



Government
Internal Audit
Agency

Better insights, better outcomes

Annual Report and Accounts 2022 -23



Government Internal Audit Agency (GIAA)

Annual Report and Accounts 2022-23

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 statement



2022-23 was a year during which we, and our customers, continued to face unprecedented levels of change. On the global stage, the war in Ukraine was accompanied by spiralling energy prices, this in turn impacted on all of us in the UK with its contribution to rising inflation and increase in the cost of living, whilst political change was never far away.

Throughout this year, I have been so proud of our people, and I thank our customers and commercial partners too. We have all worked tirelessly to support government departments and their arm's length bodies, drawing attention to areas where they have made good progress or where things are going well, and being clear where improvements are required.

Our core aim of supporting our customers to manage risk is encapsulated in our mission statement that 'our people provide objective insight so that central government can achieve better outcomes and value for money for the public – better insights, better outcomes'. We continued to strengthen how we deliver this mission with our attention on the five areas of our Vision to 2023: being demanding of ourselves in having **impact** in government, unleashing our **people's** talent and confidence, being uncompromising on **quality** and ambitious on **innovation**, and ensuring that everything we do is built on **firm foundations**.

To enhance our impact, we have expanded our suite of **cross-government insight** reports. With our reach across government, we can review risks across departments and agencies, sharing examples of good practice from which other customers can learn and improve. In this past year, we reported on ways to extend best practice in data use across government, and our reviews of telephony and legacy technology highlighted the importance of benchmarking to improve and standardise performance.

We worked with HM Treasury to clarify government's **risk control framework** that will help government accounting officers understand better the totality of their responsibilities. This provides a clearer line of sight, or golden thread, linking accounting officer's responsibilities for governance, risk management and internal controls, through to improved management assurance practices in their organisations and onwards to the annual report and opinion that we provide each year.

Ensuring that our internal audit activity provides the greatest value means we must continue to maintain and build trusted relationships with our customers. This year we worked with accounting officers across government to agree a **sharing protocol** that sets out how, and under what circumstances, internal audit reports could be shared within government. This sharing protocol exemplifies the benefits derived from sharing reports in the spirit of continuous learning and improvement while preserving the confidentiality and trust needed to be effective internal auditors.

Our GIAA Strategy 2023 highlights the importance of **innovation** in all that we do. Our work on artificial intelligence is cutting edge and our Insights Engine now enables colleagues to search large volumes of our documents and reports to find and retrieve insightful content quickly and effectively. This work has attracted interest across the world, and we have presented our findings at several international conferences.

We continued working with **HM Revenue and Customs (HMRC), the Foreign, Commonwealth and Development Office (FCDO) and Ministry of Defence (MOD)** on plans to welcome their internal audit teams to GIAA, with the latter joining us in April 2023. The departments will benefit from our investment in innovation and specialisms, government will gain greater insight of cross-cutting risks, and auditors will have greater opportunities to develop their careers as part of a larger professional service.

Our **Counter Fraud and Investigation team** goes from strength to strength and this year alone has supported 40 customers with fraud investigations and advice on countering fraud. The team has also supported the creation of the Public Sector Fraud Authority, launched in summer 2022. The team's talent and achievements have been recognised once again, with the team shortlisted three times in the Tackling Economic Crime Awards: for Outstanding Team and with two individual nominations for Outstanding Investigator and Outstanding Tackling Economic Crime Professional.

We have continued to act as the **Internal Audit Authority for the European Commission**, providing them with assurance on the management and payment of grants for **European Funded Programmes**. This work is expected to conclude in 2024-25.

Throughout all our work, our people drive our success as an organisation. 2022-23 was our **'Year of People'** and we invested in them more than ever. We developed a new People and Culture Strategy, professionalised our people networks to harness our diversity and improve equity and belonging, implemented a skills and learning framework, and made progress in reforming our pay structure. This was also the year our people embraced the benefits of hybrid working and the year we all came together once again, using latest technology, to link up our multi-site and virtual all-agency conference.

This year, as with the rest of the Civil Service, our **Employment Engagement Index** saw a marginal drop of 1 point, to 63%. Whilst our ambition is to improve and strengthen our people engagement, this result reflects what has been an extraordinarily challenging year for all. Indeed, with the ongoing cost of living crisis, 'pay and benefits' saw the largest decrease in our survey of 12 points, mirroring similar results across the Civil Service. Despite these pressures, we continue to see high scores, more than 80%, in areas such as 'my work', 'organisational objectives' and 'inclusion and fair treatment', and in areas where we have worked to make targeted improvements, we have seen growth with 'Learning and Development' and 'My Manager' both increasing by 2 points. I remain immensely proud of our work and our people. I am confident that we have the skills, mechanisms, and aspiration to improve our engagement successfully in the years ahead.

As I complete my period as Chief Executive, I am proud of all that we have achieved together. I thank our people, our customers, our commercial partners, and non-executives.

I remain excited about the Agency's future and shall enjoy watching the GIAA continue to flourish, elevating its impact in the public interest.



Elizabeth Honer

GIAA Chief Executive

Chair's statement



At the beginning of 2022-23, many people commented that this was the year when 'things returned to normal'. Even after two years heavily impacted by the pandemic, the concept of a normal year no longer seems to exist.

In the face of uncertainty and change, I have been impressed by the 'can do' attitude that prevails across the GIAA. Our people have continued to embrace hybrid working, whilst also recognising the benefits of coming together. At the beginning of this year, when there was uncertainty about the shape of the future workplace, it has been heartening to see this adoption of both remote and in-person team working.

This responsiveness to change has enabled us to shape our activity effectively. Our ability to respond proactively and swiftly to transformational organisational change, is evidenced by the creation of the One GIA team. They have closely engaged and collaborated with the colleagues from the three joining departments, putting in place the plans and arrangements. As a result, we will be able to bring even more experience and knowledge to underpin the GIAA's unique position, in providing insight across so many government departments.

Of course, we cannot deliver this insight, or indeed, any of our services without our people.

Our people drive the success of the GIAA. In 2022-23 we put a spotlight on their contribution during our 'Year of People'. We developed a new People and Culture Strategy, celebrated their achievements through the GIAA Values Awards, and joined colleagues as we came together for the 2022 All Agency Conference.

The successes and achievements of our people is now catching the attention of others in government circles and also in the wider world. We have been approached by customers wishing to use our innovation tools to support some of their own work. Our focus on innovation has also brought benefits for our own people as this year we rolled out two software systems to improve efficiencies and productivity and support even more effective delivery for our customers.

It is the role of the Board to maintain a balance between our people and the delivery of the business. We do this whilst keeping an eye to the future. The close of 2022-23 coincides with the completion of our vision and strategy for 2019-23 and during this final year, the Board acted to ensure GIAA was in a good place and fully contributed to the 2019-2023 Vision, setting a strong and clear direction.

Our eyes now turn to the horizon, and we have taken the time over the past year to look ahead to 2026 and consider what we want our Agency to look and feel like by then.

It will come as no surprise that our GIAA Vision 2026 is an evolution of our Vision to 2023, building on our strengths and responding to the opportunities that we have identified as our priorities in the coming years. This includes becoming fully fee-funded by 2024-25.

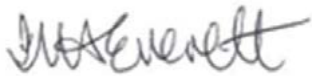
We have come together and worked hard to develop this vision for the GIAA, alongside our other Board responsibilities. This year, being able to meet in person has been beneficial for our working relationships and our outputs. My thanks go to all Board members for their commitment and bringing their wisdom, experience, support, and challenge to the table.

I particularly want to pay tribute to Elizabeth Honer, GIAA's Chief Executive, who has developed and embedded a dynamic, open, and engaging culture at the GIAA throughout her tenure. Earlier this year, Elizabeth announced her retirement at the end of 2023. The success and achievements of the GIAA is due, in no small part, to Elizabeth's drive and tireless commitment to establishing a pan-government

organisation, with all the benefits this brings for our customers and with this, ultimately, better value for the taxpayer. I have greatly appreciated her experience, contribution and knowledge and I know my thanks are echoed by all my Board colleagues.

I am confident that the GIAA has the skills, mechanisms, talent, and aspiration to continue to thrive and flourish. I know that we can improve some of our people survey engagement scores in the years ahead whilst maintaining the excellent levels of satisfaction with managers and the team spirit that is so apparent across all parts of GIAA.

It has also been my great pleasure to work so closely with the GIAA's senior leadership team throughout this eventful year. I look forward to the year ahead which will be another step forward in our growth and evolution.



Isobel Everett MBE

Chair, GIAA Board

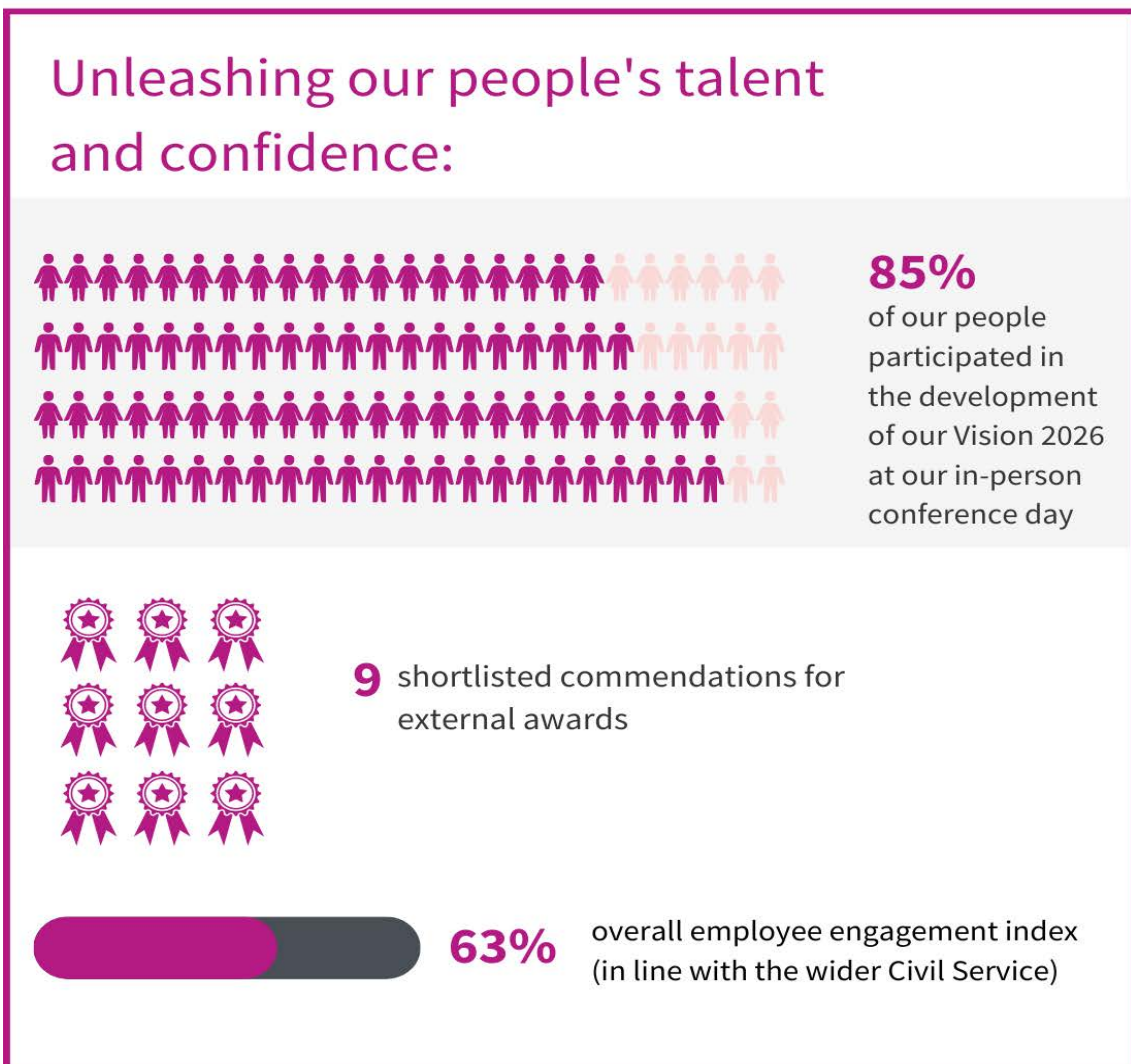
Our year in summary

The highlights of our year from April 2022 to March 2023.



Our year in numbers

Our people provide objective insight so that central government can achieve better outcomes and value for money for the public – better insights, better outcomes’. In 2022-23, we were:



Uncompromising on quality:



100% counter fraud & investigation satisfaction rate



90% counter fraud referrals processed in **3 days**



83.5% internal audit customer satisfaction

Ambitious on innovation:



1000 audit reports process through our insights engine



2 critical IT systems rolled out



3 international presentations on our work as thought leaders

Built on firm foundations:



Delivered

pay reform to colleagues in our delegated grades in the 2022-23 Financial Year



13 ideas implemented from our people suggestion scheme

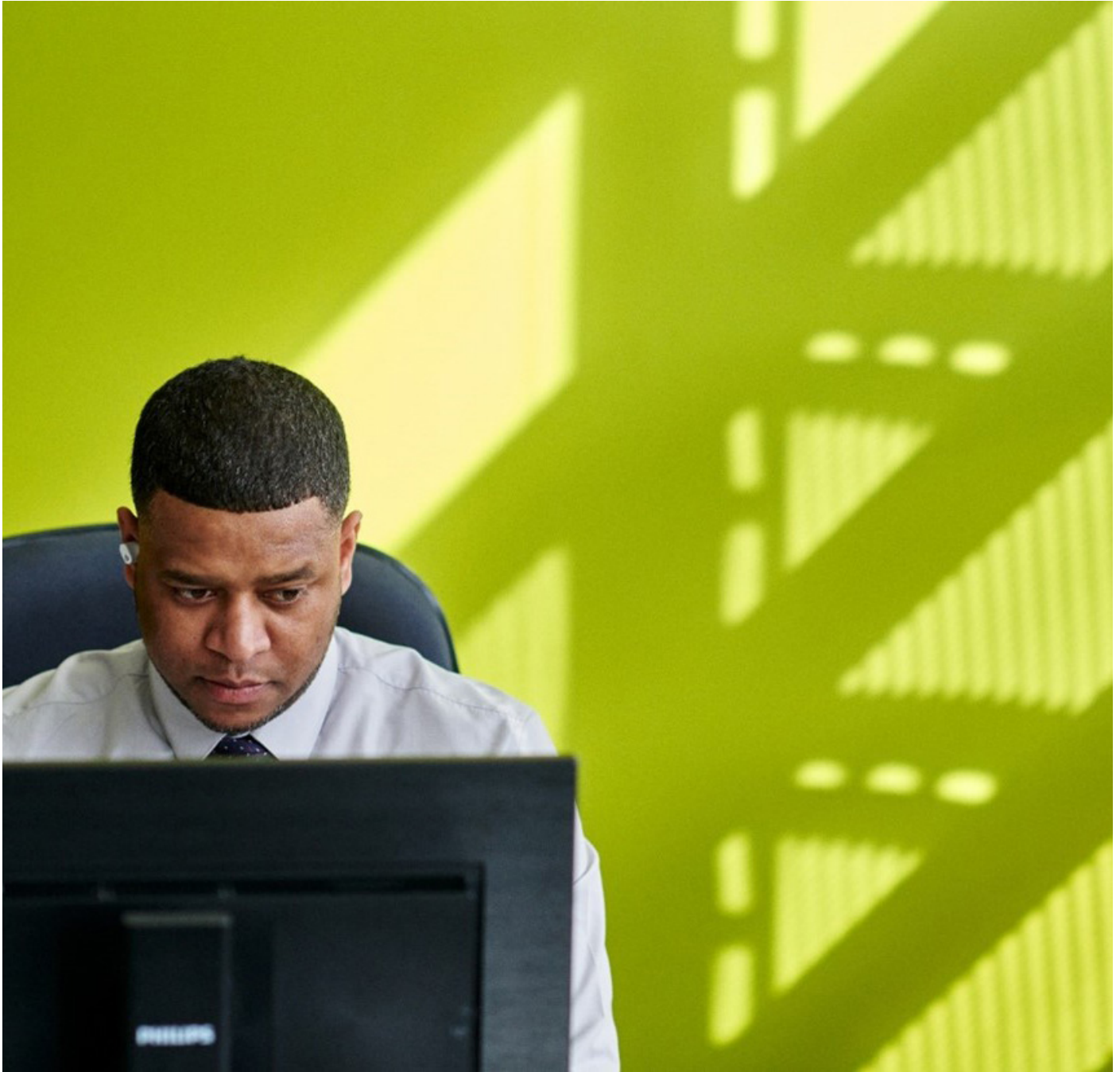


Completion

of the re-tendering of internal audit commercial partners

Performance overview

This section tells you who we are, our mission, our vision, and the values we work to. This section also showcases the services we offer and our role in the wider internal audit function and profession in central government.



