of when benefits will be realized.

The Operating Committee (OpCo) will follow up on the implementation and impact of the recommendations in the Review and GIAA will be expected to provide updates in advance of OpCo meetings.

The Review will commence in November 2019 and is expected to report by May 2020.

Annex B

Stakeholders consulted

GIAA has a broad range of stakeholders across government, Whitehall and the UK. In taking a proportionate approach to this review, the review team identified a range of stakeholders to provide a sample representation of views.

GIAA

Elizabeth Honer – Chief Executive Officer

Cameron Robson – Chief Operating Officer

Steve Burnett – NED, Board chair

Paul Boyle – NED, ARAC chair

Chris Westwood – Director and Head of Internal Audit Profession

Linda Costello – Director and Group Chief Internal Auditor DWP

Debbie Moorhouse – Group Chief Internal Auditor DfE

Jane George – Group Chief Internal Auditor MHCLG and European Team

Stephanie Donaldson – Group Chief Internal Auditor, Centre of Government Group

Rose Baker – Head of HR

Neil Green – Counter Fraud and Investigations

HM Treasury

Charles Roxburgh – Second Permanent Secretary

James Bowler – Director General Finance

Vicky Rock – Director Finance

Matt Rowe – Government Financial Reporting

Andrew Robertson – Head of Strategic Finance

Huw Stephens – Informational Workplace Solutions and Treasury Group Shared Services

Customers

Nick Joicey – Director General Finance DWP

Catherine Vaughn – Chief Operating Officer DIT

Iain King – Operational Finance Director DfE

Annex C

Delivery Options Checklist

The Current Form of GIAA (Executive Agency)

GIAA is currently an Executive Agency of HM Treasury. Executive Agencies are clearly designated units of a central government department; administratively distinct but remaining legally part of its department. They are often used to deliver a service to other parts of central government using specialist skills, or to deliver specialist functions separate to the core role of the sponsor department.

The risks associated with this model are the perception of a lack of independence from HM Treasury as it has the capability to directly set policy. Secondly, as GIAA expands it may become unwieldy to operate GIAA as part of a relatively small central department. The review finds that the current model is appropriate and significantly advantageous because it is a known and established delivery model; it is easy to transfer new staff as they remain within the civil service; there are clear lines of accountability, and the costs and risks incurred by moving to a new organizational structure are minimized. GIAA and HM Treasury benefit further from being able to share knowledge, services and financial support, as well as through the sponsor relationship and senior level support of director generals and the Permanent Secretary.

This classification may be reviewed as GIAA expands to incorporate the four outstanding departments, as it might then become unwieldy to operate GIAA as part of a relatively small central department.

Abolish

There is a continued need for central government internal audit because the Public Sector Internal Audit Standards are mandatory for all central government departments, agencies and NDPBs. Managing Public Money is also premised on the view that internal audit will continue to provide assurance to central government and its ALBs.

Bring in house

HM Treasury does not have the required skills, resources, mass or appetite to provide internal audit services for all of GIAA's clients. The basic alternative to GIAA provision is to return to separate provision by each government department. This is not considered realistic given the accepted case for GIAA including the 2013 Review of Financial Management in Government, as well as current customer and sponsor support. The multiple replication of services

is inefficient and less effective as cross government risks cannot be identified and tackled.

Deliver via a Non-Departmental Public Body (NDPB)

NDPDs are separate legal entities that are responsible to Parliament through a sponsoring minister and an Accounting Officer. They provide administrative, commercial, executive or regulatory functions which may be set out in statute and are best delivered at arm's-length. This classification benefits from being perceived as marginally more independent, legislation providing the possibility of adding specific duties if required and maintaining the relationship with a central government department.

The Review chose not to change the classification of GIAA at this time because of the costs and risks of changing operational form; the risk of clients perceiving the move as a shift away from direct civil service provision; the HR risk of moving staff from civil service to public service status, and increased pressure of parliamentary time for legislation.

Deliver via a Non-Ministerial Department (NMD)

An NMD is a government department in its own right but does not have its own minister. It is accountable to Parliament through its sponsoring ministers. An NMD is staffed by civil servants and usually has its own estimates and accounts.

Although the advantages of GIAA becoming an NMD include the perception of this classification as the most independent and staff retaining their civil service status, there are significant costs and risks. It is the view of HM Treasury and supporting Cabinet Office guidance that the need for independence is rarely enough to justify NMD status and this is rarely the best option when setting up new ALBs. GIAA may be vulnerable to criticism that it is avoiding the accountability and transparency it advocates for others.

Parliamentary Body

These are public bodies set up by and usually reporting directly to Parliament, rather than a government department or minister. They often deliver functions or services that are of particular importance to parliament or which require greater distance from ministerial control, such as the NAO. They are often set up with similar structures and powers as other public bodies though their governance processes are usually more focused on political independence and accountability to Parliament.

Parliamentary bodies are completely independent of the Executive, which could aid clients' perception of GIAA as separate from HM Treasury, and could allow greater oversight by parliament of the Executive. The Review discounted this option because of the risks associated with losing the 'internal' executive function selling point; the loss of civil service status; the lack of Parliament time for legislation, and the costs of changing the organizational form.

Public Corporation

Public corporations are defined as government-controlled market bodies and can be controlled by either central or local government. They are market bodies that derive over 50% of their income from the sale of goods and services. They have substantial day-to-day operating independence so they should be seen as institutional units separate from their sponsor departments.

