



Government
Internal Audit
Agency

Annual Report and Accounts

2020-21



Government Internal Audit Agency (GIAA) Annual Report and Accounts 2020-21

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Performance Report



Chief Executive's foreword



As I look back on the past 12 months, I am truly proud of all that we have achieved in this most extraordinary of years. When we started working from home at the end of March 2020 in line with the government's instruction, many of us questioned how we would continue to provide our internal audit and counter fraud services given that much of our work requires personal engagement with the customer and with their information. As you will see in this annual report, we rose to the challenge, delivering for our customers, pulling off more impactful work than ever before, securing high ratings in two critical external assessments and seeing clear evidence that our people are feeling even more engaged.

As the COVID-19 pandemic struck, we focused our attention on three priorities: supporting the wellbeing of our people, supporting our customers, and preparing for the five-yearly External Quality Assessment (EQA) of our professional service. In incredibly challenging personal and professional circumstances, we have delivered on all three. Our regular internal checking-in surveys have told us that, while our people have felt understandably anxious about the impact of the pandemic, they have felt supported by our organisation. Our audit and Counter Fraud and Investigation colleagues have continued to deliver for our customers, pivoting quickly to provide immediate support with their COVID response often in the glare of intense scrutiny from Parliament and the public. We received an excellent EQA result – our licence to operate - which included helpful recommendations to strengthen further the impact of our service.

Having initially paused implementation of our corporate strategy to enable us to focus on our pandemic response, we picked up the momentum again in Summer 2020. We are now bringing to life our mission of “better insights, better outcomes”, having completed over 100 audits relating to the response to COVID-19, produced a number of insight bulletins illustrating good practice across government and delivered our first cross-government insight reports and associated seminars. We have completed experimental work to test how we might harness data analytics, giving us a clear direction for our innovation strategy. Skills and learning passports have been completed for all staff groups, with an associated learning offer. We are working to embed our refreshed diversity and inclusion plan, and we have seen some double digit increases across our people survey scores. These are notable achievements given the difficulties of the past year.

We have continued to strengthen our foundations, as you will see from the Governance Statement, with our own management assurance processes now an exemplar for others. To support us in our governance, we appointed three new Non-Executive Directors who each bring a range of experience from different industries and sectors, along with greater diversity, that has further strengthened the GIAA's Board.

It has been a tough year for all of us, and this impressive performance has not happened by accident. I have seen determination, collaboration, kindness and compassion. I thank all our customers, everyone in the Agency, our non-executive directors and our wider suppliers and

professional partners for the breadth and depth of your contributions. Together, we have truly demonstrated our values: professional, collaborative, trustworthy, principled and respectful.

We always have more to do. Looking to the coming year, we have clear priorities, as set out in our Corporate Plan 2021-22, as we continue to realise our vision. I look forward to working with our customers and other stakeholders, our people and our non-executives as we continue our progress in delivering our mission of “better insights, better outcomes”.

A handwritten signature in black ink, appearing to be 'E. Honer', with a long horizontal stroke extending to the right.

Elizabeth Honer

Chief Executive and

Head of the Government Internal Audit Function

Chair's foreword



Our Chief Executive, Elizabeth Honer, has summed up the challenges heaped on the agency by COVID-19 during the year and rightly praised the tremendous effort by the entire GIAA team to respond with great agility, flexibility and determination to enable us to deliver our plans and promises for the year. On behalf of the whole Board I personally offer my thanks to everyone at GIAA for what has been achieved over the year. Where we were asked to adapt plans, we did so, and where we were asked to roll up our sleeves in response to immediate challenges, we did just that. A stunning response in extraordinary times. I thank also our customers, who have worked with us to ‘help us to help them’ demonstrate effective governance throughout the year. Together we have flexed and delivered, enabling us to complete our agreed programmes of work.

Notwithstanding COVID-19 we always knew that 2020-21 was set to be something of a defining year for us, with the spotlight shining brightly on the two major independent reviews aimed right at the heart of what we do and how we do it. Firstly, the quinquennial ‘Tailored Review’ undertaken by HM Treasury, focused primarily on the fitness for purpose of our governance structure and our progress against our strategic plan, concluded that “the GIAA plays a highly significant role and provides value for money in delivering an important objective”.

Hot on the heels of the Tailored Review came our independent ‘External Quality Assessment’ which forensically scrutinised the effectiveness and robustness of our processes to ensure our customers get the best possible quality of service. Once again, a positive response with the assessors finding that we generally conform with the Public Sector Internal Audit Standards, the highest rating achievable. Independent endorsement of the Agency, together with the helpful suggestions for further development laid down by both reviews also serve as a healthy reminder that there is always more to do.

The Agency is now well established, and demand for our services is growing at pace with regular approaches from government bodies who see the advantage of a whole of government approach to internal audit. The challenge for Elizabeth and her executive team will be to continue to manage the agency’s growth whilst also further developing our offer to customers who have been with us throughout. The strategy of “Better Insights, Better Outcomes” also demands that we continue to deliver cross-government work for the benefit of all, sharing our insight and learning. The call from the centre of government is ever louder, echoing the calls from our customers over recent years, and we hear that call. Our corporate plan for the coming year sets out our ambition in this area and highlights the need to balance the demands of each of our customer departments and the centre of government.

It is important that we actively seek and respond to the views of our customers in everything that we do. With this in mind we welcomed Peter Schofield, DWP Permanent Secretary, to our all Agency Staff Conference in October 2020. He provided us with valuable insight with his reflections on leadership during the pandemic and the value of Internal Audit in supporting him.

Whilst COVID-19 somewhat stymied the Board’s important program of getting out and about to hear first-hand from our customers about their issues and how the agency might help, we were able to have the occasional guest appearance at our board. In particular, we were delighted to

welcome Mark Thurston, CEO of HS2 to a recent GIAA Board meeting. Mark joined us on line to talk about the multitude of challenges he faces in his role and how our own Alan Watt, Head of Internal Audit for HS2, helps him to oversee his strategic risks through the annual audit cycle as he seeks the assurance he needs in his role. The Board were left with a real sense of the importance of, and reliance placed on, the work that our teams do for their customers.

With the increasing profile and spread of the Agency it became clear that we needed to strengthen the Board further by adding new skills and experience to underpin our oversight role. I am delighted that Ady Dike, Isobel Everett and Clare Minchington have joined myself and Paul Boyle as Non-Executive Board Directors. During the year Jo Clift completed her 3-year tenure on the Board. Jo made it her business to work with our teams in the agency, going beyond the usual non-executive call, and left us with our thanks for having made a real difference during her time with the Agency.

Finally, I would also like to thank Cat Little and the team at HM Treasury, our sponsoring department, for the great support they have given us during the year and beyond.

A handwritten signature in black ink that reads "Steve Burnett". The signature is written in a cursive style with a large, stylized 'B'.

Steve Burnett
Chair GIAA Board

2020-21 Statistics



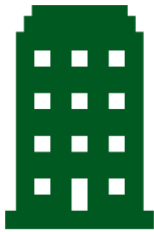
1,336 internal audit engagements delivered to at least draft report stage in-year.



84.2% average customer satisfaction against a target of 70%.



Top rating received in External Quality Assessment



13 Central Government Department customers



130 customer organisations



Delivered **381** investigations and counter fraud activities for **27** customers



4 percentage points increase in our 2020 People Survey engagement score to 60%, compared to 2019-20.



444 full time equivalent people employed across the UK as at end Mar 21.



99% of staff have made diversity declarations: **52%** female, **19%** BAME, **12%** disabled.



50 office locations across the UK – with 100% homeworking in 2020-21



100% correspondence responded to on time



93% of invoices paid within 5 working days against a government target of 90%

Performance Overview

This section will tell you something about who we are, the strategic framework and values we are working to, and the range of services we offer to our customers across government.

About us

The Government Internal Audit Agency (GIAA) was established on 1 April 2015 as an executive agency of Her Majesty's Treasury.

We are now well-established as the provider of internal audit services to over three quarters of central government departments, and we have an award-winning counter fraud and investigation service which operates across the same customer base.

We continue to act as the Audit Authority which provides the European Commission with assurances on the management and payment of grants for several programmes that are funded through the EU's multi-annual financial framework for the years 2014-2020. Following the departure of the United Kingdom from the European Union, this work is expected to conclude in 2024-25.

GIAA is proud to lead the internal audit function and profession across the whole of Central Government. We use our unique perspective to provide cross-cutting insight and thought leadership in respect of issues which are important to individual departments, groups of customers, or government as a whole.

Our strategic framework

Our strategic framework was developed with the enthusiastic involvement of our customers and our people. It provides a comprehensive picture of our purpose and describes our ambition for the future.

Our mission

Our people provide objective insight so that central government can achieve better outcomes and value for money for the public – **better insights, better outcomes.**

Our vision

We have an ambitious vision for the Agency. By 2023 we want to have made a step-change in the value we add for our customers, in the respect that we command, and in the engagement of our people. We will achieve this by maintaining a relentless focus on the five themes of our vision as set out below. Our full vision can be found on www.gov.uk/giaa.

The five themes of our vision are as follows:

-  Demanding on customer impact
-  Unleashing our people's talent and confidence
-  Uncompromising on quality
-  Ambitious on innovation
-  Built on firm foundations

Our strengths

-  By government, for government
-  Unrivalled access
-  Trust and independence
-  Cross-government insights
-  Public service values
-  Responsive to the external context



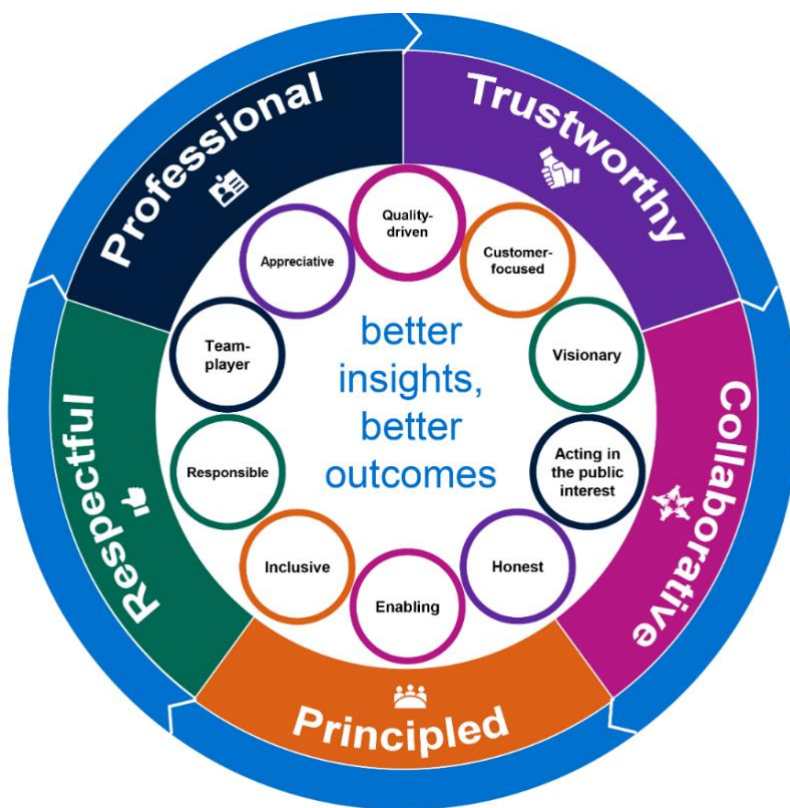
Our Strategy

Our strategy sets out how we will achieve our vision, with our people at the centre of what we do and our customers at the centre of why we do it. The strategy document and supporting Corporate Plan are designed to enhance the Agency's value to government and the public. In light of the changed external environment arising from COVID-19, and its really fundamental impact on society and on our customers, we conducted a light touch review of our strategy in June 2020. We concluded that, whilst the five themes of our vision and strategy remain sound, we should make some adjustments to the detailed priorities and sequencing of activities to really focus our time and resource in the most effective way. We also extended our strategic timeline to 2023 as a result of the pandemic. Our Corporate Plan can be found on www.gov.uk/giaa.

Our values and behaviours

We developed our values, and their underlying behaviours, as part of an extensive exercise involving our people. Our values underpin everything that we do and are visible in all our interactions with customers and colleagues, helping us to provide better insights and achieve better outcomes.

PROFESSIONAL	TRUSTWORTHY	COLLABORATIVE	PRINCIPLED	RESPECTFUL
We take pride from a quality job well done and strive to exceed expectations.	We can be relied upon to act with honesty and integrity, enabling our people to be confident in their abilities and decisions.	We are inclusive and team-focused, exploiting knowledge and skills from across the Agency and beyond	We act in the public interest, role-modelling the best of our behaviours to make a valuable contribution to our colleagues, customers, communities and the wider public.	We treat everyone fairly and as we wish to be treated ourselves, celebrating our diversity and our successes so everyone can give their best.



Our ‘**Values Wheel**’ showing our values, with their underpinning behaviours.



Our mission, vision and values support the wider Civil Service vision of a **skilled, innovative** and **ambitious** Civil Service equipped for the future.

Our services

Internal Audit

Internal audit objectively evaluates an organisation's effectiveness at identifying and managing risk, and its management of governance processes and internal controls. Our internal audit services help our customers manage risk effectively and improve public service delivery.

We provide central government organisations with independent and objective assurance and advice, which is designed to add value, improve operations and achieve better outcomes. We apply a risk-based approach when developing our annual programme of work with our customers, which allows us to be as responsive as possible to changes in their risk environment.

A common misconception is that internal audit is solely concerned with accounts or financial processes. In fact, internal auditors evaluate risks in many other areas such as environmental impact, cybersecurity, health and safety, supply chain failure, and reputation, depending on the customer's needs.

Assurance Services

Our range of assurance services give our customers an independent and objective assessment of their governance, risk management and control arrangements and how to improve them.

These include:

- Risk-based audit – evaluating the effectiveness of risk management processes in the areas under review, in relation to the risk appetite of the organisation.
- Programme assurance – the effectiveness of programme and project management for the delivery of major change.
- Systems audit – the effectiveness of design controls and the extent to which they operate in practice.
- Compliance audit – the extent to which controls already known to be effectively designed operate in practice.

Consulting services

Our consulting services give our customers advice on how to improve their governance, risk management and control arrangements and how to develop them for new areas of work. We can provide consultancy services on a wide range of business areas, but they might typically focus on new systems, or areas undergoing significant change, where there is no system of risk management or control framework to assure.

Specialist services

Our specialist internal audit services are an important part of strengthening our quality and impact. We are broadening the range of our specialist services but, so far, they include:

- Cyber risk
- Digital, data and technology
- Commercial activity
- Project and programme management

Counter Fraud

We provide comprehensive, high quality and cost-effective counter fraud services to help our customers enhance their counter fraud response, aligned to the Government Counter Fraud Framework and associated functional standards.

By offering blended counter fraud and internal audit services under one roof, we can share expertise and continually improve services across the board.

Since its formation in 2016, our award-winning counter fraud service has helped to save taxpayers over £4 million.