The Government Internal Audit Agency

The Government Internal Audit Agency (GIAA) is an executive agency of His Majesty's Treasury (HM Treasury). We established our organisation in 2015 to improve the quality of internal audit provided to central government

Working across government, our unparalleled access, our expertise and the relationships we build lead to better insights and better outcomes for our customers, for their customers, and for the UK public.

We now serve 15 of the 17 UK central government departments and more than 130 arm's length bodies.

We also have an award-winning counter fraud and investigation service, and support finance professionals across government in their role as stewards of public money.

We provide assurance for the management and payment of European Commission grants for several EU-funded programmes (until their conclusion in 2024-25).

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



Our mission

Our mission is that:

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

We are able to pursue this mission because:

- we are by government, for government
- we have unrivalled access across the UK’s central government departments
- our customers trust and value our independence
- our unique position serving our customers means we can draw insight from across government
- we live by our public service values

Our mission sets out why we exist. **Our vision** sets out what we will become, and **our strategy** sets out how we achieve our vision. When these are combined with elements that demonstrate **the steps we will put in place to deliver our mission and realise our vision** – our plans, measures, behaviours, delivery and review, they form our Vision to Action wheel, demonstrated below.

Each cycle on the Vision to Action wheel is shaped by our environment and the wants and needs of our people, our customers, and our stakeholders. This Vision to Action wheel enabled us to develop our mission, vision, and strategy. Part of the development process for the mission, vision and strategy drew on enthusiastic feedback from all our stakeholders in a comprehensive process of review, engagement, and discussion.

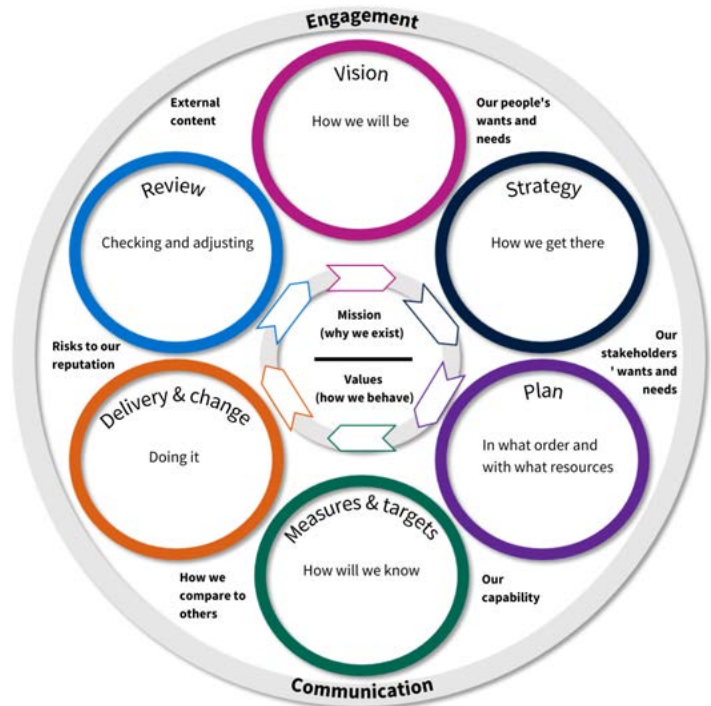


Figure 1: GIAA Vision to Action Wheel,
(Source: GIAA Vision 2022)

Our vision 2023

It is our vision, that by 2023, we would 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 based our vision around five inter-connected strands, illustrated in the vision summary graphic below.

Our pyramid of triangles places our **People** at the heart of our vision. The **Impact** of our work is at the pinnacle, underpinned not only by our people but also by our strands of **Quality** and **Innovation**.

Finally, everything we do is built on **Firm Foundations**.

Our full vision can be found on www.gov.uk/giaa.



Figure 2: GIAA Vision summary graphic

The following five inter-connected themes were that by 2023 we are:



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 intend to achieve our vision. Our strategy document and corporate plan are refreshed each year to ensure continued relevance and sharp focus. This strategic approach has been designed to enhance our value to government and the public. It has helped us to focus on a tighter number of strategic projects and closely monitor progress through our Strategy Implementation Programme.

We implement our strategy to improve our performance. It is often a combination of actions, across a number of the strands, that leads to improved performance. For example, it is innovation + people + quality that improves customer satisfaction and also the impact that we have.

The evolution of our vision for 2026

In late 2022, we began work on refreshing the vision for our Agency through an engagement exercise with both our people and our customers. This process involved identifying areas where further progress and evolution could be made happen over the next three years to ensure that we continued to deliver our constant mission of better insights, better outcomes.

Through engagement and consultation with stakeholders, we concluded that the five strands of the vision have steered our progress successfully over the last three years and therefore have retained these, with minor amendments to the language to guide the new Vision 2026. Vision 2026 is very much focused on evolution, rather than reinvention, with the overall aim being to raise the bar in all that we do. This continuity gives us the confidence to be ambitious, building on our significant progress by stretching ourselves even further to achieve more.

Our Vision for 2026 and our strategy for achieving that plan over the next three years, as well as our corporate plan setting our priority areas of focus for 2023-24, can be found on www.gov.uk/giaa.



Our values and behaviours

We achieve our strategy day-to-day by living our values.

Our values and behaviours were developed from a series of consultative workshops with our people and continue to underpin everything we do. They are illustrated in the values and behaviours summary graphic below and visible in all our interactions with customers and colleagues.

At the GIAA we are:

- **Professional:** we take pride from a quality job well done and strive to exceed expectations
- **Trustworthy:** we can be relied to act with honesty and integrity, enabling our people to be confident in their abilities and decisions
- **Collaborative:** we are inclusive and team focused, exploiting knowledge from across the agency and beyond
- **Respectful:** we treat everyone fairly and as we wish to be treated ourselves, celebrating our diversity and our successes so everyone can give their best
- **Principled:** We act in the public interest, role modelling the best of our behaviours to make a valuable contribution for our customers, communities and the wider public



Figure 3: GIAA values and behaviours summary graphic

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, actually give effect to the control

Consulting services

Our consulting services advise our customers 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 the 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. As a trusted independent partner, we offer both counter fraud and internal audit services under one roof, and we share expertise and continually improve services across the board.



Counter-fraud services

- **investigation** – professionally accredited, security cleared investigators delivering at pace and to criminal prosecution standard. The scope of our investigations include 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

Working in partnership with Public Sector Fraud Authority

The new Public Sector Fraud Authority (PSFA) was launched on 3 August 2022. With an investment of £24m over the next three years, the PSFA will have reporting lines to both Cabinet Office and HM Treasury and will replace the former Cabinet Office Fraud Error and Debt team; the Centre of Expertise covering Fraud, Error, Debt and Grants (FEDG), and will have a strengthened mandate to:

- modernise the fraud and error response
- build expert led services
- develop capability
- put performance at the heart of the public sector fraud conversation
- be seen as a beacon of fraud and error expertise

GIAA’s Counter Fraud and Investigation function already enjoyed a clear and complementary relationship with the FEDG team. This complementary relationship will continue with our Deputy Director for Counter Fraud and Investigation joining the PSFA Executive Committee as an affiliate member.

GIAA has already begun to work collaboratively with the PSFA on an awareness raising campaign highlighting the newly emerging risk of dual working fraud.

Public Sector Fraud Authority | **Government Internal Audit Agency**

Practice Guide

Dual Working Fraud

FRAUD

During the COVID-19 pandemic, government departments and public sector organisations successfully delivered vital public services whilst embracing home and remote working. Whilst this flexible approach to work has offered benefits to both employers and employees, there are inherent fraud risks within remote working.

These new working arrangements may present a greater risk of **dual working fraud**. Departments and agencies are identifying cases of individuals working multiple full-time jobs simultaneously. These individuals may be fraudulently dual working, with a greater risk identified in teams reliant on **temporary workers** or **contractors**.

Risk Indicators may include:

- 1 Irregular documentation of work schedules**
Unrealistic or incomplete timesheets, annual leave and absence logs, or where timesheets are submitted for the same time every day (e.g. 7 hours:24 mins.)
- 2 Unauthorised and inconsistent working patterns**
Unexplained absences, missing meetings, irregular working patterns or hours, lack of contact or response
- 3 Poor performance**
Missed targets, deadlines not being met and low quality output

Case Study FALSE TIMESHEETS

Over a period of 12 months, a contractor was found to have worked simultaneously for three government departments within the UK government. The contractor submitted timesheets for the same five days per week, for each assignment.

Fraud was suspected after concerns were raised in relation to health and safety, potential breaches of the working time directive and conflicts regarding access to systems and information.

A subsequent investigation identified:

- The contractor did not work the hours they claimed; their working hours were up to 13 hours shorter than claimed in any 24-hour period.
- The contractor claimed for days when they did not log onto Departmental systems or undertook minimal work.
- Documented incidents where the contractor refused to take on additional work, was reluctant to go into the office after COVID-19 lockdown and was non-responsive to questions during virtual meetings.
- It was established the contractor had behaved similarly in two other government departments.

Once the considerable financial loss was established, the contractor's employment was terminated by all departments and the matter was referred to Action Fraud to consider police investigation. Civil proceedings are ongoing to recover the financial loss.

Additional controls to prevent recurrence and improve detection have since been implemented across government.

collaborated with counter-fraud professionals from the Government Internal Audit Agency (GIAA) and across government to develop this practice guide to help mitigate this fraud risk within a modern working environment.

Risk mitigation could include:

- Integrity Checks**
For all employment, personal and professional references should be checked.
- Oversight**
For all contractual arrangements are considered prior to employment. Detailing responsibility to detect, prevent and assure fraud where contractors are used, agree responsibilities and obligations /cost to investigate.
- Workplace Culture**
Ensure everyone aware of the escalation process and/or Fraud Response Plan - ensure timesheet approvers can and know how to escalate if they are not satisfied that the time claimed has been worked.

Undertake Counter Fraud Awareness Training - Once trained, people are more likely to recognise, report and prevent attempted fraudulent actions, and increase the likelihood of the correct application of internal processes.

Positive workplace culture - Sending strong and consistent messages from leaders of the organisation to all staff about ethics, fraud awareness and overt support for the fraud response plan and counter fraud activities.

1 Hybrid working arrangements - e.g. 3 days in an office environment and 2 days working from home per week.
2 In the event of a future criminal investigation, this could assist in accessing electronic evidence after the event.

Identifying expenses fraud

Since 2019, our specialist Counter Fraud and Investigation team have identified £11.3m in actual and prevented losses due to fraud or impropriety by civil servants, contractors, and other providers to government.

In one case, our Counter Fraud and Investigation (CF&I) team were commissioned to investigate an allegation that a public sector employee had fraudulently claimed expenses.

The CF&I investigator obtained and analysed more than four years' worth of expense claims and cross referenced with working patterns, annual leave, and attendance records. CF&I also used data analytics software to establish trends.

The investigation identified that the employee had falsified more than 81% of their claims, with a total loss to the department of £72,000. This included £53,000 relating to falsified car parking costs and a further £19,000 for other expenses, unused hotel accommodation and bonuses which the employee was not entitled to receive. Open-source intelligence checks showed the employee had been living a lavish lifestyle beyond their means.

CF&I issued a report to the department to consider which contained extensive evidence to support the allegations. The employee was subsequently dismissed and placed on the Government's Internal Fraud Register.

With the department's agreement, the matter was referred to the police for consideration of further criminal investigation and the employee was arrested in February 2023. The CF&I investigator supported the criminal investigation, liaising between the department and the police, and produced an expert witness statement to support the criminal proceedings.

Our customers

Our customer base for the majority of 2022-23 included 13 of the 16 central government departments and more than 130 arm’s length bodies.

This figure increased to 14 out of 17 central government departments with the machinery of government (MOG) changes, announced on 7 February 2023, resulting in several changes to departmental structure:

- a new Department for Energy Security and Net Zero (DESNZ)
- a new Department for Business and Trade (DBT)
- a new Department for Science, Innovation and Technology (DSIT)
- changes to the remit of the Department for Culture, Media and Sport (DCMS)

We continue to provide our services for these new departments.



Figure 4: GIAA Customers as of February 2023

* MOD became a customer of GIAA on 1 April 2023

**Government departments that are not currently GIAA customers



Welcoming the Ministry of Defence Internal Audit Team to GIAA

GIAA welcomed the internal audit team at the Ministry of Defence (MOD) on 1 April 2023. The arrival of the 43 colleagues who form the MOD team means that the GIAA now provides internal audit services to 15 of the 17 of UK central government’s departments.

Preparation and arrangements to support the smooth transition of the MOD internal audit team into the Agency that took place over the last 12 months include:

- a dedicated Change and Engagement Manager oversaw the transfer arrangements, visiting colleagues in their offices and responding to queries about what the transition would look like.
- training was provided to audit colleagues on using the TeamMate+ audit management system, alongside how-to guides, videos and help from the Professional Practice team.
- development an innovative IT solution in collaboration with HMT and MOD to allow MOD colleagues to access GIAA systems via a secure virtual platform.
- around 50 GIAA colleagues signed up to the buddy scheme to provide a friendly face, as well as an informal channel for advice and information.
- daily sessions were organised for the first weeks of transition to pick up any arising issues, with daily induction emails to signpost MOD colleagues towards important GIAA information.

On MOD joining the GIAA, Charlie Pate, Director General Finance, Ministry of Defence said:

‘MOD internal audit joining the GIAA will be hugely beneficial to the team, the Agency, and the MOD. The sharing of knowledge, experience and skills can only further enhance our well-respected internal audit function. Over the past year I have been very impressed with how well the two teams have worked together in delivering the transfer and I am excited to see how that grows over the coming months.’

The arrival of the MOD team expands the span of our work across government to offer “better insights, better outcomes”. It also offers greater career and development opportunities to members of the government internal audit and counter fraud professions and creates tangible opportunities to develop new areas of expertise and practice.