Although a company model could yield substantial day-to-day financial and operational independence, the review omitted this option because of the disadvantages of moving away from direct public sector provision of audit services, loss of civil service status, weak accountability arrangements and incomplete central guidance, the need for significant legal support and the costs and risks of changing organizational form.

Transfer to commercial venture

Internal audit services could alternatively be provided by the market, by purchasing services centrally or by each department covering some or all of GIAA's work. This option is discounted because of the desire for government internal audit to be provided by government for government. GIAA is able to provide a unique service to its customers as a public body, but also harnesses the ability of the private sector through its commercial arrangement.

Less formal structure

The scale and importance of GIAA's operations as the internal audit provider for 14 government departments, 119 associated government bodies and 40 counter fraud customers are too vast to consider delivery through a less formal committee structure. Such a structure would not have the skills, resources or capability to deliver robust, comprehensive and timely assurance.

Transfer to local government

Although GIAA does benefit from working closely with local government across 57 locations, it is essential that it continues to be an organisation with national scope and vision going forward. Through its diverse spread of customers and expertise, GIAA is able to identify and tackle cross government risks whilst retaining close access to central Whitehall departments through its Westminster headquarters.

Merge with another body

The Review did not identify any suitable body to absorb GIAA's vast scale of functions and diverse range of customers. Although the Counter Fraud & Investigations function could be combined with existing services in Cabinet Office, being part of GIAA enables CF&I to offer a truly cross government perspective on the threats organisations face and provide tailored support to organisations.

Annex D

Corporate Governance Checklist

The Tailored Review assessed GIAA against the [Corporate Governance in Central Government Departments: Code of Good Practice 2017](https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017)¹.

¹ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

Code ref.	Subject	Complied	Evidence
Parliamentary Accountability			
Principles			
1.1	The minister in charge of the department is responsible and answerable to Parliament for the exercise of the powers on which the administration of that department depends. He or she has a duty to Parliament to account, and to be held to account, for all the policies, decisions and actions of the department, including its ALBs.	Not applicable	
1.2	The departmental accounting officer is personally responsible and accountable to Parliament for the organisation and quality of management in the department, including its use of public money and the stewardship of its assets.	Yes	Elizabeth Honer (CEO) is Accounting Officer
Supporting provisions			
1.3	The lead minister in a department may devolve to his or her junior ministers responsibility for a defined range of departmental work, including parliamentary business.	Not applicable	
1.4	In non-ministerial departments, there should be an agreement as to which minister(s) should answer for the department's affairs in Parliament.	Not applicable	
1.5	Generally speaking, civil servants working for a departmental minister may exercise powers of the minister in charge of the department. Ministers remain accountable to Parliament for decisions made under their powers.	Not applicable	
1.6	The official at the head of the department is normally appointed as its accounting officer. The duties of the post are outlined in chapter 3 of Managing Public Money.	Yes	Elizabeth Honer is appointed AO by HMT (AO letter).
1.7	Parliament grants resources to departments for specified purposes. HM Treasury administers these resources on behalf of Parliament and appoints the accounting officers who are charged with ensuring resources are used as Parliament intends. The accounting officer of a central government department may look to the Cabinet Secretary and the Head of the Civil Service for support in this role.	Yes	Elizabeth Honer is appointed AO by HMT.
1.8	The accounting officer should establish and document a clear allocation of responsibilities amongst officials in the department, but he or she retains overall personal responsibility and accountability to Parliament for: <ul style="list-style-type: none"> • regularity and propriety • prudent and economical administration • avoidance of waste and extravagance 	Yes	Set out in range of documents: Framework Agreement, Annual Report & Accounts and Corporate Plan, as well as in personal objectives of individual directors.

	<ul style="list-style-type: none"> ensuring value for money, judged for the Exchequer as a whole, not just for the department efficient and effective use of available resources the organisation, staffing and management of the department 		
1.9	Accounting officers should routinely scrutinise significant policy proposals or plans to start or vary major projects and then assess whether they measure up to the standards set out in Chapter 3 of Managing Public Money, so that they can identify any discrepancy. The accounting officer should draw any such problems to the attention of the responsible minister to see whether they can be resolved. If the minister decides to continue with a course the accounting officer has advised against (whether or not supported by the collective decision of the board), the accounting officer should ask for a formal written direction to proceed. An accounting officer may not rely on a departmental board minute as an alternative to a formal written direction.	Not applicable	
1.10	The accounting officer should disclose all ministerial directions to the board at the next board meeting and arrange for the existence of any direction to be published, no later than in the governance statement of the next Annual Report and Accounts, unless the matter must be kept confidential. Directions should not be kept confidential from the board.	Not applicable	
1.11	The principal accounting officer, at his or her discretion, may appoint other senior officials in the department as additional accounting officers for certain accounts, requests for resources, or distinct parts of an estimate, and normally appoints the permanent heads of executive agencies and other ALBs as accounting officers for these bodies. The principal accounting officer retains overall responsibility to Parliament for ensuring a high standard of financial management in the departmental family as a whole.	Not applicable	
Role of Board			
Principles			
2.1	Each department should have an effective board, which provides leadership for the department's business, helping it to operate in a business-like manner. The board	Yes	See Board Terms of Reference and Annual Report and Accounts