Services

- Prevention and deterrence – education and awareness activities, intelligence, insight, and collaborative working across boundaries.
- Investigation – professionally accredited, security cleared investigators delivering at pace and to the same standards as criminal prosecutions.
- Risk assessment – enabling organisations to identify, understand, assess and categorise their fraud risks.
- Intelligence and analysis – understanding the current and emerging ‘fraudscape’ and areas of vulnerability.
- Data and analytics – gathering and using fraud data to identify patterns, trends and anomalies.
- Detection – conducting proactive fraud detection exercises.
- Whistleblowing services.

Audit services for European Union-funded programmes in the UK

On behalf of the UK Government, we provide the European Commission with independent and impartial assurance in respect of several European Union-funded programmes in England. This includes multi-billion pound initiatives such as the European Regional Development Fund, the European Social Fund, Horizon 2020 research initiatives, the Asylum, Migration and Integration Fund, and several farming, fishery and rural development programmes

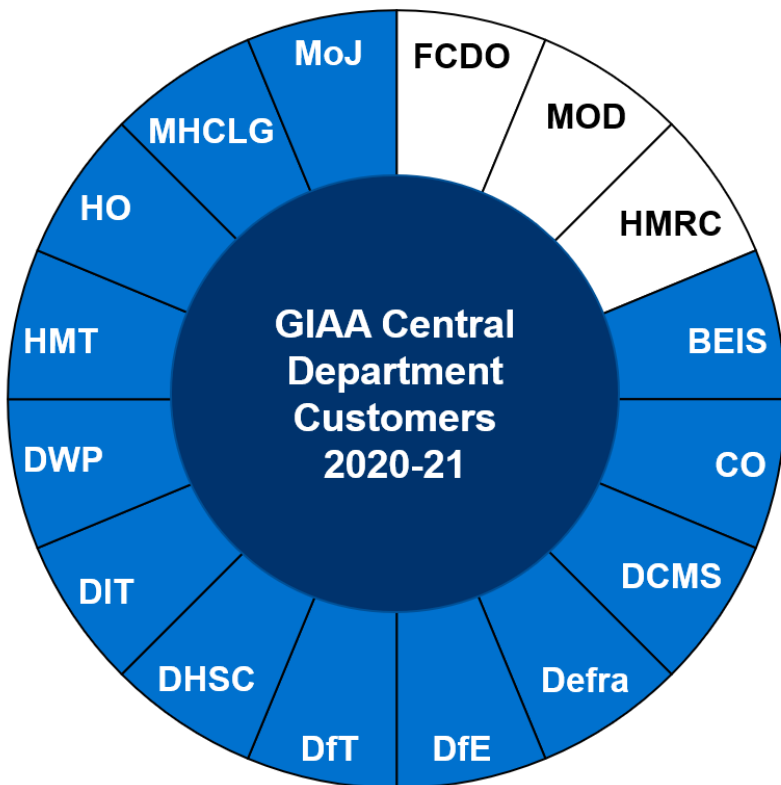
In line with Articles 137 and 138 of the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, we continue to deliver our audit services for programmes funded by the EU’s multiannual financial framework for the years 2014-2020, with an expected conclusion by March 2025.

Our customers

During 2020-21 our customer base included 13 of the 16 Central Government Departments.

We appoint a qualified Senior Civil Servant as Group Chief Internal Auditor (GCIA) for each Department that we provide services for. They provide direct support to Accounting Officers as well as overseeing the services provided to the Department and its Arm’s Length Bodies.

Our GCIA’s form part of our ‘Senior Leadership Team’ which meets regularly to share learning and experiences to help improve our services for customers. For example, towards the end of the year the senior team worked closely together in developing a response to support our customers in dealing with the COVID-19 pandemic. GCIA’s also act as a portal for providing support to customers from our specialist functions mentioned in the ‘Our Services’ section above.



A full list of our internal audit customers can be found at www.gov.uk/giaa.

2020-21 CUSTOMER FEEDBACK

“2020-21 provided lots of challenges and GIAA were flexible in fitting the work around other pressures.”

“Financial health is a core area and everyone in GIAA had a good knowledge of the subject.”

“A lot of flexibility shown where needed.”

“Very capable.”

“The team quickly understood the nature of what we do and the way we work.”

“The GIAA played a blinder this past year”

“The team were very easy to work with; clear, keen to understand and able to quickly take on board information.”

“Prompt, polite, friendly and open”

“I was comfortable with the level of engagement and felt I was given every opportunity to input to the stocktake and highlight the areas that would offer the most insight to the auditor of the work we have undertaken through the project.”

“I’m pleased that time was made available for ongoing discussions throughout the review.”

“The auditor displayed professionalism at all times but was also very approachable which made the experience comfortable rather than daunting.”

“My personal experience was that this was an effective and successful collaboration which gave both parties ample opportunity to ask questions.”

Our role as Head of Government Internal Audit Function and Profession

In addition to her role leading the Agency in providing internal audit and our other services to a wide range of customer organisations, our Chief Executive, Elizabeth Honer, also acts as Head of the Government Internal Audit Function and Profession.

We have a small team that supports our Chief Executive in this role, working to develop the function and further improve the service the function provides across central government. We have a seat, representing the UK Government, on the Internal Audit Standards Advisory Board (IASAB) and we lead the Internal Audit Leadership Group (IALG), a cross-Government Internal Audit forum.

Government Internal Audit Function

The Internal Audit Function is one of several core specialist functions operating across the Civil Service. These functions represent areas of common, cross-departmental activity for which central leadership is required and include many of the government professions. However, the professions include a wider set of expertise including both niche areas (for example, legal and veterinary) and broad areas (for example, policy and operational delivery). We work closely with the Government Finance Function, particularly on people development, with the Head of the Finance Function sitting on the GIAA Board and our Chief Executive being a member of the Finance Function Strategy Board.

Government Internal Audit Profession

Our Operational Director for Economic and Business Affairs, Chris Westwood, has delegated authority from our Chief Executive to act as Head of the Government's Internal Audit Profession, providing leadership on the professional standards expected of internal auditors across Central Government.

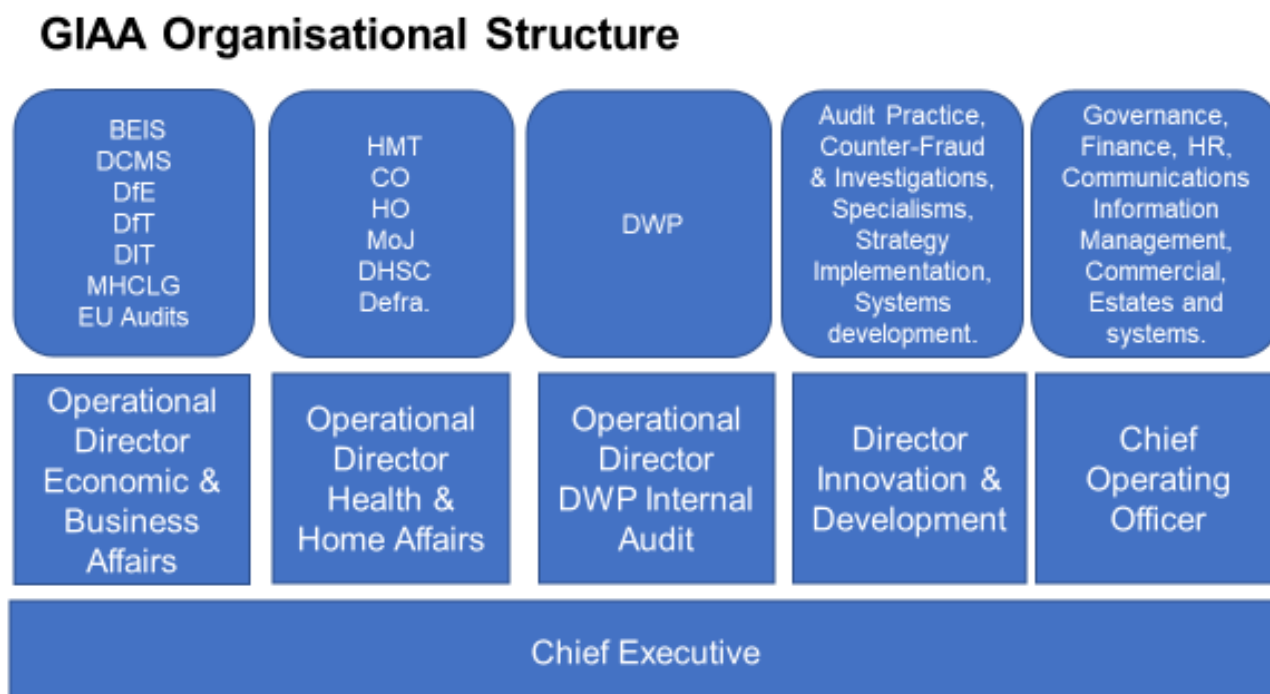
As part of his role, the Head of Profession maintains close links with external professional standard setters; the Chartered Institute for Public Finance and Accountancy (CIPFA), who maintain the Public Sector Internal Audit Standards (PSIAS) and the Chartered Institute of Internal Auditors (Chartered IIA). He also issues regular Professional Bulletins, to spread best practice across the Central Government Internal Audit profession and oversees the provision of training and development opportunities.

Internal Audit Leadership Group (IALG)

The Internal Audit Leadership Group comprises senior representatives from the Agency along with representatives from the internal audit teams of the three non-GIAA Central Government Departments, devolved UK administrations and regulatory bodies. The Internal Audit Leadership Group provides the governance oversight for the internal audit function as well as sharing experience and best practice across the function.

Our organisational structure

Our organisational structure is set out below:



Our performance environment and status as a ‘Going Concern’

We deliver our internal audit work in accordance with *Public Sector Internal Audit Standards (PSIAS)* and our audit methodology is very much honed to ensuring that we meet those standards. We undertake regular internal quality assessments of our work and, in 2020, we were subject to an External Quality Assessment (EQA). Such external assessments take place every five years. As a result of the EQA, the Agency was judged as ‘Generally Conforms’ which is the highest rating achievable, thereby supporting our continuing licence to operate. Similarly, we deliver our counter-fraud and investigation services to customers in accordance with, and in support of, the Government Standards for Counter Fraud, Bribery and Corruption.

The effectiveness and impact of our work is also significantly strengthened when we form robust partnership working arrangements with our customer Departments. Details about the risk environment within which the Agency operates can be found in the Governance Statement.









During this year, we have also been subject to a Tailored Review by our Sponsor Department, HM Treasury, which reported formally in October 2020. The executive summary of the final report stated that “*The findings from this Tailored Review have reinforced the ongoing need for GIAA*” which supports our status as a ‘going concern’.

Performance analysis

The purpose of this section is to provide an analysis of our performance in 2020-21. We include details of performance against our Key Performance Indicators as published in our Corporate Plan 2020-23, followed by our achievements against our priorities for the year in delivering our vision.

Delivering our key performance indicators

The following table shows our 2020-21 performance against our four key performance indicators, all of which were achieved.

Indicator	2020-21 Result
 <p>Achieve an average of 70% for overall customer satisfaction across individual engagements.</p>	 <p>Based on Customer Satisfaction Questionnaires received for engagements in the 2020-21 programme, we achieved an average of 84.2% for overall satisfaction.</p>
 <p>Deliver a minimum of 90% of planned audits to at least ‘draft report issued’ stage by 31st March 2021.</p>	 <p>We delivered 92.4% of audits on plans to at least ‘draft report issued’ stage by 31st March 2021, despite the impact of the COVID-19 pandemic.</p>
 <p>Achieve a good report from the External Quality Assessment and develop an appropriate strategy and plan to address its recommendations.</p>	 <p>We received a good report from the EQA, with the highest achievable rating of ‘Generally Conforms’. A strategy and plan are in place to address the assessor’s recommendations.</p>
 <p>Improve our engagement score in the People Survey</p>	 <p>The People Survey that took place in October 2020 showed an increase in our engagement score of 4 points to 60%.</p>

Delivering our Corporate Plan Priorities

Demanding on customer impact in 2020-21	
We said that our priorities were to:	How we delivered them:
<ul style="list-style-type: none"> Improve our insight by both delivering our first cross-Government assurance engagements and extracting themes and good practice from our work for individual Departments. 	<ul style="list-style-type: none"> We disseminated our insight from 4 pieces of cross-government work to our customers and have identified subjects for this area of our work in the 2021-22 period.
<ul style="list-style-type: none"> Develop the way in which we share insights, for example through case studies and learning and development opportunities. 	<ul style="list-style-type: none"> We delivered six lunch and learn sessions to internally share insight, to provide our people with information to improve our impact for customers. We have also developed an approach to delivering high level themes and messages to our customers.
<ul style="list-style-type: none"> Improve our assessment of our impact and develop our tracking mechanisms for the delivery of internal audit recommendations by our customers. 	<ul style="list-style-type: none"> We have embedded our customer impact strategy into our corporate plan for 2020-23 and have agreed on an approach to measuring this metric in the future.
<ul style="list-style-type: none"> Strengthen relationships with the three non-customer departments and agree an approach to support greater cross Government insights in future. 	<ul style="list-style-type: none"> We held regular meetings with the non-customer Departments through the Internal Audit Leadership Group. Our Chief Executive also held meetings with chief Audit Executives in each of the non-customer departments. An approach for supporting greater cross-Government work in future is in place.

Customer Impact Case Study – Supporting Our Customers through COVID-19



The unprecedented impact of the COVID-19 pandemic led to urgent requests for support from across our customer base. In one such instance, several senior leaders in one major central Government Department asked us to conduct a short, time-critical Coronavirus Preparedness review.

This involved auditing an evolving and sensitive subject when key business contacts from across the department were heavily focused on the resilience of their operational delivery.

Our small team had just three weeks to agree a scope, carry out fieldwork across the Department, and issue a draft report, all while juggling several other audits.

We made sure that we focused on what mattered most to the Department by agreeing a clear scope for our review in discussion with the customer. As the situation with the pandemic was ever-changing, we continued to operate flexibly throughout the review to ensure that we responded to changes in the customer's risk environment. This led to us incorporating several additional requests to our work plan.

We worked at pace and provided interim findings within a week of the review. This enabled the Department to take immediate action to rectify identified issues. Several of our recommended actions, including those raised whilst we were still undertaking our fieldwork, have already been implemented.

Our work resulted in a major government department being able to quickly strengthen its governance arrangements in its centralised COVID-19 response groups. It both widened the membership, to ensure adequate coverage of all key business areas, and undertook redeployments to provide supplementary resources to both the response groups and the key business areas. Our review also led to additional IT equipment being procured and distributed to facilitate remote working.

The customer was very complimentary of the support we had provided to them. They also recognised that the advice received would be transferrable in the longer term by enabling them to be better prepared to respond to any future incidents

Unleashing our people's talent and confidence in 2020-21

We said that our priorities were to:	How we delivered them:
<ul style="list-style-type: none"> Improve diversity, equality of opportunity and inclusion. 	<ul style="list-style-type: none"> We have developed and started to implement a comprehensive strategy to improve barriers to progression, attraction and retention at junior levels and identified potential benefits of a mixed economy in terms of talent, experience and qualifications from other professional backgrounds.
<ul style="list-style-type: none"> Develop further our workforce strategy & operating model. 	<ul style="list-style-type: none"> We have developed our workforce strategy to align with the employee life cycle, focusing first on actions to improve recruitment and line management and to bring a modern approach to performance appraisal. We have tested a range of design proposals to support our work to develop a revised GIAA Target Operating Model.
<ul style="list-style-type: none"> Define employment offer including pay, T&Cs, (taking account of changes across wider civil service.) 	<ul style="list-style-type: none"> We have instigated a review across all the Agency's teams to assess the impact of the different terms and conditions that our people brought with them on joining the Agency. We will use the results to develop research-based options for pay reform to include in our next Spending Review bid. This will help us harmonise pay now and in the future
<ul style="list-style-type: none"> Complete skills framework and learning passport for all roles. 	<ul style="list-style-type: none"> Following a soft launch in May 2020, we have refined our skills and learning frameworks for all staff groups in the Agency, rolling these out for mandatory use from April 2021.
<ul style="list-style-type: none"> Embed GIAA's values and behaviours across the Agency 	<ul style="list-style-type: none"> Our values have been consistently embedded in virtual engagements with our staff, through the regular Chief Executive's webinars, wellbeing sessions and targeted performance management.