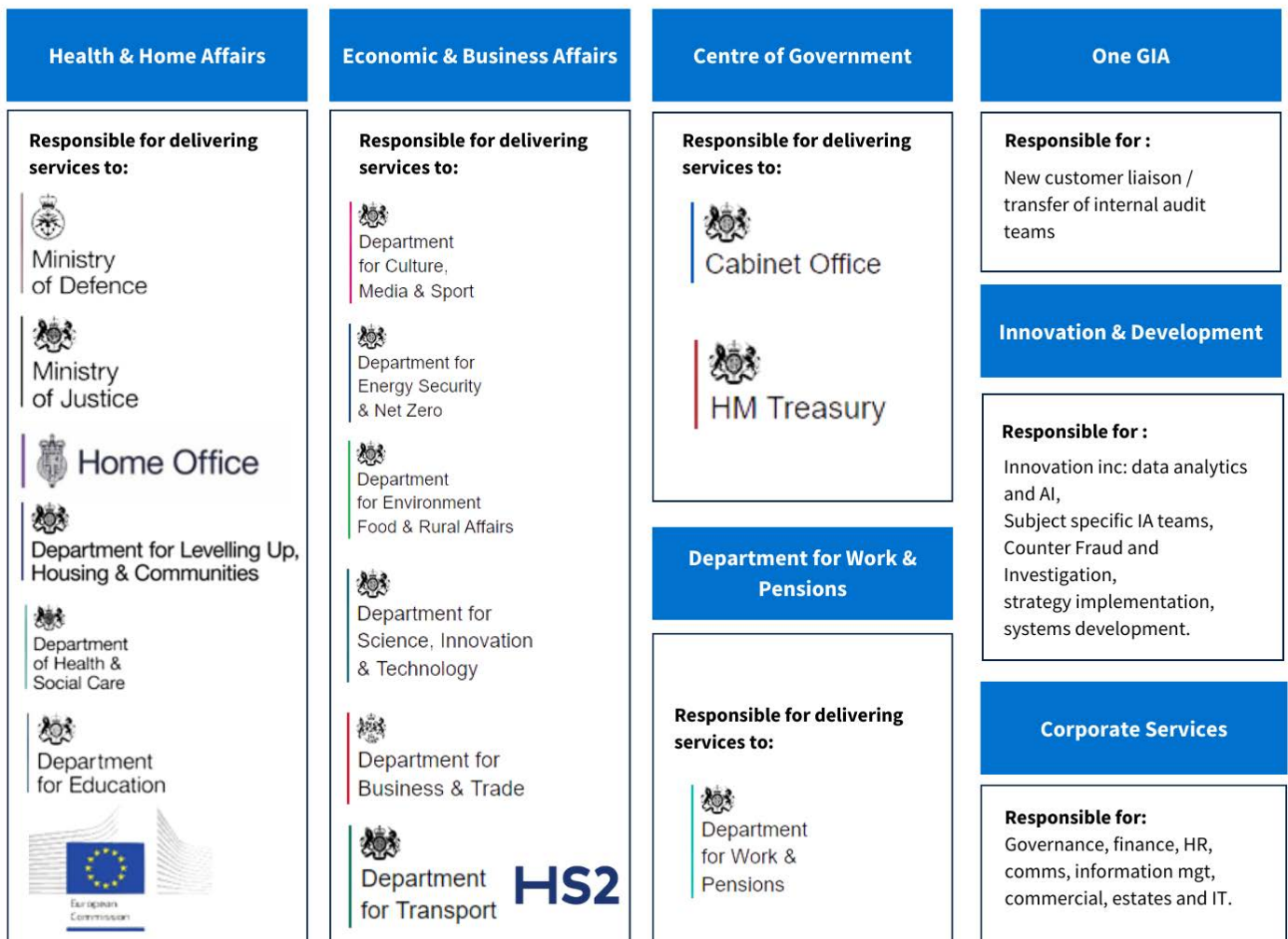
Our organisational structure

The GIAA is an executive agency of His Majesty’s Treasury (HMT). We are led by our Chief Executive who is supported by the Executive Committee (ExCo) and our Agency Board.

In 2022-23 we had an average of 456 full time equivalents (FTE) with the majority in internal audit or counter fraud and investigation operational roles, supported by a small corporate services directorate.

In February 2023, in response to the changes to the machinery of government (MOG) and requests from our customers for greater oversight of large internal projects, we took the opportunity to review the organisation of GIAA to ensure we are structured in the best way possible to meet our customers’ needs.

Our revised organisation structure, from April 2023, is presented below:



Chief Executive

GIAA Board

Figure 5: GIAA Organisational Structure

Our role as head of the government internal audit function and profession

In addition to her role leading GIAA, our Chief Executive, Elizabeth Honer, also acts as Head of the Government Internal Audit Function.

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 also 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 and profession

The Civil Service categorises its workforce into 28 professions that focus on developing the capabilities of their people. In addition to these professions, a series of specialist functions are also embedded across the civil service to improve the way central government conducts activities that rely on specialist skills. Although the functions overlap professions to some extent, functions focus on activities, identifying what needs to take place and how these activities can be delivered effectively.

Leadership of the internal audit profession is currently delegated to our Operational Director for the Centre of Government, Chris Westwood, who provides leadership on the professional standards expected of internal auditors across central government.

As part of the role, as the Head of Profession, Chris maintains close links with our 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 available our methodologies, guidance notes and bulletins to the wider internal audit profession to spread best practice across the Central Government Internal Audit profession.

The 'Golden Thread' project – improving the control environment within central government

As part of our role leading both the internal audit function and profession, we have worked 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). These frameworks provide a route or 'Golden Thread' linking 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.

The ‘Golden Thread’ – improving the control environment in government

Accounting officers face a plethora of guidance, rules, and statutory requirements, all of which must be complied with as part of assuring parliament and the public on the management of public funds. Supporting accounting officers with these responsibilities is central to the GIAA’s core purpose.

The ‘golden thread’ project was borne out of the increasing challenges accounting officers face, operating in an uncertain external environment, with significant delivery pressures that demand a greater appetite for risk. This in turn has led to a complex set of control requirements being placed on them. To support accounting officers and their departments, the GIAA collaborated with HM Treasury to clarify these requirements by focusing on three areas:

- a new risk control framework launched in May 2023 that has helped clarify accounting officer responsibilities.
- the development of a new assurance tool, as part of the update to the Orange Book on principles of risk management, so that management can better understand whether effective controls are in place.
- adapting our own internal audit practices to ensure plans, programmes and opinions are aligned to the risk control framework (full roll out to take place in the 2024-25 audit year).

The intention of this piece of work has been to provide accounting officers with a clear line of sight, or ‘golden thread’. This links their responsibilities for governance, risk management and internal controls, through to improved management assurance practices in their organisations and onwards to the annual report and opinion we provide each year. It is part of our ambition to position internal audit more strategically, focussing on management assurance processes and improvements to risk controls.

In the coming year we will continue to monitor the implementation of the risk control framework across government and its impact on the effective and efficient management of risk.

Internal Audit Leadership Group

The Internal Audit Leadership Group (IALG) comprises senior representatives from GIAA along with representatives from the internal audit teams of the non-GIAA central government departments, devolved UK administrations and regulatory bodies. The 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 and counter fraud and investigation functions are very much part of this programme of reform.

Consequently, during 2022-23 we:

- worked jointly with departments to prepare to deliver the requirements of functional reform relating to the GIAA, which includes extending our services across government. This related to working closely with the Ministry of Defence (which joined on 1 April 2023) and the two other departments which do not currently take their internal audit service from us (Foreign, Commonwealth and Development Office and HM Revenue and Customs).
- revised and re-issued the Internal Audit Functional Standard (GovS 009) with two new ‘shall’ requirements added, and one removed, representing relatively small changes to the Functional Standard. A revised self-assessment tool is also under development.
- developed a strategy to cover the whole internal audit function for government, extending beyond the GIAA’s customer base, along with performance measures to assess whether the function is achieving its objectives.
- implemented a protocol for sharing audit findings within government in exceptional circumstances while preserving our trusted relationship with accounting officers.
- worked with internal audit providers across government to co-ordinate and agree a programme of cross-government audit work that links to areas of significant cross government risk, creating value that individual audit teams cannot. In 2022-23 these included reports on spend controls, data management, hybrid working, wellbeing, and recruitment and retention.
- developed a government internal audit functional standard which supports the wider ‘Public Sector Internal Audit Standards’ (PSIAS) and provides a greater level of detail to drive the quality of internal audit services across central government.
- supported the functional reform of ‘Counter Fraud, Error, Debt and Grants’ through our counter fraud and investigation services, strengthening the management of counter fraud activity taking place across government.
- worked closely with the Government Finance Function, particularly on people development, with the Head of the Finance Function (Cat Little, Second Permanent Secretary to HM Treasury), sitting on the GIAA Board and our Chief Executive being a member of the Finance Function Strategy Board.

Monitoring our performance and our status as a ‘Going Concern’

We deliver our internal audit work in accordance with PSIAS and our audit methodology is focused on 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, we were 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 we operate can be found in our 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’.

Please refer to Note 1.1 in the Notes to the Accounts, which outlines the basis for the preparation of the accounts, referencing that they have been compiled on a going concern basis.



Performance analysis

This section tells you about the progress we are making with delivering our strategy and any challenges or achievements we have experienced during the year. The key issues and risks that could affect GIAA in delivering our objectives are set out in the Governance Statement.






How we measure our performance


To understand the extent to which we are delivering against our strategy, we have a performance management framework with two component parts:

- a) We monitor the **strategy implementation activities**, which are assessed against whether they have been delivered to time, cost, and quality. The Performance Analysis section of this report outlines how we have performed against each of our five strategy strands and delivered against the Spending Review 2021 commitments.
- b) We monitor our overall organisational performance against a suite of **key performance indicators**, which assess whether our strategy activities have made a difference to our performance as expected.

Our 2022-23 key performance indicators

Strategic Focus	Measure	Performance	Analysis
Impact: 	Responses to our customer service questionnaire (CSQ): <i>Did our outputs and/or recommendations identify opportunities to improve the control environment and make a difference to you?</i>	Target: Average score of at least 8 out of 10 2022-23: 8.20 ↑ 2021-22: 8.02	Customers commented that the outputs provided useful and practical recommendations with additional ideas and options that the customer has not thought of previously. The reports were also recognised as providing assurance that the customer’s improvement plans were focusing on the right areas.
People: 	People engagement index in the 2022 Civil Service People Survey.	Target: A year-on-year increase, taking us closer to the Civil Service average 2022-23: 63% ↓ 2021-22: 64%	This represents a 1 %-point decrease, which was also seen in the Civil Service average (from 66% to 65%). Considering the context of the extraordinarily challenging year for civil servants the result is not entirely surprising. Over time, we have closed the gap between the GIAA’s performance and the Civil Service average score (e.g., in 2018 GIAA’s score was 49% compared to the Civil Service average of 62%). The results continued to highlight pay as a major source of concern, which was an area of focused attention in GIAA in 22-23. The Pay & Benefits score fell from 36% to 26%, which was 13 % points below the Civil Service score.

Strategic Focus	Measure	Performance	Analysis
<p>Quality:</p> 	<p>Responses to our CSQ: <i>How well did we engage and consult with you?</i></p>	<p>Target: Average score of at least 8 out of 10</p> <p>2022-23: 8.73 ↑</p> <p>2021-22: 8.48</p>	<p>Customers commented that our auditors provided open and constructive engagement and were responsive and flexible in their approach. They felt that we were clear about expectations and requirements and that the regular contact and honest discussions ensured that the audit met the needs of the business.</p>
	<p>Responses to our CSQ: <i>How well do you feel we worked together to deliver to agreed timescales?</i></p>	<p>Target: Average score of at least 8 out of 10</p> <p>2022-23: 8.58 ↑</p> <p>2021-22: 8.42</p>	<p>Customers commented that our auditors provided realistic and achievable timescales and that the regular dialogue ensured that the work was kept on track. The flexibility and patience of the audit teams was commented on, especially when customer’s business needs meant short-notice changes.</p>
	<p>Responses to our CSQ: <i>To what level did our people demonstrate an effective understanding of your business and risks?</i></p>	<p>Target: Average score of at least 8 out of 10</p> <p>2022-23: 8.38 ↑</p> <p>2021-22: 8.19</p>	<p>Customers fed back that they were impressed by our auditors understanding of complex topics and situations, and that they were proactive in checking details to ensure understanding. In understanding the opportunities and risks for the organisation, customers felt that this lent weight to the recommendations.</p>
	<p>Responses to our CSQ: <i>To what level did our people demonstrate that they were objective, professional, knowledgeable and skilled?</i></p>	<p>Target: Average score of at least 8 out of 10</p> <p>2022-23: 8.88 ↑</p> <p>2021-22: 8.76</p>	<p>Customers commented that they appreciated the range of expert knowledge provided by our people and that they demonstrated objectivity in the clearly articulated findings which were evidence-based. They particularly welcomed the linkages to insights from other audits which helped to ground the recommendations.</p>

Strategic Focus	Measure	Performance	Analysis
Firm Foundations: 	Income and expenditure	Target: Ending between a break-even and 1% underspend against budget 2022-23: 1.8% ↓ 2021-22: 1.6%	The primary causes of our underspend have continued from previous years, i.e., underspends on resourcing (from unfilled vacancies and lower than anticipated expenditure on contractors) and a reduction in our annual leave accrual with leave balances reducing. The additional factor in 2022-23 which accounted for a larger surplus was an unbudgeted reduction in the fee charged by HMT for shared services provided to the GIAA.

Technical note:

The **Customer Service Questionnaire (CSQ)** serves to gather feedback from customers on engagements undertaken by GIAA to facilitate continuous improvement of our performance and services. On completion of engagements, relevant contacts within the customer's organisation are asked to complete a CSQ.

The CSQ is an online short questionnaire that asks the customer to rate how satisfied they were with our delivery of the engagement (on a scale from 0 = poor to 10 = excellent) under five performance categories: planning, engagement procedures, reporting, outcomes and recommendations, and professionalism. The customer is also asked to provide an overall rating on how satisfied they were with the service provided.

The statistics included within this report from the CSQ relate to responses received between 1 April 2022 and 31 March 2023. The response rate for CSQs was 52% in 2022-23 (number issued compared to number returned). The performance statistic is calculated as an average score from all respondents who submitted a score for that question.

The **People Engagement Index** is taken from the Civil Service People Survey results. In 2022 the response rate across the Civil Service to the survey was 65%. At GIAA it was 86%. The calculation of the engagement index is covered in this Technical Note for the People Survey: <https://www.gov.uk/government/publications/civil-service-people-survey-2022-results/civil-service-people-survey-2022-technical-guide#employee-engagement>

The **Income and Expenditure** figure is calculated by dividing the year end surplus by the budgeted expenditure.

Delivery of our strategy (by strand)

Each year, we publish the GIAA’s Corporate Plan. This sets out the strategic changes we need to make over the following financial year to meet our own ambitions and fulfil our customers’ expectations. It also explains the progress we have made with the delivery of our strategy, which is our roadmap for achieving the GIAA’s overarching vision.

Our Corporate Plan for 2022-23 was published on 9 June 2022 ¹. It maintains a constant focus on the five strategic strands in our vision. Each strand is led by a director as a Senior Responsible Owner who is responsible for the delivery of the key pieces of work that we have identified as being of particular importance to the delivery of our strategy and vision. Progress is monitored throughout the year through a strategy implementation programme that reports regularly to our Executive Committee and to the Board.

The information in the following tables for each strand sets out (from left to right): our vision for 2023; the strategy for achieving that vision; the priorities we identified for 2022-23; and a summary of the progress we made in delivering those priorities.