	should operate collectively, concentrating on advising on strategic and operational issues affecting the department's performance, as well as scrutinising and challenging departmental policies and performance, with a view to the long-term health and success of the department.		
Government Policy			
2.2	The board forms the collective strategic and operational leadership of the department, bringing together its ministerial and civil service leaders with senior non-executives from outside government, helping the department to operate in a business-like manner. The board's role includes appropriate oversight of ALBs.	Yes – as far as applicable to an ALB	See Board Terms of Reference and Annual Report and Accounts
2.3	The board does not decide policy or exercise the powers of the ministers. The department's policy is decided by ministers alone on advice from officials. The board advises on the operational implications and effectiveness of policy proposals. The board will operate according to recognised precepts of good corporate governance in business: <ul style="list-style-type: none"> • Leadership – articulating a clear vision for the department and giving clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk • Effectiveness – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance • Accountability – promoting transparency through clear and fair reporting • Sustainability – taking a long-term view about what the department is trying to achieve and what it is doing to get there 	Yes – as far as applicable to an ALB	See Board Terms of Reference and Annual Report and Accounts
2.4	The board should meet on at least a quarterly basis; however, best practice is that boards should meet more frequently. It advises on five main areas: <ul style="list-style-type: none"> • Strategic Clarity – setting the vision and/or mission and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside 	Yes	See Board Terms of Reference and Annual Report and Accounts. Board meets formally 5 to 6 times/year.

	<p>perspective to ensure that departments are challenged on the outcomes</p> <ul style="list-style-type: none"> • Commercial Sense – approving the distribution of responsibilities; advising on signoff of large operational projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives; setting the department’s risk appetite and ensuring controls are in place to manage risk; evaluation of the board and its members, and succession planning • Talented People – ensuring the department has the capability to deliver and to plan to meet current and future needs • Results Focus – shaping the single departmental plan, including strategic aims and objectives; monitoring and steering performance against plan; scrutinising performance of ALBs; and setting the department’s standards and values • Management Information – ensuring clear, consistent, comparable performance information is used to drive improvements 		
2.5	<p>Some activities may be exercised by committees of the board. As a minimum, this will include committees responsible for audit and risk assurance (the responsibilities of which will include reviewing the comprehensiveness of assurances and integrity of financial statements), and nominations (the responsibilities of which will include ensuring there are satisfactory systems for identifying and developing leadership and high potential, scrutinising the incentive structure and succession planning for the board and the senior leadership of the department). The board should also ensure that governance arrangements are sufficiently scrutinised; this responsibility may be discharged by the board itself or by a board sub-committee (such as the audit and risk assurance committee or a nominations committee).</p>	Yes	<p>Audit & Risk Assurance Committee (ARAC) Nominations & Remuneration Committee (NRC)</p>

Supporting provisions			
2.6	The board supports ministers and senior officials in directing the business of the department in as effective and efficient way as possible, with a view to the long-term health and success of the department.	Yes – as far as applicable to an ALB	
2.7	The board also supports the accounting officer in the discharge of obligations set out in Managing Public Money for the proper conduct of business and maintenance of ethical standards.	Yes	Board is supported in this by the Audit & Risk Assurance Committee
2.8	<p>The board and its members should:</p> <ul style="list-style-type: none"> collectively affirm and document its understanding of the department's purpose and document the board's role and responsibilities in a board operating framework. This document should include a formal schedule of matters reserved for board discussion, i.e. those which should not be delegated to committees. The board operating framework should be reviewed and updated from time to time, and at least every two years act corporately and objectively when discharging its responsibilities act in the public interest in keeping with the Nolan principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Board members should act in accordance with the Code of conduct for board members for public bodies support actions to ensure that officials comply with the Civil Service Code ensure that the department's reporting obligations to the Treasury, Cabinet Office and Parliament are met effectively and efficiently. 	Partially	We are updating our Board Operating Framework to align with and support delivery of the Agency's new strategy. Due to be submitted to our Board for approval in autumn 2019.
2.9	The board's activities should be recorded and communicated as appropriate within the department. Boards may permit certain members of the department to observe all or part of their meetings.	Yes.	Formal minutes of each meeting, and articles by Board members in the Agency's weekly newsletter to communicate messages to whole Agency.
2.10	Board committees should only exercise governance functions and not stray into the executive management of the department which is the role of officials. The	Yes	Terms of Reference for ARAC and NRC. Feedback from ARAC and NRC chairs at Board meetings. ARAC and NRC

	nominations committee and the audit and risk assurance committee should each be chaired by a non-executive board member and have clear terms of reference agreed by the board. The board should ensure that it receives adequate and timely feedback on the work of those committees and is able to consider their decisions formally. A schedule of agreed delegations to committees of the board, and the mechanisms for feedback and assurance, should be documented in the board operating framework.		chairs' annual reports shared with Board.
2.11	The permanent secretary is responsible for the executive management of the department. The permanent secretary should set out annually for the board a structure for discharging this responsibility.	Yes, as far as applicable to ALB	CEO (AO) is responsible for executive management. Structure is set out in Corporate Plan.
2.12	Where board members have concerns, which cannot be resolved, about the running of the department or a proposed action, they should ensure that their concerns are recorded in the minutes. This might occur, for example, in the rare circumstance in which the lead minister, as chair of the board, considers it necessary to depart from the collective view of the board.	Yes, but this situation has not arisen.	
Board composition			
Principles			
3.1	The board should have a balance of skills and experience appropriate to fulfilling its responsibilities. The membership of the board should be balanced, diverse and manageable in size.	Yes	Annual Board effectiveness review and review of individual non-executives.
3.2	The roles and responsibilities of all board members should be defined clearly in the department's board operating framework.	Not currently	We are updating our Board Operating Framework to align with and support delivery of the Agency's new strategy. Due to be submitted to our Board for approval in autumn 2019.
Board composition – Government policy			
3.3	The board should be balanced, with approximately equal numbers of ministers, senior officials and non-executive board members. It should comprise: <ul style="list-style-type: none"> the department's lead minister, who should chair other departmental ministers the permanent secretary the finance director, who should be professionally qualified¹ other senior officials at least four non-executive board members, the majority of whom 	Yes, as far as applicable to ALB (no ministers on the board)	Board Terms of Reference. We have three non-executives, considered proportionate to size of Agency.

