



Government  
Internal Audit  
Agency

# Annual Report and Accounts **2021 -22**

Better insights, better outcomes

Government Internal Audit Agency (GIAA)  
Annual Report and Accounts 2021-22

Presented to the House of Commons pursuant to section 7 of the Government Resources  
and Accounts Act 2000

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# Performance Report



## Chief Executive's foreword



I commend our people, customers and commercial partners for all that has been achieved in another tough year. Many have faced extraordinary pressures, personally and professionally, as we have dealt with the very real effects of COVID-19. This pandemic has gone on longer than any of us would have envisaged and yet we have continued to work tirelessly, from home mostly, to support government departments and entities in their response, drawing attention to where things are going well and where improvements are required.

The nature of internal audit and our counter fraud and investigation work is to support Accounting Officers in understanding how effectively their governance arrangements and controls are operating and their risks are being managed. The nature of internal audit is summed up by the word internal – giving us the trusted relationships within organisations that we need to be of greatest value. But just because we work behind the scenes, our work still makes a difference. In the words of our mission statement: 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 people** are at the heart of what we do – we are a professional service organisation. We have seen yet another increase in our People Survey engagement score, up another 4 percentage points to 64%, almost at the Civil Service average. Within that we have seen substantial scores in the areas of understanding organisational objectives and purpose (90%), my team (84%) and inclusion and fair treatment (84%), all up on last year. Our results are also clear on where we need to do better – creating a greater sense of pride in working for the GIAA, which drives overall engagement, and restructuring our pay and benefits to address the many legacy arrangements we inherited. This is not about focusing on the scores but understanding that the scores represent how our people feel and that how people feel affects how they work.

We ramped up our work on **equality, diversity and inclusion** in this past year, with our action plan focusing on improving representation, inclusion and belonging. Recent people survey data indicates that we have made some encouraging progress and we will continue to focus our energy in this area. Thanks to our people, more of whom than ever stepped forward this year to help, we have already completed many of the commitments made in our Action Plan, providing more support for our brilliant people networks and creating more mechanisms to translate our people's feedback into tangible actions that lead to change in all our teams. Next year, we will continue to work together towards ensuring GIAA can be an authentic, diverse and genuinely inclusive organisation where everyone can feel they belong and give us their very best.

This past year has also seen some notable achievements in delivering our **core mission** and our **Strategy 2023**. Our core internal audit and counter fraud and investigations work has focused on some of the government's most complex areas as it has responded to the pandemic, across the many departments on the front line of the response. Our cross-government work has taken off, with us producing seven insight reports on some of the risks that cut across government. Our quality improvements were recognised through our External Quality Assessment conducted in 2020 and we are implementing the actions arising. Our application of artificial intelligence and data analytics is contributing to our cross-government insights, with the GIAA being recognised as a leading light in this area, and we are piloting agile audit techniques. All of these developments will enable us to realise our Vision 2023, providing ever better insights to support

government outcomes.

This year we started two significant activities in our capacity as **head of the internal audit function and profession for government**. The first, through a project run jointly by us and the Treasury Officer of Accounts in HM Treasury, aims to strengthen the control environment in government, as well as improve the ‘Golden Thread’ from that framework to our annual audit reports and opinions. This project will clarify the requirements placed on an Accounting Officers, the management systems they should have in place to give them the required assurance and enable internal audit, as third line, to be of greater strategic value.

The second, known as One GIA, realises the requirement for all government entities to use us as their provider for internal audit services with us becoming a truly pan-government Agency from 2023. 2021-22 was the preparatory year, with the three departments not currently customers of the GIAA – HM Revenue and Customs, Ministry of Defence and the Foreign, Commonwealth and Development Office – working with us to define the opportunities and risks of joining us. Becoming fully pan-government will enable the GIAA to provide Permanent Secretaries, Cabinet Office and HM Treasury with a comprehensive understanding of cross-cutting or systemic risks and equip them to work collectively to address them. We also made good progress in developing and agreeing a protocol for how internal audit reports are shared within government and the controls needed.

I am proud that our people and our work have been recognised externally, with **awards** for Neil Green as Outstanding Manager/Director 2021 (Tackling Economic Crime Awards 2021) and Vikki Raymond who was awarded two prizes for her performance in her final accountancy exams: the Richard Emmott Memorial Prize for best performance in the Strategic Case Study examination and the Arthur Collins Memorial Medal for the best overall performance at the final stage of the CIPFA Professional Qualification across the Strategic Case Study and Strategic Public Finance papers (Public Finance Awards 2021).

We also held our own GIAA all-staff conference and awards to which we invited internal audit colleagues from HMRC, FCDO and MOD. To protect our people this was a virtual event, as it was in 2020, and we are looking forward to exploring a more hybrid approach in the future.

2022-23 is our year of people. We have made great strides in developing new systems, approaches and technologies, but our people remain at the core of everything we do. We need to embed the changes we are making so that they become the way we do things round here and to invest in our people for the future. I look forward to working with our customers and other stakeholders, our people and our non-executives as we realise our mission of “better insights, better outcomes”.



**Elizabeth Honer**

Chief Executive and

Head of the Government Internal Audit Function



## Chair's foreword



Having been appointed as Chair of GIAA's Board in October 2021, this is my first foreword to our Annual Report and Accounts, although I have been a Non-Executive Director of the Agency since February 2021. I am delighted that the Agency has, once again, had an excellent year. With this in mind, I would like to pay tribute to our outgoing Chair, Steve Burnett, whose leadership, experience and wisdom during his three years as Chair really helped to steer the Agency down the path of success.

Our first thought, in anything that we do, is delivering the quality and insights to our broad range of customers across our, not insignificant, portfolio of more than 130 central government organisations. And this portfolio is set to increase significantly over the next few years as we welcome even more customers from across Government enabling us to be a truly pan-government source of advice and assurance.

During 2021-22, as well as delivering some 1,414 individual internal audit engagement reports and 366 counter-fraud activities, we have also delivered seven major cross-Government insight reports supported by webinars which have attracted a substantial external audience, including from our customers. These have helped us to spread both lessons learned and good practice. Our use of innovative techniques, such as our new Insights Engine which has supplemented our human analysis of all our individual reports with the benefits of automation to produce cross-government findings, along with the development of artificial intelligence and robotic process engineering, are real game-changers in driving improved, more efficient processes to support delivery.

We also commenced a significant project, working with colleagues in HM Treasury and across government, to review the overall control environment for Accounting Officers in central government to ensure that there is a clear, linked framework of guidance, controls and assurance in place. I have no doubt that this work will help to provide greater clarity on how a system of risk management and internal control should operate to both governance and assurance professionals.

Our most important asset in delivering all this work is our people. Over the past year I have been very impressed by the enthusiasm, professionalism and commitment of colleagues in the GIAA. As an Executive Agency we are constantly changing and evolving to deliver our overall vision. Our people have absolutely supported and, indeed, are driving this evolution with our customers, present and future, in mind. As such I would like to thank all of our people within the GIAA for their tremendous hard work in 2021-22 and for the resilience that they have shown in ensuring that we continue to provide great customer service despite the significant difficulties caused by the pandemic in the first part of the year.

We have recently launched our 2022-23 Corporate Plan in which we focus the coming year as our year of people, helping us to further grow, attract and reward the talent needed for great customer service. We will also be consulting with our people in developing our strategy for delivering our new vision beyond 2023. These are exciting times for the Agency!

A handwritten signature in black ink that reads "Isobel Everett".

**Isobel Everett MBE**

Chair GIAA Board

## 2021 - 22 Statistics



**13** Central Government Department customers.



Total of **133** customer organisations including central government departments.



**1,414** internal audit engagements delivered to at least draft report stage in-year.



**83.5%** average customer satisfaction against a target of 70%.



Delivered **366** investigations and counter fraud activities for **33** customers.



**4** percentage points increase in our 2021 People Survey engagement score to 64%, compared to 2020.



**446.2** full time equivalent people employed across the UK as at end Mar 22.



**96.4%** of staff have made diversity declarations: 52.8% female, 21.9% BAME, 11.9% disabled.



**42** office locations across the UK.



**100%** correspondence responded to on time.



**97.8%** 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, our role in the wider internal audit function and profession in central government and the full 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-year 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. We have continued to build this aspect of our practice during this past year with the delivery of an increased number of wide-ranging reports.

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

## 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](http://www.gov.uk/giaa).



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

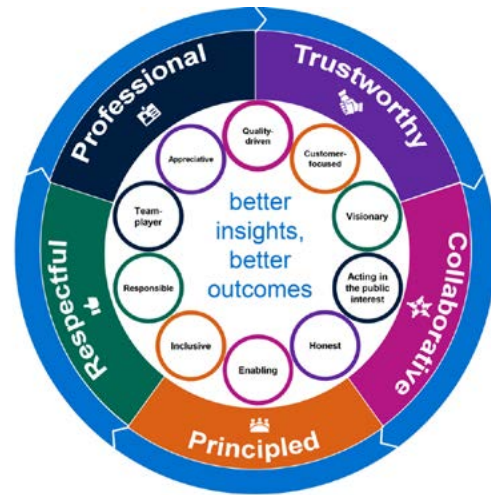
## Our Strategy

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, which we refresh each year to ensure its continued relevance and sharp focus, are designed to enhance the Agency's value to government and the public. In light of the substantial changes to the external environment arising from COVID-19, and the fundamental impact that the pandemic had on society and on our customers, we conducted a light touch review of our strategy in June 2020 to make sure that it remained appropriately focused and relevant. 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 in response to COVID-19. We also extended our strategic timeline to December 2023. Our strategy was further reviewed in readiness for 2021-22 to ensure that our priorities held true. This helped us to focus on a tighter number of strategic projects managed through our Strategy Implementation Programme. Our Corporate Plan can be found on [www.gov.uk/giaa](http://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 continue to 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 and to hold each other to account.

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.



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, leveraging knowledge and skills from across the Agency and beyond	We act in the public interest, role-modelling 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 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 gives our customers an independent and objective assessment of their governance, risk management and control arrangements and how these areas can mutually reinforce each other to operate more effectively.

These services 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 to operate in practice to actually give effect to the control.

### 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 which at present include:

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

### 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.

## Counter Fraud

As a recognised centre of excellence, we provide 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.

We have a strong and positive working relationship with Cabinet Office Fraud, Error, Debt and Grant team who lead the Government Counter Fraud Function, Profession and standards. Our GIAA services are fully complementary services provided to government bodies.

A trusted independent partner we offer both 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 £5.1 million.