The five strands of our vision:



Demanding on customer **impact**



Unleashing our **people’s** talent and confidence



Uncompromising on **quality**



Ambitious on **innovation**



Built on **firm foundations**



Figure 6: GIAA Vision summary graphic

¹ Government Internal Audit Agency Corporate Plan 2022-23 - GOV.UK (www.gov.uk)

Vision strand: We are demanding on customer impact

Vision	2019-23 Strategy	2022-23 priorities and critical projects	Progress
<p>We are demanding of ourselves and our customers to make an impact.</p> <p>We focus on outcomes to make a difference.</p> <p>We are more than the sum of our parts, looking across departmental boundaries to enhance our insights.</p>	<p>To improve the insight we provide to our customers, and the impact of our work, we will:</p>	<p>Deliver a 2022-23 programme of cross-government/department insights, supported by a new central team focussing on cross-government work thereby embedding delivery for the future. (* Spending Review commitment)</p>	<p>During the year we successfully established a new central team dedicated to supporting our cross-government insights work. The team has produced reports on topical subjects such as employee wellbeing, recruitment and retention and hybrid working, and other thematic pieces such departmental approaches to data management.</p>
	<p>Articulate our offer to deliver insights.</p> <p>Map our customer landscape and set out our growth strategy.</p> <p>Provide cross-government insight.</p> <p>Build relationships with partners.</p>	<p>Measure the impact that we are having with our customers through embedding the customer impact framework, using data analytics and artificial intelligence tools to identify and deliver continuous improvement.</p>	<p>Our new customer impact framework now includes more streamlined customer service questionnaires leading to increased response rates. We are also increasingly harnessing the power of data analytics and artificial intelligence to analyse our work and include insights from across government tailored to the needs of individual departments.</p>

A unique position to share insight across government

In response to data risks on the civil service risk register, data management was selected to be one of our four cross-government audits for 2022-23.

Key government developments in the use of data have taken place over recent years. In 2022, the Central Digital and Data Office (CDDO) published the government's digital and data strategy, 'Transforming for a digital future: 2022 to 2025 roadmap for digital and data to transform digital public services', setting out a common cross-government vision for digital and data by 2025.

Working closely with CDDO, our findings and recommendations were designed as enablers for departments to identify areas where transformation in data usage was needed to drive efficiencies and improve public service delivery. The 11 departments audited were also provided with a tailored report to understand their position with recommendations made to improve how they managed data.

Common themes from this departmental work were then presented in a cross-government report, with key findings on governance, data assets, data standards, data sharing, and data compatibility. The thematic report also incorporated comparison data in the form of a data management assurance heatmap and recommendations by risk chart, enabling departments to benchmark their performance.

For one customer with a comparatively low assurance rating, we used our findings to recommend more appropriate ownership of data management processes as well as greater clarity on its approach to data protection policy, security and record keeping procedures.

Vision strand: Unleashing our people’s talent and confidence

Vision	2019-23 Strategy	2022-23 priorities and critical projects	Progress
<p>We attract the best to maintain the high calibre of our people.</p> <p>We invest in our people to help them stay ahead.</p> <p>We are inclusive and confident. People aspire to work with us.</p>		<p>Implement plans for the remaining central government departments and other arm’s length bodies to join our service through the One GIA programme. (* Spending Review commitment)</p>	<p>The Ministry of Defence internal audit team joined the GIAA in April 2023. Work continues to facilitate the onboarding of the two remaining departments (FCDO and HMRC).</p>
	<p>To ensure a high calibre of people, to enable us to deliver sustainable quality to our customers, we will:</p>	<p>Finalise and implement our People and Culture Strategy, articulating the strategic direction for our people over the next four years.</p>	<p>Our people & culture strategy for the next four years was launched in July 2022, inspiring our people to reach their fullest potential, and ensuring that our approach supports diversity and inclusion.</p>
	<p>Improve diversity, equality of opportunity and inclusion, and ensure pay parity.</p>	<p>Grow the capability of all our people, upskilling our leaders with the tools they need and building an agile, efficient, and responsive workforce.</p>	<p>We prepared for the launch of our ‘coach and focus’ approach to performance management in 2023-24, representing a cultural shift in the way we support and challenge our people.</p>
	<p>Develop our workforce strategy further.</p> <p>Clarify roles and employment offers.</p> <p>Redefine our learning and development for customer impact.</p> <p>Value all roles and people, recognising interdependence.</p>	<p>Develop our strategic workforce planning to understand and act on the roles, skills, and capacity critical to our success.</p>	<p>We introduced a new approach to capturing what existing skills we have in our workforce and set in train arrangements for a new audit response team that will allow us to deploy resources more flexibly and efficiently.</p>
		<p>Reform our pay structures to ensure our people are fairly rewarded for the work that they do, and we attract and retain the talent that we need. (* Spending Review commitment)</p>	<p>We gained agreement to a pay business case that has helped us address historical pay inconsistencies and delivered some wider structural pay reform across GIAA.</p>

Building a People and Culture Strategy for the future

GIAA recognises that our people are at the heart of everything we do. Their expertise, experience, leadership skills and insights are the Agency's core offering for our customers.

Our long-term goal is to make GIAA the best place to work, whether pursuing a career as an internal auditor, a counter fraud and investigation specialist, an innovator, or in the corporate and enabling roles that are essential for the effective running of a growing and maturing organisation.

2022-23 was the GIAA's 'Year of People'. As part of this focus, we developed a new People and Culture Strategy that sets out how the GIAA will achieve this goal over the next four years.

The People and Culture Strategy is underpinned by the employee lifecycle process that visualises how people engage with the Agency at different stages throughout their career. The strategy was developed through a programme of nationwide engagement that offered opportunities for every person at the Agency to have their say.

More than 100 people, almost one quarter of the GIAA workforce, participated in a series of half-day roadshows to develop the Strategy. These sessions used a variety of creative methods to map the issues that meant the most to people at each stage of their journey at GIAA. The feedback and insight captured from these sessions was used to identify the people impacts, issues, and opportunities presented for GIAA at each stage of our employee lifecycle.

Our new strategy builds on several initiatives we have taken forward this year as part of the GIAA's 'Year of People'. This has included the development of a new 'coach and focus' approach to performance management; implementation of a new skills and learning framework to ensure all our people realise their full potential at work; and delivering successful recruitment campaigns that focus on hard to reach groups. Priorities for 2023-24 under our new Strategy will include building on our Employee Value Proposition to ensure we attract and retain the very best talent and the further development of our organisational culture, including the importance of efficiency and productivity.

Vision strand: Uncompromising on quality

Vision	2019-23 Strategy	2022-23 priorities and critical projects	Progress
<p>We emphasise quality to ensure impact.</p> <p>We maintain a high standard to inspire confidence from customers.</p> <p>We emphasise action to improve our influence through insight.</p>	<p>To enhance further the quality of our work for customers, we will:</p> <p>Define what we mean by quality and our quality criteria.</p> <p>Demonstrate, and be recognised for, our high quality through external quality assurance assessment.</p> <p>Improve planning and delivery.</p> <p>Continue to improve professional standards across our work.</p> <p>Improve management information.</p>	<p>Continue to deliver the recommendations from our 2020 External Quality Assessment (EQA) to drive quality in our work.</p>	<p>Over the last year we put in place new procedures and controls to ensure greater rigour of our annual opinion judgements and made improvements to how we assess the effectiveness of our customers’ risk management framework. Further training work was also rolled out to support the consistency and quality of our service provision.</p>
		<p>Finalise work with HM Treasury colleagues to set out the Risk Control Framework for accounting officers, best practice guidance in management assurance.</p>	<p>Work progressed on implementing a new Risk Control Framework via the revised Orange Book. Alongside this a new assurance tool to support management in understanding whether effective controls are in place was also developed. The new framework was launched in May 2023, and we are currently trialling the alignment of our internal audit work to the new framework with a view to full roll-out in 2024-25.</p>
		<p>Develop the relationship between our counter fraud work and the new Public Sector Fraud Authority (PSFA).</p>	<p>The GIAA now has a presence on the PSFA’s executive committee, and we are working with them on newly emerging public sector fraud.</p>

How we assure our quality

Maintaining our trusted relationships with our customers depends in part on the enduring and consistent quality of the work that we deliver for them. Each year, we undertake a range of activities that allow us to evaluate and report on quality. This work helps us to identify areas for improvement and to continually improve.

During 2022-23, we continued to build on an existing, strong foundation in relation to quality, and particularly how we manage the risk of our products and engagements not being to a standard of quality that our customers should expect. For example:

- We have implemented 90% of the actions arising from our External Quality Assessment (EQA) in 2020, for which we achieved the highest possible 'generally confirms' rating.
- We have introduced our new audit management system, TeamMate+. The system has been configured to encourage compliance with our audit methodology and full training has been provided to all staff, including new staff and teams joining the Agency.
- We have addressed many of the issues arising from our Internal Audit Functional Standard review which assessed us at 80% compliant with the mandatory requirements.
- Our Quality Board oversees delivery of specific projects and targeted interventions to support the GIAA Quality Strategy, which includes overseeing the Quality Assurance Improvement Plan.
- Our programme of quality assurance activities is embedded, which includes engagement file reviews and Product Reads. Results are shared at Quality Board and with audit teams.

The Gartner Audit Score tool allows GIAA to assess our performance across the set of internal audit functional activities, benchmarked against 10 other international government internal audit services, and identify areas for improvement. We scored four out of five in 2022-23, the same score as the prior year, which indicates moderate to high maturity against our peers.

But of course, we strive to do more. In addition to the established quality assurance programme of work, over 2023-24, we will focus on:

- Preparing for our next EQA which is due in 2025, by planning for and undertaking a comprehensive Internal Quality Assessment.
- Delivering our annual corporate priorities for the quality vision strand with targeted interventions, further defining quality and enhancing our products.
- Launching our Internal Audit Quality Assurance Framework, associated Guidance Notes and database.
- Improving the ways in which we engage and communicate about quality. This includes running lunch and learn sessions for our colleagues on quality assurance findings.
- Introducing management information (MI) from TeamMate+ to help everyone monitor their compliance with our audit methodology requirements.

Vision strand: Ambitious on Innovation

Vision	2019-23 Strategy	2022-23 priorities and critical projects	Progress
<p>We invest in innovation to keep up with the times.</p> <p>We provide opportunities to learn and explore new processes.</p> <p>We research new approaches to lead in our professional fields.</p>	<p>To improve our ability to provide insight, through continuous learning and adapting, we will:</p>	<p>Deliver an appropriate resource management system to support the efficient management of our resources and completed the successful adoption of the upgrade to our audit and counter fraud management systems.</p>	<p>We completed the rollout of a new audit management system (TeamMate+) for both our internal audit and counter fraud work. We also successfully integrated TeamMate+ with a new resource management system, enabling us to manage resources more effectively.</p>
	<p>Develop and implement our innovation strategy.</p> <p>Leverage our partnerships with the firms.</p>	<p>Continue to develop our expertise in the use of artificial intelligence to improve the creation of cross government insights; use robotic process automation to conduct routine activity and release our staff to do more value adding activities. (* Spending Review commitment)</p>	<p>The latest data analytics software is now widely used to extract cross government insight from our work. We have also established a series of best practice groups to support and assist with data visualisation, data management, and the adoption of artificial intelligence.</p>



Our Insights Engine

The GIAA's homegrown artificial intelligence (AI) software, the Insights Engine, has supported the GIAA to develop insights on key risks across government, such as recruitment and retention and wellbeing.

The Insights Engine analyses text and the sentiment of paragraphs (identifying whether the tone is positive, neutral, or negative). The software enables the filtering of text and key term searches to find common words and phrases. This enables more efficient in-depth manual analysis to identify common themes, and from the sentiment analysis, best practice, and areas for improvement.

As an example, one of our new Group Chief Internal Auditors used it to get up to speed quickly on work undertaken, themes, trends, and results, particularly when reflecting on the risk and control environment in advance of preparing the Annual Opinion. Using the tool allowed them to confirm or refute initial impressions, avoid missing issues arising earlier in the current and previous year, and "collect" frequently recurring recommendations graded as Medium/Moderate, which taken together across a number of reviews pointed to systemic control gaps.

The speed at which the Insights Engine identifies key extracts from thousands of paragraphs allows for far quicker identification of cross-government themes. These findings, a combination of AI and professional judgement, are presented alongside external and Civil Service context insights to provide a view of wider issues and risks. These reports are then shared with departments and a tailored list of key stakeholders. We have also undertaken the role of knowledge broker putting departments in contact with one another to share learning from case studies featured in these reports.

In addition to using the Insights Engine on audit reports, it's also been used to improve the efficiency of work on other types of documents including analysing free-text responses from survey results, reviewing transcripts from interviews, examining a large volume of committee papers and scrutinising submitted audit plans.

Vision strand: Built on firm foundations

Vision	2019-23 Strategy	2022-23 priorities and critical projects	Progress
<p>We work hard to get the basics right.</p> <p>We reflect in ourselves what we expect of others to act as a role model.</p> <p>We add value to our core business to help achieve our aims.</p>	<p>To improve further our own foundations, and become a role model for our customer and partners, we will:</p>	<p>Develop proposals for our financial and business model to support improved efficiency.</p>	<p>We now have a financial model in place that reflects the reducing subsidy provided to us by HM Treasury. A continuing focus for next year will be our efficiencies programme that will help ensure that by 2024-25 our Agency will be fully funded from the fees we charge to our customers.</p>
	<p>Improve our own governance and management assurance.</p> <p>Develop a revised financial model.</p> <p>Embed improved risk management.</p>	<p>Improve information management and security to embed best practice, mitigate risks and ensure that information is optimised to the benefit of GIAA.</p>	<p>This year we developed a new cyber and information security strategy and delivery plan based on the National Cyber Security Centre’s best practice approach.</p>
	<p>Increase effectiveness of processes and systems.</p>	<p>Develop the GIAA estates strategy and ensure that a consistent hybrid working model is embedded across the GIAA estate.</p>	<p>We have continued to develop our estates strategy throughout the year to ensure our workplaces are welcoming, professional environments, and effectively support our now embedded policy on hybrid working.</p>

Customer feedback:

“Overall, a very productive and valuable experience.”

“This was a high priority, sensitive and last-minute engagement which GIAA responded to at speed and with a very supportive approach.”

“Excellent level of willingness to flex the programme to meet developing areas of potential risk, with the agreement of audit and risk committee.”

“The overall professionalism and recommendations made by the team, have allowed for a well-rounded, thoughtful and impactful set of recommendations which we will ensure we carry through to our business.”

“The desire to understand our business and risks was excellent and has enhanced our confidence in the outcome of the audit.”

“Our processes and documentation can be very complicated and overly detailed, but GIAA dealt with it very well and were proactive in checking the details to ensure understanding.”

Source: positive comments from customers completing the Customer Survey Questionnaire.

Additional Achievements

The work and impact of the GIAA has attracted attention both in the UK and on an international stage. In 2022-23, GIAA senior leaders were invited to represent GIAA, and present their work, innovation and impact on public finance at many high profile and prestigious UK and international events.

Highlights from conference presentations for 2022-23 include:

Government Finance Function Conference 2022

Members of the GIAA's Executive Committee participated as guest speakers, leading workshops on innovation, the Risk Control Framework, cross government insight and the financial management of workforce planning to an audience of more than 1800 delegates.

Public Finance Live

Elizabeth Honer, GIAA's Chief Executive, joined finance and internal audit professionals for a panel debate on leadership at this year's 2022 CIPFA conference.

TeamMate Live 2022

Dr Iain McGregor, Director of Innovation and Development spoke about innovation and digital transformation at the Wolters Kluwer TeamMate Live 2022 Conference in Arizona.

UK Overseas Territories Project

In December 2022, the GIAA partnered with the UK Overseas Territories Project (UKOTP) to host the fifth Overseas Territories Forum. The project works with parliamentarians, parliamentary and electoral officials, external and internal auditors from across the Overseas Territories to share good practice and exchange ideas. Chief executive Elizabeth Honer gave the keynote speech on the role of internal audit in enhancing public trust at this prestigious event.

External Awards and Commendations:

The talent and achievement of GIAA teams and individuals and the impact of their work have been recognised by peers with commendations and short-listing places at many annual external award programmes.

Tackling Economic Crime 2022

The GIAA Counter Fraud and Investigation team received three short listed places in these awards for:

- Outstanding Team
- Outstanding Investigator
- Outstanding Professional - Tackling Economic Crime.