	<p>should be senior people from the commercial private sector, with experience of managing complex organisations. Non-executive board members should be appointed in accordance with the relevant sections of the guidance.</p>		
3.4	<p>The chair of the board, who will normally be the lead minister, will maintain a high standard of discussion and debate, helping to steer the department by facilitating collective working and ensuring that systems are in place to provide board members with the support they need to carry out their role effectively.</p>	Yes	<p>Chair of the board is a non-executive. Annual Board effectiveness review.</p>
3.5	<p>Non-executive board members will exercise their role through influence and advice, supporting as well as challenging the executive, and covering such issues as:</p> <ul style="list-style-type: none"> • support, guidance and challenge on the progress and implementation of the single departmental plan • performance (including agreeing key performance indicators), operational issues (including the operational and delivery implications of policy proposals), adherence to relevant standards (e.g. commercial, digital), and on the effective management of the department • the recruitment, appraisal and suitable succession planning of senior executives, as • appropriate within the principles set out by the Civil Service Commission. 	Yes	<p>Board Terms of Reference. Annual reviews of non-executives. Non-executives support recruitment (e.g. Operational Director).</p>
3.6	<p>Non-executive board members will also take an active role in:</p> <ul style="list-style-type: none"> • forming an audit and risk assurance committee • forming a nominations committee • meeting other non-executive board members across government and the Government Lead Non-Executive from time to time to share best practice and to ensure departments learn from the successes and failures of comparable organisations • reporting their views in their own section of the department's annual report • feeding their views back to the Prime Minister and the Government 	Yes, as far as applicable to ALB	<p>ARAC and NRC each chaired by a non-executive. Each chair produces an annual report, which feeds into the Annual Report.</p>

	Lead Non-Executive, through the network of lead non-executive board members.		
3.7	<p>In each department, one of the non-executive board members should be designated as the lead non-executive board member. This person should:</p> <ul style="list-style-type: none"> • support the lead minister as chair of the board • meet the other non-executive board members regularly, ensuring that their views are given due weight on the board and the lead minister is aware of any concerns • ensure that the non-executive board members collectively meet the lead minister alone from time to time • liaise with the Government Lead Non-Executive (see paragraph 3.9 below) • play an active role in the cross-government network of lead non-executive board members. 	Yes, as far as applicable to ALB	Non-executive is chair of the board (no ministerial involvement) and regularly meets the other non-executives and attends relevant events.
3.8	If the non-executive board members believe that the permanent secretary is a barrier to effective delivery, in extreme cases they can recommend that the Prime Minister, lead minister and Cabinet Secretary and Head of the Civil Service, should remove him or her from post.	Not applicable	
3.9	<p>The Government Lead Non-Executive, appointed by the Prime Minister, should:</p> <ul style="list-style-type: none"> • meet departmental lead non-executive board members, individually and as a collective, regularly • report to Parliament through an annual report to the Public Administration and Constitutional Affairs Committee. This report will include the key concerns of the non-executive board member community and provide feedback on policy implementation. It will also collate examples of best practice in the work of boards and non-executive board members. The report will also be provided to the Prime Minister; Secretaries of State; Cabinet Secretary and Head of the Civil Service; and Chief Executive of the Civil Service • act as a non-executive board member of the Cabinet Office board. 	Not applicable	

Supporting provisions			
3.10	The board should provide collective strategic and operational leadership to the departmental family, helping it to operate in a business-like manner.	Not applicable (to ALB)	
3.11	The board should include people with a mix and balance of skills and understanding to match and complement the department's business and its strategic aims, typically including: <ul style="list-style-type: none"> • leadership • management of change in complex organisations • process and operational delivery • knowledge of the department's business and policy areas • corporate functions, such as finance, human resources, digital, commercial and project delivery. 	Yes	Annual board effectiveness review.
3.12	The mix and balance of skills and understanding should be reviewed periodically, at least annually as part of the board effectiveness evaluation (see paragraph 4.12 below), to ensure they remain appropriate for the department's board.	Yes	Annual board effectiveness review.
3.13	The search for board candidates should be conducted, and appointments made, on merit, with due regard for the benefits of diversity on the board, including gender, on which the Government has an aspiration that half of all new appointees made to public bodies are women. This includes non-executive appointments to departmental boards. However, this is not just about gender; diversity is about encouraging applications from candidates with the widest range of backgrounds.	Yes	Our non-executive appointments are not regulated by OCPA but we follow the spirit of the guidance (Office of the Commissioner for Public Appointments). Executive appointments made by CEO / HMT as sponsor (see Framework Agreement).
3.14	The lead minister, taking into account the views of the board, should decide whether the next most senior minister or the lead non-executive board member should chair the board in his or her absence.	Not applicable	Board Terms of Reference set out arrangements for absence of chair.
3.15	The board should agree and document in its board operating framework a de minimis threshold and mechanism for board advice on the operation and delivery of policy proposals.	Not currently	We are updating our Board Operating Framework to align with and support delivery of the Agency's new strategy. Due to be submitted to our Board for approval in autumn 2019.
3.16	The board should be informed of government-wide policies and initiatives and challenge officials on the department's compliance.	Yes	Board minutes.