### Counter-Fraud Services

- Investigation – professionally accredited, security cleared investigators delivering at pace and to criminal prosecution standard. The scope of our investigations includes alleged fraud and serious abuse by civil servants, contracted employees and providers of services across a wide range of government departments and organisations.
- Risk assessment – supporting organisations to identify, understand, assess and categorise their fraud risks.
- Tailored Counter Fraud Support – we utilise our considerable knowledge and

experience to comprehensively support organisations to develop their counter fraud response

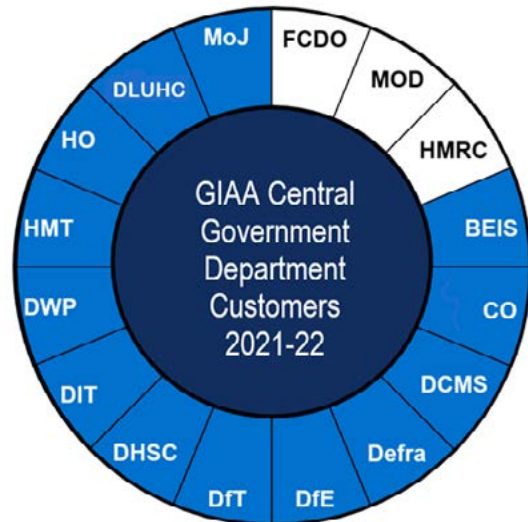
- Detection – conducting proactive fraud detection exercises.
- Whistleblowing / Raising a concern – expert advice and guidance on the development and application of strategies and processes, including reporting routeways and triage services. Development of campaigns to improve transparency and awareness.
- GovS 013 Functional Standard (covering counter fraud, bribery and corruption) – supporting organisations with implementation of the requirements of GovS 013. Providing expert support to develop fraud awareness programmes, understand the prevailing fraud landscape and respond to potential system, process or control vulnerabilities.

## Our Customers

During 2021-22 our customer base included 13 of the 16 Central Government Departments. During 2022-23 we will be finalising current plans for the remaining three departments to become customers, with their internal audit teams joining the Agency.

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. GCIA's also act as a portal for providing support to customers from our specialist functions mentioned in the 'Our Services' section above.



### 2021-22 CUSTOMER FEEDBACK

"It was a pleasure working with the team, who were professional, friendly and receptive to feedback at all times. The recommendations are insightful and useful and will help drive clear improvements. Thank you!"

"Working with the audit team was a positive experience. The assurance they provided has assisted my team in the delivery of a major piece of our plan of work for the year."

"GIAA have transformed audit experience for my teams with a friendly, human yet very professional and respectful face, driving and encouraging change as we seek to move forwards in our journey to deliver the best possible outcomes."

"We enjoy a very good relationship with GIAA and very much work in partnership. The support is much appreciated and this outside view which has experience gained of other similar projects is an essential assurance mechanism."

"Really happy with the service provided as well as the engagement. I have been involved with a number of audits over the years and this struck the right balance between ensuring objectivity and impartiality but also never felt this was something that was happening to me but rather with me. Great service."

"I've found that I have been able to have a candid and open relationship with the team as we have built a level of mutual trust of a fair well informed and balanced assessment in which we can realistically implement improvements."

A full list of our internal audit customers can be found at [www.gov.uk](http://www.gov.uk).



## Our role as Head of the 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 specialist areas (for example, legal and veterinary) and broader 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).

We routinely make the Agency's methodologies, guidance notes and bulletins available to the profession more widely to spread best practice across the Central Government Internal Audit profession.

### Helping to improve the control environment within central government

As part of our role in leading both the internal audit function and profession, we commenced work in 2021-22, with colleagues in HM Treasury and other government departments, on a significant project to improve the clarity and practices in relation to the control environment within central government.

The purpose of this project is to help deliver better outcomes for citizens and taxpayers by improving the control environment that government bodies create – both controls put in place (the control framework) and assurances that these are working (the assurance framework). This will provide a clear ‘Golden Thread’ linking the accounting officers’ responsibilities in relation to governance and internal control, through to improved practices in management assurance and audit and onwards to the annual report and opinion we give to an Accounting Officer each year.

## 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.

## Functional Reform, Performance and Standards

The Cabinet Office is leading a programme of reform across the government functions to improve their effectiveness and efficiency in supporting government to achieve its objectives. Even though GIAA is sponsored by HM Treasury, the Internal Audit Function is very much part of this programme of reform. Consequently, during 2021-22 we:

- Worked jointly with departments to prepare to deliver the requirements of functional reform relating to the GIAA, which include extending our services across government, especially in relation to the three departments which do not currently take their internal audit service from us (Ministry of Defence, Foreign and Commonwealth Development Office and HM Revenue and Customs), developing a protocol for sharing audit findings within government in exceptional circumstances while preserving our trusted relationship with Accounting Officers, contributing to risk reporting to the Civil Service Board and ministers and assessing government’s overall counter fraud services, taking account of our own service offer and that of the Cabinet Office counter fraud function.
- Commenced work to develop a strategy to cover the whole internal audit function in government, extending beyond the GIAA’s customer base, along with performance measures to assess whether it is achieving its objectives. The latter will be developed in line with the new functional performance framework, a model designed through a project led by our Chief Executive on behalf of the Cabinet Office.
- Finally, we have developed a government internal audit functional standard which will support the wider ‘Public Sector Internal Audit Standards’ but provide a greater level of detail to drive the quality of internal audit services across central government.

## Our organisational structure

Our organisational structure is set out below:



## Monitoring our performance and our 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.









We were also 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 2021-22. We include details of performance against our Key Performance Indicators, followed by our achievements against our strategic priorities for the year in delivering our vision. Both of these were published in our three year [Corporate Plan 2021-23](#).

### Delivering our key performance indicators

The following table shows our performance against our four key performance indicators as published in our 2021-22 Corporate Plan, all of which were achieved.

2021-22 Corporate Plan Indicator		Result	
	<b>Quality:</b> Achieve an average of at least 70% for overall customer satisfaction across individual engagements and improved qualitative feedback from customers via our semi-structured impact performance assessments.		Based on Customer Service Questionnaires received for engagements in the 2021-22 programme, we achieved an average of 83.5% for overall satisfaction.
	<b>Delivery:</b> Deliver the majority of planned audits to at least 'draft report issued' stage by 31 March 2022.		We delivered 91.6% of planned audits to at least 'draft report issued' stage by 31 March 2022, despite the ongoing impact of the COVID-19 pandemic.
	<b>People:</b> Achieve a further increase from 60% in our people engagement index in the 2021 people survey, taking us closer to the Civil Service average of 66% (CS2020).		The People Survey that took place in October 2021 showed an increase in our engagement score of 4 points to 64%.
	<b>Finance:</b> Manage income and expenditure in accordance with HMT guidance, ending between break-even and 1% underspend against budget by year-end.		We ended the financial year with a 1.6% underspend against budget.

## Delivering our 2021-22 Corporate Plan Priorities

Annex B of our 2021-23 Corporate Plan laid out our strategic priorities for 2021-22, some of which were managed as part of a ‘Strategy Implementation Programme’ of critical projects. The following tables, grouped under the five strands of our vision, shows how we delivered against these priorities over the year. We also provide a number of case studies to help illustrate our work.

Demanding on customer impact in 2021-22	
We said that our priorities were to:	How we delivered them:
<p>CRITICAL PROJECT 1A: Deliver a programme of <b>cross-Government/Department insights</b> as part of our annual delivery cycle, complemented by insights generation using technology and innovation; and embedding best practice across GIAA.</p>	<p>We delivered seven cross-Government insight reports in 2021-22 as part of our annual delivery cycle.</p> <p>These were supported by webinars to ARAC Chairs and senior stakeholders across our customer base.</p>
<p>CRITICAL PROJECT 1B: Implement our <b>new measurement framework</b> across GIAA to ensure we better understand our customers’ needs; and create a feedback loop to deliver a process of continuous improvement.</p>	<p>In 2021-22 we developed our ‘Customer Satisfaction Questionnaire’ into a ‘Customer Service Questionnaire’ with wider coverage on customer impact. This, alongside our development of a new Senior Stakeholders Interviews regime, forms part of our new ‘Customer Impact Framework’.</p> <p>We also review feedback from the wider Civil Service Functional Surveys which are undertaken by Cabinet Office on an annual basis.</p>
<p>CRITICAL PROJECT 2: Take initial actions on <b>functional reform</b> relating to the GIAA, in particular agree plans with the three central government departments we do not currently provide a service to and develop a protocol for sharing audit findings within government.</p>	<p>We have made considerable progress in 2021-22 by:</p> <ul style="list-style-type: none"> <li>• Holding discussions with senior colleagues, the Chairs and members of Audit &amp; Risk Assurance Committees and the internal audit teams within HMRC, FCDO and MOD, to agree initial plans for the provision of internal audit services by the GIAA and the potential integration of their internal audit teams into GIAA.</li> <li>• Developing and implementing a director-led team to take forward the plans for the remaining three departments to join our service – now called One GIA.</li> <li>• Developing a ‘Protocol’ for sharing internal audit reports within government in exceptional circumstances which was presented to the Civil Service Board Agreeing the boundaries of our counter-fraud and investigations service, relative to the Fraud, Error, Debt and Grants (FEDG) function led by Cabinet Office.</li> </ul>

## Customer Impact Case Study – Our Customer Impact Framework

In support of our mission of “better insights, better outcomes” we have developed a customer impact framework to help us understand the difference we are making. This is evolving as we populate it, analyse the results and understand what it is telling us.

### Customer Impact Framework for the GIAA

Key principles:

- (i) **Customer Feedback**,
- (ii) **Simplicity**, measures that
- (iii) **track progress** over time.

#### 1. Senior Stakeholder Impact Interviews

Periodic Senior Stakeholder meetings where semi-structured interviews are conducted, focussed on capturing feedback on their experiences of the GIAA service, both qualitative and quantitative.

#### 2. Customer Engagement Surveys

Refined and fit-for-purpose CSQ Survey process that captures customer feedback from individual engagements.

#### 3. Annual Functions Survey

Utilising the outcomes of the Cabinet Office led Annual Functions Survey to feed into the Customer Impact Framework.



Unleashing our people's talent and confidence in 2021-22	
We said that our priorities were to:	How we delivered them:
<p>CRITICAL PROJECT 3A: Develop and roll out a new <b>Target Operating Model</b> to improve the efficiency and effectiveness of our workforce.</p>	<p>As the year has progressed, we have begun to consider how the structure and shape of the Agency might need to develop in response to being potentially joined by the three remaining departments (MoD, FCDO and HMRC). We have also looked afresh at the way we deliver our internal audit service, for example by undertaking pilot activity to test agile audit techniques (which will continue into 2022-23) and by preparing to implement our new resource management system which will enable us to focus our people's time most efficiently between their core customer and in broadening their experience in other areas of our business.</p>
<p>CRITICAL PROJECT 3B: Prioritise projects from our <b>Workforce Strategy</b> to support the revised Target Operating Model (improved workforce planning, enhanced general and line management capability and improved performance management through coach &amp; focus).</p>	<p>We have continued to develop our 'People and Culture' strategy during the year, focusing on improved workforce planning by trialing a number of different approaches to auditor recruitment, and working to create a 'coaching culture' across the Agency. This has included developing a 'coach and focus' methodology for line management which was approved by the Executive Committee for roll out in 2022-23. We have worked with a change management specialist to develop internal skills for managing areas of change across the Agency in a coherent way. This work will continue into 2022-23.</p>
<p><b>Professionalise our people networks</b> to clarify roles, responsibilities and expectations and provide dedicated time for activity. Embed our <b>Diversity and Inclusion action plan</b> to improve Representation, Inclusion and Belonging across the Agency.</p>	<p>In 2021-22 we strengthened our people networks by providing a clearer line of sight to our formal People Committee, and by providing attendees with dedicated time to cover their work on network activity in recognition of the valuable contribution that the networks make. We clarified roles, responsibilities and expectations, in relation to all networks, so they are able to operate most effectively. We reorganised them to be more inclusive ensuring, for example, that all faith networks were treated equally.</p> <p>Progress in delivering the Diversity &amp; Inclusion (D&amp;I) action plan is being reported regularly to our People Committee. More of our people than ever before have helped deliver D&amp;I activity this year.</p>

Include research-based options for **pay reform** in our next Spending Review bid to enable us to harmonise pay now and in the future.