Investors in People Awards 2022

The GIAA Internal Audit Apprentice Programme was a finalist in the category for the Best Apprenticeship Scheme at the prestigious Investors in People (IIP) Awards 2022.

Audit and Risk Awards 2022-23

We enjoyed success at the 2022-23 Audit and Risk awards with two finalist placings. The Innovation team are finalists in the category for Outstanding Team – Public Sector and the Director of Health and Home Affairs, Aneil Jhumat, was nominated and selected as a finalist by judges in the category for Inspirational Leader.

Government Internal Audit Awards 2022

Through his work on ‘Man Down’, the GIAA’s men’s mental health support programme, Internal Auditor Nik Skidmore, received the Iain Rolland Award for Outstanding Contribution to Government Internal Audit at the Government Finance Function and Internal Audit Awards 2022.

Top 50 Inspiring Workplaces

Following the launch of our People and Culture Strategy in July 2022, and our implementation work on engagement, inclusion, development, wellbeing and communication, hawse were awarded a top 5 place in the Government and Non-profit category for the Europe, the Middle East and Africa (EMEA) geographical area of the Top 50 Inspiring Workplaces Awards 2022-23.

The GIAA Values Awards

In addition to external awards nominations and short listing, we celebrate success and achievement through the GIAA Values Awards.

The nominations are made by colleagues and peers with a judging panel with representatives from the Board, senior leaders and colleagues. The categories reflect the GIAA Values.

In 2022 more than 100 nominations were received. The winners were announced at the 2022 GIAA Conference and this year’s winners are:

Professional:

- Most Impactful Project – Commercial Audit Specialism Team
- GIAA Ambassador of the Year – Alison Atkins

Trustworthy:

- Enabler of the Year – Jenny Obee
- Added Value Award – Counter Fraud Apprenticeships team

Collaborative:

- Change Champion – Andrea Emms and Andy Harrold
- Learning in Power – Pik Ho and the TeamMate+ Team

Respectful:

- Wellbeing Wonder – Ryan Scholes
- Inclusivity – Glyn Ellis Hughes

Principled:

- Inspirational Role Model – Alyson Williams
- Big Picture – Bex Smith



GIAA Data Day – celebrating best practice in data analytics and data visualisation

The first GIAA Data Day was held in February 2023. Led by the Data Analytics Team, part of the Innovation and Development directorate, the purpose of this development day was to support colleagues to use and handle data effectively and securely.

The team worked with colleagues from across the Agency to demonstrate best practice and provided guidance and advice for data management and presentation focusing on:

- data analytics - the science of analysing raw data to inform conclusions and support strategically informed decision making.
- data visualisation - the graphical representation of information, making it easier for the human brain to understand and draw insight.
- data handling – the safe and secure management, recording and storing of information.
- innovation with data – an introduction to artificial intelligence and machine learning, and resources available to understand the benefits and risks.

The team led five live masterclasses that were also recorded for future reference. The day was concluded with the Brilliance Awards for Data Analytics (BAFDA Awards).

More than 200 colleagues joined at least one session on the day with very positive feedback received from participants. “Seeing the examples of work from across the Agency really sparked ideas on how we can bring reports to life” (quote from attendee).

Sustainability Report

The government has set out its long-term environmental and climate change ambitions, including the legal requirement to achieve Net Zero carbon emissions by 2050. Meeting climate change targets will need significant changes and we are committed to making our contribution.

Over the next year we will develop a Sustainability Plan which will set out our ambition in all areas of our work to reducing energy use in our operations with specified targets to reduce our emissions and achieve Net Zero. This is a key aspect of our Strategy 2023-2026 to *'develop and implement an Environmental, Social and Governance (ESG) framework that meets government's sustainability goals'*.

Due to the nature of our business, we have limitations on the data currently available to us. The tables below note that data that we do have. We will work closely with the Government Property Agency (GPA) and other third parties to improve our sustainability reporting to help us meet our commitments in this area.

We have not included data for the 2017-18 baseline as GIAA is a significantly different organisation in terms of its size and estates presence. Our travel emissions, distances travelled and expenditure on business travel in 2022-23 have all increased from 2021-22 as our 2021-22 figures were heavily impacted by the Covid-19 pandemic.

Greenhouse Gas Emissions

		2022-23	2021-22
Non-financial indicators (tonnes CO2)	Scope 1 emissions (direct)	0	0
	Scope 2 emissions (indirect)	n/a	n/a
	Total scope 3 emissions. Official Business travel - Domestic	65.54	21.92
	Domestic Air Travel	4.81	1.17
	Rail	45.43	12.78
	Hire Car	4.84	5.49
	Private Vehicle	10.46	2.47
	Total scope 3 emissions. Official Business travel - International	1.56	0.40
	International rail travel	0.02	0
	International air travel	1.54	0.40
	Total Scope 3 emissions	67.10	22.32
Air Distance travelled (km)	Domestic	35,691	8,660
	International	15,794	4,829
Related energy consumption (kWh)*	Electricity	n/a	n/a
	Gas	n/a	n/a

		2022-23	2021-22
Financial indicators	Electricity*	26	n/a
	Gas*	5	n/a
	Total energy expenditure	31	n/a
	Expenditure on official business travel (£k)	543	135

Finite Resource Consumption

	2022-23	2021-22
Water consumption (m3)*	n/a	n/a
Water supply costs (£k)*	1	n/a

n/a refers to data that is not currently available to GIAA. We will work with third parties to improve our reporting for 2023-24.

* Our energy and water consumption and energy and water supply expenditure are for the four locations where we pay rent to the Government Property Agency. For other locations where we are allocated desk space, we do not currently hold this information.

Estates

We work in support of the Greening Government Commitments to reduce the impact of our estates occupancy on the environment and the GPA's objective to deliver a 50% reduction in carbon emissions across the public estate by 2032.

Our people are located at 42 office sites across the country. These offices are often in the same buildings as our customers and through this co-location we are able to enhance our services for our customers through modern collaborative working practices. Due to the level of shared space we occupy with other departments and agencies, it has not been possible to separately identify waste management and minimisation arising from our proportion of the premises. We will continue to work with the owners of the buildings that we occupy, with a view to providing the disclosures for 2023-24.

We work closely with GPA and our landlords to ensure we are focused on the reduction of greenhouse gas emissions, waste, and water usage. We also seek to influence through customer engagement activities related to estates, the environment and wider sustainability matters. In addition, where practical, we will continue to seek office space in new GPA hub locations which offer maximum sustainability opportunities.

Procurement

We recognise sustainable procurement has a critical part to play in the government's 25-year Environment Plan and transition to a Net Zero greenhouse gas emission economy by 2050.

Sustainable procurement is "*a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.*"

This definition is based on environmental, social, and economic sustainability:

- **Environmental:** seeking to minimise any negative environmental impacts of goods and services purchased, across the whole life cycle
- **Social:** managing and monitoring supply chains to ensure that fair contract prices and terms are applied, that ethical, human rights and employment standards, as expressed in both the International Labour Organisation’s and World Trade Organisation Fundamental Conventions are met
- **Economic:** this principle relates not only to obtaining value for money from our contracts, across the whole life of the product or service, but also ensuring as far as possible under relevant procurement law, that small and medium sized enterprises (SME’s) can benefit from our procurement processes, being able to supply the GIAA where it is feasible to do so

The GIAA Commercial function procures goods and services through dedicated Crown Commercial Service frameworks which include standardised contract terms. Whilst there are no standard contract terms or schedules specifically relating to sustainability buyers, including GIAA, are required to include a social value question in a tender pack which carries at least 10% of the total awarded mark during any procurement exercise.

One example of a social value theme that has been used is “fighting climate change” this requires the bidder to demonstrate effective stewardship of the environment including an understanding of additional environmental benefits in the performance of the contract, including working towards net zero greenhouse gas emissions and detail any actions taken to reduce environmental impact whilst carrying out the contract.

In addition, CCS is enabling a greener supply chain by supporting suppliers to meet new government regulations and publish their carbon reduction plans. This is a new criterion at the selection stage of procurement and requires suppliers bidding on contracts over £5 million to detail their commitment to achieving Net Zero through the publication of a Carbon Reduction Plan (CRP).

Our Services

In 2021 we provided a cross-government insight report on sustainability, sharing best practice and areas for improvement on governance, risk management and metrics and targets.

The findings from this work continued to influence our work in 2022-23 as we conducted audits on sustainability in both large central government departments and arm’s length bodies.

We will continue to ensure that our work with customers helps to support the Government’s sustainability goals. Following feedback from our customers, we will be undertaking a cross-government insights report on Net Zero in 2023-24.

Our Ways of Working

Since 2018-19 our carbon footprint has reduced, with less travel and greater use of technology. It is now normal practice for meeting documents to not be printed, with laptops and other devices used within meetings instead.

To support smarter ways of working, we have invested, and will continue to invest, in technology to encourage staff to work flexibly, utilising IT such as teleconferencing and virtual communication mediums to reduce travel. Going forward our travel policy will be reviewed to ensure that we meet the needs of both the Agency and our customers whilst reducing unnecessary travel and selecting the most sustainable options. We have enhanced our cycle to work scheme, allowing participants access to a wide range of bicycles including e-bikes from Summer 2023.

We have transitioned our corporate data storage, email, and communications platforms to more energy efficient cloud-based services, reducing the need for on premises data centres and associated carbon output. We continue to seek opportunities to digitalise the services we provide to increase efficiency whilst reducing our impact on the environment. We are currently unable to report on paper usage but expect to start capturing this information for 2023-24 onwards.

Employee engagement and knowledge-building are central to our sustainability endeavours. The Green Network creates a community for colleagues to come together to educate and inspire each other and share tips on greener ways of living and working.



During 2022-23, the GIAA Board and ARAC have undertaken a series of discussions on climate change adaptation and will be undertaking further assessments in the coming year to refine our approach and consider the requirements arising from the Taskforce on Climate-related Financial Disclosures.

Elizabeth Honer
Chief Executive

14 July 2023

Accountability Report



Corporate governance report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the governance structures, and how these arrangements have supported the achievement of GIAA's objectives during 2022-23.



Directors' report

Introduction

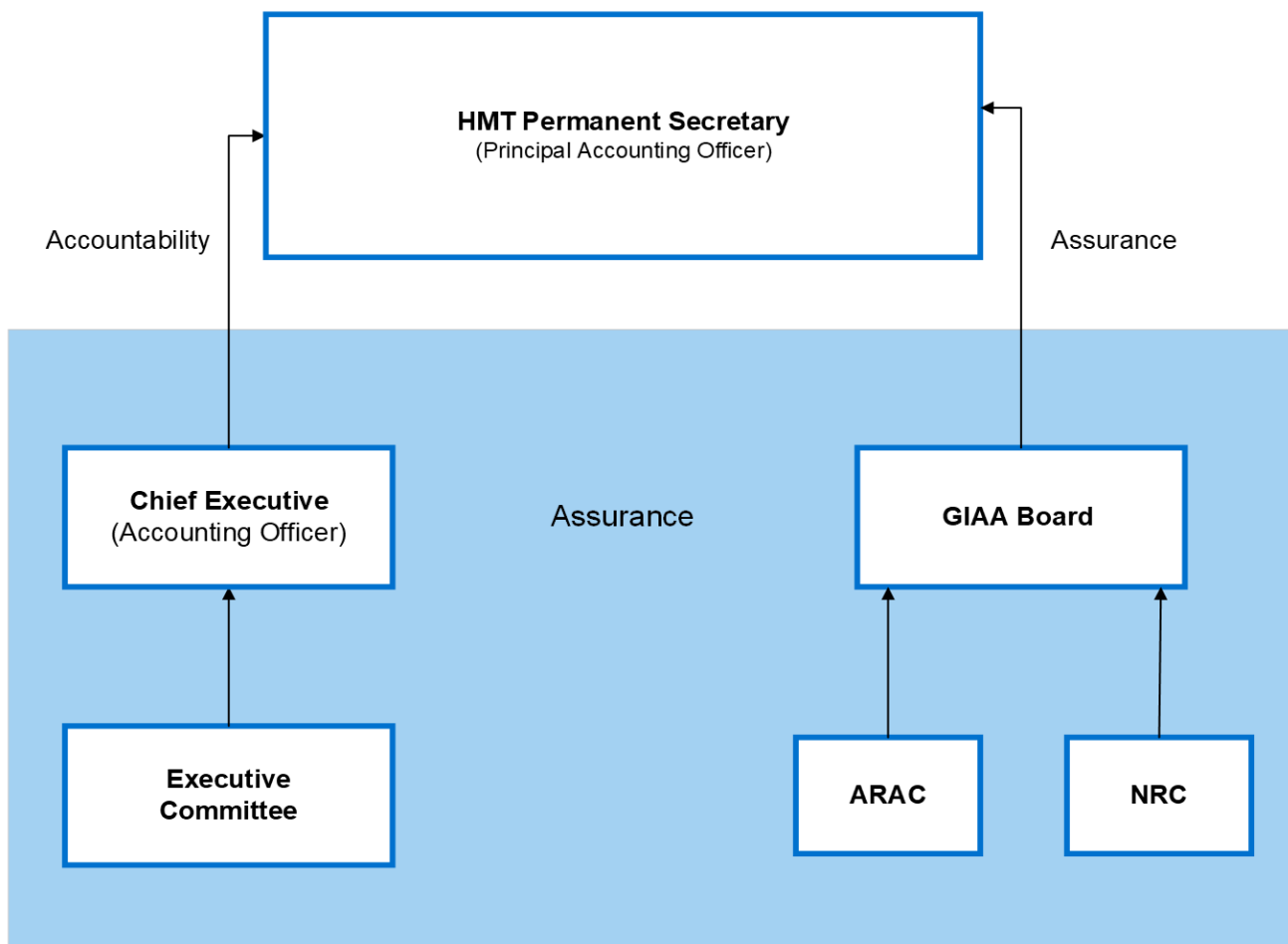
GIAA was established as an executive agency of HM Treasury in 2015. Our aim is to support accounting officers of central government departments and entities manage public money and achieve their objectives more effectively by providing an objective assessment of how well their governance, risk management and internal controls are operating.

The Chief Executive Officer, Elizabeth Honer, is responsible for the day-to-day operations and administration of the organisation and leadership of its employees. As Chief Executive and Accounting Officer, Elizabeth is accountable to the HM Treasury's Permanent Secretary and Principal Accounting Officer who has delegated Sponsor responsibility for GIAA to the Second Permanent Secretary.

GIAA operates in accordance with the published Framework Document (available on www.gov.uk/giaa) which sets out the basis of an operating partnership between GIAA and HM Treasury.

Our governance framework

The top-level governance structure for GIAA as of 31 March 2023 is depicted below.



Our Board Operating Framework sets out our governance arrangements, including how the above governance bodies will operate and their Terms of Reference. The Board Operating Framework is formally reviewed every other year by the GIAA Board and updated as and when any material changes to our governance arise.

GIAA Board

The Board is led by a Non-Executive Chair, Isobel Everett MBE. The Board provides advice, scrutiny and challenge to the Chief Executive and executive team. The Board also supports the Accounting Officer in discharging her obligations as set out in the HM Treasury’s Managing Public Money publication.

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

Alison Hamer joined the Board as an Executive Director in April 2022 as she took on the role of Chief Operating Officer. Cameron Robson moved from Chief Operating Officer to Director of One GIA and remained an Executive Director.

Membership of our Board, as of 31 March 2023, is shown below.