3.17	Non-executive board members should provide advice, support and informal ongoing feedback to the department's permanent secretary and other civil service board members.	Yes	Non-executives meet regularly with CEO and other executive directors.
3.18	In consultation with the chair and the department's lead non-executive board member, non-executive board members may take the lead on some of the board's activities. These should be set out in the board operating framework.	Not currently	We are updating our Board Operating Framework to align with and support delivery of the Agency's new strategy. Due to be submitted to our Board for approval in autumn 2019.
3.19	In consultation with the permanent secretary and the lead non-executive board member, the chair may appoint board members who are senior officials or other board members from any of the department's ALBs. Such appointments would be part of the board structure set out in 3.3 and subject to the same selection criteria applied to other board members who are officials or non-executive board members.	Not applicable.	

Board effectiveness

Principles

4.1	<p>The board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including:</p> <ul style="list-style-type: none"> • formal procedures for the appointment of new board members, tenure and succession planning for both board members and senior officials • allowing sufficient time for the board to discharge its collective responsibilities effectively • induction on joining the board, supplemented by regular updates to keep board members' skills and knowledge up-to-date • timely provision of information in a form and of a quality that enables the board to discharge its duties effectively • a mechanism for learning from past successes and failures within the departmental family and relevant external organisations • a formal and rigorous annual evaluation of the board's performance and that of its committees, and of individual board members 	Yes	Framework Agreement; Board Forward Look; annual effectiveness reviews of board and sub-committees; Board secretariat in the Governance Team.
-----	---	-----	--

	<ul style="list-style-type: none"> a dedicated secretariat with appropriate skills and experience. 		
Supporting provisions			
4.2	An effective board requires the effective discharge of the chair's responsibilities. The lead non-executive board member will support the chair to help him or her carry out the role effectively, particularly given the competing demands on the chair's time.	Not applicable	
4.3	All boards should have a nominations committee, which will advise the board on key elements of effectiveness, including ensuring there are satisfactory systems for identifying and developing leadership and high potential, scrutinising the incentive structure and succession planning for the board and the senior leadership of the department.	Yes	NRC (Terms of Reference).
4.4	The nominations committee will be advisory; it will advise on whether the department's systems (e.g. for rewarding senior executives) are effective in helping the department achieve its goals. It will not have a role in deciding individual cases (for example the level of reward of a particular senior executive). These functions will continue to be carried out by the executive; under the scrutiny of the nominations committee.	Yes	NRC (Terms of Reference).
4.5	The terms of reference for the nominations committee will include at least the following three central elements: <ul style="list-style-type: none"> scrutinising systems for identifying and developing leadership and high potential scrutinising plans for orderly succession of appointments to the board and of senior management, in order to maintain an appropriate balance of skills and experience scrutinising incentives and rewards for executive board members and senior officials, and advising on the extent to which these arrangements are effective at improving performance. 	Yes	NRC Terms of Reference
4.6	The attendance record of individual board members should be disclosed in the governance statement and cover meetings of the board and its committees held in the period to which the resource accounts relate.	Yes	Annual Report and Accounts.
4.7	The permanent secretary should support the chair to ensure that board members	Yes	Regular meetings between CEO and board members; briefing

	<p>have the skills, knowledge and familiarity with the department required to fulfil their role on the board and its committees. Through the board secretariat, the department should provide the necessary resources for developing and updating the knowledge and capabilities of board members, including access to its operations and staff.</p>		<p>sessions for board members in between formal meetings; specific training for individuals, subject to need.</p>
4.8	<p>Board members' time is a finite resource. The permanent secretary should support the chair, through the board secretary, to ensure that board members receive accurate, timely and clear information. Board information should be concise and fit for purpose, setting out comprehensive, relevant evidence, and avoiding duplication of data collection efforts. It should cover the main areas of the board's activities (set out in 2.4 above), along with background on the department's policy portfolio.</p>	Yes	<p>Board papers. Board directly involved in developing Strategy and Corporate Plan.</p>
4.9	<p>Wherever possible, the information presented to the board should enable comparison with other departments or relevant organisations.</p>	Partially	<p>This is not done on a regular basis. We have done comparisons for specific pieces of work e.g. funding models of similar organisations presented to Board.</p>
4.10	<p>Where necessary, board members should seek clarification or amplification on board issues or board papers through the board secretary. The board secretary will consider how officials can best support the work of board members; this may include providing board members with direct access to officials where appropriate.</p>	Yes	<p>Pre-brief with board chair before each meeting, and regular contact between board members and board secretary. Meetings arranged with relevant colleagues as needed.</p>
4.11	<p>An effective board secretary is essential for an effective board. Under the direction of the permanent secretary, the board secretary's responsibilities should include:</p> <ul style="list-style-type: none"> • developing and agreeing the agenda for board meetings with the chair and lead non-executive board member, ensuring all relevant items are brought to the board's attention • ensuring good information flows within the board and its committees and between senior management and non-executive board members, including: <ul style="list-style-type: none"> ○ challenging and ensuring the quality of board papers and board information ○ ensuring board papers are received by board members according to a timetable agreed by the board 	Yes	<p>Board secretariat function sits within the Agency's Governance Team.</p>