People Case Study – Improving Diversity and Inclusion

We recognise that the best way we can support our customers is by having a richly diverse and engaged workforce which fully reflects our customers and the communities that they serve.


In 2020-21 we decided to completely refresh our approach to diversity and inclusion (D&I) to provide an enhanced strategy and supporting action plan. We wanted to ensure that our strategy was designed in a way which engages with, and satisfies, as many of our people as possible, reflecting their input and the full range of their experiences, whilst founding our work on the underlying data.

We appointed a senior D&I Lead, a new dedicated role to support our 'Diversity and Inclusion Champion' (a senior civil servant in our Senior Leadership Team) to take forward this work. During 2020-21 he engaged with people right across the Agency, including our various 'networks' set up to support individual groups. Ten priority workstreams were identified, under the three themes of representation, inclusion, belonging, including projects to:

- Make recruitment and progression more accessible to our people and external applicants;
- Develop D&I Data, Dashboards and Metrics, targeting future D&I activity;
- Create sustainable mechanisms for turning feedback into practical action;
- Better support our people networks through professionalisation and recognition of time; and
- Help GIAA's leaders implement their zero-tolerance approach to bullying, harassment and discrimination more consistently.

We have also held a programme of good practice discussions with other government departments, Professional Functions, our strategic delivery partners and a range of other organisations, to help provide further confidence that we're looking at the right areas. In pulling together this action plan, we looked to maximise likely impact and visibility, capitalising on work already in progress and putting us in a good position to develop and deliver an effective D&I strategy. Most importantly, this plan will support us to take coordinated action straight away.



Uncompromising on quality in 2020-21	
We said that our priorities were to:	How we delivered them:
<ul style="list-style-type: none"> • Demonstrate, and be recognised for, our high quality through an External Quality Assessment, and develop an appropriate strategy and plan to address its recommendations. 	<ul style="list-style-type: none"> • The Agency fully supported external assessors who delivered the Assessment. We achieved a ‘Generally Conforms’ rating in the final report, which is the highest available. We also developed an action plan to take forward improvement recommendations made by the assessors and have made significant progress in implementing the recommendations. Further details are included in the case study below.
<ul style="list-style-type: none"> • Implement our planning principles to smooth audit delivery profiles and deliver improved service to our customers. 	<ul style="list-style-type: none"> • We reviewed and applied our planning principles, although the impact of COVID-19 resulted in a slower start to 2020-21 delivery than expected, giving us a peak of work still in the final quarter. We have developed a baseline audit plan for our smaller customers to ensure greater consistency and appropriate resourcing levels, also delivering associated training. We have also improved the internal planning of audit engagements.
<ul style="list-style-type: none"> • Continue to improve professional standards across our work building on the redesign of our products. 	<ul style="list-style-type: none"> • During 2020-21 we developed new reporting templates and ways of working to continue to improve both the quality and consistency of the audits we undertake. We delivered a number of training sessions to support improved delivery.
Quality Case Study – Supporting our External Quality Assessment	
 <p>External Quality Assessment</p>	<p>The Public Sector Internal Audit Standards (PSIAS) require that we obtain an External Quality Assessment (EQA) every five years, communicate the results to our customers and manage actions arising via a quality assurance and improvement programme (QAIP). The External Quality Assessment (EQA) is effectively our licence to operate as an internal audit provider.</p> <p>Our EQA was due to be undertaken in our fifth birthday year, 2020-21. When a global pandemic was declared in March 2020 we quickly re-considered our plans and agreed that we should continue with this important review as it would provide us with valuable independent insight into the quality of our work and also areas where we might focus improvements in the future.</p> <p>The EQA is not an audit of auditors, but a review of the processes and practices within the internal audit service provider. Recognising the current operational challenges for the Agency and our customers as we responded to COVID-19, we worked with our assessor, the Chartered Institute of Internal Auditors (IIA), to develop a staged approach to cover the full assessment. This included providing evidence and documentation requested by the assessors and arranging access to a selection of our customers, auditors and other stakeholders to ensure that our assessors had access to a wider range of views.</p> <p>The report provided by the assessors gave us an overall rating of ‘generally conforms’ which, under the IIA’s framework of assessment, is the highest assessment rating that they offer. We were pleased to receive such a positive result and found the recommended areas for further development provided by the assessors very helpful. We have since developed an action plan to deliver on those recommendations, which will help us to provide an even better service to our customers, and have made significant progress in implementing them.</p>

Ambitious on innovation in 2020-21	
We said that our priorities were to:	How we delivered them:
<ul style="list-style-type: none"> Commence work to understand requirements for the future upgrade to our business management system and develop the business case. 	<ul style="list-style-type: none"> We ran 22 workshops and meetings with 131 people from across the Agency, including dedicated sessions with suppliers, to ensure that any new system would be inclusive, accessible and configurable for all our teams. We also produced a detailed business case to support a decision on the best way forward, which was agreed at the end of 2020-21.
<ul style="list-style-type: none"> Increase the use of data analytics and explore the potential for the future use of Artificial Intelligence (AI) and machine learning. 	<ul style="list-style-type: none"> We have developed a data analytics workstream, are recruiting a core data analytics team and are discussing best practice in the use of AI for delivering insights with several companies.
<ul style="list-style-type: none"> Leverage our partnerships with supplier firms. 	<ul style="list-style-type: none"> We worked with a range of suppliers to sample the availability of market support in our work. We shared redacted engagement reports with them to understand the potential to improve insights using the tools they have available.

Innovation Case Study – Developing our Data Analytics Capability

A core element of our vision is to be ‘ambitious on innovation’. To help us support our ambitions we set up an Innovation Hub, where our people are provided with the chance to research the latest thinking, so that we stay on top of our game.

A data analytics project was started in the Innovation Hub in 2020. Data analytics is the process of inspecting, cleansing, transforming and evaluating information with the goal of discovering and presenting insights which deliver better outcomes for our customers. It has the potential to improve both our efficiency and the effectiveness of our investigations and audit through enhanced analysis support, thereby improving the service we provide to customers.



Colleagues from across GIAA formed three workstreams to explore:

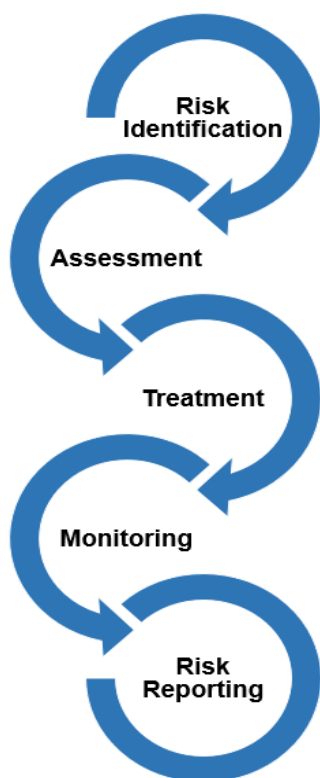
- the software tools to use;
- the training required; and
- the appropriate documentation for planning, conducting and reporting data analytics activities.

As part of this work in encouraging the use of innovative data analytics techniques, we published eight case studies and held a “lunch and learn” webinar. This helped to promote the benefits of using data analytics which will provide our customers with better insights resulting in better outcomes.

We are also sharing our work with our customers with the aim of encouraging them to make better use of data analytics in their own assurance and delivery.

Ensuring Firm Foundations in 2020-21	
We said our priorities were to:	How we delivered them:
<ul style="list-style-type: none"> Review financial model and agree approach. 	<ul style="list-style-type: none"> We have reviewed the model and adopted a revised version for use in our 2020-21 accounts. This better describes the full range of the services that we provide to our customers each year. These changes are aligned with our work on our Target Operating Model.
<ul style="list-style-type: none"> Improve records and corporate data management. 	<ul style="list-style-type: none"> We have developed a second line assurance framework to improve our approach to information management and security, with all of the data governance recommendations made by our own internal audit team now supported by a comprehensive management action plan.

Firm Foundations Case Study – Improving our own Risk Management



We aim to be an exemplar of the governance standards that we would expect to see when we audit our customer organisations. As such our Chief Executive made a commitment in her Governance Statement within the GIAA’s 2019-20 Annual Report and Accounts, that we would improve the way that we monitor, manage and report our own risks in 2020-21. We have done just that.

During the year we completely refreshed our risk policy and launched it on our intranet, supported by staff engagement so that everyone in the Agency knows how we manage and report our own risks. We developed a new risk reporting process and reporting formats to ensure both clarity and ease of use for everyone. We have further developed our risk appetite framework to support improved decision-making across the Agency.

We discuss our risks regularly, both as individuals with responsibility for managing risks and in governance bodies. Our Executive Directors have monthly meetings to help them to manage and report on the strategic risks that they own, and our Executive Committee and Board regularly review our Strategic Risk Register.

We have also linked our new risk management procedures into our assurance mapping and management assurance reporting processes to provide a consistent line of sight between our risks, the assurance we receive, and any areas of concern recognised from our management assurance reporting.

This tripartite line of sight across our work has strengthened our organisational governance and provided us with the evidence-based information required to better direct improvement and assurance activities across our governance and internal control environment.



Dealing with the COVID-19 pandemic

Our priorities

The COVID-19 pandemic has had a far-reaching impact on the Agency and the way we provided services to our customers. Following the declaration of a global pandemic by the World Health Organisation on 11 March 2020, we quickly set up a formal Gold-Silver-Bronze Command structure to lead our response for our people and our customers. This enabled us to rapidly roll-out new technology-based ways of working and supporting tools which meant that we could engage with our customers remotely.

As the 2020-21 financial and audit year started, our people were already well-established in working from home in line with government guidelines. The smooth transition to virtual working, both internally and in relation to our customers, was due to the positive attitude of our people and the robust preparations and ongoing support of our Bronze working groups. We had also formally agreed new pandemic priorities with our Board, which helped us focus our priorities on:

- Supporting our people;
- Supporting our customers; and
- Preparing for our External Quality Assessment (EQA).

We continued work on the wider set of Agency priorities laid down in our Corporate Plan as far as possible, but agreed that it was reasonable to slow the pace of delivery, especially in cases where it was necessary to divert resources towards achieving our three COVID-19 priority areas. As a result, we extended our vision and strategy delivery to 2023. We also issued a refreshed Corporate Plan to reflect the updated priorities in the autumn of 2020.

As the year progressed, we were largely able to move towards a ‘business as usual’ state, albeit relying on new technology-based ways of working.

Supporting our people

As the COVID-19 pandemic progressed, we continued to develop and refine the support available for our people – always treating their health and well-being as our first priority. The measures we introduced included:

- Maintenance of two dedicated hubs on the Agency’s intranet to provide the most up-to-date information and advice, focused on our people and our customers.
- Providing detailed HR guidance on matters such as flexible working and special leave as well as detailing the support available for the purchase of home working equipment such as monitors, desks and chairs.
- Using a regular “checking-in” survey to monitor the physical and mental well-being of our people so that we could respond positively and quickly to particular concerns.

- Development and implementation of a responsive rolling programme of wellbeing-related initiatives, tackling subjects such as loneliness, mental well-being, physical activity and the importance of balancing work and home life.
- Providing advice on the best use of a range of tools to support homeworking, such as videoconferencing and the delivery of any related training.
- Regular scenario planning and practical preparations for a safe return to office, optimised to suit both our business, our customers and our people in the future.

When we held our first all-Agency conference in September 2019, we enjoyed the benefits of two days of engagement, discussion, learning and celebration. We did not want the pandemic to stop us repeating this success, but we knew that it was going to be difficult given that we were all working from home. Rising to the virtual challenge, our organising team did a fantastic job of developing a completely on-line conference for all of our people to attend. This included a rich line-up of external guest speakers who provided insight from our customers and our sponsor department, personal reflections on diversity, inclusion and well-being and sessions focused on continuing professional development.

We also increased the number of all-Agency webinars provided to our people and hosted by our Chief Executive, thereby encouraging a continuing sense of community whilst making sure that everyone had regular access to Agency news despite working from home. We virtually celebrated our 5th birthday as an Agency on 1 April 2020.

Supporting our customers

Our customers were equally affected by the impact of the COVID-19 pandemic, with many being right at the heart of the national response. Throughout the year, we have continued to maintain close engagement with all our customers to ensure that we could provide the most effective support, adding value where it was most needed in the areas of greatest risk or highest public scrutiny. This included:

- Quickly re-developing our work plans to support customers in managing the risks associated with COVID-19. Undertaking elements of the plan aligned to key areas of risk for the customer, whilst remaining conscious of the competing demands on staff.
- Rapid risk assessments, recognising changed risk appetites, to help ensure that new/revised policies, processes, products, and workarounds mitigated the risk of fraud and error appropriately.
- Real-time advice and guidance, especially where controls were relaxed, e.g. in procurement and commercial areas.
- Providing assurance on those key controls and/or systems essential to operations.
- Prioritising key fraud investigations, plus support on fraud and error risk from our Counter-Fraud team.
- Ensuring critical issues already identified were remediated, while deferring lower level open management actions

- Providing support to chairs of Audit and Risk Assurance Committees to help them consider the questions to be asked in relation to their role as assurance providers to their Accounting Officer.
- Supporting our work to customers by improving our remote working capability.
- Gathering professional auditing guidance in relation to the COVID19 pandemic for distribution both within and beyond GIAA.

The pandemic has provided us with an opportunity to develop our technological and virtual capabilities, leading to new and more responsive ways of working which will benefit both the GIAA and our customers in the future.

Delivering our External Quality Assessment

Continuing with the External Quality Assessment of the Agency's work during the pandemic was important to us as it provides our customers with independent assurance about the quality of our work and effectively gives us an objective validation of our licence to operate.

We were delighted to achieve a 'Generally Conforms' assessment, which is the highest category of rating that can be achieved. Further details about our assessment can be found under our 'Quality' Case Study.

Our people's success

Awards Received in 2020-21

We are proud when our people are successful – whether by passing exams and gaining their professional qualifications, by representing the Agency or their professional body at a conference in the UK or overseas, by contributing to an academic study, or when they simply receive positive feedback for a job well done from our customers or other external stakeholders. The impact is even greater when our work is recognised and rewarded in a wider arena.

Public Finance Awards 2020

- **Joint winner - Good Governance, Risk management or Prevention Awards: UK Overseas Territories (UKOTs) Project** - A project demonstrating collaboration between finance professionals, parliamentarians, public accounts committee clerks and CPA UK to build finance, risk and governance-related capacity and capability in the UKOTS.