We included options for pay reform in our 2021 Spending Review bid following detailed research across comparable professional organisations in both government and the private sector. The success of our bid means that we can now develop a detailed model to use in negotiations with our Trade Union representatives and to support our business case to the Cabinet Office.

**People Case Study – Our People Survey results**

We know that our people are central to our ability to provide an excellent service to our customers. As such, it is vital that we do all we can to ensure that they take ownership and pride in delivery of our work. It is for that reason that the ‘People’ strand of our vision is fundamental to everything that we do – and why we have recognised 2022-23, our last full year of delivering our Vision 2023, as the ‘year of people’.

Every year our staff engagement is measured externally through the Civil Service People Surveys. This survey looks at civil servants’ attitudes to, and experience of working in, central government organisations through their responses to a range of questions.

Our results over the last four years are testament to the success of our Vision 2023 and underlying strategy and to the huge efforts of our people in making the GIAA a good place to work for their colleagues, with overall engagement rising from 50% in 2018 to 64% in 2020. This is now much closer to the civil service average of 66%.






Over the past three years we have seen double digit increases in six of the nine themes, with eight of the nine being at or above the civil service average. The most significant increases are in the categories of leadership and managing change (up 29 percentage points to 68% and 10 points above the civil service average), understanding organisational purpose (up 15 points to 90% and 5 points above the civil service average) and inclusion and fair treatment (up 14 points to 85% and 2 above the civil service average).

Our third all-Agency conference (again held virtually given COVID) contributed to a greater sense of shared purpose and community. The one area in which there is still a significant amount of work to do is on pay and benefits, which, although up 11 points compared to the previous year, is still only at 38% and just under the CS average. We have pay reform amongst our priorities for the coming year.

These are extremely positive results, particularly given the context of the pandemic and continuing restrictions over the last year. However, we are not resting on our laurels; we are determined to do what we can to improve even further in 2022-23 and maintain our momentum of improvement as we welcome new teams in the future.






Uncompromising on quality in 2021-22				
We said that our priorities were to:		How we delivered them :		
<p>CRITICAL PROJECT 4A: Improve our Quality through delivery of the recommendations from our <b>External Quality Assessment (EQA)</b>: Methodology refresh, launch of the Quality Strategy and implementation of the Quality Assurance Framework.</p>		<p>During 2021-22 we have continued to deliver the recommendations from our EQA. We have refreshed our methodology, launched a new Quality Strategy, and implemented a Quality Assurance Framework comprising a series of performance indicators for use across the Agency.</p>		
<p>CRITICAL PROJECT 4B: Working jointly with HMT colleagues, <b>clarify for Accounting Officers the control framework for government</b>, the characteristics of a robust system of management assurance and the <b>Golden Thread</b> through to the annual audit opinion.</p>		<p>In 2021-22 we worked with senior stakeholders in HM Treasury and other Government Departments to identify, develop and document a single comprehensive control framework for Accounting Officers across central government. Two further phases will be progressed in 2022-23: outlining proposals for improved management assurance and a revised approach to internal audit. An implementation plan for all three elements will be developed.</p>		
Quality Case Study – Internal Quality Strategy				
<p>2021-22 saw us achieve a ‘generally conforms’ rating in our External Quality Assessment – the highest rating possible. The report identified a number of areas where we could do even better and in answer to those recommendations, we have developed an Internal Quality Strategy.</p>				
1. Setting our Direction	2. Defining our approach	3. Building our capability	4. Measuring our results	5. Continuing our improvement
 <p>We will set clear, evidence based, directions and priorities for our customer related work. We will have a shared understanding of what quality means, its governance and oversight, and how it feels and looks across GIAA.</p>	 <p>We will set standards, with clear expectations supporting guidance, for what high-quality work looks like across our GIAA. We will implement best practice and work to understand root-causes of non-compliance.</p>	 <p>We will improve our leadership, management, skills and behaviours to assure quality and sustain improvement. Rotation of staff across the Agency will increase resilience and strengthen our ability to provide Insight.</p>	 <p>We will use good quality information to assure and improve the standard of our work through performance and quality reporting systems, and regular assessment of feedback from our stakeholders.</p>	 <p>We will develop our research, innovation and improved working practices, to provide better insight and outcomes and to deliver increasing value to our customers.</p>

Ambitious on innovation in 2021-22	
We said that our priorities were to:	How we delivered them:
CRITICAL PROJECT 5: Upgrade our audit and counter fraud management systems and deliver an appropriate resource management system.	We undertook a significant amount of development and market testing and are now in the process of rolling out our new business management system. The new system has already been implemented in our Counter-Fraud and Investigations teams and is now being rolled out to internal audit teams.
Implement appropriate use of <b>Artificial Intelligence</b> to improve the creation of cross government insights and deploy <b>Robotic Process Automation</b> to enhance the efficiency and effectiveness of our ways of working.	A considerable amount of development has been undertaken to make use of artificial intelligence through development of our Insights Engine – please see the case study below.  However, issues with market take-up and procurement have resulted in slower progress on robotic process automation which will be rolled over into 2022-23.
Innovation Case Study – Our Insights Engine	
<p>A large amount of our time is spent writing up formal reports of our internal audit findings with appropriate recommendations to help customers improve their governance, risk management and control environment. So, looking across all the thousands of reports that we have produced over the years to find themes or trends can be very labour intensive.</p>	
<p>To help us do this more efficiently we have developed a text analysis tool supported by artificial intelligence, which we call the GIAA Insights Engine. This is used to electronically read and evaluate GIAA reports and to extract insights from the wealth of information contained in the supporting documents. The engine has been applied to successfully extract key trends and risk themes from our work across government, and in 2021 we combined the expert knowledge of our staff and the capabilities of the Insights Engine to efficiently analyse over 100 annual opinion reports in a far shorter time than it would have taken for our auditors to review the same files and extract information. The engine could analyse almost ten times the number of reports that were reviewed in previous years. The output was a detailed report and supporting presentations highlighting trends in good practice and areas for improvement across government, spanning 11 key risk areas including Cyber Security, Financial Control and Staff Wellbeing. This unique insight was shared with our customers and senior stakeholders providing a unique perspective on aspects of risk management, governance and control. We have also used the tool to help us respond to our customers' feedback. We used the power of Artificial Intelligence within the tool to analyse 170 client surveys, providing us with direct insight into the key drivers behind high levels of customer satisfaction.</p> <p>In addition, we have used the tool to enable our staff to directly respond to a customer's request for insights from our previous work. A specific client was keen to understand best practice in project management across Government. Utilising the tool's capability, our staff analysed the entire text of 84 audit reports covering a two year period. This enabled the swift identification of best practice and common themes, which were combined with the expertise of our staff, to provide advice, guidance and recommendations for improvement to our customer.</p>	



Ensuring Firm Foundations in 2021-22	
We said our priorities were to:	How we delivered them:
Implement a refreshed <b>financial model</b> with customers to give greater clarity about the range of services provided.	We reviewed our existing Financial Model and agreed that it did not require a fundamental change in 2021-22. Our review resulted in an improvement in the way we recognize and describe the full range of services provided to customers rather than focusing on the delivery of internal audit reports.
Prepare for the <b>2021 Spending Review</b> to secure the level of investment the Agency needs to support continued delivery of our customer, technology, organisation and people priorities.	The Agency prepared and submitted a comprehensive SR21 bid during the Summer covering the three years to 2024-25. This included details of the investment required to help the Agency develop in terms of its capacity and reach, its capability, quality and professionalism, and in its use of innovation to drive forward improvements in our business practices. Details of our indicative three-year settlement were received in November and the formal confirmation of final budgets will be provided annually by HM Treasury as part of a budgeting process.
Improve <b>Information Management</b> and Information Security, to embed best practice and mitigate risks.	Internal reviews have been undertaken which have resulted in the development of detailed action plans to improve information management and security. This will be progressed further in 2022-23.
Firm Foundations Case Study – Focusing on our Health and Safety	
 <p>In our 2020-21 Annual Report and Accounts we reported on our need to improve our general oversight of Health and Safety. This became even more important as we emerged from the restrictions of the COVID-19 lockdown. Whilst, at face value, we might appear to operate a relatively low-risk function, our auditors and investigators operate in a wide range of environments and circumstances – from attending ports, detention centres and prisons, to interviewing people under caution and to visiting farms and research facilities.</p> <p>To assist us in identifying an action plan which would help us improve our oversight across all health &amp; safety matters, we engaged with colleagues in the Health &amp; Safety Executive and sought their advice. This resulted in a prioritised action plan, the vast majority of which was delivered in 2021-22. For example, we recruited a senior manager responsible for Health and Safety, who is the Agency’s ‘competent person.’ We have developed appropriate governance oversight through a new Health, Safety and Wellbeing Committee which reports to our People Committee. This committee, whose membership is taken from all parts of GIAA, takes a regular snapshot of the system of health and safety within the Agency with the help of newly developed performance indicators.</p> <p>We have rolled out health and safety training to all our ‘Senior Leadership Team’ which is supplemented through mandatory training on the Civil Service Learning site. In addition, we will be including a Health &amp; Safety element in the annual delegation letters to staff to ensure that they are clear on what we expect of them in this area.</p> <p>As a result of the implementation of the Health &amp; Safety recommendations and action plan, we received a ‘substantial’ assurance rating in a recent internal audit review as a result of the work done in the last two years, showing real progress in this area.</p>	

## Working through the COVID-19 pandemic

COVID-19 had a far-reaching impact on the Agency. As with many organisations, there has been a fundamental shift in the way that we work since the declaration of a global pandemic by the World Health Organisation on 11 March 2020.

Throughout the pandemic we consistently put the health and safety of our people first. We provided regularly updated guidance to staff and continued with a monthly ‘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. We also had 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. We have continued with monthly all-Agency webinars, hosted by our Chief Executive, which has fostered a continuing sense of community whilst making sure that everyone had regular access to Agency news wherever they were working.

When we began to move towards a safe return to the office, this year, we made sure that we were fully prepared, optimising our response to suit both our business, our customers and our people. The pandemic provided us with an opportunity to develop our technological and virtual capabilities, leading to new and more responsive ways of working which are of benefit to both the GIAA and our customers. We are now able to flex to whatever the needs of these different groups are, although we recognise the value and importance of face-to-face interaction. Our people have been enjoying the return to face-to-face interactions with each other and with our customers as we return to more normal ways of interacting after the pandemic.