	<ul style="list-style-type: none"> ○ providing advice and support on governance matters and helping to implement improvements in the governance structure and arrangements ● ensuring the board follows due process ● providing assurance to the board that the department: <ul style="list-style-type: none"> ○ complies with government policy, as set out in the code ○ adheres to the code's principles and supporting provisions on a comply or explain basis (which should form part of the report accompanying the resource accounts) ○ acting as the focal point for interaction between non-executive board members and the department, including arranging detailed briefing for nonexecutive board members and meetings between non-executive board members and officials, as requested or appropriate ○ recording board decisions accurately and ensuring action points are followed up ○ arranging induction and professional development of board members (including ministers). 		
4.12	The lead non-executive board member should support the chair to ensure a board effectiveness evaluation is carried out annually, and with independent input at least once every three years.	Yes	Annual board effectiveness review.
4.13	The lead non-executive board member should ensure the chair acts on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, recommending new members be sought for the board (subject to the open appointments process) or seeking the resignation of board members.	Yes	Actions tracked through Board. Chair follows up with individual board members.
4.14	Evaluations of the performance of individual board members should show whether each continues to contribute effectively and corporately and demonstrates commitment to the role	Yes	Annual reviews of non-executives done by Chair (and by HMT for the Chair). Executive directors' appraisals are done annually by line

	(including commitment of time for board and committee meetings and other duties).		managers and summary reviewed by NRC.
4.15	All potential conflicts of interest for non-executive board members should be considered on a case by case basis. Where necessary, measures should be put in place to manage or resolve potential conflicts. The board should agree and document an appropriate system to record and manage conflicts and potential conflicts of interest of board members. The board should publish, in its governance statement, all relevant interests of individual board members and how any identified conflicts, and potential conflicts, of interest of board members have been managed.	Yes	Annual declaration of conflicts of interest.
Risk management			
Principles			
5.1	The board should ensure that there are effective arrangements for governance, risk management and internal control for the whole departmental family. Advice about and scrutiny of key risks is a matter for the board, not a committee. The board should be supported by: <ul style="list-style-type: none"> • an audit and risk assurance committee, chaired by a suitably experienced nonexecutive board member • an internal audit service operating to Public Sector Internal Audit Standards • sponsor teams of the department's key ALBs. 	Yes	ARAC supports Board. GIAA Head of Internal Audit supports ARAC chair. Board conducts regular risk deep dives and reviews Agency's strategic risk register.
5.2	The board should take the lead on, and oversee the preparation of, the department's governance statement for publication with its resource accounts each year.	Yes	Delegated to ARAC but Board is sighted.
Government policy			
5.3	The board's regular agenda should include scrutinising and advising on risk management.	Yes	Performance and risk is discussed at each board meeting. Regular risk deep dives.
5.4	The key responsibilities of non-executive board members include forming an audit and risk assurance committee.	Yes	ARAC chaired by non-executive.
Supporting provisions			
5.5	The head of internal audit should periodically be invited to attend board meetings, where key issues are discussed relating to governance, risk management processes or controls across the department and its ALBs.	Partially	HIA received board papers and has open invitation to attend board meetings although has not attended in 2018-19.

5.6	<p>The board should assure itself of the effectiveness of the department's risk management system and procedures and its internal controls. The board should give a clear steer on the desired risk appetite for the department and ensure that:</p> <ul style="list-style-type: none"> • there is a proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently • there is clear accountability for managing risks • departmental officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently. 	Yes	Board signs off the Agency's risk management policy and risk appetite.
5.7	The board should also ensure that the department's ALBs have appropriate and effective risk management processes through the department's sponsor teams.	Not applicable.	
5.8	The board should ensure an ALB makes effective arrangements for internal audit. It is good practice to work with a group or shared internal audit provision, for example covering a department and its ALBs. In any case, the board should ensure it provides for internal audit access to its ALBs.	Not applicable.	
5.9	The board and accounting officer should be supported by an audit and risk assurance committee, comprising at least three members. The chair of the committee should be a non-executive board member of the board with relevant experience. There should be at least one other non-executive board member of the board on the committee; the committee may also choose to seek further non-executive membership from non-members of the board in order to ensure an appropriate level of skills and experience. At least one, but preferably more, of these committee members should have recent and relevant financial experience.	Yes	ARAC chaired by non-executive and two other non-executives are members.
5.10	Advising on key risks is a role for the board. The audit and risk assurance committee should support the board in this role.	Yes	Board and ARAC Terms of Reference.
5.11	An audit and risk assurance committee should not have any executive responsibilities or be charged with making or endorsing any decisions. It should take care to maintain its independence. The audit and risk assurance committee should be established and function in accordance with the Audit and risk assurance committee handbook.	Yes	ARAC Terms of Reference.