The GIAA Awards 2020

The annual Values Awards ceremony took place as part of our online all-staff conference in November 2020, and the categories covered our five values plus additional pandemic-related recognition as follows:

- **Trustworthy Award** – Chris Davis, Heather Johnson, Jackie Dixon and Jenny Blyth-Speirs.
- **Collaborative Award** – Sue Newfield
- **Principled Award** – Rachel Wrathall
- **Respectful Award** – Liam Orme
- **Professional Award** - Steve Hodgson, Tony Stanley, Rajesh Kotecha and Jeff Bowe.
- **Lockdown Legends** – Christina Gladwell, Ann Leppard, James Meager, Catherine Morganti, Nicola Osinaike, Sarah Roberts, Tony Smith and the Safe Return to the Office Project Team. All nominated for their efforts in supporting the Agency and/or the wider community during the COVID-19 pandemic.



GIAA Charity Committee

Led by a team of volunteers, our committee organises fundraising and volunteering activities by GIAA colleagues across the country by promoting and coordinating charity, awareness and volunteering campaigns and organising GIAA volunteering days.

Our other achievements

Correspondence

During 2020-21 we received the following correspondence from non-customer organisations or individuals:

Correspondence by type	Total received	Late response
Freedom of Information Requests	51	0
Data Protection Act Requests	1	0
Complaints	9	0
Other Correspondence/Enquiries	81	0
Grand Total	164	0

All correspondence requiring a response was handled within time requirements. On the 31st March 2021 there were 6 total requests remaining open. These pieces of correspondence were received during the month of March 2021 and were still within set deadlines.

Payment of suppliers

We are committed to paying all invoices not in dispute within agreed contracted timescales or 30 days of presentation of a valid invoice, whichever is earlier. During 2020-21, we paid 93% of all undisputed invoices within 5 days of receipt, against a government target of 90%, and 96% within 30 days (2019-20: 92% and 99% respectively).

Greening Government Commitments

As an executive agency of HM Treasury, the data for the GIAA is included in the consolidated Treasury Group Annual Report and Accounts.

We do not own or operate our own estate but operate from a base in 10 Victoria Street, London, (10VS) and in customer buildings in various locations across England, Wales and Scotland. In March 2020 GIAA staff transferred to home working in response to the COVID-19 pandemic, although a minimal presence (circa 1%) has been maintained at some locations to support staff with wellbeing needs to attend a site.

We are committed to supporting our customers in meeting their greening government targets for 2020-21. Examples include:

- Working from home and the use of MS Teams and virtual meeting rooms both internally and with customers has reduced the need for colleagues to travel for meetings or perform face to face client interaction and has been an important part of GIAAs COVID-19 response. In 2019-20 GIAA spent £1,216k on travel and subsistence, travelling 2,406k km

and accumulated a 100k CO₂/KG carbon footprint for land, rail and air travel. In 2020-21 this has reduced to £620 spent on travel and subsistence, travelling 4.9k km and accumulating a 620 CO₂/kg carbon footprint. This represents a reduction of over 99%, however we expect this to increase as we adopt a hybrid approach to our work as lockdown restrictions start to ease, in line with the broader Civil Service. Due to the Agency working from home throughout most of the year, there has been a reduction in energy and water consumption at our sites.

- Corporate paper consumption has been reduced to almost zero as GIAA does not supply printers while working from home, unless there is an underlying wellbeing or medical requirement. Upon our return to office working, we will continue to challenge and further reduce the use of paper.
- GIAA has invested in new laptop equipment, with 300 new devices purchased in 2020-21 to complement previous purchases. These new devices are the first notebooks in production containing recycled ocean bound plastics and are rated Energy Star certified with lower power draw than previous models.
- GIAA has transitioned its corporate data storage, email and communications platforms to more energy efficient cloud-based services, reducing the need for on premise data centres and associated carbon output.

Managing our risk profile

During 2020-21 we curated a wide portfolio of risks across the Agency, with strategic risks managed at the very highest level of the organisation as shown below. The likelihood of a number of these risks arising was heightened as a result of the COVID-19 pandemic.

Ongoing Strategic Risks

- **Audit Delivery.** Untimely assurances to our customers and/or customer risks remaining unmanaged due to poor audit and resource planning leaving a significant amount of audits remaining incomplete towards year.
- **Quality.** Major failure in a customer's control environment that could reasonably have been avoided by better quality and/or depth of assurance, or more timely implementation of recommendations by a customer, resulting in loss of customer(s) and/or credibility of GIAA.
- **Insights.** GIAA's work is not seen as adding value to customers or the centre of government because we focus our work on the wrong areas and/or do not communicate our insights effectively with the intended audience.
- **Stakeholder Relationships.** We lose the trust of our customers by not understanding and balancing differing stakeholder expectations or through poor stakeholder management.
- **Capability.** We do not have the diversity, skills, capability and capacity we need, and in the right place, to achieve our mission and strategy through lack of attention to effective workforce planning, development, recruitment and retention.

- **Financial control.** We breach Accounting Officer delegations and/or receive qualified accounts through inadequate financial control of expenditure and/or management of income and expenditure leading to financial deficit.
- **Commercial Arrangements.** Additional resources and expertise needed from suppliers to fulfil our work not available due to inadequate commercial and contract management and supplier agreements not being in place when required.

New Strategic Risks recognised in 2020-21

- **Information Management and Cyber Security.** Loss of confidential information and/or inability to access information when needed due to ineffective information management controls and behaviours.
- **Health and Safety.** Injury to staff, financial penalties and/or loss of credibility arising from inadequate understanding of, and attention to, health and safety risks and related legal responsibilities.
- **Change Management.** Benefits from investments in GIAA's development not realised, due to inadequate attention paid to managing and embedding changes as they affect people and stakeholders, and not anticipating the processes and resources needed in BAU once the relevant project closes.

Strategic Risks Retired or de-escalated in 2020-21

- **Governance.** Failure in internal control due to inadequate/ineffective governance resulting in reputational damage and qualified accounts. Progress: We made significant improvements to our governance during the year which has enabled us to de-escalate this risk back to the relevant director's directorate risk register.
- **Technology.** Additional resources and expertise needed from suppliers to fulfil our work not available due to inadequate commercial and contract management and supplier agreements not being in place when required. Progress: Successful mitigation activity, including new framework agreements having been tendered, meant that we were able to de-escalate this risk from the strategic risk register.

Looking to the future

2020-21 has been another strong year for the Agency and, despite the issues cause by the COVID-19 Pandemic, we remain on track to deliver our 2023 vision.

2019-20

2019-20 As well as continuing to deliver a high-quality service to our customers, we developed a strategy implementation programme to guide our activity as we work to deliver our vision. Putting us on a firm footing, we also developed and introduced our new values, which we worked hard to embed across the Agency. We defined our customer offer, having developed a service catalogue which presents our range of services. To better develop our people, we progressed our workforce strategy, beginning work on developing our skills framework and learning passport, as well as work on harmonising legacy terms and conditions brought across to the Agency by teams when they joined from different departments.

2020-21

2020-21 saw further progress, building on the deliverables of 2019-20, despite the issues caused by the global COVID-19 pandemic. We further developed our cross-government insight strategy by testing our offer with customers to demonstrate how these services can add value. Our workforce strategy will produce a pipeline of talent through furthering our apprenticeship scheme and interchange opportunities across government, as well as raising professional standards by developing our current workforce through embedding our skills framework and learning passport. We will begin to implement our long-term innovation strategy, developing our data analytics capabilities to use in our audit and counter fraud work. Our people will feel fully part of delivering our vision and our customers will feel the benefits. Diversity & inclusion will be at the heart of our people offer, with practical action to unleash the talent and confidence of everyone in GIAA.

2021-22

2021-22 will see us move closer to delivering our vision. Our work in the previous two years has allowed us to improve our cross-government assurance and insight strategy, ensuring our work is targeted at the full range of customer needs. We will further raise our people's skills through continuous development and training, to deliver high-quality engagements and ensure that our customers feel an increasingly positive impact year on year. Having worked hard to innovate and raise quality, we will further develop our expertise in all sources of assurance in government. We will also continue to make our internal processes more efficient and effective.

***Better Insights,
Better Outcomes***

2022-23

2022-23 is the final year of realising our vision. We will complete our implementation of cross-government assurance and insight strategy, involving the full central government internal audit function. We will still ensure continuous development and training, to deliver high-quality engagements and ensuring that our customers feel the positive impact of our support. We will be considered as an organisation that is exceeding expectations with exemplary supporting frameworks. Our people will be proud of the work they do, and the organisation they represent.

More Information

Further details about our vision and Corporate Plan, and links to other GIAA publications, can be found on www.gov.uk.

A handwritten signature in black ink, appearing to read 'E Honer', with a long horizontal line extending to the right.

Elizabeth Honer

Chief Executive

14 July 2021

Accountability Report



Corporate governance report

Directors’ report

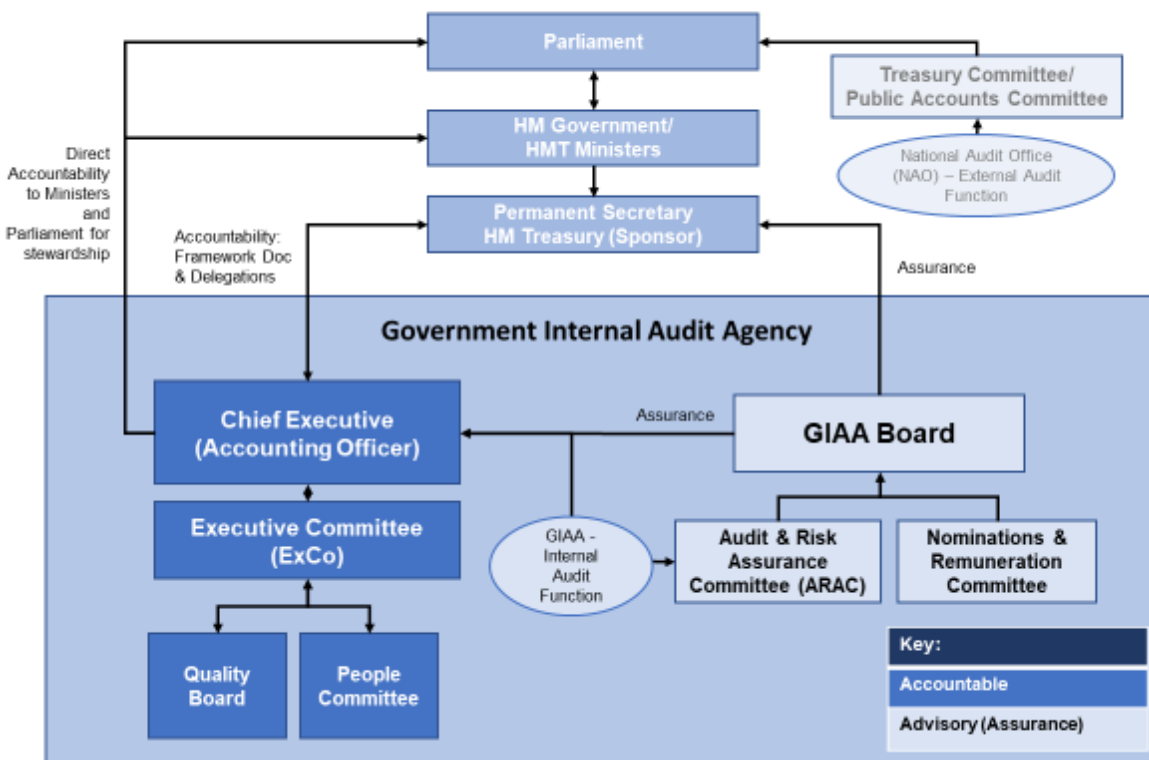
Our governance framework

The Government Internal Audit Agency (GIAA) was established as an executive agency of HM Treasury on 1 April 2015. Elizabeth Honer was appointed as Chief Executive and Accounting Officer in October 2018. The Chief Executive is accountable to the Permanent Secretary in HM Treasury, who has delegated Sponsor responsibility to the Director General, Public Spending. The Minister who has overall responsibility for the Agency is the Exchequer Secretary to the Treasury.

Our *Framework Document* (available on www.gov.uk/giaa) defines the relationship between the Agency and HM Treasury, including the arrangements for its governance, accountability, financing, staffing and operations.

Our top-level governance structure is depicted below, and includes an Agency Board, Audit and Risk Assurance Committee (ARAC) and Nominations and Remuneration Committee (NRC). Second tier governance consists of the Executive Committee (ExCo) supported by the Quality Board and the People Committee.

GIAA Governance Structure in context



Composition of the Agency Board

Our Board, which is led by Steve Burnett as Non-Executive Chair, provides advice to the Chief Executive on the strategies and governance of the Agency, with a view to its long-term health. The Board also supports the Accounting Officer in discharging her obligations as set out in HM Treasury's *Managing Public Money* publication. This document sets out the requirements for the proper conduct of our business.

The Board draws on the experience of its members to provide advice, support and challenge on the Agency's strategy, performance and risk management, including progress against delivery of its objectives and priorities.

Early in 2021 we said goodbye to Jo Clift when she came to the end of her appointment as a Non-Executive Board Member. We appointed three new Non-Executive Board Members in February 2021, welcoming Ady Dike, Isobel Everett and Clare Minchington to strengthen the Board, each of whom brings varied and valued experience to complement our Executive Directors.

Membership of the Agency's Board, as at 31 March 2021, is shown below.



NOTE: Biographies of all board members are available on www.gov.uk.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Paul Boyle and its membership was made up of all Non-Executives until the departure of Jo Clift in early January 2021. As at 31 March 2021 the ARAC continues to be chaired by Paul Boyle, with the other members being Steve Burnett, Isobel Everett and Clare Minchington.

The purpose of ARAC is to provide assurance to the Accounting Officer and Board that the Agency's system of governance, internal control and risk management is sufficiently robust to support the Agency in the delivery of its objectives. The Chief Executive, Chief Operating Officer, Head of Internal Audit (HIA), a representative from our HMT Sponsor Division and representatives of the National Audit Office (NAO) also attend each meeting.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (NRC) comprises all Non-Executive Board Members. Jo Clift was Chair until her departure in early January 2021. Isobel Everett took over as chair from March 2021. The purpose of the NRC is to provide independent oversight of Senior Civil Servant (SCS) pay and incentives, and honour nominations within the Agency. The Chief Executive, Chief Operating Officer and Head of Human Resources are ex officio attendees at meetings of the NRC. The HM Treasury Senior Sponsor and Operational Directors also attend some meetings, as required.

Executive Committee

The Executive Committee (ExCo) is the top-level decision-making governance body within the Agency. Chaired by the Chief Executive, it has executive responsibility for the overall operational and financial management of the Agency, agrees and implements new strategy and policy, and has oversight of operational delivery including the management of risks affecting the Agency.