Elizabeth Honer

Chief Executive & Head of the Government Internal Audit Function



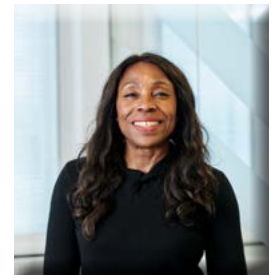
Isobel Everett MBE

Non-Executive Board Chair



Paul Boyle OBE

Non-Executive Director



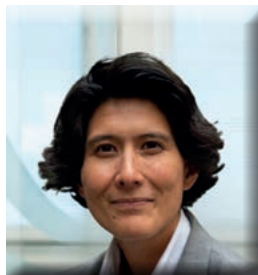
Ady Dike

Non-Executive Director



Clare Minchington

Non-Executive Director



Cat Little

Second Permanent Secretary
(HMT Sponsor)



Alison Hamer

Chief Operating Officer



Aneil Jhumat

Operational Director Health & Home Affairs



Dr Iain McGregor

Innovation & Development Director



Cameron Robson

Director, One GIA



Chris Westwood

Operational Director Economic & Business Affairs

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

The Board has two committees which hold delegated responsibility from the Board.

Audit and Risk Assurance Committee (ARAC)

The ARAC provides assurance to the Accounting Officer and the Board on the comprehensiveness and reliability of assurances on governance, risk management, internal controls and the integrity of financial statements and the Annual Report and Accounts.

In 2022-23 the Audit and Risk Assurance Committee was chaired by Clare Minchington, with the other members being Paul Boyle (Non-Executive Director) and Angela van der Lem (Non-Executive Committee Member*). The Chief Executive, Chief Operating Officer, Head of Internal Audit, Head of Governance, Head of Finance and representatives from our HM Treasury Sponsor Division and the National Audit Office also attend each meeting. Other executive directors and managers attended as appropriate at the request of the Committee.

*The role of non-executive committee member differs from that of the non-executive directors in that the committee member is not a member of the GIAA Board, only the ARAC. Angela van der Lem is an experienced and highly skilled current Senior Civil Servant from the Government Finance Function and was appointed in January 2022

Nominations and Remuneration Committee (NRC)

The Nominations and Remuneration Committee provides independent oversight of Senior Civil Servants pay and incentives and honours nominations within GIAA.

The membership of the Nominations and Remuneration Committee comprises all Non-Executive Directors and is chaired by Ady Dike (Non-Executive Director). The Chief Executive, Chief Operating Officer and Deputy Director People & Culture also attend each meeting.

Executive governance

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

ExCo is supported by three sub-committees: Quality Board, People Committee, and the Business, Cyber and Security Committee.

Quality Board

The Quality Board ensures 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 was chaired by the Operational Director, Economic and Business Affairs from April to December 2022. The Director One GIA assumed the role of chair from January 2023 as he assumed the role as Senior Responsible Officer for the Quality strand of our Strategy.

People Committee

The People Committee provides strategic oversight of our workforce strategies and policies, helping our People and Culture team formulate and implement them. 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.

The committee was chaired by the Chief Operating Officer in 2022-23.

Business, Cyber and Security Committee (BCSC)

The BCSC reformed its role in September 2022 to provide oversight of the governance and system of internal control in relation to cyber security, information security and relevant business processes. The Committee’s main focus is supporting the Senior Information Risk Owner in the discharge of their accountabilities.

The committee was chaired by the Chief Operating Officer in 2022-23.

Register of interests

GIAA has a clear policy and process in place for managing and reviewing outside interests in accordance with the requirements under the Civil Service Management Code (Section 4.3). To provide the necessary corporate governance, accountability, and transparency of GIAA the policy applies to employees and representatives of GIAA. Employees and representatives are required to declare any private interests which may give rise to a perceived or actual conflict of interest and ensure that they have reviewed their interests at least once a year. Declared interests are reviewed to ensure that the right safeguards have been put in place to mitigate or remove any potential conflicts.

The declaration of interests is a standard item at the start of Board and Board Committee meetings. Additionally, Board members complete an annual declaration of interests. Details of Board members relevant declared interests can be read at <https://www.gov.uk/government/publications/giaa-board-members-register-of-declared-interests>.

GIAA also maintains a gifts and hospitality register which covers all employees. It is a requirement under the code of conduct for employees to register any gifts offered by customers and stakeholders, whether accepted or declined. Regular reminders are issued to all employees.

Auditors

Our financial statements are audited by the Comptroller and Auditor General, with a notional audit fee of £100k (2021-22: £75k). There are no other services provided by the National Audit Office (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 state of affairs of GIAA, and of its net expenditure, financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of 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
- confirm that the annual report and accounts as a whole is fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable

The Principal Accounting Officer for HM Treasury has designated GIAA's Chief Executive as GIAA's Accounting Officer. The Accounting Officer's Memorandum issued by HM Treasury, and published in *Managing Public Money*, sets out the responsibilities of an Accounting Officer. These include responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, keeping proper records, safeguarding our assets, and preparing the accounts.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that GIAA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Overall, I am satisfied that we have had effective governance, risk management and internal controls in place during 2022-23. I take personal responsibility for the annual report and accounts, and the judgements required for determining that it is fair, balanced, and understandable.

Governance statement

As the Accounting Officer for the GIAA, I acknowledge my responsibilities for ensuring that there is a sound system of governance, risk management and internal control that supports our 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 main features of the governance arrangements, a description of our principal risks, and how we have reviewed the effectiveness of our governance and control arrangements during 2022-23.

In reaching my final conclusion regarding the effectiveness of governance in GIAA, I have drawn upon the following sources of assurance:

- 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 GIAA, alongside their annual audit opinion
- HM Treasury Assurance from the Operations and Finance Directors as our supplier of finance, human resources, information technology and security services
- other sources of assurance, such as compliance with government functional standards

This statement will set out the primary outcomes from these sources of assurance.

The operation of our governance

We have in place a formal governance structure, as outlined in the Directors' Report.

Agency Board

The primary responsibility of the GIAA Board is to support, advise and challenge the Chief Executive and Accounting Officer and the Executive Team on matters of strategic importance to GIAA.

During 2022-23 the Board met formally five times, with additional workshop and away day meetings, and considered a range of issues, including:

- **Customer relationships and impact:** including discussions on our customer impact framework, findings from the cross-government insights work, analysis of our annual internal audit opinions and our approach to the annual planning of internal audit programmes. This was with the mindset of achieving 'Better Insights, Better Outcomes'.
- **Current performance:** receiving the latest position on organisational performance, finance, and risk management, and discussing and endorsing any remedial actions.
- **Enablers:** in 2022-23 particular discussions were held on proposals to address the future business model for GIAA to become fully fee funded, the business case to reform the pay structures for delegated grades and the results from the 2022 People Survey.
- **Strategy implementation:** considering progress against the priorities in delivering our Vision. In 2022-23 this included: progress with all the Strategic Implementation Projects, including with the One GIA programme to onboard new departments and our work in improving the risk control environment within central government (the 'Golden Thread'). The board were also involved in the co-development of Vision 2026.
- **Risk management:** including refreshing the risks and considering the acceptable level of risk appetite for GIAA.

To engender a closer working relationship with the senior leadership team, we invite leaders to attend Board meetings as an observer. They contribute to the discussion, providing valuable alternative perspectives and feedback their thoughts on the discussions they have observed.

In line with the Corporate Governance in Central Departments: Code of Good Practice Code, the Board carried out an annual effectiveness review in January 2023 through the completion of self-assessment questionnaires. The findings of the review were discussed, and next steps agreed, at a Board Away Day in February 2023.

The review concluded that the Board was operating effectively, with areas of strength relating to interactions within Board meetings, particularly the leadership of the Chair and that the Board creates a positive culture. In recognition of the Board's commitment to continuous improvement, the following areas for ongoing development were identified:

- review of the annual cycle of Board meetings to ensure that it is making the best use of Board members time and to allow for more time for strategic discussions
- further enhancements to Board papers to be more concise, provide greater assurance and with a clear ask of the Board
- collate and promote development opportunities for Non-Executive Directors on internal audit processes and the workings of central government

Audit and Risk Assurance Committee (ARAC)

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

Report of the Audit and Risk Assurance Committee

The ARAC presented its annual report to the Board and Accounting Officer in May 2023, summarising its conclusions from the work it had undertaken during 2022-23.

The committee met five times during 2022-23 and considered a range of issues, including:

- **Risk management:** to consider the scope of the strategic risks and the effectiveness of management controls and mitigations
- **Control environment:** considering the improvements required as identified through the management assurance exercise and the progress made to resolve any gaps
- **Internal and external audit:** reviewing the planned activity and results of internal and external audit, including the adequacy of the management response to issues identified
- Substantive discussions were also held on selected strategic risks, implementing the Risk Control Framework in GIAA and the Committees' effectiveness

The Committee also assessed the Governance Statement and supported the signing of the Annual Report and Accounts, through providing assurance to the Accounting Officer and the Board that the Governance Statement was meaningful, underpinned by robust evidence and a good range of assurances, and that it appropriately disclosed action to deal with material problems.

The ARAC completed their annual review of effectiveness, using the tool provided by the NAO and were assured that the Committee had fully discharged its responsibilities. The review identified clear areas of strength on ARAC members expertise, contributions and behaviours, the value that the ARAC provided on assurance to the Accounting Officer and the Board, and awareness of the sources of assurance and control. The following areas for ongoing development were identified:

- review of the evaluation and development of ARAC members, including an assessment of existing members skills

- consideration of the extent to which the ARAC was considering risks relating to environment, social and governance (ESG) and Net Zero
- greater assurance to be provided to ARAC on the level of assurance received on the risk and control environment, which it was acknowledged that the Risk Control Framework would greatly assist

Nominations and Remuneration Committee (NRC)

The Nominations and Remuneration Committee met six times in 2022-23 scrutinising a broad range of issues across the full spectrum of its terms of reference. These included:

- Performance and talent moderation: scrutinising the processes for performance and talent moderation for senior civil servants within GIAA to ensure they have been applied fairly and consistently
- Pay: reviewing the business case for pay reform, which sought to address pay parity issues, to ensure the rationale for change was thorough, aligned to the strategic vision for GIAA and that there was consideration for the impact on GIAA staff
- Development and succession planning: scrutinising plans for leadership development to ensure delivery against the strategic vision to ‘unleash our people’s talent and confidence’. This also included discussing succession plans for senior civil servants and creating a clear vision for requirements of a new Chief Executive

Overall, the NRC is broadly satisfied that the remuneration and human resource arrangements in GIAA support our strategic aims. For the year ahead, the Chair of the NRC has requested that the Chief Operating Officer and Board Secretary review the remit and focus of the NRC in 2023-24 to ensure that it is delivering greatest impact to the strategic aims of GIAA.

Executive Committee (ExCo)

During 2022-23, ExCo convened substantively, with minutes being taken, on 27 occasions (including five people-focused meetings). Meetings of ExCo focus on areas of operational and financial performance and monitor delivery against the corporate plan priorities. ExCo also considers our impact on customers’ control environments and ensuring the quality of our engagements.

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: Directors' and Members attendance at Governance meetings in 2022-23

	Non-Executive						Executive							
	Paul Boyle	Ady Dike	Isobel Everett	Clare Minchington	Cat Little	Angela van der Lem	Elizabeth Honer	Joanne Bryson	Linda Costello	Alison Hamer	Aneil Jhumat	Iain McGregor	Cameron Robson	Chris Westwood
Board	5/5	4/5	5/5	5/5	1/5 ¹		5/5			5/5	4/5	4/5	5/5	3/5
ARAC	5/5			5/5		4/5	5/5 ²			5/5 ²			2/2	
NRC	6/6	5/6	6/6	6/6			6/6 ²			6/6 ²				
ExCo							24/27	15/17 ³	1/1 ³	27/27	26/27	25/27	26/27	27/27

1. On the four occasions that Cat Little was unable to attend the meeting, the Director of Public Spending, attended on her behalf.

2. Attendance by the Chief Executive and Chief Operating Officer at the Audit & Risk Assurance Committee and the Nominations & Remuneration Committee was in an attendee, not a member capacity.

3. Linda Costello was the Director of Internal Audit for the Department of Work and Pensions until April 2022. Joanne Bryson assumed this role from September 2022.

Changes to the governance structure in 2022-23

The following substantive changes were made to the governance structure in 2022-23:

- an additional Executive Director was appointed to ExCo in 2022-23. Cameron Robson transferred from the role of Chief Operating Officer to Director One GIA for a fixed period to lead our work to become a fully pan-government provider of internal audit services. Alison Hamer joined GIAA in April 2022 as the Chief Operating Officer. Both Cameron and Alison are Board members by virtue of their roles
- Joanne Bryson joined GIAA in September 2022 as the Director of Internal Audit for the Department of Work and Pensions. Joanne joined ExCo and in recognition of her time commitment to one our largest customers she is not a member of the Board
- the Business and Information Security Committee, a sub-committee of ExCo, was renamed the Business, Cyber and Security Committee in September 2022 to more accurately to reflect its role
- the terms of reference for the Nominations and Remuneration Committee were amended to reflect the additional responsibility for advising the Board on the risk appetite for the Workforce strategic risk as well as to confirm that the NRC would take account of the impact on equality and diversity of pay related issues

In 2023-24, further changes to the senior team will be implemented to ensure we continue to meet the needs and requirements of our customers. Changes to the machinery of government and requests from our customers for greater oversight of large internal projects, led to the creation of a new role of Director of Internal Audit for the Centre of Government Group. Chris Westwood assumed this role from May 2023, with Liam Orme appointed as the temporary Operational Director for Economic and Business Affairs.

Review of Corporate Governance

The HM Code of Practice for Corporate Governance in Central Government Departments applies to our sponsor department directly, and we have adopted key principles as best practice.

We remain compliant with material requirements with the exception of:

- the Code of Practice states that NRC should not advise on individual cases on reward and performance. We have decided that this is an appropriate role for the NRC at GIAA as it provides scrutiny to confirm the levels of awards and talent and performance markings that the Chief Executive proposes for Pay Band 2 (i.e., Executive Directors) and to consider the level of award and talent and performance marking for the Chief Executive
- in place of a periodic invitation to attend board meetings where key issues are discussed relating to governance, risk management processes or controls, the Head of Internal Audit has a standing invitation to attend ExCo for specific items of interest. He attended at the start of the year to provide a progress report and to share forward plans. He met regularly with me, with our Chief Operating Officer and with the Chair of the ARAC. I look forward to working with the newly appointed Head of Internal Audit and will discuss with her the appropriate level of engagement with our governing bodies

Risk management

Risk management is a critical aspect of our internal control framework. Our risk management framework conforms to the principles and concepts in the HM Government publication 'The Orange Book' for the identification, evaluation, and control of risks.

The Board has oversight of risk management at GIAA and is supported by ARAC, whose responsibilities include reviewing and advising the Board on risk strategy, the overall risk assessment processes that inform executive decision making and the management's responsiveness to risk assessment.

The Executive Committee is responsible for maintaining sound risk management and internal control policies and systems, and for day-to-day management of strategic risks that relate to the functions of GIAA. The Strategic Risk Register is reviewed by the Executive Committee once a month to assess the level of residual risk that they are prepared to tolerate, discuss the mitigating actions, and collectively agree the approach to be taken to manage the risk.

Risk is managed across all activities at a strategic and directorate level, with a clear link to the achievement of our corporate plan objectives. Risk management is coordinated by the Governance Team who lead on second line assurance for strategic risks, with a network of business support colleagues across areas of the business to manage the operational risks. Each strategic risk is owned by an Executive Director.

During the year, the key risks and issues which are likely to impact on our ability to meet our objectives were identified and assessed for likelihood and impact. We use a 5x5 scoring methodology for impact and likelihood to determine the level of risk as set out in our Risk Management Policy. This provides very high, high, medium, and low risk ratings which ensures we assess our risks in a consistent way and focus resources on the most significant risks to the organisation. This methodology is used across all directorates and strategic programmes, as well as at a corporate level.