5.12	The board should ensure that there is adequate support for the audit and risk assurance committee, including a secretariat function.	Yes	Board and ARAC share secretariat.
5.13	The annual governance statement (which includes areas formerly covered by the statement on internal control) is published with the resource accounts each year. In preparing it, the board should assess the risks facing the department and ensure that the department's risk management and internal control systems are effective. The audit and risk assurance committee should normally lead this assessment for the board.	Yes	ARAC leads this for the Board.
5.14	The terms of reference of the audit and risk assurance committee, including its role and the authority delegated to it by the board, should be made available publicly. The department should report annually on the work of the committee in discharging those responsibilities.	Yes	ARAC TOR on gov.uk
5.15	All boards should ensure the scrutiny of governance arrangements, whether at the board or at one of its subcommittees (such as the audit and risk assurance committee or a nominations committee). This will include advising on, and scrutinising the department's implementation of, corporate governance policy.	Not currently.	Board to consider updated Board Operating Framework in autumn 2019.
Arm's length bodies			
Principles			
6.1	Where part of the business of the department is conducted with and through arm's length bodies (ALBs), the department's board should ensure that there are robust governance arrangements with each ALB board.	Not applicable	Agency is an ALB. HMT sponsor sits on our Board.
6.2	These arrangements should set out the terms of their relationship in accordance with the principles and standards set out in Partnerships between departments and arm's length bodies: code of good practice, and explain how they will be put in place to set clear objectives and promote high performance. Appropriate arrangements should also be put in place to safeguard regularity and propriety.	Not applicable	
Government policy			
6.3	The regular agenda of the departmental board should include scrutiny of the performance of the department's ALBs, as part of general performance management against the department's single departmental plan.	Not applicable	
Supporting Provisions			

6.4	ALBs are publicly accountable, whether funded directly from Parliament, a central government department, or through a government sponsored commercial structure that enables the body to generate its own revenue. Therefore, ALBs are accountable to their host department for performance and the use of their resources (as set out in paragraph 1.8 above), within the established arm's length relationship as set out in the framework document.	Yes	Framework Agreement
6.5	Each central government department is accountable to Parliament, through the minister responsible for the department as set out in Chapter 1. This accountability includes the performance of the department's ALBs.	Not applicable	
6.6	The board should ensure that the department has a written agreement (in accordance with Chapter 7 of Managing Public Money and the principles set out in Partnerships between departments and arm's length bodies: code of good practice) with each of its ALBs, which defines clearly how the relationship should work.	Yes	Framework Agreement (updated 2018) on gov.uk/giaa
6.7	Each departmental agreement with an ALB should be drawn up to reflect the: <ul style="list-style-type: none"> • purpose and responsibilities of the ALB • legal framework (if any) of the ALB • environment in which it operates (e.g. commercial, judicial, advisory) • partnership model adopted between the ALB and the department. 	Yes	Framework Agreement (updated 2018) on gov.uk/giaa
6.8	The written agreement should be reviewed and updated periodically. Certain events may trigger such a review, such as the appointment of a new chair or chief executive officer in an ALB, changes of senior personnel in the sponsor team in the host department or a significant change in government policy relating to the ALB's business. Written agreements should be reviewed formally every three to five years.	Yes	Last updated 2018.
6.9	The agreement should include clear information about: <ul style="list-style-type: none"> • the shared aims and mutual responsibilities, including a management framework and agreed tolerances for meeting performance targets, and actions to be taken • where these are not achieved the arrangements for reporting and 	Yes	Framework Agreement.

	<p>consultation in order to ensure that the departmental board receives information enabling it to monitor the areas specified in paragraph 2.4 above</p> <ul style="list-style-type: none"> • the mechanisms to provide the department with assurance on information provided by ALBs on their performance • the roles and responsibilities of both the department and ALB, along with expectations of support from the other party • the process for making board and senior management appointments in the ALB. 		
6.10	Departments may want the agreement to specify reporting relationships along professional lines, in addition to that of the department's accounting officer and the ALB's accounting officer. In particular, the relationship between the departmental finance director and the ALB's finance director should be specified, to support the relationship between accounting officers.	Yes	Framework Agreement. But no explicit reference to departmental and ALB finance director.
6.11	Guidance on the framework documents between departments and ALBs is included in Chapter 7 of Managing Public Money.	Noted.	
6.12	Departments should ensure that their relationship with their ALB partners is in accordance with the principles set out in Partnerships between departments and arm's length bodies: code of good practice. Where appropriate, departments may also choose to adopt a variety of supplementary arrangements to manage these relationships. For example, senior members of ALBs may be members or observers of departmental boards in their capacity as stakeholders; similarly, departmental board members may be members of the boards of ALBs.	Yes.	Agency has good working relationship with its sponsor, HMT. HMT senior sponsor is board member.
6.13	The department's relationship with ALBs should reflect the board's assessment of each ALB's ability to manage its risks, including those relating to delivery and financial management, and its performance. The aim should be to ensure that the department's monitoring, and support, is proportionate to the size and type of its ALBs and concentrated on those with the most significant risks.	Not applicable	For HMT, as sponsor, to consider.
6.14	The department should report annually on the arrangements it has in place for promoting sound working partnerships with its ALBs, which should include an	For HMT	Tailored Review 2019 will assess governance arrangements between HMT and the Agency.

	assessment against the principles and standards of Partnerships between departments and arm's length bodies: code of good practice. Periodically, there should be an external review of the governance arrangements between the department and its ALBs, which may be incorporated within other external reviews whether commissioned by the department or the centre of government.		
6.15	<p>The department should periodically review the effectiveness of its portfolio of ALBs and whether or not they are:</p> <ul style="list-style-type: none"> • delivering in line with departmental single departmental plans • effective and provide value-for-money • the most appropriate mechanism for implementing policy objectives • well governed and accountable for what they do 	For HMT	