People Committee

The People Committee is a sub-committee of ExCo. Its purpose is to provide strategic oversight of our workforce strategies and policies, helping our Human Resources team formulate and implement policies. It is chaired by the Chief Operating Officer and is attended by the Head of Human Resources and representatives of operational directorates and people networks. It has delegated authority from ExCo to make decisions on most people-related matters. ExCo reserves decision-making authority for matters relating to pay and terms and conditions, as well as matters significantly affecting people engagement and longer-term workforce strategy

Quality Board

The Quality Board is a sub-committee of ExCo, previously called the Technical Committee. Its purpose is to ensure that the audit methodology, audit management system and supporting products are fit for purpose and applied correctly and consistently to support us in delivering assurance and advisory services in line with the Public Sector Internal Audit Standards and other applicable standards. The committee is chaired by the Operational Director, Economic

and Business Affairs. The oversight of quality in relation to our Counter-Fraud and Investigations (CF&I) function will be considered as part of the development of a new CF&I Strategy in 2021-22.

Register of interests

The Agency maintains a register of interests for non-executive board members and all employees of the Agency, which is updated at least annually. No other directorships or other significant interests that may have caused an unmanageable conflict with their responsibilities were declared by the Board members or SCS staff.

We also maintain a gifts and hospitality register which covers all employees. Both are accessible via our intranet and employees are required to complete it as part of our code of conduct.

Personal data

Personal data are held securely within the Agency where it pertains to its people. In the context of audit services, we hold some additional customer data. Measures have been implemented during the period to improve the way GIAA transmits, stores and manages information, including migration to Microsoft SharePoint. With the decommissioning of the government secure intranet service (GSI), we continue to develop ways to ensure that we can transmit data and information to and from our customers securely. This work will continue throughout 2021-22.

We continue to develop our information systems and processes in line with the General Data Protection Regulation (GDPR), including in relation to subject access requests and the introduction of data protection impact assessments for systems.

In 2020-21, there were no security incidents raised to HM Treasury due to lost laptops. There were, however, three personal data breaches during the period. None of these were serious enough to be reported to the Information Commissioner's Office, but we have made sure that appropriate lessons have been learned and that our internal processes have been strengthened where necessary.

Auditors

Our financial statements are audited by the Comptroller and Auditor General, with a notional audit fee of £61k (2019-20: £60k). There are no other services provided by the NAO and no auditor remuneration for non-audit work

Statement of Accounting Officer’s responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed us to prepare, for each financial year, a statement of accounts in the form, and on the basis, set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency’s state of affairs and of our income and expenditure, changes in taxpayers’ equity, and cash flows for the financial year.

In preparing the annual accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual and to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements;
- prepare the Financial Statements on a going concern basis; and
- provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

The Permanent Secretary of HM Treasury has appointed the Chief Executive of GIAA as Accounting Officer of the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding our assets, are set out in *Managing Public Money* published by HM Treasury.

As Accounting Officer, I confirm that:

- as far as I am aware, there is no relevant audit information of which the Agency’s auditors are unaware;
- I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Agency’s auditors are aware of that information;
- the Annual Report and Accounts as a whole are fair, balanced and understandable; and
- I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance statement

As the Accounting Officer for the Government Internal Audit Agency, I acknowledge my responsibilities for ensuring that there is a sound system of governance, risk management and internal control that supports the Agency's aims and objectives and operates in accordance with the responsibilities laid out by HM Treasury in *Managing Public Money*.

This governance statement explains how I have discharged these responsibilities during the year, and describes the Agency's governance arrangements, how we have identified and managed risk, and how we have reviewed the effectiveness of our governance and control arrangements in place during the whole of 2020-21 and up to the date of this report. I have drawn on all of these sections in reaching my final conclusion regarding the effectiveness of governance in the Agency.

Operation of governance structure

The Agency has in place a formal governance structure, as outlined in the Directors' Report.

Agency Board

The Board has provided advice on the delivery of our strategy, plans, performance and risks. The non-executive board members have continued to play an important role in advising and challenging the executive. The Board met seven times in 2020-21 and considered a range of issues, including:

- A regular update report from the Chief Executive.
- Early on in 2020-21, the latest position and response in relation to the COVID-19 pandemic in respect of both our people and our customers.
- Progress against the priorities in delivering our vision through our strategic plan, and forward thinking in relation to future development.
- The preparation for, and results of, our External Quality Assessment and the corresponding action plan developed to meet recommendations from the assessment.
- Our service delivery to customers, supported by direct feedback from customer guests.
- The development of our capability in data analytics and case studies covering progress in this area.
- The latest position on organisational performance, finance and risk management, including our bid to HM Treasury for the 2020 Spending Review.
- Approval of the 2019-20 Annual Report and Accounts, and the 2020-21 Corporate Plan.
- The gender pay gap results for the Agency compared to our parent department; and.
- Regular reports from the Chairs of the Board's sub-committees (the Audit Risk and Assurance Committee and the Nominations and Remuneration Committee).

The Board undertook its annual effectiveness survey in March 2021 as an internal exercise. Whilst an independent review was due this year, Board members decided to delay this for a

year due to the Pandemic. We also chose to delay publication of our Corporate Plan until the Autumn of 2020 pending a review of our priorities in light of the changed external environment.

Audit and Risk Assurance Committee

ARAC provided support to both the Board, and to me as Accounting Officer, by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, and the integrity of financial statements and the annual report.

The Committee met six times during 2020-21, and considered the following:

- The 2019-20 Annual Report and Accounts, and associated outcomes of external audit reviews;
- The 2019-20 Governance Statement and associated assurance mechanisms;
- Progress against the annual internal audit plan and the outcomes of work by the internal auditors;
- Deep dive investigations into individual risks from the Agency’s Strategic Risk Register; and
- Executive reports on developments in governance, management assurance and risk management within the Agency.

The Committee provided an Annual Report of its 2020-21 business to the Agency Board in May 2021. It undertook an internal survey of its own effectiveness in January 2021.

Nominations and Remuneration Committee

The Agency’s Nominations and Remuneration Committee (NRC) met three times in 2020-21 to consider matters related to Senior Civil Service remuneration. The Committee considered SCS assessments at both mid and end of year, together with performance and bonus awards in line with Cabinet Office SCS remuneration guidance. The Committee also considered and provided advice regarding Honours nominations and discussed the 2020 People Survey results.

Executive Committee

During 2020-21, the Executive Committee (ExCo) convened substantively on 26 occasions (including four people-specific meetings) to monitor and make decisions on operational and financial performance, the identification and management of strategic risks, corporate plan delivery, and our approach to a range of significant issues including our impact on customers’ control environments, ensuring the quality of our engagements, monitoring and influencing delivery, agreeing the Agency’s operating budget, and other governance matters.

In line with our values, and to promote inclusion, anyone in the Agency can ask to be one of two ‘active observers’ at main ExCo meetings. They contribute to the discussion, providing valuable alternative perspectives.

Attendance by directors at governance meetings

Table 1, below, provides an overview of Members' attendance at meetings of our principal Governance bodies.

Table 1: Directors' Attendance at Governance meetings in 2020-21

	Non-Executives							Executives					
	Steve Burnett	Paul Boyle	Jo Clift	Ady Dike	Isobel Everett	Clare Mincington	Cat Little	Elizabeth Honer	Linda Costello	Aneil Jhumat	Iain McGregor	Cameron Robson	Chris Westwood
Board	7/7	7/7	7/7	2/2	2/2	2/2	5/7	7/7		7/7	7/7	7/7	7/7
ARAC	6/6	6/6	4/4		1/1	1/1		6/6		2/2		6/6	1/1
NRC	3/3	3/3	2/2	1/1	1/1	1/1		3/3				3/3	
ExCo*								26/26	25/26	25/26	26/26	25/26	25/26

*ExCo meetings included 4 people-specific meetings in 2020-21.

Risk management

Improving and strengthening risk management has been a priority for GIAA over the last 12 months following findings from our management assurance self-assessment exercise and internal audit reviews. The Board agreed a new risk management policy early in 2020 and this has been implemented across the Agency during 2020-21. The improvements introduced included the use of a common risk assessment framework and risk assessment templates.

Risk Registers are now held and actively managed at Strategic, Directorate and project levels. The Head of Risk and Assurance meets with each strategic risk owner on at least a monthly basis to review and update risk assessments and mitigation plans. These new review processes have resulted in risks being escalated to, and retired from, the strategic risk register as appropriate. Regular performance management and risk reports are presented at ExCo and the Board to ensure that actions to address the risks are understood, agreed and on track. Operational risks and mitigating actions are discussed each month at directorate management team meetings. As the Agency implements the new change management strategy there will be further opportunities to align strategic and project risk registers.

The Agency Board undertook a 'top-down' risk assessment in February 2021 and concluded that our risks continue to include those that would be expected in any audit delivery organisation e.g. delivery, quality, stakeholder management, people capability and financial risks remain as strategic inherent risks supplemented by the inherent risk unique to our central government role of providing cross-government insights. While our actions will go some way to mitigate the likelihood and impact of these risks, they will not be eliminated entirely. Instead, they will continue to be reviewed regularly at the strategic level in line with the risk appetite agreed for each risk with both our Executive Committee and the Board.

Risks de-escalated from the strategic risk register during the year have included commercial, governance and technology risks, and this has been due to the successful implementation of mitigating controls by the Executive during the year. However, the information management, cyber security, and health and safety compliance risks, as well as the actions to reduce these, are still in progress and these risks will continue to be monitored at strategic level until mitigating actions have been implemented and embedded. Change management and functional reform risks have recently been escalated to the strategic risk register and actions plans are being developed for these.

The Agency Board endorsed an updated Risk Appetite statement in June 2020 but expressed a desire to align that statement more closely with the Agency’s five strategic priorities. A revised risk appetite model has now been developed which is in line with the Treasury’s new Orange Book and consistent with our strategic priorities. We intend to refine the model with our Senior Leadership team to ensure it has a sufficient operational focus and will bring a final version back to our Board for approval in Autumn 2021.

Conflicts of interests arrangements

All employees are required to complete a Conflicts of Interest Declaration by our code of conduct. The declaration includes conflicts created due to personal relationships, financial interests and paid/unpaid positions held. All employee declarations are reviewed by the employee’s Deputy Directors to ensure any interests declared which may create a perceived conflict are appropriately managed.

We also maintain a gifts and hospitality register which covers all employees. Both are accessible via our intranet. The code of conduct requires employees to seek Agency approval before accepting any secondary appointments.

Whistleblowing arrangements

We have an established Raising a Concern (formerly known as whistleblowing) policy which is shared with our people on our intranet. 82% of our employees confirmed in the 2020 people survey that they were aware of how to raise concerns under the Civil Service Code. There were no instances of raising a concern during 2020-21.

Counter fraud arrangements

We continue to make good progress towards meeting the requirements of the Government Functional Standard for Counter Fraud in establishing clear governance arrangements and accountabilities to ensure that the necessary structure, resource and capability is in place. The Chief Operating Officer is the accountable officer at Board level, being responsible for the Agency’s counter fraud response and overall performance in combatting fraud.

The accountable officer is supported by the Agency’s Deputy Director for Counter Fraud and Investigation who is responsible for the day-to-day management of the fraud, bribery and corruption risk. This senior leader is a member of the Government Counter Fraud Profession as required by the Government Counter-Fraud Standards. This ensures that the role is carried out by someone with the expected level of counter fraud experience, competency and

understanding, including a detailed knowledge of fraud and the associated risk, prevention, detection and deterrence techniques.

Physical, information and data security

The security of customer data remains of critical importance throughout audit and corporate operations. We have begun a process to upgrade our main audit management system in 2021-22 with a more modern solution providing additional benefits in terms of enhanced performance and improved cyber security.

We have reviewed and developed our local business continuity plans in all locations where we operate. We tested our plans for real during this year as part of our initial response to the pandemic and in pivoting our people towards working from home. We will carry out further test exercises in 2021-22.

An audit of GIAA's data governance has identified areas for improvement, and work is underway to strengthen policies, processes and capabilities across the Agency. This work will be strengthened by the recruitment of a dedicated Knowledge Information Manager who will oversee the Agency's data security framework and ensure that users are fully trained on their data handling responsibilities.

During the COVID-19 pandemic, our IT and HR teams have worked together to embed the technology, equipment and processes needed to perform the overwhelming majority of operational work and all corporate back office activities remotely.

We initiated a Safe Return to Office project to manage the tactical response to the pandemic, and a subsequent Future Ways of Working project to consider the longer-term options for repatriation of our office space at an appropriate time. The health and wellbeing of all involved is the Agency's first priority, and we are consulting with staff, landlords and clients to keep staff safe while making sure that the delivery of quality work to our customers, and our overall productivity, is unaffected

Management information and data quality

During 2020-21 we refreshed and improved the management information used to support the Executive Committee and the Board, basing our new performance pack on the balanced scorecard concept. We have improved the management information presented to include more granularity on the time taken to achieve particular stages in audits (e.g. draft to final report issued), which has in turn helped to drive improved performance. We have also driven improvements in the timeliness of data uploaded into our audit management systems.

Impact of COVID-19 on the GIAA's control environment

At the outset of the Pandemic, in March 2020, the Agency set up a robust Bronze Control structure to oversee the impact in relation to both its people and its work with customers.

We asked our internal audit team to review the impact of the pandemic on the Agency and the effectiveness of its response. The team's findings were positive, reporting that the Agency's response was joined up with elements complementing each other, with a clear clarity of

purpose and the implementation of tools as part of the response. The findings also recognised that the lessons from the Agency’s response to COVID-19 will be equally applicable in embedding change in the future.

We also asked our Executive Directors to provide any concerns over the impact of the pandemic on our internal control environment as part of our year-end Management Assurance process. No discernible impact was reported or evidenced.

Review of corporate governance

The Agency seeks to comply with HM Treasury and Cabinet Office’s [Corporate Governance in Central Government Departments: Code of Good Practice](#) insofar as the provisions are relevant to us. We have conducted a review of our compliance with the code and concluded that we meet requirements except:

- The Head of Internal Audit does not attend Board Meetings. However, he does attend Executive Committee meetings at least quarterly to provide a progress report and to share forward plans. He also has a standing invitation to attend for specific items of interest. He meets regularly with me, with our Chief Operating Officer and with the Chair of the GIAA ARAC.
- There are no non-Board non-executives on ARAC because the non-executive Board Members are considered to have the appropriate level of skills and experience.
- We have not included a separate Non-Executives’ Report in our Accountability Report. The Chairs of the Board sub-committees each provides an oral report to the Board of any sub-Committee meetings that have taken place. The Chair of our ARAC has also produced an annual written report to the Board covering the work of the Committee in 2020-21.
- The Board and ARAC both undertook a review of effectiveness during 2020-21. However, whilst the Board was due to undertake an externally facilitated review, this was postponed until 2021-22 due to the ongoing pandemic and to ensure that the three new Non-Executive Directors were able to participate in the review.

Assurance arrangements

The main sources of assurance for the Agency during 2020-21 were:

- A **management assurance** exercise involving all Executive Directors which took place twice during 2020-21.
- A **programme of internal audits** led by the Head of Internal Audit for the Agency.
- Assurance on our role as an Executive Agency through the **Tailored Review** undertaken by our Sponsor Department in liaison with Cabinet Office.
- Assurance on our role as an internal audit provider through an **External Quality Assessment** undertaken by the Chartered Institute of Internal Auditors (Chartered IIA).
- **Assurance from the NAO** that our Annual Report and Financial Statements for 2020-21 were a materially accurate reflection of the Agency’s corporate and financial position and could be certified by the Comptroller & Auditor General.