Not only has the way we provide services to our customers changed, with far greater use of technology to support flexible working, but our customers’ operational practices have also changed. This has impacted on their risk environment and, as a result, the way we approach our work in responding to that new environment. We have reviewed and developed our audit methodology regularly to ensure that we keep pace with all such changes, providing a professional and responsive service for all our customers.

## Viewing our performance through an Environment, Social and Governance (ESG) Lens

### Environment

The GIAA has offices in some 42 locations across the country, largely in the same buildings as our customers which allows us to improve our support to them through collaborative working practices. We tend to be minor occupiers of the various buildings in which we are based which means that we have little involvement in day-to-day decisions concerning estates and, as such, do not have reporting obligations in relation to estates sustainability. However, we do seek to influence those decisions, not least through customer engagement activities related to estates, the environment and wider sustainability matters.

We have supported our customers with briefings from our cross-Government work on sustainability and, in November 2021 we also hosted a meeting with cross-Government chairs of audit committees in which we invited colleagues from the NAO to present their report ‘Climate Change Risk: a good practice guide for ARACs [Audit and Risk Assurance Committees]’. We will continue to ensure that our work with customers helps to support the Government’s sustainability goals.

Much of our own carbon footprint has improved as a result of the pandemic, with less travel and greater use of technology. It is now normal practice for meeting documents not to be printed out, with laptops being used within meetings instead. We have transitioned our 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. We have also recently upgraded the laptops that we provide to our people to more efficient models, containing recycled ocean-bound plastic and other recycled materials.

## Social

Although we have proved that we can provide a service whilst working from home, we recognise the value of regular face-to-face engagement with our customers and our colleagues, to aid healthy debates unrestrained by IT screens and to support our people's wellbeing.

However, we want to maintain the benefits achieved in having more sustainable and flexible working practices. Our aim is to balance the needs of our customers, our colleagues and our organisation. Like many workplaces, we support hybrid working with our people able to balance time working in our own or our customers' offices or at home.

We also continue to support our wide range of staff networks, which at the time of writing include the following:

- DAWN – Disability & Wellbeing Network
- Faith Networks
- Flexible Workers Network
- GEM – GIAA Ethnic Minority Network
- GLEAM - GIAA LGBTQ+ Equality and Allies Members' network
- Green Network – for those wanting to do more for the environment
- Menopause Matters
- SupportNet – a source of support to others.
- Women in GIAA

Support for our networks was improved during 2021-22 through the provision of dedicated time for those who lead these groups on our behalf, in recognition of the valuable contribution that each of them makes to our GIAA community. We have also put in place measures to ensure that all networks are properly organised and fully inclusive.

We continue to make a number of advisory, counselling support services available to all GIAA employees through our partners 'Health Assured'.

We are committed to championing diversity and inclusion within the GIAA. We have a Diversity & Inclusion Action Plan, progress in delivery of which is monitored by our People Committee. More of our people than ever before have helped deliver D&I activity in 2021-22. Further details about D&I within the GIAA can be found in the Staff and Remuneration Report later in this publication.

The GIAA also supports a 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.

A number of our colleagues also support other areas of the public sector, for example by acting as school governors, magistrates, academy trust board members and hospital or social care volunteers.

## Governance

As an agency responsible for advising others on the status of their governance and internal controls, we strive to be an exemplar of the standards we would expect to see when we audit our customer organisations. The Tailored Review of the GIAA in 2020-21 found that “...the work of GIAA is underpinned by exemplary governance arrangements that surpass the Cabinet Office recommended models and common practice across other ALBs.”

Details about our corporate governance, including our governance bodies, can be found in the Accountability Report later in this publication. In summary, the main components of our system are as follows:

- Clear objectives and deliverables.
- Documented and communicated policies and processes covering all aspects of our governance and operations.
- Sound performance and risk management reporting.
- Bi-annual evidenced-based self-assessments of our controls as part of our management assurance regime.
- A robust assurance map which shows the three lines of defence in assuring the quality of our governance and internal control in relation to our risks.

In 2021-22 we commenced a project, working with colleagues from HM Treasury and other government departments, to improve the control framework for accounting officers in central government. This is referred to colloquially as the ‘Golden Thread’ project and reflects the linkage of the themes included in the bullets above.

Our governance is underpinned by the values and behaviours set out in the [Civil Service Code](#) which are complementary to the GIAA Values and behaviours. The majority of our staff are professionally qualified and, as such, are also bound by a code of ethics prescribed by their various professional institutions.

We also ensure that we exercise good governance in relation to our written interactions. During 2021-22 we received the following types of correspondence from non-customer organisations or individuals:

Correspondence by type	Total received	Late response
Freedom of Information Requests	32	-
Data Protection Act Requests	10	-
Complaints	1	-
Other Correspondence/ Enquiries	67	-
<b>Grand Total</b>	<b>110</b>	<b>-</b>

All correspondence requiring a response was handled within time requirements. On the 31 March 2022 there was a total of 8 requests remaining open. These pieces of correspondence were received during the month of March 2022 and were still within set deadlines for providing a response.

We value our relationships with our suppliers and 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 2021-22, we paid 97.8% of all undisputed invoices within five days of receipt, against a government target of 90%, and 99.7% % within 30 days (2020-21: 93% and 96% respectively).

## Our people's success

### Awards Received in 2021-22

We are proud of our people's success– 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 receive positive feedback for a job well done from our customers or other external stakeholders. External recognition this year has been for:

### Tackling Economic Crime Awards (TECAs)

- **Outstanding Manager / Director 2021** – won by **Neil Green**, Deputy Director, Counter Fraud & Investigation. The judges said:

“Neil’s outstanding leadership has seen GIAA’s Counter Fraud team improve and innovate year-on-year. From delivering to one Department in 2016, Neil has developed a holistic counter fraud service that has actively supported and helped build capability across more than 75 government organisations. Neil is a proud and passionate advocate for the Government Counter Fraud Profession, helping shape policy, offering strategic insights and committing resources to the ongoing development of the profession”.

The judges felt Neil had an incredibly impressive breadth of engagement, sustained leadership and was a champion of the professionalisation of counter fraud.

### Public Finance Awards 2021

- **Richard Emmott Memorial Prize** for best performance in the Strategic Case Study examination and the **Arthur Collins Memorial Medal** for the best overall performance at the final stage of the CIPFA Professional Qualification across the Strategic Case Study and Strategic Public Finance papers, was won by **Vikki Raymond**, PPM Assurance Senior Auditor, who joined GIAA as a trainee auditor in 2018.

## The GIAA Awards 2021

The annual Values Awards ceremony took place as part of our online all-staff conference in October 2021. In each category there were two awards, one for an individual and one for a team for each of our five values as follows:

- **Professional Award** – celebrating colleagues who strive to exceed expectations and can take pride in a quality job well done.  
Individual: Andrew Mills  
Team: European Team
- **Principled Award** – celebrating individuals and teams who act in the public interest, making a valuable contribution to colleagues, customers, and the wider community.  
Individual: Andrew Wilson  
Team: GIAA Internal Audit team for the Department of Health and Social Care
- **Collaborative Award** – recognising colleagues who act in an inclusive and team-focussed way.  
Individual: Karen Holland  
Team: GIAA internal audit team for the DWP Work and Health/Change team
- **Trustworthy Award** – recognising colleagues who act with honesty and integrity, either in a client facing or internal context, which enables customers and colleagues to be confident in their abilities and decisions.  
Individual: Kim Nobbs  
Team: Counter Fraud and Investigation Team
- **Respectful Award** – recognising colleagues who work to treat others fairly, celebrate successes and supported people to give their best.  
Individual: Clare Martin  
Team: GIAA LGBTQ+ Equality, Allies and Members' Network (GLEAM)

### The GIAA Good Deed Award

Our Good Deed Award recognises a colleague who has reached out to offer help in the community. This is awarded annually by our GIAA Charity Committee in memory of a late colleague who did an immense amount of charity and volunteering work in his spare time. This year's winner, Beth Dockerty, started her volunteering role at the same time as she joined GIAA, becoming an 'Independent Visitor' to a young person in the care system.



# Our Journey to December 2023

2021-22 has seen significant advances made to support the achievement of 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. We defined our customer offer, having developed a service catalogue which presents our range of services. We also introduced our new values, which we worked hard to embed across the Agency. Work on our people strategy commenced with the aim of better developing our people, through our emerging skills framework and learning passport.

## 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 developed our cross-government insight strategy by testing our offer with customers to demonstrate how services can add value. Our workforce strategy continued by producing a pipeline of talent through our apprenticeship scheme and interchange opportunities across government, as well as raising professional standards through the completed skills framework and learning passport. We started to implement our long-term innovation strategy, developing our data analytics capabilities to use in our audit and counter fraud work. Diversity & inclusion is at the heart of our people offer, with practical action to unleash the talent and confidence of everyone in GIAA.

## 2021- 22

**2021-22** has seen us move even closer to delivering our vision. Our work in the previous two years has allowed us to deliver nine areas of cross-government insights, ensuring our work is targeted at the full range of customer needs. We have become recognised experts in our use of data analytics to extract cross-government insights from our work with departments. We have published a new Functional Standard for all internal audit work across government and commenced a project to improve the control environment across government. We have made significant progress in functional reform, laying the groundwork for the remaining departments potentially to join as customers of the Agency. We have further raised our people's skills through continuous professional development and training, to deliver high-quality engagements and ensure that our customers feel an increasingly positive impact year on year. Our staff engagement scores have improved year-on-year since 2019. Having worked hard to innovate and raise quality, we have further developed our expertise in all sources of assurance in government. We have also continued to make our internal processes more efficient and effective.

## 2022 - 23

**2022-23** is the final year of realising our current vision with plans for the three remaining departments to join us as we truly become One Government Internal Audit (One GIA). We will complete our implementation of cross-government assurance and insight strategy, involving the full central government internal audit function. We will 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.

We will also be developing our new 2026 Vision and Strategy for the next chapter of our evolution as a pan government internal audit provider.

***Better Insights,  
Better Outcomes***

## More Information

Further details about our vision and Corporate Plan, and links to other GIAA publications, can be found on [www.gov.uk/GIAA](http://www.gov.uk/GIAA).

A handwritten signature in blue ink, appearing to read 'E. Honer', with a long horizontal line underneath.