Annex E

GIAA governance structure 2019/20

Table 1 shows the organizational structure of GIAA:

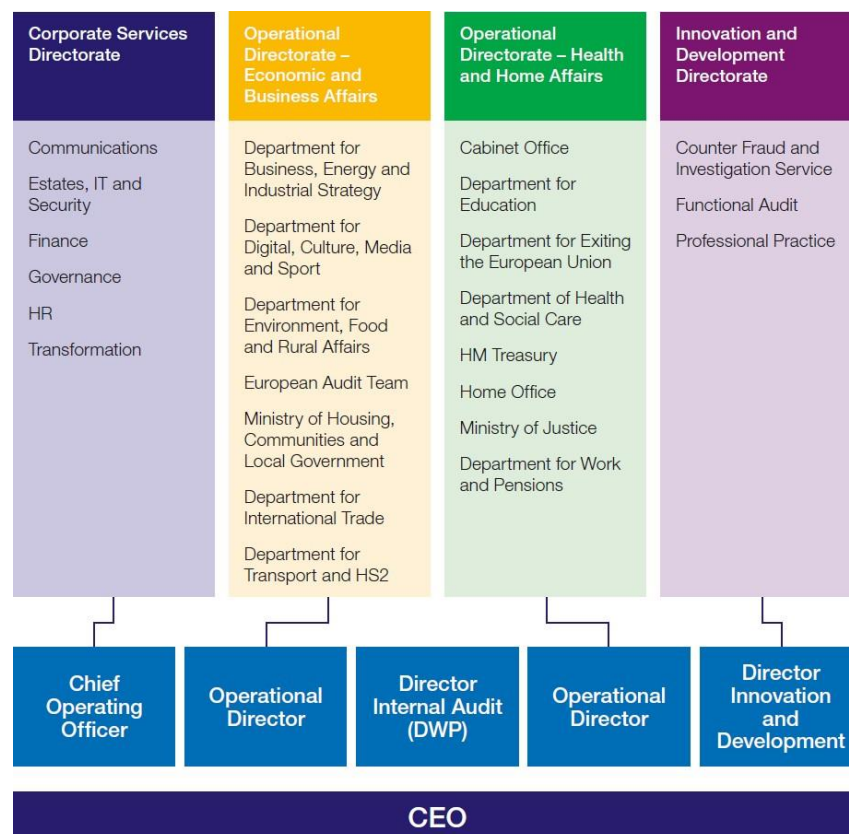
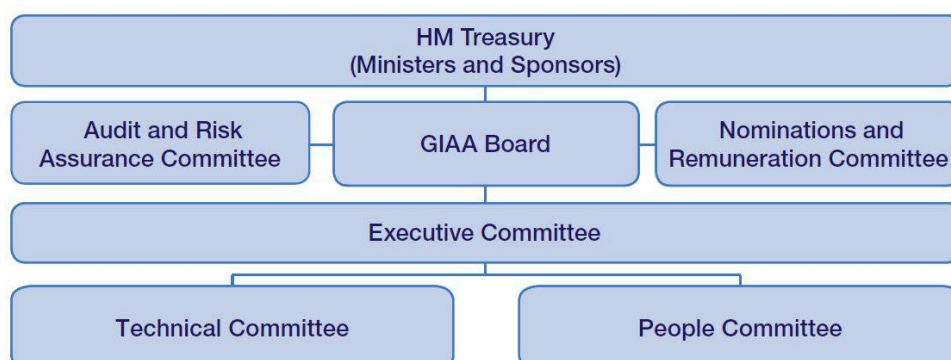


Table 2 shows the relationship between GIAA and HM Treasury, including the arrangements for accountability, financing, staffing and operation of the Agency:



Annex F

GIAA diversity data

GIAA Diversity Summary

		Benchmarks			GIAA Diversity data								
		Economically Active Population ONS 2019	Civil Service average Aug 2019	UK Internal Audit 2016	Apr 2015	Mar 2016	June 2016	Sept 2016	Mar 2017	Sept 2017	Apr 2018	Sept 2018	Dec 2019
Female	SCS	-	41%	-	0%	0%	17%	17%	20%	23%	23%	28%	47%
	All staff	50%	49.1%	44%	47%	50%	46%	46%	46%	47%	47%	47%	50%
BAME staff	SCS	-	4%	-	0%	0%	0%	0%	0%	0%	0%	5%	12%
	All staff	12.6%	12.7%	12%	12%	8%	8%	10%	9%	10%	10%	11%	15%
Disability	SCS	-	3%	-	0%	0%	0%	0%	0%	0%	0%	6%	18%
	All staff	13.4%	11.8%	7%	8%	6%	5%	6%	6%	6%	6%	6%	12%
Part time	All staff	25%	30%	16%	18%	15%	14%	13%	13%	16%	16%	16%	15%
Age	Under 30	35% (2017)	14.4%	n/a	8%	6%	5%	4%	4%	3%	3%	4%	5%
	30-50	34% (2017)	45.5%	n/a	43%	44%	44%	46%	44%	45%	47%	44%	39.9%
	51 and over	31% (2017)	40.2%	36%	47%	40%	51%	52%	52%	52%	50%	52%	55%
LGBT	All staff	6%	4.9%	2%	4%	5%	4%	4%	3%	3%	3%	2%	4%

Source: GIAA 2020