- **HM Treasury Assurance** from the Operations and Finance Directors as our supplier of finance, human resources, information technology and security services.

The primary outcomes from these assurances are set out below.

We have developed a full map of our assurance sources using the three lines of defence model to identify gaps or duplication in the use of our assurance resources more clearly.

Management assurance

During 2020-21 the management assurance process was undertaken at mid-year and year-end. It provided a comprehensive self-assessment of control within the Agency, involving challenge sessions, led by the Chief Operating Officer and me, with each Director going through their own self-assessment reports. These reports are supported by consistent evidence criteria with a set ratings scale. The final challenge session for the year was led by the ARAC Chair.

The year-end exercise was the third substantive time that this exercise had been run in the Agency. I have seen a steady improvement in the positive engagement from the Agency in this exercise over this period, and it has helped to provide me with more robust assurance about Directors' individual areas of responsibility. From the returns received it was clear that the COVID-19 pandemic had not impacted adversely on the Agency's internal control environment, and that mitigations had been put in place to ensure suitable oversight of areas.

At year-end 2020-21 the thematic areas identified for improvement were that:

- **Information management and cyber security** continue to be areas requiring attention with robust plans in place to introduce and embed required levels of improvement.
- **Fraud oversight** to be supported by structured cross Agency reporting from April 2021, including an annual report to ExCo and the Board.
- **Health & Safety** is relatively low risk for the Agency overall, given our business, but the rating will remain at Limited until the planned improvements are embedded.
- COVID-19 has provided significant opportunities to test and improve **business continuity** procedures which have performed well under pressure. Although not considered a major risk, work is now required to develop a cross Agency business continuity plan, including improving the current arrangements for IT disaster recovery and greater testing of local contact trees.

Internal audit

The Agency has an internal audit function that operates to *Public Sector Internal Audit Standards (PSIAS)*, with a Head of Internal Audit (HIA) appointed from within the Agency.

For 2020-21 the HIA has provided an overall 'Moderate' opinion on the framework of governance, risk management and control within GIAA. The HIA reported that the Agency made demonstrable improvements to its control framework in 2020-21. His report recognised that there were three key areas identified for improvement during the year: data governance, the governance frameworks supporting cyber security and contract management, all of which had already been recognised as areas requiring attention by the Executive.

Our internal auditors also provided positive assurance in relation to our response to the pandemic, recognising that the Agency had moved quickly in response to the pandemic with early stress tests of operational resilience and a response in its governance through COVID-based priorities.

External Quality Assessment

The Agency has an audit methodology in place that aligns with the *Public Sector Internal Audit Standards (PSIAS)*. We operate a robust quality assurance regime internally, which follows the three lines of defence model. Local audit managers, our Professional Practice team and our Internal Audit team all have roles in assuring the quality of our work.

The Agency is required to have an independent External Quality Assessment (EQA) undertaken on the quality of its internal audit service every five years. This took place in 2020-21 and the Agency received a ‘Generally Conforms’ rating which is the highest rating available.

Tailored Review of the Agency

Tailored Reviews are reviews of public bodies commissioned by the Cabinet Office to ensure they are fit for purpose, set up correctly, well governed, and observe high standards of transparency and efficiency. It is intended that each public body should be reviewed at least once within the lifetime of a parliament.

The GIAA was the subject of a Tailored Review in its fifth year, the report from which was published on 8 October 2020. It concluded that the GIAA plays a highly significant role and provides value for money in delivering an important objective. The report made a number of recommendations focused on enabling it to further strengthen its operation and impact.

Assurances from HM Treasury

We receive a number of services under a Memorandum of Understanding with Treasury Group Shared Services (TGSS). These cover aspects of Human Resource management, IT, financial operations, commercial and security services.

Appropriate assurances regarding the effectiveness of controls in these areas were received from HM Treasury and no issues of concern were raised.

Improvements since the 2019-20 Governance Statement

I and my executive team have continued to ensure that our governance and internal control arrangements are regularly reviewed, updated and improved where appropriate. Looking back on my conclusions in the 2019-20 Governance Statement, I highlighted three priority areas and good progress has been made across these as follows:

- Compliance culture – our new Management Assurance assessment processes are now a year old and have made a significant contribution to improving compliance and standards, both in our core operations and in our corporate processes. Our External

Quality Assessment provided a ‘Generally Conforms’ rating indicating that we largely complied with the requirements of the *Public Sector Internal Audit Standards*.

- Risk management – Our risk management across the Agency has been totally overhauled with a new risk management policy and framework in place supported by appropriate processes. A follow-up review of our risk management by internal audit provided a substantial rating.
- Change management – our performance reports against delivery of our strategic priorities have been re-designed to focus on ensuring that we embed new ways of working rather than just monitoring implementation. Towards the end of the year we developed new proposals for management of the Strategy Implementation Programme using recognised change management methodologies which will be implemented in 2021-22. I have also strengthened the Board to provide a greater focus on managing and embedding change.

Conclusion

We continue to make significant progress in developing and improving our governance, risk management and controls. My team and I strive to be an exemplar of the standard we would expect to see when we audit our customer organisations.

Looking across the areas identified in this report, drawing on the conclusions of our management assurance processes, the state of our risks and issues from our annual audit opinion, I have identified the following risk priorities for specific focus during 2021-22:

- Ensuring we move into sustainable **post-pandemic ways of working**, drawing on the opportunities and risks learned during the pandemic period.
- **Managing change** effectively, so that the Agency’s developments are experienced as beneficial by all involved or affected, and are sustained.
- Improving our **data governance and management of information** across the Agency.
- Ensuring that we are fully compliant with **health and safety** legislation and associated good practice.
- Maintaining effective **cyber security and resilience**, with improved responsiveness to external threats.

Remuneration and staff report

Remuneration Report

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit based on fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

As at 31 March 2021, all Executive Board Members, other than the Director of Innovation and Development who is on a fixed term contract, hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Remuneration policy

Senior Civil Service (SCS) pay and conditions are not delegated to individual departments. The SCS is a corporate resource, employed with a common framework of terms and conditions.

Recommendations on SCS remuneration are provided by the Review Body on Senior Salaries (SSRB) in an annual report to the Prime Minister. Further information about the work of the Review Body and copies of their annual reports can be found on the SSRB website: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>.

The government's response to the recommendations of the SSRB is communicated to departments and organisations by the Cabinet Office. The remuneration of GIAA's senior civil servants is determined by the Agency's Nominations and Remuneration Committee in accordance with central guidance.

Senior management remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the Agency.

Executive Board Members Remuneration

Table 1, below, details the elements making up the total remuneration for Executive Board Members of the Agency. Further information about each of the separate elements is detailed later in this section.

Table 1: Executive Board Members remuneration (this information is subject to audit)

Name and Role	2020-21				2019-20			
	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s)	Total (£000s)	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s)	Total (£000s)
Elizabeth Honer* Chief Executive	140-145	5-10	1,523	1,675-1,680	140-145	5-10	56*	200-205
Matt Armstrong Chief Operating Officer (1 Apr 19 to 9 Jun 19)	-	-	-	-	15-20 (90-95 FYE)	-	8	25-30
Emily Collett** Chief Operating Officer (24 Jun 19 – 24 Aug 19)	-	-	-	-	15-20 (90-95 FYE)	5-10	12	35-40
Linda Costello Interim Operational Director (1 Apr 19- 14 Jun 19)	-	-	-	-	20-25 (100-105 FYE)	5-10	8	30-35
Aneil Jhumat Operational Director (16 Sep 19-31 Mar 21)	105-110	-	42	145-150	55-60 (105-110 FYE)	-	22	75-80
Iain McGregor Director of Innovation (14 Oct 19- 31 Mar 21)	130-135	-	52	180-185	60-65 (130-135 FYE)	-	24	80-85
Cameron Robson *** Interim Operational Director and Chief Operating Officer (8 Jul 19 - 31 Mar 21)	95-100	0-5	82	180-185	65-70 (90-95 FYE)	5-10	87	160-165
Chris Westwood Operational Director	105-110	-	16	120-125	100-105	10-15	15****	130-135

*Elizabeth Honer's 2019-20 pension related to the Alpha scheme contributions whilst employed by GIAA. Employer Pension Note 597 states that pension rights related to prior service should only be disclosed once an option to aggregate current and past rights has been made. The paperwork to do so was completed after 1 April 2020, and accordingly prior service rights are included in the figures for 31 March 2021.

**Emily Collett was employed by the Cabinet Office prior to joining GIAA in June 2019. During 2019/20 Emily Collett was also paid a bonus of £8532 in relation to her previous role before she joined GIAA. This payment is not included in this table as it does not relate to her time as Chief Operating Officer in GIAA.

***Cameron Robson was Interim Operational Director for the period 8 July 2019 - 6 October 2019; Interim Chief Operating Officer 7 October 2019 - 31 December 2019; Permanent Chief Operating Officer from 1 January 2020.

****Chris Westwood participates in a partnership pension.

FYE means Full Year Equivalent

Salary

‘Salary’ includes gross salary, taxable benefits and any allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefit provided by the Agency and treated by HM Revenue and Customs as a taxable emolument. The estimated monetary value of benefits in kind which relate solely to the provision of interest free loans for the purchase of season tickets for home to office is not included in Table 1. These are instead included in the salary, allowances and taxable benefit table. None of the Executive Board members received any benefits in kind which require disclosure in Table 1.

Performance bonus

Bonuses for the Senior Civil Service are based on performance levels attained and are made as part of the appraisal process under central guidance. Bonuses can relate either to the recipient’s performance in the year in which they become payable to that individual or to performance in the prior year.

The Agency awarded nine non-consolidated performance-related bonus payments to its SCS for the 2020-21 appraisal year (compared to ten awards in 2019-20).

Pay multiples (this information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid executive in their organisation and the median remuneration of the organisation’s workforce. For these purposes, the remuneration value includes base salary, allowances, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pension.

The banded remuneration of the highest-paid executive in the Agency in the financial year 2020-21 was £150-155,000 (2019-20: £140-145,000). This was 3.34 times the median remuneration of the workforce, which was £45,665 (full time equivalent) (2019-20: 3.20 times and £44,583). In 2020-21 no employee received remuneration in excess of the highest paid director (2019-20: nil). Remuneration in the Agency (excluding performance related pay) ranged from £21,206 to £140-145,000 (2019-20: £22,885 to £140-145,000).

Consolidated awards

The 2020-21 SCS annual pay award was decided by our Nominations and Remuneration Committee in line with the government’s response to the SSRB recommendations. This Committee was attended by the GIAA Chief Executive and the GIAA Deputy Director of Workforce and People Engagement.

Pension Entitlements for each Director

Table 2, below, details the pension entitlements for each Executive Director. Further information about each of the separate elements is detailed later in this section.

Table 2: Pension entitlements for Executive Directors (this information is subject to audit)

Name	Cash Equivalent Transfer Values (CETV)				Real increase in CETV as funded by employer in year (£000)
	Real increase in pension and related lump sum at pension age during year (£000)	Total accrued pension at pension age and lump sum at 31 March 2021 (£000)	As at 31 March 2021 - (£000)	As at 31 March 2020 (£000)	
Elizabeth Honer*	75-77.5	80-85	1,231	64	1,153
Linda Costello	-	-	-	61	-
Aneil Jhumat	7.5-10	5-10	80	11	10
Iain McGregor	2.5-5	0-5	63	19	33
Cameron Robson	2.5-5 plus a lump sum of 5 - 7.5	30-35 plus a lump sum of 65-70	570	490	57
Chris Westwood**	-	-	-	-	-

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

*Elizabeth Honer's 2019-20 pension related to the Alpha scheme contributions whilst employed by GIAA. Employer Pension Note 597 states that pension rights related to prior service should only be disclosed once an option to aggregate current and past rights has been made. The paperwork to do so was completed after 1 April 2020, and accordingly prior service rights are included in the figures for 31 March 2021.

**Chris Westwood participates in a partnership pension.

The cash equivalent transfer value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic with benefits for service from October 2002 worked out as in the premium scheme. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the members' earned pension account is credited with 2.3% of their

pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk

Staff Costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but Government Internal Audit Agency is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the Civil Service pension arrangements as at 31 March 2016. You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation](#). For 2020-21, employers' contributions of £5,683k (2019-20: £5,482k) were payable by GIAA to the Civil Service Pension arrangements at one of four rates in the range 26.6% to 30.3%; (2019-20 26.6% to 30.3%) of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £56k in 2020-21 (2019-20: £48k). were paid to one or more of the panel of three appointed stakeholder pension providers Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2k (0.5% of pensionable pay from 1 October 2015) in 2020-21 (2019-20: £2k) were payable to the Civil Service Pension arrangements to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £7k (2019-20: £nil). Contributions pre-paid at that date were £nil (2019-20: £nil).

Non-Executive Board Members' Remuneration

As at 31 March 2021, the Agency has five independent Non-Executive Board Members. Table 3, below, details the total remuneration for each of the Agency's paid Non-Executive Board Members during 2020-21. The Agency's HMT Sponsor, Catherine Little, also has a non-executive role on the Agency's Board which is not remunerated by the Agency as she is a member of the Civil Service.

Table 3: Agency Board Non-Executive members' remuneration (this information is subject to audit)

Name	Role	Total Remuneration £0 (000's)	
		2020-21	2019-20
Steve Burnett	Non-executive Board Chair	20-25	20-25
Paul Boyle	Non-executive Board member	15-20	15-20
Jo Clift (until 7 Jan 21)	Non-executive Board member	10-15 (15-20 FYE)	15-20
Ady Dike (from 15 Feb 21)	Non-executive Board member	0-5 (15-20 FYE)	0
Isobel Everett (From 5 Feb 21)	Non-executive Board member	0-5 (15-20 FYE)	0
Clare Minchington (Form 5 Feb 21)	Non-executive Board member	0-5 (15-20 FYE)	0

Note: FYE means Full Year Equivalent

Reporting of Civil Service and other compensation schemes – exit packages

Table 4: Exit Packages* (this information is subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2020-21	Number of compulsory redundancies	Number of other departures agreed	2019-20
			Total number of exit packages by cost band			Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	1	1	-	1	1
£50,000 – £100,000	-	1	1	-	-	-
Total number of exit packages	-	2	2	-	1	1
Total resource cost	-	£124,877	£124,877	-	£49,978	£49,978

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. The two payments for 2020-21, which received approval where appropriate, comprise one inefficiency payment in respect of a dismissal and one settlement agreement. Neither of these payments fall within the provisions of the Civil Service Pension Scheme.

Staff Report

Agency composition – staff numbers and costs

The Agency's authorised headcount was set at the start of 2020-21 at 493 full time equivalents (FTEs). GIAA has remained within this authorised headcount value throughout the year. The Agency's composition as at 31 March 2021 is shown in Tables 5 and 6 below.

Including the Chief Executive, the Agency employed 22.3 SCS (FTE, including two on fixed term appointments) as at 31st March 2021 – one at Pay Band 3, five at Pay Band 2 (including one fixed term appointment) and 16.3 at Pay Band 1 (one of whom is a fixed term appointment, but none of whom were temporary promotions). Our complement of SCS posts is primarily driven by the needs of our customers in terms of managing the delivery of the agreed internal audit programmes.