**Elizabeth Honer**

Chief Executive

15 July 2022

# Accountability Report



# Corporate governance report

## Directors' report

### Our governance framework

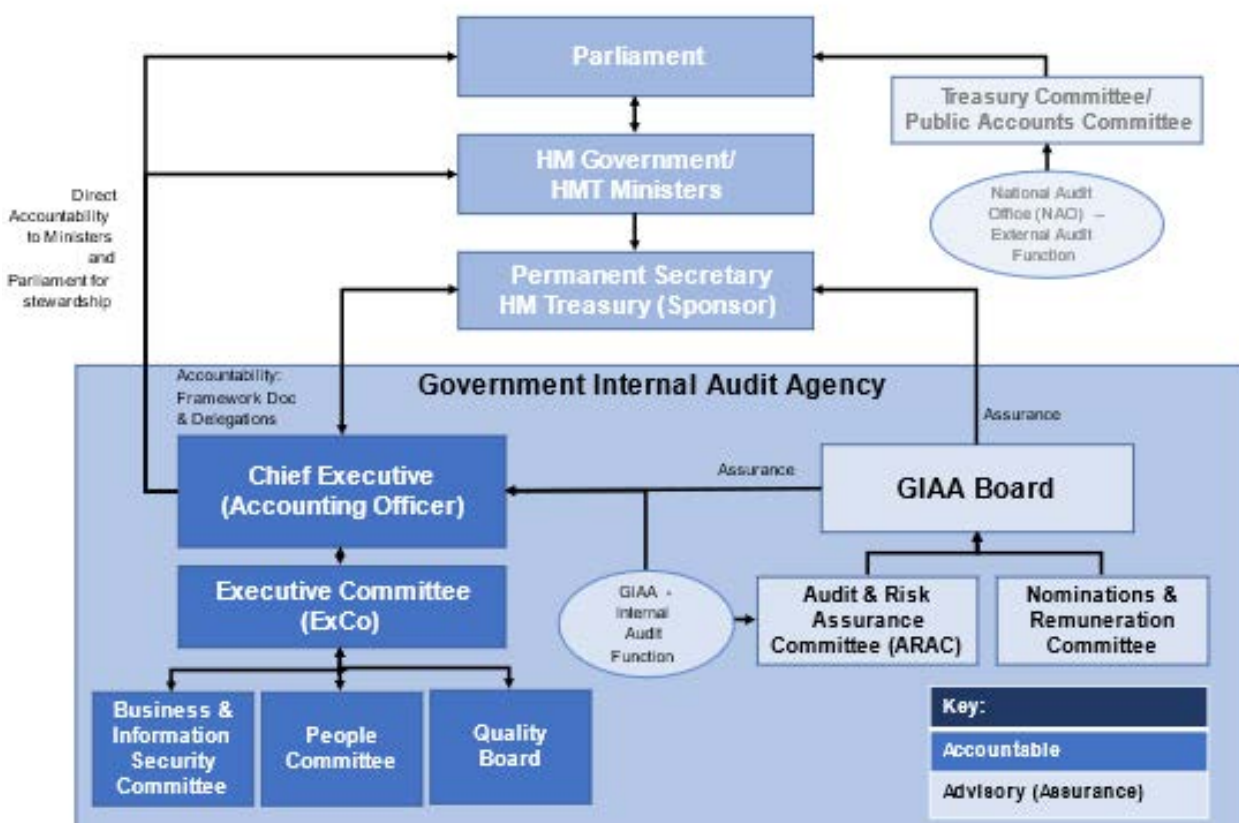
The Government Internal Audit Agency (GIAA) was established as an executive agency of HM Treasury on 1 April 2015. Elizabeth Honer was appointed as Chief Executive and Accounting Officer in October 2018. The Chief Executive is accountable to the Permanent Secretary in HM Treasury, who has delegated Sponsor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

During the period 15 February 2022 to 3 April 2022, the Chief Executive was necessarily absent on planned medical leave. During that period Iain McGregor, our Director for Innovation and Development, was appointed Temporary Accounting Officer.

Our Framework Document (available on [www.gov.uk/giaa](http://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 Business & Information Security Committee (with effect from April 2022), Quality Board and the People Committee.

### GIAA Governance Structure in Context



## Composition of the Agency Board

Our Board, which is led by Isobel Everett 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.

In September 2021 we said goodbye to Steve Burnett who had been a Non-Executive Board Member since October 2014 and Chair of the Board from 2018 to 2021. He was replaced as Board Chair by Isobel Everett with effect from 1 October 2021.

Membership of the Agency's Board, as at 31 March 2022, is shown on the following page.

NOTE: Biographies of all board members are available on [www.gov.uk](http://www.gov.uk)



**Isobel Everett MBE**

Non-executive Board Chair



**Paul Boyle OBE**

Non-executive Director



**Ady Dike**

Non-Executive Director



**Cat Little**

Director General Public Spending & Head of Government Finance Function (HMT Sponsor)



**Clare Minchington**

Non-executive Director



**Elizabeth Honer**

Chief Executive & Head of the Government Internal Audit Function



**Aneil Jhumat**

Operational Director Health & Home Affairs



**Dr Iain McGregor**

Innovation & Development Director



**Cameron Robson**

Chief Operating Officer



**Chris Westwood**

Operational Director Economic & Business Affairs

## Audit and Risk Assurance Committee (ARAC)

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), Head of Governance, Head of Finance, a representative from our HMT Sponsor Division and representatives of the National Audit Office (NAO) also attend each meeting.

The Audit and Risk Assurance Committee was chaired by Paul Boyle until 1 October 2021 when Clare Minchington became the Chair. Steve Burnett and Isobel Everett were members of the ARAC until 30 September 2021. Ady Dike served as an interim member at the October 2021 ARAC. A new independent non-executive member of the Committee (non-Board Director), Angela van der Lem, was appointed in January 2022. As at 31 March 2022 the ARAC is chaired by Clare Minchington, with the other members being Paul Boyle and Angela van der Lem.

## Nominations and Remuneration Committee

The purpose of the Nominations and Remuneration Committee (NRC) is to provide independent oversight of Senior Civil Servant (SCS) pay and incentives, and honour nominations within the Agency.

The NRC comprises all Non-Executive Board Members. Isobel Everett was the chair until 1 October 2021, when the Chair was passed to Ady Dike. The Chief Executive, Chief Operating Officer and Deputy Director People and Culture 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.

ExCo has three sub-committees: The Business & Information Security Committee, People Committee and Quality Board.

## Business & Information Security Committee

The Business & Information Security Committee has been established with effect from the 1 April 2022. It is chaired by the Chief Operating Officer and is attended by a range of GIAA Divisional Directors who provide input from a cross-GIAA perspective. Its purpose is to provide a steering committee to develop and approve the Agency's governance strategies and policies, thereby supporting the maintenance of a sound system of governance and internal control. The Committee's main area of work will focus on data governance, cyber security and information management. It will also provide oversight of the Agency's fraud risk assessment.

## People Committee

The People Committee provides 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 Deputy Director People & Culture 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 purpose of the Quality Board 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 in 2022-23.

## Register of interests

The Agency maintains a register of interests for all non-executive board members and Civil Servants in the Agency, which we require them to update regularly, with a confirmatory review 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.

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 2021-22, there were 8 security incidents raised to HM Treasury due to lost and stolen mobiles phones. There were, however, 7 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 £75k (2020-21: £61k). 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.

During the period 15 February 2022 to 3 April 2022, the Chief Executive was necessarily absent on planned medical leave. During that period Iain McGregor, the Director of Innovation and Development, was appointed Temporary Accounting Officer.

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
- 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 during 2021-22. 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 eight times in 2021-22 and considered a range of issues, including:

- A regular update on executive activities from the Chief Executive.
- Progress against the priorities in delivering our vision through our strategic plan, and forward thinking in relation to future development.
- The latest position on organisational performance, finance and risk management, including our bid to HM Treasury for the 2021 Spending Review.
- Our approach to annual planning of internal audit programmes, supported by direct feedback from customer guests.
- Our customer impact framework.
- Our quality strategy.
- Our work in improving the control environment within central government (the 'Golden Thread').
- An analysis of our annual internal audit opinions.
- The Diversity and Inclusion strategy and action plan.
- The Agency's risk appetite.
- Initial work in considering our Vision 2026.
- Approval of the 2020-21 Annual Report and Accounts, and the 2021-22 Corporate Plan.
- 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 a review of its effectiveness in December 2021 supported by an external facilitator. The results were reported to the Board in March 2022 and the Board Operating Framework and terms of reference were also reviewed at this time.

### 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 five times during 2021-22, and considered the following:

- The 2020-21 Annual Report and Accounts, and associated outcomes of external audit reviews;
- The 2020-21 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;
- The 2020-21 year-end and 2021-22 mid-year management assurance positions; and
- Executive reports on developments in governance and risk management within the Agency.

It undertook an internal survey of its own effectiveness in February 2022 which was reported to ARAC at its April 2022 meeting. The Committee provided an Annual Report of its 2021-22 business to the Agency Board in May 2022.

### **Nominations and Remuneration Committee**

The Agency's Nominations and Remuneration Committee (NRC) met 3 times in 2021-22 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 SCS resourcing, the Agency's gender pay gap, Honours nominations, discussed the 2021 People Survey results and conducted the annual review of the Committee's terms of reference.

### **Executive Committee**

During 2021-22, the Executive Committee (ExCo) convened substantively, with minutes being taken, on 28 occasions (including 3 people-focused 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, we invite two volunteers to be 'active observers' at all Performance 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 2021-22**

	Non-Executives							Executives					
	Steve Burnett	Paul Boyle	Ady Dike	Isobel Everett	Clare Minchington	Cat Little	Angela van der Lem	Elizabeth Honer	Linda Costello	Aneil Jhumat	Iain McGregor	Cameron Robson	Chris Westwood
<b>Board</b>	4/4	6/7	6/7	6/7	7/7	2/7 <sup>2</sup>		5/7		7/7	6/7	7/7	7/7
<b>ARAC</b>	2/3	5/5	1/1	2/3	5/5		1/1	5/5		1/1	2/2	5/5	1/1
<b>NRC</b>	1/1	2/3	3/3	3/3	3/3			3/3	1/1	1/1	1/1	3/3	1/1
<b>ExCo<sup>1</sup></b>								24/28	23/28	27/28	28/28	25/28	26/28

1. *\*ExCo meetings included 3 people-specific meetings in 2021-22.*

2. *Of the 5 occasions that Cat Little was unable to attend the meeting, Vicky Rock, her deputy, attended on her behalf for 3 occasions.*

## Risk management

We have significantly improved and strengthened our risk management over the last two years. The Board agreed a new risk management policy early in 2020 and this was implemented across the Agency during 2020-21. The improvements introduced included the use of a common risk assessment framework and risk assessment templates. This was followed up in 2021-22 with a new Risk Appetite framework.

Risk Registers are held and actively managed at Strategic, Directorate and project levels. Our risks continue to include those expected in any audit delivery organisation including insights, stakeholder relationships, audit delivery, quality, workforce planning, health and safety and cyber security. During the year the Board also discussed risks relating to functional reform and our growth, which it will continue to oversee in the coming year. The Board de-escalated the risk of our commercial arrangements failing once the new contractual relationships were seen to be operating effectively.

The Governance Team meets with each strategic risk owner monthly 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.

## Whistleblowing arrangements

We have an established Raising a Concern (whistleblowing) policy which is shared with our people on our intranet. Close to 80% of our employees confirmed in the 2021 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 2021-22.

## 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 commissioned an Audit review of Cyber Security which confirmed the strength of technical controls and highlighted some low-level improvements which are being addressed.

GIAA has established improved information management and security during the period. We have implemented upgraded training for all staff and have improved or in some cases established new governance processes and controls through dedicated Information Asset Owners and Information Asset Registers. We have established a new Business and Information Security committee and are building a new Information Management Framework of policies, procedures and practices that, once fully embedded, will help us meet all public sector requirements and good practice.