Changes to risk management

During 2022-23, we have continued to improve and strengthen our risk management. Specific developments in the year include:

- an update to our strategic risk register following a full risk review session with the Board in June 2022. This resulted in reframing some of the risks to reflect the changing external environment
- the strategic risk relating to Health and Safety was de-escalated from the strategic risk register to be managed within Corporate Services, for escalation to ExCo where necessary. This decision reflected actions from the Health and Safety Executive compliance report having been implemented
- an additional strategic risk was added which considered the risk to our reputation and delivery of

improvements to the control environment should the benefits of the new Risk Control Framework fail to be realised

- revisions to our risk assessment and reporting to show the inherent risk position, the trend of the residual risk, our optimal risk position, whether the risk is operating outside of tolerance and our confidence in our ability to manage the risk

Strategic risk profile

Set out in the table below, listed from highest to lowest in terms of risk assessment, are the risks which have featured on the Strategic Risk Register in 2022-23 and some mitigating actions we have taken.

Risk Description	Examples of mitigations applied in 22-23
<p>Funding: we are unable to operate within our budget allocation.</p>	<p>Development of a programme to identify sustainable efficiencies that support improved productivity.</p> <p>Development of a new financial model to support full cost recovery with revised performance analysis to identify trends in productivity and time allocation.</p> <p>Implementing more regular reporting on expenditure against plans by budget holders.</p>
<p>People: we are unable to recruit the right people to meet workforce requirements.</p>	<p>Delivery of a business case to reform pay structures and support recruitment and retention.</p> <p>Implementing a new approach to recruitment that focuses on hard-to-reach groups to widen our skills and experience routes to GIAA.</p> <p>Development of our flexible resource management, including the implementation of Tempus Resource Management.</p>
<p>Development of the organisation: we are unable to realise the full benefits of a pan-government audit service if new customers choose not to join GIAA.</p>	<p>Established a Programme Team with dedicated resource to lead and manage the change and engagement.</p> <p>Established governance structures, including joint Programme Boards and working groups with relevant incoming teams.</p>
<p>Information Management and Security: we are unable to manage our information and other assets in a sufficiently secure way.</p>	<p>Development of a new Cyber and Information Security Strategy and implementation plan.</p> <p>Collaborative working with HM Treasury on controls and assurance procedures, particularly around threat information management.</p> <p>Development of arrangements for business continuity and guidance on security incidents.</p>
<p>Operational Delivery: we are unable to smooth audit delivery throughout the year.</p>	<p>Continued to develop our approach to agile auditing which enables customers to receive the benefit of our assurance and our insights earlier, so they can act more quickly.</p> <p>Provided revised guidance to teams for managing audits towards the end of the year to ensure a swifter start to 2023-24.</p> <p>Implementation of TeamMate+ system to support improved efficiency in resource management and delivery.</p>

Risk Description	Examples of mitigations applied in 22-23
<p>Delivering Impact: we are unable to provide the added value to government expected from a single audit agency.</p>	<p>Created and embedded a Central Insights team to deliver cross government insights.</p> <p>Regular in-year reviews to ensure the identified themes remain relevant and coverage is sufficient.</p> <p>Reviewing and responding to feedback from customers and discussion at the Civil Service Board.</p>
<p>Assurance Improvements: we are unable to successfully deliver the Golden Thread project.</p>	<p>Collaborative working with HM Treasury and colleagues elsewhere in Government on the development of the Risk Control Framework with the development of a community of practice to support implementation.</p> <p>Oversight by a project Steering Group to advise on the successful adoption of the Risk Control Framework.</p> <p>Cross-Government Internal Audit Leadership Group providing oversight of the Risk Control Framework.</p>
<p>Change Management: we are unable to realise the benefits of change.</p>	<p>Change leadership training for senior leadership team members.</p> <p>Attention given in the Strategy Implementation Programme to the actions needed to embed change, with ratings reported to ExCo.</p> <p>Development of a benefits realisation tracker.</p>
<p>Stakeholder Relationships: we are unable to maintain the relationships and trust from stakeholders.</p>	<p>Monitoring of customer relationships through the Customer Impact Framework, which includes the Customer Satisfaction Questionnaires completed following each engagement and the Semi-Structured Interviews which provide feedback on the value of the offer.</p> <p>Publication of the Sharing Protocol which sets out how, and under what circumstances, internal audit findings can be shared within government.</p>
<p>Quality Management: we are unable to provide an audit service of sufficient quality.</p>	<p>Published a Quality Strategy and applied its requirements.</p> <p>Established audit methodology with a suite of guidance notes and technical bulletins.</p> <p>Professional Practice led methodology compliance checks.</p> <p>Conducted annual Product Reads acting on areas for continued improvement.</p> <p>Implementation of the Head of Internal Audit training programme.</p>

As the Accounting Officer, I am satisfied that our risks have been assessed and managed during the year, and that we are clear where we need to take additional mitigating action. The assessment of the strategic risks has fed into the identification of priority activity in the 2023-24 Plan, and we intend to review our Strategic Risk Register in 2023-24 to ensure alignment with the ambitions of the new Strategy.

In the coming year we also intend to focus on further embedding our risk management culture by implementing the new Risk Control Framework in GIAA, evolving considerations of risk appetite with the Board and continuing to develop our three lines of assurance.

Health and safety

We are committed to protecting the safety and security of all those in our premises. We follow and apply standards, advice and guidance from the Health and Safety Executive.

We continue to build and strengthen our health and safety governance, and in 2022-23 developed a new Health, Safety and Wellbeing Strategy, supported by a clear statement of intent from me as Chief Executive. This strategy intentionally links wellbeing to health and safety to recognise the need to ensure both physical and psychological safety in the workplace. The People Committee routinely receives updates on health, safety and wellbeing to ensure appropriate oversight and governance of activities.

All actions from the 2021 Health and Safety executive review of our health and safety processes have now been implemented, and we are compliant with the relevant legislative requirements. In recognition of the progress made, the strategic risk of Health and Safety was de-escalated from the Strategic Risk Register in 2022-23, to be managed within Corporate Services.

Information and data security

GIAA ensures all sensitive or personal information is appropriately protected. Information management and security measures continue to be reviewed and enhanced to improve the way GIAA transmits, stores, and manages information.

In 2022-23, there was one information and security incident raised to HM Treasury due to an issue arising with the permissions set within a SharePoint list which contained personal data. There were two personal data breaches during the period. None were serious enough to be referred to the Information Commissioner's Office (ICO) and we continue to work closely with the ICO and other agencies to improve further our systems and learn lessons.

Comprehensive strategies in Cyber and Information Security and Information Technology were developed in 2022-23. These were built using best practice, for example standards set by the National Cyber Security Centre, and relevant laws and legislation, and supported by clear and ambitious improvement plans. The work will continue to be developed in 2023-24 with a refresh of all cyber and data governance policies to ensure relevance and clarity, with compliance monitored through strengthened independent assurance and governance.

We achieved a good standard for the 2022 Cabinet Office Departmental Security Health Check assessment. We were rated as between 93% and 100% compliant with the mandatory controls for each area of the assessment. In 2022-23, Internal Audit followed up on actions arising from the Cyber Security and Data Governance reviews. Moderate assurance was received for Cyber Security, pending completion of work on our managed move process. Most of the actions from the Data Governance review had been completed, with outstanding work on independent assurance and information asset ownership planned for 2023-24.

Counter fraud arrangements

We continue to make good progress in embedding the Government's Functional Standard for Fraud, Bribery and Corruption (GovS013). We have refreshed our governance and reporting arrangements, policies and procedures as well as reviewed our Fraud Risk Assessment across the business to identify fraud risks.

The Business, Cyber and Security Committee receives a quarterly report on the Fraud Risk Assessment, which provides assurance on the controls and countermeasures. The Deputy Director for Counter Fraud & Investigation is a permanent member of this committee. The ARAC is kept informed of any cases of suspected or actual fraud in GIAA. There were no such cases in 2022-23.

We are supported in our counter fraud work by our Deputy Director for Counter Fraud and Investigation,

who is a member of the Government Counter Fraud Profession. This ensures that the work is supported 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.

In 2022-23, the Counter Fraud and Investigation team undertook a series of talks at directorate/team level to help raise awareness and understanding of fraud and bribery.

Whistleblowing arrangements

We have in place a Raising a Concern (including whistleblowing) Policy which is shared with our people on our intranet. In the 2022 People Survey, 83% of our employees confirmed that they were aware of how to raise a concern under the Civil Service Code; a 4 % point increase on the previous year and 15 % points higher than the Civil Service average score. The ARAC is kept informed of any cases of whistleblowing in GIAA. In 2022-23, there were no reported whistleblowing cases.

An internal audit report on 'Health, Safety and Wellbeing' was produced in 2022-23, which also considered the Raising a Concern (including whistleblowing) policy. The audit measured people's understanding and use of the policy and related procedure. Close to 60% of survey participants felt confident in speaking up; however, in contrast to the People Survey results, 43% responded that they were unfamiliar with the process for raising a concern within GIAA. The internal audit report recommended that there needed to be greater exposure of nominated officers in GIAA to raise awareness of how to raise a concern.

An Agency-wide 'speak up' communications campaign is planned for 2023-24 to support a culture where everyone feels safe to speak up and to raise any concerns they may have. The campaign will promote a greater understanding and awareness of the 'Raising a Concern and Whistleblowing' policy and the role of the nominated officers via:

- lunch and learn sessions
- team meetings and briefings
- workshops
- chief executive webinars
- induction
- mandatory learning

Correspondence

Ministerial directions

There have been no ministerial directions given.

Official and Parliamentary correspondence

During 2022-23, we received 33 Freedom of Information (FOI) requests and three Subject Access Requests (SAR) under the Data Protection Act. All requests were responded to within the required timescales. We received no Parliamentary Questions or MPs' and Peers' correspondence cases during this period.

External complaints

We are committed to providing a professional, fair, and efficient service to all and aim to resolve any complaints to ensure they do not happen again. We have a formal two-stage complaints process. We make every effort to resolve a complaint at the first stage satisfactorily, but if we cannot, the complaint will be reviewed by a GIAA senior leader uninvolved in the matter. Following the completion of the two stages, a complainant may take the matter to the Parliamentary and Health Services Ombudsman.

In 2022-23 we handled eight complaints under this process. Seven were resolved at stage one and one at stage two. The Parliamentary and Health Service Ombudsman received no complaints about GIAA for 2022-23.

Assurance arrangements

We take a three line approach to assurance:

- the first line is the front-line business
- the second line is oversight and expert review, separate from the front-line delivery management chain
- the third line is an independent review

Our ARAC review the comprehensiveness of assurances on governance, risk management, the control environment, and the integrity of the financial statements. It provides advice and support to the Chief Executive as Accounting Officer and the GIAA Board in their responsibilities for issues of risk, control, and governance.

We continue to develop and improve control checks as we transform our assurance framework. In 2023-24 we will further enhance our approach as we implement the Risk Control Framework, which will provide a structure to existing requirements, confidence that activities comply and assist in prioritising control improvements.

Management assurance

During 2022-23 the management assurance process was undertaken at mid-year and year-end. It provided a comprehensive self-assessment of control within GIAA, involving challenge sessions, led by the Chief Operating Officer and myself, with each Director going through their own self-assessment reports. These reports are supported by consistent evidence criteria with a set ratings scale. The results from each exercise are discussed with the ARAC.

We continue to see positive engagement from across the Agency in this exercise, and it has helped to provide me with more robust assurance about Directors' individual areas of responsibility. At year-end 2022-23 the thematic areas identified for improvement or for further embedding of improvements were:

- **Knowledge and Information Management** – continuing to improve our controls by embedding understanding of roles and responsibilities, training, and compliance
- **Business Continuity Planning** – continuing to improve controls in this area with increased testing of arrangements
- **People Management Policies** – we are pleased with the work underway to review and update our policies, and whilst there are no areas of immediate concern, we aim to implement a rolling programme of regular review
- **Roles and Responsibilities** – whilst there are defined delegations in place, work is ongoing to encapsulate this into one place. A comprehensive governance review is underway to ensure there is clarity on decision-making accountability and how this is delegated through GIAA

Functional standards

All government departments and agencies are required to adhere to functional standards. These benchmark corporate delivery in certain key thematic areas including project delivery, security, HR, and finance. The standards provide a basis for assurance, risk management and capability improvement. They also support an improved and consistent way of working across government departments.

Of the 13 standards currently in existence, twelve are applicable to us. Each functional lead has assessed their own functional area against the applicable standards during the year. We continue to be in a strong position across all 12 standards. Compliance with all mandatory elements have been achieved and there are plans in place to complete all tasks relating to the enabler standards.

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.

Internal audit and annual audit opinion

One of our main sources of independent assurance comes from the activities of the internal audit service provided by a team from within the GIAA. The ARAC reviewed during the year the service model of GIAA delivered internal audit provision and recommended to the Board that the service remain in-house when taking into account independence, objectivity and service delivery.

Internal audit has an important role in the governance framework of GIAA through provision of assurance to management, the Accounting Officer and ARAC, along with identifying practical recommendations to reduce risk exposure across GIAA. The internal audit function operates to Public Sector Internal Audit Standards, with a Head of Internal Audit appointed from within the Agency.

In 2022-23, the Head of Internal Audit provided a 'Moderate' opinion on the framework of governance, risk management and control within GIAA. Her report acknowledged that whilst this opinion was similar to that provided the previous year, that it should be recognised that were she able to rate opinions within a wider description, then GIAA was moving towards the top end of moderate.

The report noted that there had been "significant improvements" however that there was more still to be done to get the basics right and listed notable themes highlighted in 2022-23 as being Risk Management and Governance, Functional Standards, People, Quality and Continuous Improvement and Business Continuity. We have plans to address these areas in 2023-24 with the development of risk appetite with the Board, further improvements to adherence with Functional Standards linked to the Risk Control Framework, a rolling programme of HR policy reviews, a focus on compliance with quality methodologies, and the development of our business continuity framework.

Improvements since the 2021-22 Governance Statement

Me and my executive team have continued to ensure that our governance and internal control arrangements are regularly reviewed, updated, and improved where appropriate.

Looking back on my conclusions in the 2021-22 Governance Statement, I identified three risk priorities for specific focus during 2022-23, the progress on which is summarised below:

- **Leadership and resource management:** we have equipped our leaders with new tools and skills to manage our resources and delivery more efficiently and to support our people through change. During 2022-23 we refreshed our leadership development model and developed a training package for line managers, which more clearly linked skills and behaviours to delivery of the strategy.

We also launched the Tempus Resource system which enabled effective and proactive resource management. Building on these developments, in 2023-24 we will capitalise on the resource management systems to respond to challenges with team resourcing to ensure we have the right people in the right place at the right time

- **Knowledge and information management:** we have progressed our controls on knowledge and information management. During 2022-23 we developed a new Cyber and Information Security strategy, which included how we further advance our information management. The focus in 2023-24 will be on a refresh of Information Asset Owner training and guidance and embedding assurance activities for our key risk areas. This remains an area for further development for us as we implement new technologies and develop our skills and understanding
- **Security and business continuity planning:** we have improved the controls relating to the management of our cyber-security risk. During 2022-23, in addition to the new Cyber and Information Security strategy, which was developed based on NCSC Government Cyber Security Strategy best practice, we completed an associated cyber and information security risk assessment and improvement plan. Key activities in 2023-24 will focus on developing and embedding assurance activities in key risk areas. In 2022-23, we also developed our business continuity framework to ensure we can continue to deliver key services in the event of an emergency. In 2023-24 we will embed the business continuity framework into directorates and ensure that associated policies, such as IT Disaster Recovery plans, are refreshed

Conclusion

We continue to make significant progress in developing and improving our governance, risk management and controls. Me and my team 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 assessment of our strategic risks and issues arising from our annual audit opinion, I recognise that there remains more to do on resourcing, smoothing delivery and becoming fully fee funded, as well as on information management and our further growth. These are receiving focused attention in the coming year.