Table 5: Agency composition by Full Time Equivalent (FTE) (this information is subject to audit)

Category	2020-21		2019-20 Restated	
	Number (FTE)	Cost (£000)	Number (FTE)	Cost (£000)
Staff with a permanent UK employment contract	444	30,318	443	29,145
Other staff engaged on the objectives of the entity (consisting of interim and temporary workers)	2	151	8	196
Total	446	30,469	451	29,341

Note: FTE Numbers rounded to nearest whole FTE.

Table 6: Agency composition by percentage in grade by split by declared gender, ethnic minority and disability

Table 6: Staff Composition

Grade	2020-21				2019-20			
	Male	Female	BAME	Disabled	Male	Female	BAME	Disabled
SCS	52%	48%	14%	10%	57%	43%	10%	19%
SCS & G6	55%	45%	12%	9%	57%	43%	8%	11%
Agency Total	48%	52%	20%	11%	50%	50%	17%	12%

Diversity and Inclusion

We are committed to the principles of equality, diversity and inclusion, and aim to ensure that nobody receives less favourable treatment including on the basis of age, disability, gender, religion or belief, race, or sexual orientation. GIAA recognises the importance of compliance with anti-discrimination legislation, but more than that, we also recognise that having a diverse

talent pool enables us to provide the best possible services to our customers. The Agency is a proud signatory of the Race at Work Charter.

The Agency encourages applications from disabled people, and we guarantee to interview all disabled applicants who meet the minimum criteria for a role. We work with specialist recruiters to ensure that our roles are promoted in a way which appeals equally to people with different backgrounds and abilities.

We also make workplace adjustments to help when people join the Agency or to help people who become disabled to stay in their current role or find a suitable alternative, offering a Workplace Adjustments Passport Scheme. We require our managers and interview panel members to complete a full suite of diversity and inclusion training which includes unconscious bias.

When promotion opportunities arise, everyone is equally encouraged to apply and to discuss any adjustments they require to be made to the selection arrangements in order to remove any disadvantage resulting from disabilities or protected characteristics.

The Agency is committed to transparent reporting and its gender pay gap is published as part of HM Treasury's Gender Pay Gap Report at www.gov.uk¹. Our gap remains lower than both the Civil Service and wider public sector average, but we will continue to focus on reducing the gap further.

Sickness absence

The average number of working days lost to sickness absence during 2020-21 was 5.0 days (2019-20: 5.4 days). We continued to develop robust sickness absence management strategies, with a well-being plan in place, including Employee Assistance Programme support, resilience workshops, stress management training and monitoring of absence rates and the reasons behind them. Senior management will continue to monitor the success of this strategy and future trends in the Agency's sickness data to identify and implement further interventions that may be required.

Staff turnover percentage

We monitor staff turnover closely and figures have remained relatively static as follows:

2020-21 = 10.9%;
2019-20 = 10.2%; and
2018-19 = 11.5%.

Staff engagement scores

We achieved a response rate of 89% in the most recent Civil Service People Survey and our overall engagement index score was 60%, up 4 points on 2019-20 and 10 points on 2018-19.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/860302/Gender_Pay_Gap_report_-_2018_19.pdf

Consultants and contingent labour

We utilise contingent labour for a number of purposes:

- (1) to provide project management support to supplement short term development activities;
- (2) to meet generalist and specialist audit requirements; and
- (3) to temporarily fill resource gaps in our teams.

The Agency entered new contracts with a group of Strategic Delivery Partners for the provision of services from 1 April 2020, these partners being RSM, Deloitte, BDO, and EY for generalist audit work, joined by PWC and KPMG for specialist audit work. These contracts replaced an older framework contract, originating in 2015, which had expired and, as a result, resulted in increased rates due to market forces and higher internal audit resource expenditure. These contracts give us the flexibility to meet peaks in demand and to deploy specialist skills when needed to work alongside our own people. Our ‘Consultancy and advice’ costs increased in 2020-21 as a result of the cost of Chartered Institute of Internal Audit (CIIA) carrying out an External Quality Assessment (EQA) of the GIAA and the cost of the advice from Government Actuary’s Department for GIAA taking on the Pension liability for staff who transferred in from the Student Loans Company.

Table 7: Consultants and contingent labour

Category		2020-21 £000	2019-20 £000
GIAA Specialist Audit Contractors	Internal Audit Resources	5,043	4,769
	Consultancy and advice	283	19
	Total	5,326	4,788
General Framework Contract	Interim and Temporary Workers	151	196

The ‘interim and temporary workers’ category includes individuals who are not paid through the Agency’s payroll. In line with the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, we are required to publish the following details for all off-payroll arrangements as of 31 March 2021, where the individual is paid more than £245 per day and the engagement has lasted for longer than six months. This is shown in Table 8 below.

Table 8: Off payroll arrangements

	2020-21	2019-20
Number of engagements at year end, and risk assessed	1	2
Of which:		
number of engagements existing for less than a year at the time of reporting	0	1
number of engagements lasting for one to two years at the time of reporting	1	1
Number of engagements paying more than £245 per day or lasting longer than six months, all of which include contractual clauses giving the Agency the right to request assurance in relation to income tax and NI obligations, all of which have been contacted, and all of which have provided confirmation.	1	2
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	-	-
Total number of individuals on the payroll and off-payroll that have been deemed “Board members and/or, senior officials with significant financial responsibility” during the financial year.	12	11

Facility time for trade union representatives

We recognise three trades unions for the purposes of collective bargaining, consultation and to provide representation and support to individual employees. There are two local trades union representatives within the Agency who are eligible to record facility time within agreed guidelines, totalling no more than 0.1% of the Agency's pay bill. In 2019-20 our trade union representatives recorded no facility time, but full disclosures are included below for completeness.

Table 9 - Relevant Union Officials

Number of employees who were relevant Union Officials during the relevant period	Full time equivalent employee number
3	3

Table 10 - Percentage of time spent on facility time

Percentage of Time	Number of Employees (FTE)
0	0
1-50%	3
50-100%	0

Table 11 - Percentage of pay bill spent on facility time

	Figures
Total cost of facility time	£4,805
Total Pay Bill 2020-21 (does not include off-payroll costs of contracted interim and temporary workers)	£30,153
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

Table 12 - Paid trade union activities

Paid Trade Union activities	£0
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%

Parliamentary accountability and audit report

Financial performance

This section provides a summary of the Agency's financial performance during the year, focusing on the income we have received from our customers, the continued investment by our parent Department – HM Treasury, and how we have spent those resources during the year in the delivery of our internal audit and counter-fraud and investigation services.

Income

The Agency is primarily funded through the fees we charge our customers for internal audit, counter-fraud and investigation and assurance services. We agree the level of audit and counter fraud services required by each of our customers, setting out the full detail of our services in Memoranda of Understanding and agreeing an appropriate fee. GIAA also received funding from HM Treasury for the Internal Audit policy work that it undertakes on its behalf and for the continuing development costs of the Agency.

While the Agency continues to develop and bring in new departmental customers and their teams, we receive additional investment from the Treasury through the Supply Estimate.

Total operating income for the year was £37,968k (2019-20: £37,666k).

Expenditure

Our total costs this year were £40,186k (2019-2020: £39,990k), consisting of staff costs of £30,304k (2019-20: £29,157k) and non-staff costs of £10,037k (2019-20: £10,561k). The value of provisions fell by £155k this year (compared to an increase of £272k in 2019-20). Increases in our administration costs year on year are principally a result of larger staff costs which reflect the impact of the implementation of the pay award, and larger headcount.

Permanent staff costs of £30,318k (2019-20: £29,145k) directly relate to the employment of our auditors, counter fraud investigators and other assurance professions, the internal audit policy function, the team providing corporate services, and the staff who deliver our strategic development programme. More information on our staff numbers and costs can be found in the remuneration and staff report above.

We engaged several firms under our internal audit framework to deliver additional specialist and general audit services to our customers on our behalf, incurring expenditure of £5,326k (2019-20: £4,789k). The Agency additionally employed contingent labour totalling £151k (2019-20: £196k) outside the core framework to provide further audit resources and to fill temporary gaps, primarily in our corporate teams.

We incurred £13k (2019-20: £1,261k) in travel and subsistence costs, the majority of which were directly related to audit and counter fraud services delivered to our customers and reimbursed through fees paid to the Agency. The significant decrease in this category of expenditure compared to 2019-20 was entirely due to the fact that GIAA staff have worked from home during most of the year in line with government instructions relating to the pandemic.

The Agency also incurred a number of administrative costs, which primarily consisted of recharges from other government bodies of £3,251k (2019-20: £3,078k) for services including transactional finance, HR, payroll and ICT services received from our parent body, HM Treasury, and legal advice from the Government Legal Department. In order to support the strategic objective of recruiting and retaining high calibre staff, we invested £149k (2019-20: £174k), £231k (2019-20: £416k) and £311k (2019-20: £282k) in recruitment, training and staff support and related costs respectively.

In relation to customer-facing activities, we generated revenue of £37,968k (2019-20: £37,666k) from our customers against total expenditure of £40,186k (2019-20: £39,990k). The net deficit was therefore £2,218k (2019-20: net deficit of £2,324k) and the difference was met by HM Treasury supply funding as explained in Note 5 to the accounts. As a result, the Agency ended the year with an overall surplus of £638k.

When authorised spending of £350k (2019-20: £350k) on the internal audit policy function and our development programme is taken into account, we recorded net operating expenditure of £2,218k (2019-20: £2,324k). In accordance with government accounting rules, the corresponding funding for this work is recorded as a movement in the General Fund, rather than as income.

The balance on the General Fund of £2,075k (2019-20: £1,376k) represents the balance of our operating activities and HM Treasury funding.

Financial position

The Agency's balance sheet consists of receivables of £11,739k (2019-20: £16,677k), payables of £9,547k (2019-20: £15,029k) and provisions of £117k (2019-20: £272k).

Our strategy is to use existing arrangements with our customers in other parts of government to meet the majority of our accommodation requirements, and with our parent department to meet most of our ICT needs. As such, the Agency does not own any property, plant and equipment.

Receivables primarily consist of amounts due from our customers, with £10,273k (2019-20: £11,332k) relating to amounts invoiced but not paid at 31 March, and £1,301k (2019-20: £5,170k) relating to services delivered in 2020-21 but not invoiced until the new financial year.

Included in trade and other payables and accruals, totalling £9,547k (2019-20: £15,029k), are advance receipts from customers of £232k (2019-20: £65k). The value of untaken holiday leave at 31 March 2021 was £1,203k (2019-20: £1,045k).

The Agency does not hold its own bank account, but shares an account with our parent department, HM Treasury – this mechanism provides us with working capital which allows us to pay people and suppliers while waiting for customers to pay our invoices. As a result, we owed HM Treasury £4,073k (2019-20: £9,935k) which is the difference between the cash received from customers and expenditure funded by HM Treasury during the year.

Parliamentary accountability disclosures

The following parliamentary accountability disclosures are made in accordance with relevant guidance issued by HM Treasury.

Fees and charges (this information is subject to audit)

The Agency is largely funded through the fees we charge customers for internal audit, counter fraud and investigation and assurance services. Our fees are set in accordance with *Managing Public Money* to recover the full costs of service provision using a charging model that we have developed.

Table 10: Fees and charges			
2020-21	Income (£000)	Expenditure (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	37,968	(40,186)	(2,218)
Total	37,968	(40,186)	(2,218)
2019-20	Income (£000)	Expenditure (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	37,666	(39,990)	(2,324)
Total	37,666	(39,990)	(2,324)

Remote contingent liabilities (this information is subject to audit)

We do not have any remote contingent liabilities that are required to be disclosed under parliamentary reporting requirements. The Agency's contingent liabilities disclosed under IAS 37 are included in Note 13 to the Financial Statements. There were no contingent liabilities reported in 2020-21.

Regularity of expenditure (this information is subject to audit)

Our expenditure relates to routine administration costs such as employment costs and the purchase of goods and services, and as such does not require any further specific legislation. We do not undertake any specific policy or service that requires Parliamentary approval for bespoke legislation and incurred no expenditure during the year that relies on the sole authority of a Supply and Appropriation Act.

Losses and special payments (this information is subject to audit)

There was a special payment made for an exit package outside of the terms of CSCS. GIAA recorded six losses in 2020-21, the value of these are below the reporting threshold and relate to unrecovered overpayments to staff. The Agency has not made any gifts during the year.

Long-term expenditure trends

2020-21 was our 6th year of operation but the third year in which we did not complete any major migrations. However, our income and expenditure were both impacted by the COVID-19 pandemic and, as such, it is difficult to establish any steady state long-term expenditure trends with prior year performance.



Elizabeth Honer
Chief Executive and Accounting Officer
14 July 2021

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Government Internal Audit Agency for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Government Internal Audit Agency's affairs as at 31 March 2021 and of the Government Internal Audit Agency's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Government Internal Audit Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Government Internal Audit Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Government Internal Audit Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Government Internal Audit Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Government Internal Audit Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Government Internal Audit Agency’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by the Government Internal Audit Agency will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Government Internal Audit Agency’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Government Internal Audit Agency’s policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Government Internal Audit Agency’s controls relating to the Government Resources and Accounts Act 2000 and Managing Public Money.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and the posting of unusual journals and transactions;
- obtaining an understanding of the Government Internal Audit Agency’s framework of authority as well as other legal and regulatory frameworks that the Government Internal Audit Agency operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Government Internal Audit Agency. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, employment law and applicable tax legislation and regulations.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 19 July 2021

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

The Financial Statements



Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	Year to 31 March 2021 (£000)	Year to 31 March 2020 (£000)
Income from sales of services	4,5	(37,968)	(37,666)
Total operating income		(37,968)	(37,666)
Staff costs	2	30,304	29,157
Purchase of goods and services	3	10,037	10,561
Provision Expense	10	(155)	272
Total operating expenditure		40,186	39,990
Net expenditure for the year		2,218	2,324
Other comprehensive net expenditure			
Cost of annual leave balances of staff transferred to GIAA		-	-
Comprehensive net expenditure for the year		2,218	2,324

The notes on pages 77-85 form part of these accounts.

Statement of Financial Position as at 31 March 2021

	Note	As at 31 March 2021 (£000)	As at 31 March 2020 (£000)
Current assets			
Trade and other receivables	7	11,739	16,677
Total current assets		11,739	16,677
Current liabilities			
Trade and other payables	9	(9,547)	(15,029)
Provisions	10	(117)	(250)
Total current liabilities		(9,664)	(15,279)
Non-current liabilities			
Provisions	10	-	(22)
Total assets less total liabilities		2,075	1,376
Taxpayers' equity			
General Fund		2,075	1,376

The notes on pages 77-88 form part of these accounts.