We have reviewed and developed our local business continuity plans in all locations where we operate especially as we put our hybrid working plans into operation. We tested our plans for real during 2020-21 as part of our initial response to the pandemic and in pivoting our people towards working from home and will carry out further test exercises in 2022-23.

## Management information and data quality

During 2021-22 we further improved the management information used to support the Executive Committee and the Board, by developing our pack to support the new functional performance model prepared by the Cabinet Office.

The quality of our management information is continuously improving. However, we do experience some issues in the timeliness of data uploaded into our audit management systems which impacts on information reported to ExCo. We are looking to further improve this as part of our roll-out of the upgrade to our internal audit management system during 2022-23.

## 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.
- 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 2021-22.

The Board and ARAC both undertook a review of their effectiveness during 2021-22.

## Assurance arrangements

The main sources of assurance for the Agency during 2021-22 were:

- **A management assurance exercise** involving all Executive Directors which took place twice during the year at six monthly intervals
- **A programme of Internal audits** led by the Head of Internal Audit for the Agency.
- **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 also arranged consultancy support and assurance from the Health and Safety Executive (HSE) in developing our health and safety procedures during 2021-22.

We maintain 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. This is shared with the GIAA's Internal Audit team to assist them with developing their annual internal audit plan.

## Management assurance

During 2021-22 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 shows 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. At year-end 2021-22 the thematic areas identified for improvement or for further embedding of improvements were:

- **Customer Internal Audit Recommendations Tracking** – continuing to strengthen how we track recommendations across all customers using our refreshed audit management software.
- **Knowledge and information management** - continuing to improve the Agency's controls.
- **Security and Business Continuity Planning** – continuing to improve controls in this area including in cyber-security.
- **Health and Safety** – we are pleased with the improvements over the year which will be further embedded with an updated policy and guidance note.
- **People Management Policies** are being reviewed to ensure that we are consistent with the new functional standards published by the Cabinet Office.

## 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. In 2021-22 the Head of Internal Audit provided a 'Moderate' opinion on the framework of governance, risk management and control within GIAA. His report acknowledged strong or improved management in a number of areas with a more effective resourcing being a recurring issue. We have plans to address this through our new audit management system and a new resource management tool in 2022-23.

## 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 Treasury and wider government 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 2020-21 Governance Statement

As an executive team we 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 2020-21 Governance Statement, I identified the following five 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. During 2021-22 we developed and implemented our new hybrid approach to working, ensuring that we were able to support our customers in the most effective way possible, whilst capitalising on the new ways of working and flexible patterns that supported our people so well.
- **Managing change** effectively, so that the Agency's developments are experienced as beneficial by all involved or affected and are sustained. During 2021-22 we engaged a change management specialist to provide support and guidance in helping us to improve the way that we manage change. This work will continue in 2022-23, our 'Year of people' as we embed the significant improvements that we have made as part of our strategy implementation programme. We also implemented new change management disciplines to the management of our strategy implementation programme which has helped us to avoid unnecessary scope creep.
- Improving our **data governance and management of information** across the Agency. We have developed new approaches for our data governance with the appointment of a number of Deputy Directors and Directors as 'Information Asset Owners'. This important work will continue in 2022-23.
- Ensuring that we are fully compliant with **health and safety** legislation and associated good practice. During 2021-22, with support from colleagues in the Health & Safety Executive, we overhauled our approach to health and safety, providing training to all our senior leaders to ensure that they are clear on the standards expected. We will continue our work in this area in 2022-23 to ensure that requirements are fully documented and embedded.



- Maintaining effective **cyber security and resilience**, with improved responsiveness to external threats. During 2021-22 we commissioned a full review of our cyber resilience and liaised regularly with our IT service providers in HM Treasury to ensure that threats were being properly managed.

## 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 areas for specific focus during 2022-23:

- **Leadership and resource management** – equipping our leaders with new tools and skills to manage our resources and our delivery more efficiently and to support our people through change.
- **Knowledge and information management** – further developing and improving the Agency's controls on knowledge and information management.
- **Security and business continuity planning** – improving the controls and managing our cyber-security risk.

# 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.independent.org.uk](http://www.civilservicecommission.independent.org.uk).

As at 31 March 2022, 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 2, 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 2: Executive Board Members remuneration (this information is subject to audit)**

Name and Role	2021-22				2020-21			
	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	16	<b>165-70</b>	140-145	5-10	1,523	<b>1,675-1,680</b>
Aneil Jhumat Operational Director	105-110	0-5	42	<b>150-155</b>	105-110	-	42	<b>145-150</b>
Iain McGregor Director of Innovation	130-135	0-5	52	<b>185-190</b>	130-135	-	52	<b>180-185</b>
Cameron Robson Chief Operating Officer	95-100	10-15	22	<b>130-135</b>	95-100	0-5	82	<b>180-185</b>
Chris Westwood** Operational Director	105-110	0-5	16	<b>125-130</b>	105-110	-	16	<b>120-125</b>

\*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 is included in the figures for 31 March 2021.

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

## 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 2. 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 2.

## 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 21 non-consolidated performance-related bonus payments to its SCS for the 2020-21 appraisal year (compared to nine awards in 2020-21).

## 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 2021-22 was £150-155,000 (2020-21: £150-155,000). The percentage change in their salary and allowances was 0% and 0% in their performance pay and bonuses. The average percentage change from the previous financial year in respect of all agency employees is a 1% reduction and a 9% increase for performance pay and bonuses. The ratios between the highest-paid executive and the 25th percentile, median and 75th percentile are set out below:

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021-22	3.80	3.26	2.71
2020-21	N/A	3.34	N/A

The pay and benefits figures for the 25th percentile, median and 75th percentile are set out below

	Total	Salary component
25th Percentile	£40,095	£39,195
Median	£46,759	£46,098
75th Percentile	£56,263	£55,133

The median pay figure in 2020-21 was £45,655, of which £45,019 was the salary component. The reduction in the median pay ratio is due to the banded midpoint of the Highest paid director used for the calculation being unchanged from 2020-21 while the median pay figure increased.

In 2021-22 no employee received remuneration in excess of the highest paid director (2020-21: nil). Remuneration in the Agency ranged from £24,429 to £150,000-155,000 (2020-21: £21,206 to £150-155,000 restated).

In 2021-22 there was a Civil Service wide pay freeze. The GIAA pay strategy aligned to central pay remit guidance and, as such, there was no attempt to change the median pay ratio. The decrease in the median pay ratio is due to workforce changes over time, which have been managed consistently in line with GIAA's recruitment, pay and reward policies.

## Consolidated awards

No consolidated annual pay award was made in 2021-22. The SCS annual pay award decision was made 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, People and Culture.

## Pension Entitlements for each Executive Board Director

Table 3, below, details the pension entitlements for each Executive Director. Further information about each of the separate elements is detailed later in this section.

**Table 3: Pension entitlements for Executive Board Directors (this information is subject to audit)**

Name	Cash Equivalent Transfer Values (CETV)				
	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 2022 (£000)	As at 31 March 2022 (£000)	As at 31 March 2021 (£000)	Real increase in CETV as funded by employer in year (£000)
Elizabeth Honer*	0 - 2.5	80-85	1,309	1,231	6
Aneil Jhumat	0 - 2.5	10-15	104	80	14
Iain McGregor	2.5 - 5	5-10	109	63	34
Cameron Robson	0 - 2.5 plus a lump sum of 0	35 -40 plus lump sum of 65-70	611	570	7
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 is 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. CETVs are calculated 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 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.

## 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 premium. 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](http://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. The Government Internal Audit Agency is unable to identify its share of the underlying assets and liabilities in either scheme.

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 Service Superannuation. For

2021-22, employers' contributions of £5,856k (2020-21: £5,683k) 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 2021-22 (2020-21: £56k). 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 2021-22 (2020-21: £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 £9k (2020-21: £7k). Contributions pre-paid at that date were £nil (2019-20: £nil).

## Non-Executive Board Members' Remuneration

As at 31 March 2022, the Agency has four independent Non-Executive Board Members, and one Non-Executive Independent member of the Audit and Risk Assurance Committee (ARAC). Table 4, below, details the total remuneration for each of the Agency's paid Non-Executive Board Members during 2021-22. 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. The Non-Executive Independent member of the Audit and Risk Assurance Committee (ARAC), Angela van der Lem is also a member of the Civil Service and is not remunerated by the Agency.

**Table 4: Agency Board Non-Executive members' remuneration (this information is subject to audit)**

Name	Role	Total Remuneration £ (000's)	
		2021-22	2020-21
Isobel Everett (Member: 1 Apr 2021– 30 Sep 21)  (Chair: 1 Oct 21- 31 Mar 22)	Non-executive Board member and Chair	15-20 (20-25 FYE)	0-5  (15-20 FYE)
Steve Burnett (1 Apr 21- 30 Sep 21)	Non-executive Board Chair	10-15  (20-25 FYE)	20-25



Paul Boyle (1 Apr – 31 Mar 22) Non-executive Board member	Non-executive Board member	15-20	15-20
Ady Dike (1 Apr – 31 Mar 22)	Non-executive Board member	15-20	0-5 (15-20 FYE)
Clare Minchington	Non-executive Board member	15-20	0-5 (15-20 FYE)

Note: FYE means Full Year Equivalent

## Reporting of Civil Service and other compensation schemes – exit packages

**Table 5: Exit Packages** (this information is subject to audit)

Exit package cost band	2021-22			2020-21		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	1	1	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	-	-	-	1	1
£50,000 – £100,000	-	-	-	-	1	1
<b>Total number of exit packages</b>	-	<b>1</b>	<b>1</b>	-	<b>2</b>	<b>2</b>
<b>Total resource cost</b>	-	<b>£5,534</b>	<b>£5,534</b>	-	<b>£124,877</b>	<b>£124,877</b>

NOTE: 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 payment for 2021-22 comprises an inefficiency payment in respect of a settlement agreement.

## Staff Report

### Agency composition – staff numbers and costs

The Agency's authorised headcount was set at the start of 2021-22 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 2022 is shown in Tables 6 and 7 below.

Including the Chief Executive, the Agency employed 26.6 SCS (FTE, including one on a fixed term appointment) as at 31st March 2022 – one at Pay Band 3, five at Pay Band 2 (including one fixed term appointment) and 20.6 at Pay Band 1 (of which three 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 6: Agency composition by Full Time Equivalent (FTE) (this information is subject to audit)**

Category	2021-22		2020-21	
	Number (FTE)	Cost (£000)	Number (FTE)	Cost (£000)
Staff with a permanent UK employment contract	438	30,128	444	30,318
Other staff engaged on the objectives of the entity (consisting of interim and temporary workers)	1	53	2	151
<b>Total</b>	<b>439</b>	<b>30,181</b>	<b>446</b>	<b>30,469</b>

Note: FTE Numbers rounded to nearest whole FTE.

**Table 7: Agency composition by percentage in grade by split by declared gender, ethnic minority and disability**

Table 7: Staff Composition								
Grade	2021-22				2021-20			
	Male	Female	BAME	Disabled	Male	Female	BAME	Disabled
SCS	54%	46%	13%	8%	52%	48%	14%	10%
SCS & G6	53%	47%	13%	8%	55%	45%	12%	9%
<b>Agency Total</b>	<b>47%</b>	<b>53%</b>	<b>21%</b>	<b>11%</b>	<b>48%</b>	<b>52%</b>	<b>20%</b>	<b>11%</b>

## Diversity and Inclusion

We are committed to the principles of equality, diversity and inclusion (EDI), 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. In the workplace we are committed to embedding the principles of EDI and have invested in specific resource to develop an ambitious EDI action plan. 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 covering 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](#). Our gap remains higher than the Civil Service average, but we will continue to focus on reducing the gap.

## Sickness absence

The average number of working days lost to sickness absence during 2021-22 was 6.4 days (2020-21: 5.0 days). We continued to develop robust sickness absence management strategies, with a wellbeing plan in place (and a health and wellbeing strategy being developed for 2022-23), 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:

2021-22 = 12.4%;

2020-21 = 10.9%;

2019-20 = 10.2%; and

2018-19 = 11.5%.

## Staff engagement scores

We achieved a response rate of 88% in the most recent Civil Service People Survey and our overall engagement index score was 64%, up 4 points on 2020-21 and 8 points on 2019-20.

## 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. As a result, the Agency has paid 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 in 2021-22 reduced from 2020-21 as the 2020-21 figure included the cost of the Chartered Institute of Internal Audit (CIIA) carrying out an External Quality Assessment (EQA) of the GIAA and the cost of advice from the Government Actuary's Department relating to GIAA taking on the Pension liability for staff who transferred in from the Student Loans Company.

**Table 8: Consultants and contingent labour**

Category		2021-22 £000	2020-21 £000
GIAA Specialist Audit Contractors	Internal Audit Resources	5,031	5,043
	Consultancy and advice	50	283
	<b>Total</b>	<b>5,081</b>	<b>5,326</b>
General Framework Contract	Interim and Temporary Workers	53	151

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 9 below.

**Table 9: Off payroll arrangements**

		2021-22	2020-21
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	1	1
	number of engagements lasting for one to two years at the time of reporting	-	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
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.		-	-
<b>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.</b>		<b>11</b>	<b>12</b>

## 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.

**Table 10 - Relevant Union Officials**

Number of employees who were relevant Union Officials during the relevant period	Full time equivalent employee number
4	4

**Table 11 - Percentage of time spent on facility time**

Percentage of Time	Number of Employees (FTE)
0	0
1-50%	4
50-100%	0

**Table 12 - Percentage of pay bill spent on facility time**

	Figures
Total cost of facility time	£8,840
Total Pay Bill 2021-22 (does not include off-payroll costs of contracted interim and temporary workers)	£29,981k
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

**Table 13 - 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 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. GIAA received a further £17k of Grant Income.

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 £37,979k (2020-21: £37,968k).

### Expenditure

Our total costs this year were £40,266k (2020-21: £40,186k), consisting of staff costs of £30,033k (2020-21: £30,304k) and non-staff costs of £10,280k (2020-21: £10,037k). The value of provisions fell by £47k this year (compared to a decrease of £155k in 2019-20). Increases in our administration costs year on year are principally a result of larger Travel and Subsistence and Training costs compared to 2020-21 as staff resumed travel and face to face training during the second half of the financial year.

Permanent staff costs of £30,128k (2020-21: £30,318k) directly relate to the employment of our auditors, counter fraud investigators and other assurance professionals, 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 £5,081k (2020-21: £5,326k). The Agency additionally employed contingent labour totalling £53k (2020-21: £151k) outside the core framework to provide further audit resources and to fill temporary gaps, primarily in our corporate teams.

We incurred £135k (2020-21: £13k) 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. Travel and subsistence costs increased significantly in 2021-22 as staff resumed travel in the second half of the financial year with the 2020-21 figure severely reduced from normal levels due to the pandemic.

The Agency also incurred a number of administrative costs, which primarily consisted of

recharges from other government bodies of £3,498k (2020-21: £3,251k) 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 £161k (2020-21: £149k), £323k (2020-21: £231k) and £290k (2020-21: £311k) in recruitment, training and staff support and related costs respectively.

In relation to customer-facing activities, we generated revenue of £37,962k (2020-21: £37,968k) from our customers and received a further £17k in Grant income (2020-21: nil) against total expenditure of £40,266k (2020-21: £40,186k). The net deficit was therefore £2,287k (2020-21: net deficit of £2,218k) 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 £573k.

When authorised spending of £350k (2020-21: £350k) on the internal audit policy function and our development programme is taken into account, we recorded net operating expenditure of £2,287k (2020-21: £2,218k). 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 £2,724k (2020-21: £2,075k) represents the balance of our operating activities and HM Treasury funding.

## Financial position

The Agency's balance sheet consists of receivables of £11,388k (2020-21: £11,739k), payables of £8,729k (2020-21: £9,547k) and no provisions (2020-21: £117k).

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 £10,335k (2020-21: £10,273k) relating to amounts invoiced but not paid at 31 March, and £973k (2020-21: £1,301k) relating to services delivered in 2021-22 but not invoiced until the new financial year.

Included in trade and other payables and accruals, totalling £8,729k (2020-21: £9,547k), are advance receipts from customers of £899k (2020-21: £232k). The value of untaken holiday leave at 31 March 2021 was £1,073k (2020-21: £1,203k).

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 £2,429k (2020-21: £4,073k) 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 14: Fees and charges**

2021-22				2020-21		
	Income (£000)	Expenditure (£000)	Surplus/ (deficit) (£000)	Income (£000)	Expenditure (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	37,962	(40,249)	(2,287)	37,968	(40,186)	(2,218)
<b>Total</b>	<b>37,962</b>	<b>(40,249)</b>	<b>(2,287)</b>	<b>37,968</b>	<b>(40,186)</b>	<b>(2,218)</b>

### 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 2021-22.

### 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)

GIAA recorded four losses in 2021-22, the value of which are below the reporting threshold. The Agency has not made any gifts during the year.

### Long-term expenditure trends

2021-22 was our seventh year of operation but the fourth year in which we did not complete any major migrations into the Agency. We anticipate three government departments joining in 2023-24 which will significantly change our expenditure base. 2021-22 was impacted by the COVID-19 pandemic. These two factors mean that long-term expenditure trends based on the current year performance are difficult to forecast with any certainty.



**Elizabeth Honer**

Chief Executive and Accounting Officer

15 July 2022

# 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 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Government Internal Audit Agency's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2022 and its 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity 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.

## Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

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

## 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Government Internal Audit Agency 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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 intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## 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.

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Government Internal Audit Agency's accounting policies and key performance indicators.
- 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 Internal Audit Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- discussing among the engagement team including regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Government Internal Audit Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Government Internal Audit Agency's framework of authority as well as other legal and regulatory frameworks in which the Government Internal Audit Agency, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in 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 Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax legislation.

## Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

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**

**Date 18 July 2022**

**Comptroller and Auditor General**

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 2022

	Note	Year to 31 March 2022 (£000)	Year to 31 March 2021 (£000)
Income from sales of services	4,5	(37,962)	(37,968)
Other Operating Income		(17)	-
<b>Total operating income</b>		<b>(37,979)</b>	<b>(37,968)</b>
Staff costs	2	30,033	30,304
Purchase of goods and services	3	10,280	10,037
Provision Expense	10	(47)	(155)
<b>Total operating expenditure</b>		<b>40,266</b>	<b>40,186</b>
<b>Net expenditure for the year</b>		<b>2,287</b>	<b>2,218</b>
Other comprehensive net expenditure		-	-
<b>Comprehensive net expenditure for the year</b>		<b>2,287</b>	<b>2,218</b>

The notes on pages 76 to 86 form part of these accounts.



# Statement of Financial Position for the year ended 31 March 2022

	Note	As at 31 March 2022 (£000)	As at 31 March 2021 (£000)
<b>Non-Current assets</b>			
Intangible Assets		65	-
<b>Total Non-Current assets</b>		<b>65</b>	<b>-</b>
<b>Current assets</b>			
Trade and other receivables	7	11,388	11,739
Total current assets		11,388	11,739
<b>Total assets</b>		<b>11,453</b>	<b>11,739</b>
<b>Current liabilities</b>			
Trade and other payables	9	(8,729)	(9,547)
Provisions	10		(117)
<b>Total current liabilities</b>		<b>(8,729)</b>	<b>(9,664)</b>
<b>Non-current liabilities</b>			
Provisions	10	-	-
<b>Total assets less total liabilities</b>		<b>2,724</b>	<b>2,075</b>
<b>Taxpayers' equity</b>			
<b>General Fund</b>		<b>2,724</b>	<b>2,075</b>

The notes on pages 76 to 86 form part of these accounts.



**Elizabeth Honer**

Chief Executive and Accounting Officer

15 July 2022

# Statement of Cash Flows for the year ended 31 March 2022

	Note	2021-22 (£000)	2020-21 (£000)
<b>Cash flows from operating activities</b>			
Comprehensive net expenditure		(2,287)	(2,218)
Adjustments for non-cash transactions		(47)	
(Increase)/Decrease in trade and other receivables		351	4,938
Increase/(Decrease) in trade and other payables		(817)	(5,482)
Use of Provisions	10	(70)	(155)
Notional expenditure: auditor remuneration		75	61
<b>Net cash outflow from operating activities</b>		<b>(2,795)</b>	<b>(2,856)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-financial assets		(65)	-
<b>Net cash outflow from operating activities</b>		<b>(65)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		2,860	2,856
Net cash flows from financing activities		2,860	2,856
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>

The notes on pages 76 to 86 form part of these accounts.

# Statement of Changes in Taxpayers Equity

	General Fund £000	Taxpayers' equity £000
<b>Balance at 1 April 2021</b>	<b>2,075</b>	<b>2,075</b>
Net parliamentary funding	2,860	2,860
Notional charges: Auditors Remuneration	75	75
Comprehensive net expenditure for the year	(2,287)	(2,287)
<b>Balance at 31 March 2022</b>	<b>2,724</b>	<b>2,724</b>

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

The notes on pages 76 to 86 form part of these accounts.

# 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 (FReM) and under the Accounts Direction issued by HM Treasury. The accounting policies contained in the FReM apply International Accounting Standards as adapted or interpreted for the public-sector context.

Where the FReM 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.

GIAA as a trading entity has prepared its Financial Statements on a going concern basis as we expect to continue to keep trading in future years. This assessment is supported by a stable client and income base, plans to grow the agency with three new departments joining in 2023 and with funding in place from HM Treasury for the following three years (to 2024-25) to support this growth.

### 1.2 Standards issued but not yet effective

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

#### ***IFRS 16 Leases***

IFRS 16 is being applied in the Government Financial Reporting Manual (FReM) 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.

GIAA has carried out an assessment of the impact of this standard on its financial statements. 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). There will be a reduction in our Operating Expenditure where depreciation and interest expenditure will be recognised but not the lease payments. This is set out in more detail in Note 11.2, Commitments under operating leases.