Elizabeth Honer
Chief Executive and Accounting Officer
 14 July 2021

Statement of Cash Flows for the year ended 31 March 2021

	Note	2020-21 (£000)	2019-20 (£000)
Cash flows from operating activities			
Comprehensive net expenditure		(2,218)	(2,324)
(Increase)/Decrease in trade and other receivables		4,938	(1,935)
Increase/(Decrease) in trade and other payables		(5,482)	627
Use of Provisions		(155)	272
Notional expenditure: auditor remuneration		61	60
Net cash outflow from operating activities		(2,856)	(3,300)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		2,856	3,300
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Statement of Changes in Taxpayers Equity

	General Fund	Taxpayers' equity
	£000	£000
Balance at 1 April 2020	1,376	1,376
Net parliamentary funding	2,856	2,856
Notional charges: Auditors Remuneration	61	61
Comprehensive net expenditure for the year	(2,218)	(2,218)
Balance at 31 March 2021	2,075	2,075

	General Fund	Taxpayers' equity
	£000	£000
Balance at 1 April 2019	340	340
Net parliamentary funding	3,300	3,300
Notional charges: Auditors Remuneration	60	60
Comprehensive net expenditure for the year	(2,324)	(2,324)
Balance at 31 March 2020	1,376	1,376

Notes to the Accounts

Note 1 – Accounting Policies

1.1 Basis of Preparation

The annual set of financial statements for the Government Internal Audit Agency (GIAA) is prepared in accordance with the Government’s Financial Reporting Manual (FRoM) and is prepared under the Accounts Direction issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context.

Where the FRoM permits a choice of accounting policies, those that are judged the most appropriate to the particular circumstances of the GIAA, for the purpose of giving a true and fair view, have been selected. The particular accounting policies adopted by the GIAA are applied consistently in dealing with all items that are considered material to the accounts and these are described below.

The GIAA is an executive agency of Her Majesty’s Treasury; all estimates and forward plans include provision for its continuation. It has therefore been considered appropriate to prepare these accounts on a going concern basis.

1.2 Standards issued but not yet effective

GIAA has not early-adopted any new or amended standards in preparing these financial statements.

IFRS 16 Leases

IFRS 16 is being applied in the Government Financial Reporting Manual (FRoM) from 1 April 2022. IFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Our expectation is that the adoption of IFRS 16 will result in an increase in reported assets (in the form of right-of-use assets) and reported liabilities (representing the obligation to make future lease payments).

GIAA carried out an assessment of the impact of this standard on the financial statements. This assessment showed no material impact. The impact assessment exercise will be reperformed ahead of the implementation date, but this standard is not expected to have a material impact on the Agency’s financial statements.

Other Standards

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the Agency.

1.3 Accounting Convention

These accounts have been prepared on an accruals basis, under the historical cost convention, modified to account for certain financial instruments to fair value, as determined by the relevant accounting standards.

1.4 Transfer of Functions

There have been no transfers of Internal Audit teams from other Government Departments in the year to date. Transfers into the Agency have occurred on 1 April 2019, 1 October 2018, 1 April 2017, 1 October 2016 and 1 April 2016.

1.5 Property, Plant and Equipment and Intangible Fixed Assets

GIAA follows HM Treasury Accounting Group Policy in respect of the recognition of Property, Plant and Equipment and Intangible Fixed Assets. Under this policy, Property, Plant and Equipment and Intangible Fixed Assets are initially recognised at cost. The threshold used by HM Treasury for capitalising these assets is £5,000. No such assets were held by GIAA during 2020-21.

1.6 Income

All income is accounted for in line with IFRS 15: Revenue from Contracts with Customers which came into effect on 1 January 2018 and became effective during 2018-19. The core principle of IFRS 15 is that an entity recognises revenue to reflect the transfer of promised goods or services to customers in an amount that indicates the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised using a five-step model; identification of the contract with the customer, identification of the performance obligations within the contract, determination of the transaction price, allocation of the price to the performance obligations, then recognition of revenue as the performance obligations are fulfilled. In practice there has been no change in recognition from the policy followed under IAS18. Work in progress represents unbilled time and/or time & materials which are valued at the appropriate rate and recognised as operating income for the financial year in which the work was completed.

Operating income relates directly to the operating activities of the Agency. It principally comprises fees and charges for audit, assurance, counter-fraud and investigation services provided during the year on a full-cost basis to customers external to the Agency (central government departments, agencies and Arm's Length Bodies), and recovery of disbursements incurred in delivering services to them. Charge-out rates are set in accordance with HM Treasury's guidance on fees and charges set out in Managing Public Money to achieve full cost recovery of chargeable services.

1.7 Value Added Tax

The Agency is not separately registered for Value Added Tax (VAT) and VAT collected or paid is accounted for centrally by HM Treasury as our parent department. Irrecoverable VAT is charged to the relevant expenditure category in the statements of comprehensive net expenditure. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.8 Employee Benefits

Pension and superannuation costs

Pension benefits are provided through Civil Service pension arrangements as detailed on page 54 of the Remuneration Report

GIAA recognises the expected cost of future pension liabilities in a systematic and rational basis over the period during which it benefits from employees' service by payment to Civil Service pension schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

Early retirement costs

No early retirement costs were paid during the accounting period.

Other employee benefits

This includes the value of untaken holiday leave at the financial year-end, which is recognised on an accruals basis.

1.9 Financial instruments

As the cash requirements of the Agency are primarily met from income from clients (other government departments) and a limited amount through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The requirements of IFRS 9: Financial Instruments have been considered; however, as per the HMT Financial Reporting Manual (FReM), balances with government bodies are excluded from the requirement for impairments

Financial instruments held arise from day-to-day operations and include trade and other receivables (note 7) and trade and other payables (note 9). In accordance with IFRS 9 Financial Instruments, financial assets and financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost

Trade and other receivables

Trade and other receivables have fixed or determinable payments that are not quoted on an active market. Trade and other receivables do not carry any interest and GIAA recognises them initially at their face value then subsequently measured at amortised cost using the effective interest method. GIAA recognises appropriate allowances (provisions or write-offs) for estimated irrecoverable sums (bad debts) in the statement of comprehensive net expenditure when there is objective evidence that the asset is impaired. GIAA measures the allowance recognised as the difference between the assets' carrying value and the estimated future recoverable value. The carrying amount of the asset is reduced in the Statement of Financial Position and the loss is recognised in the Statement of Comprehensive Net Expenditure.

1.10 Notional Charges

Certain costs are charged on a notional basis and included in the accounts. The only notional cost in 2020-2021 was the auditor remuneration. Notional costs are recorded in the Statement of Comprehensive Net Expenditure and recorded as a movement on the General Fund.

1.11 Segmental Reporting

Under HM Treasury guidance in the FReM, the GIAA is expected to meet the requirements of IFRS 8 to report information concerning operating segments where the criteria under IFRS 8 are met. GIAA audit work for customers is classified in one operating segment. GIAA manages its assets and liabilities at the entity level and therefore the distribution of assets and liabilities to programmes and administration is not disclosed.

1.12 Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expenditure that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Income Recognition

In calculating accrued income and deferred income (receipts in advance) for audit services, the Agency makes judgements as to the stage of completion of our services and/or work:

- for fixed fee customers, we evaluate the services delivered
- for time and material customers, they are charged for the work that has been done on their audit plan up to 31 March. This would include all time charged to the customer by GIAA staff, the contractor costs attributable to that customer and any Travel and Subsistence undertaken on the customers audits.

In doing so, estimates are made on the remaining costs to be incurred in completing contracts and includes a provision for foreseen unrecoverable amounts. These estimates are included in trade receivables, accrued income and deferred income at the year end.

Note 2 - Staff costs

	2020-21			2019-20		
	Permanent Staff (£000)	Other Staff (£000)	Total (£000)	Permanent Staff (£000)	Other Staff (£000)	Total (£000)
Salaries including allowances	22,106	151	22,257	21,240	196	21,436
Social security costs	2,471		2,471	2,375	-	2,375
Other pension costs	5,741		5,741	5,530	-	5,530
Total staff costs	30,318	151	30,469	29,145	196	29,341
Less recoveries from outward secondments	(165)		(165)	(184)	-	(184)
Net cost	30,153	151	30,304	28,961	196	29,157

The average number of full-time equivalent persons employed during the year was 467 (2019-20:464).

Note 3 – Purchase of Goods and Services

3.1 Analysis of total goods and services purchased

	2020-21 (£000)	2019-20 (£000)
Contractors costs	5,326	4,789
Support services from other Government Depts.	3,251	3,078
Travel and Subsistence costs	13	1,261
IT and telecommunications costs	707	442
Training costs	231	416
Auditor's remuneration	61	60
Staff support and staff related costs	311	282
Recruitment costs	149	174
Office costs	(12)	59
Total other goods and services	10,037	10,561

GIAA has paid £108k of Apprenticeship Levy in 2020-21 and this is included in the total £311k Staff support and staff related costs above. Travel and subsistence costs were significantly lower in 2020-21 because GIAA staff worked from home during the pandemic in line with government guidance. The Agency saw an increase in IT and telecommunications costs during the year for the same reason.

Note 4 – Income

Income for the year of £37,968k relates entirely to audit and counter-fraud & investigation fee income (2019-20: £37,666k).

Note 5 – Income and expenditure by type of work

	2020-21			2019-20		
	Internal Audit Customers (£000)	Supply funded: IA Policy (£000)	Total Per SOCNE (£000)	Internal Audit Customers (£000)	Supply funded: IA Policy (£000)	Total Per SOCNE (£000)
Audit fee income	(37,968)	-	(37,968)	(37,666)	-	(37,666)
Expenditure	39,836	350	40,186	39,640	350	39,990
Net expenditure for the year	1,868	350	2,218	1,974	350	2,324
Comprehensive net expenditure for the year	1,868	350	2,218	1,974	350	2,324

GIAA has a performance objective to break even on its customer facing operations and has developed a financial model to recover the full cost of delivering its services to customers through both audit and counter-fraud and investigation fees. The annual leave cost relating to staff who transfer into GIAA is deemed to be a non-operating cost as the annual leave was earned by those staff in previous employments. In addition to the income from audit and counter-fraud & investigation fees, the GIAA receives supply funding from HM Treasury for two areas; the expansion and development of the Agency and for providing the Government's Internal Audit Policy function. This analysis is not intended to comply with IFRS 8: *Operating Segments*.

The net expenditure for the year of £2,218k has been offset by HM Treasury supply funding of £2,856k. The Agency ended the year with a surplus of £638k.

Note 6 – Financial Instruments

As the cash requirements of the Agency are met through income from clients (other government departments) and the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk. There is a nil provision for doubtful debts.

Note 7 – Receivables

	2020-21 (£000)	2019-20 (£000)
Amounts falling due within one year		
Trade receivables	10,273	11,332
Prepayments	184	160
Accrued Income	1,301	5,170
Staff loans and other receivables	(19)	15
Total falling due within one year	11,739	16,677

Note 8 – Cash

GIAA does not hold any cash, and any cash transactions are made by HMT on behalf of the Agency through the year.

Note 9 – Payables and other current liabilities

	2020-21 (£000)	2019-20 (£000)
Amounts falling due within one year		
Amounts due to HMT	4,073	9,935
Accruals	3,931	3,693
VAT	0	0
Trade and other payables (including Tax & Social Security)	1,311	1,336
Receipts in advance	232	65
Total falling due within one year	9,547	15,029

Note 10 – Provisions for liabilities and charges

	SLC Pension Provision (£000)	Dilapidations Provision (£000)	Total (£000)
Balance at 1 April 2020	250	22	272
Provided in the year			
Provisions not required written back	-133	-22	-155
Provisions utilised in the year			
Change in discount rate			
Unwinding of discount			
Balance at 31 March 2021	117	-	117
	SLC Pension Provision (£000)	Dilapidations Provision (£000)	Total (£000)
Analysis of expected timing of discounted flows			
Not later than one year	117		117
Later than one year			
Later than five years		-	
Balance at 31 March 2021	117	-	117

There is a provision of £117k for a potential pension liability relating to a small group of staff who transferred into the Agency on 1st April 2019. This group has had to consider whether or not to transfer their past service from their previous pension provider into the Civil Service pension schemes. The financial impact of any transfer on GIAA is being considered by the Government Actuary's Department. The value of the provision has reduced compared to last year to reflect decisions made by some members of the group. The new value for the provision was provided by GAD in March 2021.

In our 2019-20 accounts, we included a second provision for dilapidation charges relating to 10 Victoria Street, Rivergate in Bristol and Apex Court in Nottingham which would fall due as/when the relevant leases expire as per the terms of the MOTO. We have subsequently been advised by Government Property Agency that GIAA will no longer be expected to contribute to the cost of the dilapidations for these buildings, as we are not the principal lease-holder and that these costs will instead be covered by the originating departments for the MOTO arrangements.

Note 11 – Commitments and leases

11.1 Capital and Other financial commitments

The Government Internal Audit Agency has not entered into any capital commitments or any non-cancellable contracts.

11.2 Commitments under operating leases

The Government Internal Audit Agency has a recharge arrangement with HM Treasury for a number of support services including ICT running costs and transactional services for HR and finance. As at 31 March 2021, these arrangements were based on an annual recharge to the Agency from HM Treasury. The arrangements are subject to an annual review and as the Agency expands, longer term arrangements will be sought which may result in operational leases. However, current arrangements are not in scope of IFRS16 as they do not convey a right of control.

Although the implementation of IFRS 16: Lease Accounting has been deferred by HMT by one year to April 2022, the following disclosure is consistent with the requirements of IAS 17. The total future minimum lease payments under operating leases are given in the table below for each of the following periods

Obligations under operating leases for the following periods comprise	2020-21 Total £000	2019-20 Total £000
Buildings		
Not later than one year	219	219
Later than one year and not later than five years	740	874
Later than five years	-	84
Total commitments	959	1,177

GIAA moved into its main office site in November 2018 (10 Victoria Street). These premises are leased from the Government Property Agency. IFRS 16 *Lease Accounting* applies in respect of these lease arrangements, and will be applied from 1 April 2022, with any adjustments being made to our accounts for the year to 31 March 2023. This will give rise to a Right of Use asset under IFRS16 of £699k, although its value is subject to change. We do not expect any exemptions to apply. In line with HMT Guidance of application of IFRS16 for transition we shall recognise the cumulative effects of initially applying IFRS 16 at the date of application and will apply the practical expedient, that the previous identification of a lease will apply rather than reassessing at the point of application.

GIAA staff frequently use office space provided by our customer departments to discharge their duties. We have considered whether such arrangements give rise to peppercorn leases, but due to the nature of the occupation by GIAA staff in these sites, we have concluded that they do not come within the scope of IFRS 16 and do not therefore need to be disclosed.

Note 12 – Related party transactions

HM Treasury is the sponsoring department of the Government Internal Audit Agency and as such is regarded as a related party. GIAA acquires services from HMT including the provision of

ICT support, accommodation and other support services. Additionally, the Agency provides internal audit services to HM Treasury and some of its agencies.

The Government Internal Audit Agency has had a number of transactions with other government departments and other central government bodies associated with its provision of internal audit services. The largest of these in terms of income earned are:

- Department for Work and Pensions
- Ministry of Justice (including ALBs)
- Ministry of Housing, Communities and Local Government
- Home Office
- Department for Education
- Department of Health and Social Care (including ALBs)
- Department for Transport
- DVLA
- Department for Business, Energy and Industrial Strategy
- National Savings & Investments

Board member and senior staff remuneration is disclosed in the Remuneration report which forms part of the annual statement of accounts. No board member or senior manager has undertaken any material transactions with the Government Internal Audit Agency in the twelve months to 31 March 2021.

Note 13 – Contingent Liabilities

There are no contingent liabilities as at 31 March 2021.

Note 14 – Events after the reporting period

There were no significant events occurring after the reporting period. The accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

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