#### ***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 2021-22. Transfers into the Agency have occurred on 1 April 2019, 1 October 2018, 1 April 2017, 1 October 2016 and 1 April 2016. The Agency anticipates the transfer of internal audit teams from up to three of the remaining government departments during 2023, but that prospective transfer does not affect the 2021-22 financial statements.

### 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. GIAA holds two Information Technology intangible assets at 31 March 2022. We have not amortised these assets as we judge that they have indefinite lives.

### 1.6 Income

All GIAA 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.

GIAA's performance obligation is to provide an Internal Audit Service to customers external to the Agency (central government departments, agencies and Arm's Length Bodies). This service includes audit, assurance, counter-fraud and investigation work, an annual audit opinion, consultancy and advice on meeting future challenges and conforming with ethics and governance standards as well as management of the overall programme of work. GIAA's contract with customers sets out this performance obligation and specifies that the service is delivered throughout the year, with the customer receiving the benefit of the work throughout the year. For the majority of customers a fixed fee is agreed with the customer based on an agreed plan of work for the year and the estimated inputs required to deliver this service. For a small number of customers, the fee is charged on a Time and Materials basis. Income is recognised throughout the year as the service is delivered and the customer receives and consumes the benefits of GIAA's work. Income is recognised based on the inputs delivering the service. At the end of the year for fixed fee customers, where the overall plan of work has not been delivered, the income recognised is based on the inputs that have been provided as a proportion of the total inputs expected for full delivery of the service. For Time and Materials customers, income is recognised based on the inputs used up to 31 March.

This service is provided on a full-cost basis, with 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 Pensions**

GIAA operates several retirement benefit plans for its employees, including defined benefit plans, defined contribution plans and post-retirement healthcare benefits.

#### ***Defined benefit schemes***

Pension benefits are provided through Civil service pension arrangements as detailed in the Remuneration Report.

GIAA recognises the expected costs of future pension liabilities on 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.

#### ***Defined contribution schemes***

A defined contribution plan is a pension arrangement where the employer pays fixed contributions into a separate fund. The costs for the defined contribution schemes are recognised as an expense in the SoCNE as incurred. For defined contribution plans, the employer has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **1.10 Financial instruments**

As the cash requirements of the Agency are primarily met from income from clients (other government departments, agencies and Arm's Length Bodies) and a limited amount through the Parliamentary 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 FREM, as an executive agency, GIAA's balances with its parent department and those with government bodies unless in default 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***

All of GIAA's Trade and other receivables are with other government bodies and are therefore excluded from the requirement for impairments unless in default.

#### ***Trade Payables***

GIAA recognises Trade Payables at the point the liability can be reliably measured – typically the presentation for payment of an invoice – and measures them at amortised cost.

### **1.11 Notional Charges**

Certain costs are charged on a notional basis and included in the accounts. The only notional cost for 2021-2022 is external auditor remuneration. Notional costs are recorded in the Statement of Comprehensive Net Expenditure and recorded as a movement on the General Fund.

### **1.12 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.

### **1.13 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 income 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 service delivered at 31 March and the inputs required to complete the service thereafter. The income recognised in year and the deferred income are based on the fixed fee and the proportion of total inputs in year and those required to complete the service after 31 March. Accrued income is recorded where more income has been earned than has been invoiced at year end;
- time and material customers 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. GIAA is applying the Practical expedient of IFRS15 for these customers as income is recognised based on performance to 31 March. Any work which has not been invoiced at 31 March is recorded as accrued income.

Estimates are made on the remaining costs to be incurred in completing contracts and includes a provision for foreseen unrecoverable amounts. This estimate informs the deferred income figure included in Payables at the year end. Where more income has been earned than has been invoiced at year end, the figure is included as accrued income.

### 1.14 Supply Funding

GIAA accounts for Supply Funding in line with the FReM, credited to the General Fund in the Statement of Changes in Taxpayers Equity and shown in the Statement of Cash Flows as a cash flow from Financing Activities. The unspent amount at year end – our Surplus disclosed in the Parliamentary and Accountability report - is included in Payables as part of Amounts due to HM Treasury (Note 9).

## Note 2 - Staff costs

	2021-22			2020-21		
	Permanent Staff (£000)	Other Staff (£000)	Total (£000)	Permanent Staff (£000)	Other Staff (£000)	Total (£000)
Salaries including allowances	21,784	53	21,837	22,106	151	22,257
Social security costs	2,430	-	2,430	2,471	-	2,471
Other pension costs	5,914	-	5,914	5,741	-	5,741
<b>Total staff costs</b>	<b>30,128</b>	<b>53</b>	<b>30,181</b>	<b>30,318</b>	<b>151</b>	<b>30,469</b>
Less recoveries from outward secondments	(148)	-	(148)	(165)	-	(165)
<b>Net cost</b>	<b>29,980</b>	<b>53</b>	<b>30,033</b>	<b>30,153</b>	<b>151</b>	<b>30,304</b>

The average number of full-time equivalent persons employed during the year was 434 (2020-21: 467).



## Note 3 – Purchase of Goods and Services

### 3.1 Analysis of total goods and services purchased

	<b>2021-22 (£000)</b>	<b>2020-21 (£000)</b>
Contractor costs	5,081	5,326
Support services from other Government Depts.	3,498	3,251
Travel and Subsistence costs	135	13
IT and telecommunications costs	680	707
Training costs	323	231
Auditor's remuneration	75	61
Staff support and staff related costs	290	311
Recruitment costs	161	149
Office costs	37	(12)
<b>Total goods and services</b>	<b>10,280</b>	<b>10,037</b>

## Note 4 – Income

Income for the year of £37,962k relates entirely to audit and counter-fraud & investigation fee income (2020-21: £37,968k). GIAA received a further £17k of Grant Income as described on the next page.

## Note 5 – Income and expenditure by type of work

	2021-22			2020-21		
	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						
Fixed Fee customers	(36,182)	-	(36,182)	(36,202)	-	(36,202)
Time and Materials customers	(1,780)	-	(1,780)	(1,766)	-	(1,766)
<b>Total Audit Fee income</b>	<b>(37,962)</b>	<b>-</b>	<b>(37,962)</b>	<b>(37,968)</b>	<b>-</b>	<b>(37,968)</b>
Grant income	(17)	-	(17)	-	-	-
<b>Total Income</b>	<b>(37,979)</b>	<b>-</b>	<b>(37,979)</b>	<b>(37,968)</b>	<b>-</b>	<b>(37,968)</b>
Expenditure	39,916	350	40,266	39,836	350	40,186
<b>Net expenditure for the year</b>	<b>1,937</b>	<b>350</b>	<b>2,287</b>	<b>1,868</b>	<b>350</b>	<b>2,218</b>
<b>Comprehensive net expenditure for the year</b>	<b>1,937</b>	<b>350</b>	<b>2,287</b>	<b>1,868</b>	<b>350</b>	<b>2,218</b>

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. In addition to the income from audit and counter-fraud & investigation fees, GIAA received Grant fee income of £17k in 2021-22 (2020-21 £0k) from the Government Office for Technology Transfer (GOTT) to develop the GIAA Insights Engine. GIAA receives supply funding from HM Treasury to cover 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 £2,287k (2020-21:£2,218k) has been offset by HM Treasury supply funding of £2,860k (2020-21: £2,856k). The Agency ended the year with a surplus of £573k (2020-21: £638k).

## Note 6 – Financial Instruments

As the cash requirements of the Agency are met through income from clients (other government departments) and the Parliamentary Estimates 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. All of GIAA's Trade and other receivables are with other

government bodies and are therefore excluded from the requirement for impairments unless in default.

## Note 7 - Receivables

<b>Amounts falling due within one year</b>	<b>2021-22</b> <b>(£000)</b>	<b>2020-21</b> <b>(£000)</b>
Trade receivables	10,335	10,273
Prepayments	80	184
Accrued Income	973	1,301
Staff loans and other receivables	-	(19)
<b>Total falling due within one year</b>	<b>11,388</b>	<b>11,739</b>

## Note 8 – Cash

GIAA shares a Bank account with HM Treasury and therefore does not hold cash. Cash transactions are made by HM Treasury on behalf of the Agency through the year. The statement of cash flow therefore represents the movements in GIAA's cash in HMT's consolidated cash flow which relate to GIAA.

## Note 9 – Payables and other current liabilities

<b>Amounts falling due within one year</b>	<b>2021-22</b> <b>(£000)</b>	<b>2020-21</b> <b>(£000)</b>
Amounts due to HM Treasury	2,429	4,073
Accruals	3,833	3,931
VAT	-	-
Trade and other payables (including Tax & Social Security)	1,568	1,311
Deferred income	899	232
<b>Total falling due within one year</b>	<b>8,729</b>	<b>9,547</b>

## Note 10 – Provisions for liabilities

	<b>SLC Pension Provision</b>	<b>Total</b>
	<b>(£000)</b>	<b>(£000)</b>
<b>Balance at 1 April 2021</b>	117	117
Provided in the year	-	-
Provisions not required written back	(47)	(47)
Provisions utilised in the year	(70)	(70)
Change in discount rate		
Unwinding of discount		
<b>Balance at 31 March 2022</b>	-	-

GIAA held a provision for a potential pension liability relating to a small group of staff who transferred into the Agency on 1st April 2019. This group had to consider whether or not to transfer their past service from their previous pension provider into the appropriate Civil Service pension schemes. This was originally estimated as £250k in the 2019-20 accounts but was reduced to £117k during 2020-21 to reflect decisions made by some members of the group. This matter was settled in July 2021 at a final cost of £70k with the £47k balance released. The Agency is recording no other provisions.

## 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 2022, 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 HM Treasury 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 on the next page for each of the following periods:

<b>Obligations under operating leases for the following periods comprise</b>	<b>2021-22 Total £000</b>	<b>2020-21 Total £000</b>
Buildings		
Not later than one year	260	219
Later than one year and not later than five years	628	740
Later than five years	-	-
<b>Total commitments</b>	<b>888</b>	<b>959</b>

The above obligations relate to two operating leases which GIAA had in place at 31 March. GIAA moved into its main office site in November 2018 (10 Victoria Street) and has occupied space in a new site in Birmingham from July 2021 (23 Stephenson 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 adjustments being made to our accounts for the year to 31 March 2023. These two leases will give rise to a Right of Use asset and a Lease Liability under IFRS16 of £873k. The expenditure relating to these sites is expected to be £260k for depreciation and interest. We do not expect any exemptions to apply. In line with HM Treasury Guidance on the application of IFRS16 for transition we will 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. This is consistent with prior year assessments.

## 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 HM Treasury 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 and Arm's Length Bodies.

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 its ALBs)

Home Office

Ministry of Housing, Communities and Local Government (including its ALBs) [now the Department for Levelling Up, Housing and Communities.

Department of Health and Social Care (including its ALBs) Department for Education

Department for Transport

DVLA

Department for Business, Energy and Industrial Strategy

HS2

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 2022.

### Note 13 – Contingent Liabilities

There are no contingent liabilities as at 31 March 2022.

### 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.