I have considered the evidence provided to support this Governance Statement and sought assurance from ARAC. Overall, I conclude that a sound system of governance, risk management and internal control has been in place for the year under review and up to the date of approval of the annual report and accounts.

Elizabeth Honer

Chief Executive and Accounting Officer

14 July 2023

Remuneration and staff report



Remuneration Report

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit based on fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

As at 31 March 2023, all Executive Board Members 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 our 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., Executive Board members) of GIAA.

Executive Board Members Remuneration

The table below, details the elements making up the total remuneration for Executive Committee Members of GIAA. 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	2022-23				2021-22			
	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s)	Total (£000s)	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s)	Total (£000s)
Elizabeth Honer Chief Executive	145-150	5-10	8	165-170	140-145	5-10	16	165-170
Aneil Jhumat Operational Director	105-110	5-10	42	160-165	105-110	0-5	42	150-155
Iain McGregor Director of Innovation	130-135	5-10	53	195-200	130-135	0-5	52	185-190
Cameron Robson Director, One GIA	105-110	-	(10)	95-100	95-100	10-15	22	130-135
Chris Westwood* Operational Director	105-110	0-5	17	125-130	105-110	0-5	16	125-130
Alison Hamer Chief Operating Officer (11 April 22– 31 March 23)	100-105	0-5	41	145-150	-	-	-	-

*Chris Westwood participates in a partnership pension and the figures listed here represent employer contributions.

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 GIAA and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefit provided by GIAA 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 be awarded at the end of year (reflecting the previous year's work) or for performance in-year.

In 2022-23 we changed our previous pattern of accounting for bonuses. Previously, the end-of-year awards for the prior year and the current year's in-year awards were recognised in the same financial year. We are now accounting for the awards in the financial year to which they relate, which has resulted in provisional 2022-23 end-of-year awards being accrued.

We awarded 22 *non-consolidated performance-related bonus payments to our SCS for the 2022-23 appraisal year (compared to 21 awards in 2021-22) plus a provisional 11 2022-23 end of year awards.

* This includes seven end of 21-22 performance year bonuses for 'top'.

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 remuneration, including salary, allowances, and bonus, of the highest-paid executive in GIAA in the financial year 2022-23 was in the band £155-160,000 (2021-22 £150-155,000). Using the band midpoints, the percentage change in salary and allowances was 3.5% and 0% in the performance bonuses.

The average percentage salary and allowances change from the previous financial year in respect of all-Agency employees is a 4% increase and a 12% increase for bonuses.

Table 2.1: Ratios between the highest-paid executive and the 25th percentile, median and 75th percentile

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022-23	3.65	3.26	2.73
2021-22	3.80	3.26	2.71

Table 2.2 Pay and benefits figures for the 25th percentile, median and 75th percentile

	2022-23		2021-22	
	Total	Salary component	Total	Salary component
25 th Percentile	£43,200	£42,700	£40,095	£39,195
Median	£48,260	£47,115	£46,759	£46,098
75 th Percentile	£57,640	£56,746	£56,263	£55,133

The median pay figure in 2022-23 was £48,260 (2021-22 £46,759), of which £47,115 (2021-22 £46,098) was the salary component. The median pay ratio is unchanged as the banded midpoint of the highest paid director used for the calculation has increased in line with the median pay figure. In 2022-23 no employee received remuneration more than the highest paid director (2021-22: nil). Remuneration in GIAA ranged from £22,600 to £155-160,000 (2021-22: £24,429 to £150-155,000).

In 2022-23 the Civil Service pay remit for delegated grades enabled departments to make average pay awards of up to 2%. Departments also had the flexibility to pay an additional 1% where they can demonstrate targeting of the pay award to address specific priorities in their workforce and pay strategies. Departments must also ensure pay awards are affordable within their spending settlements. GIAA submitted a pay flexibility business case to the Cabinet Office and HM Treasury seeking approval to award an increased average award of 3.8% to address historical issues due to machinery of government changes. This award was implemented in March 2023, following Trade Union negotiations.

GIAA's pay flexibility business case included proposals to revalorise the Agency's pay bands for all delegated grades. All pay band minima were increased in line with wider Civil Service benchmarking.

These changes explain the increase in the median pay ratio.

Consolidated awards

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, the Chief Operating Officer and the GIAA Deputy Director, People and Culture.

The annual pay award for delegated grades was made in line with GIAA's pay flexibility business case, approved by the Cabinet Office and HM Treasury.

Pension Entitlements for each Executive Board Director

The table 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 2023 (£000)	As at 31 March 2023 - (£000)	As at 31 March 2022 (£000)	Real increase in CETV as funded by employer in year (£000)
Elizabeth Honer	0-2.5	90-95	1463	1309	-1*
Aneil Jhumat	2.5-5	10-15	132	104	14
Iain McGregor	2.5-5	10-15	159	109	36
Cameron Robson	0-2.5 plus lump sum of 0	35-40 plus lump sum of 65-70	661	611	-23*
Chris Westwood**	-	-	-	-	-
Alison Hamer	0-2.5	30-35	351	317	17

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.

* Taking account of inflation, the CETV funded by the employer has decreased in real terms.

**Chris Westwood participates in a partnership pension.

The cash equivalent transfer value (CETV)

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 switched 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 CETVs 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.

Staff Costs

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes. GIAA 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 2022-23, employers' contributions of £6,088k (2021-22: £5,856k) were payable by GIAA to the Civil Service Pension arrangements at one of four rates in the range 26.6% to 30.3%; (2021-22 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 2022-23 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 £65k in 2022-23 (2021-22: £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 2022-23 (2021- 22: £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 (2021-22: £9k). Contributions pre-paid at that date were £nil (2021-22: £nil).

Non-Executive Board Members' Remuneration

As at 31 March 2023, we had four independent Non-Executive Board Members, and one Non-Executive Independent member of ARAC. Table 4, below, details the total remuneration for each of our paid Non-Executive Board Members during 2022-23. Our HMT Sponsor, Catherine Little, also has a non-executive role on the Agency's Board which is not remunerated by GIAA as she is a member of the Civil Service. The Non-Executive Independent member of ARAC, Angela van der Lem is also a member of the Civil Service and is not remunerated by GIAA.

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

Name	Role	Total Remuneration	
		£000	
		2022-23	2021-22
Isobel Everett	Non-executive Board member and Chair	20-25	15-20(20-25 FYE)
Paul Boyle	Non-executive Board member	15-20	15-20
Ady Dike	Non-executive Board member	15-20	15-20
Clare Minchington	Non-executive Board member	15-20	15-20

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	2022-23			2021-22		
	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	-	-	-	-	-	-
£50,000 – £100,000	-	1	1	-	-	-
Total number of exit packages	-	1	1	-	1	1
Total resource cost	-	£69,378	£69,378	-	£5,534	£5,534

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.

Staff Report

Agency composition – staff numbers and costs

Our average FTE composition in 2022-23 is shown in Tables 6 and 7 below.

Including the Chief Executive, we employed 25.6 SCS (FTE) as at 31st March 2023 – one at Pay Band 3, six at Pay Band 2 and 18.6 at Pay Band 1 (of which one was a temporary promotion). 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	2022-23		2021-22	
	Number (FTE)	Cost (£000)	Number (FTE)	Cost (£000)
Staff with a permanent UK employment contract	451	32,193	434	30,128
Other staff engaged on the objectives of the entity (consisting of interim and temporary workers)	5	312	1	53
Total	456	32,505	435	30,181

Note: FTE numbers rounded to nearest whole FTE and are an average for the year.

The increase in permanent staff salary costs is a result of a) a net increase in FTE (+17) most notably from the Spending Review funded project team for One GIA; and b) the implementation of the 2022-23 pay award.

The change in other staff costs predominantly relates to employing 10 people on short term contracts from the Returnship Programme which provides a route back to the employment market for individuals returning from long term career breaks.

Table 7: Agency composition by percentage in grade by split by declared gender, Black Asian Minority Ethnic (BAME) and disability.

Grade	2022-23				2021-22			
	Male	Female	BAME	Disabled	Male	Female	BAME	Disabled
SCS	54%	46%	8%	7%	54%	46%	13%	8%
SCS & G6	58%	42%	11%	8%	53%	47%	13%	8%
Agency Total	47%	53%	21%	11%	47%	53%	21%	11%

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. We are a proud signatory of the Race at Work Charter.

We encourage applications from disabled people and participates in the Disability Confident scheme which enables us to ensure a guaranteed interview to all disabled applicants who apply under the scheme and 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 are proud to have achieved Level 2: Disability Confident Employer and are working towards achieving Level 3: Disability Confident Leader.

We also make workplace adjustments to help when people join us 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 diversity and inclusion training which includes Equality and Inclusion Essentials and Inclusion in the Workplace.

When promotion opportunities arise, everyone is equally encouraged to apply and to discuss any adjustments they require to be made to the selection arrangements to remove any disadvantage resulting from disabilities or protected characteristics. We advertise vacancies on Civil Service jobs and continue to use name-blind applications. We also place all adverts on the DWP 'Find a Job' website which links into candidates who are claiming benefits due to a disability.

We are 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 2022-23 reduced to 5.8 days (2021-22: 6.4 days). We continued to develop robust sickness absence management protocols, with a Health, Safety and Wellbeing Strategy and wellbeing plan in place, including Employee Assistance Programme support, resilience workshops, stress management training, engagement with the MIND Workplace Wellbeing Index to develop an action plan specifically tailored to mental health and wellbeing, and monitoring of absence rates and the reasons behind them. Senior management will continue to monitor the trends in our sickness data to identify and implement further interventions that may be required.

Staff turnover percentage

We monitor staff turnover closely and have seen an increase since 2021-22 (annual staff turnover percentages noted below). Exit survey data shows that the most frequent reasons for employees leaving the Agency are pay, promotion, and retirement. We continue to embed our work on Pay Reform and have started work on our Pay Strategy for GIAA.

Our focus will also be on retention as part of the People and Culture Strategy.

2022-23: 14.2%

2021-22: 12.4%

2020-21: 10.9%

2019-20: 10.2%

2018-19: 11.5%

Staff engagement scores

We achieved a response rate of 88% in the most recent Civil Service People Survey (2021: 88%) and our overall engagement index score was 63%, a drop of 1% from 2021-22, but remains three points up on 2020-21 and seven points on 2019-20.

Consultants and contingent labour

We utilise contingent labour for several purposes:

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

The accounts cover the period during which we held contracts with a group of Strategic Delivery Partners for the provision of services from 18 February 2020. The partners were RSM, Deloitte, BDO, and EY for generalist audit work, joined by PWC and KPMG for specialist audit work. These contracts expired on 30 April 2023. New contracts came into force from 30 March 2023 where core audit services will be provided by RSM, Deloitte, EY, PWC, KPMG and Mazars and Digital, Data and Technology audit services are provided by Deloitte, KPMG, EY and RSM. Due to market forces GIAA will have higher per day expenditure on external audit resource.

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 2022-23 increased from 2021-22 due to higher usage of generalist contractors to offset an increased level of vacancies, and more usage of specialist contractors to fulfil customer demand.

Table 8: Consultants and contingent labour

Category		2022-23	2021-22
		£000	£000
GIAA Specialist Audit Contractors	Internal Audit Resources	5,849	5,031
General Framework Contract	Consultancy and advice	109	50
	Total Contractor resource	5,958	5,081
	Interim and Temporary Workers	58	53

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 2023, 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

		2022-23	2021-22
Number of engagements at year end, and risk assessed		2	1
Of which:	number of engagements existing for less than a year at the time of reporting	2	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 GIAA 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.		2	-
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.		-	-

	2022-23	2021-22
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.	10	11

Facility time for trade union representatives

We recognise three trades unions for the purposes of collective bargaining, consultation and to provide representation and support to individual employees. There are four local trades union representatives within GIAA who are eligible to record facility time within agreed guidelines, totalling no more than 0.1% of our 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	£10.4k
Total Pay Bill 2022-23 (does not include off-payroll costs of contracted interim and temporary workers)	£32,034k
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 our 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

GIAA 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 a Memoranda of Understanding and agreeing an appropriate fee. GIAA received funding from HM Treasury (£5.967m) 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 income from Education and Skills Funding Agency for apprentice training.

Whilst we continue to develop and bring in new departmental customers and their teams, we receive additional investment from HM Treasury through the Supply Estimate.

Total operating income for the year was £39,275k (2021-22: £37,979k).

Expenditure

Our total operating expenditure this year was £44,379k (2021-22: £40,266k), consisting of staff costs of £32,346k (2021-22: £30,033k), purchase of goods and services of £11,539k (2021-22: £10,280k), depreciation and impairment charges of £349k (2021-22: £0) and a provision of £145k (2021-22: provision release £47k).

The main reasons for the increased operating expenditure year on year are: implementation of the 2022-23 pay award; increased FTE versus 2021-22 to deliver specific SR funded work; higher contractor costs to the support audit plans due to vacancies and an increase in specialist audit demand; and a full year of travel and subsistence and training costs (£1,024k combined compared to £458k) as face to face training and travel only resumed in second half of 2021-22.

Permanent staff costs of £32,193k (2021-22: £30,128k) directly relate to the employment of our auditors, counter fraud investigators and other assurance professionals, the internal audit policy function, corporate services, and the staff who deliver our strategic development programme including the project team delivering OneGIA. More information on our staff numbers and costs can be found in the remuneration and staff report above and in Note 2 of the Notes to the Accounts.

We engaged several firms under our internal audit framework to deliver specialist and general audit services to our customers on our behalf, incurring expenditure of £5,704k (2021-22: £5,031k); plus a further £145k through a generalist audit contingent labour contract (2021-22: nil). We spent £109k on specialist advice (2021-22: £50k) including legal advice from the Government Legal Department; health and safety advice from the Health Safety Executive; and HR advice from the Civil Service Investigations Service. We additionally employed contingent labour totalling £58k (2021-22: £53k) to fill temporary gaps, in our corporate teams.

We incurred £543k (2021-22: £135k) 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 GIAA. Travel and subsistence costs increased significantly in 2022-23 as staff resumed travel in the second half of the 2021-22 financial year following the Covid-19 pandemic.

We also incurred a number of charges for support services from other government departments totalling £3,410k (2021-22: £3,498k) for services including transactional finance, HR, payroll and ICT services received from our parent body, HM Treasury, and office rent. In order to support the strategic objective

of recruiting and retaining high calibre staff, we invested £149k (2021-22: £161k), £481k (2021-22: £323k) and £342k (2021-22: £290k) in recruitment, training and staff support and related costs respectively.

In relation to customer-facing activities, we generated revenue of £39,258k (2021-22: £37,962k) from our customers and received a further £17k in funding for apprentice training (2021-22: nil although we also received one off grant funding of £17k in 2021-22) against total expenditure of £44,379k (2021-22: £40,266k). The net expenditure was £5,114k (2021-22: £2,287k) and the difference was met by HM Treasury supply funding, which totalled £5,967k (2021-22: £2,860k) including authorised spending of £350k (2021-22: £350k) to support the internal audit policy function (included in expenditure) as explained in Note 6 to the accounts. The increase in supply funding relates to spending review (SR) funding for several projects that GIAA will implement during the SR period 2022-23 to 2024-25 including: the on-boarding of the three government departments who at the start of the period do not receive their Internal Audit service from GIAA (MOD, HMRC and FCDO); pay reform; and investment in technology including data analytics and robotics.

As a result, we ended the year with an overall surplus of £853k. 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 £3,677k (2021-22: £2,724k) represents the balance of our operating activities and HM Treasury funding.

Financial position

Our balance sheet consists of receivables of £11,982k (2021-22: £11,388k), non-current assets of £925k (2021-22: £65k) payables of £8,208k (2021-22: £8,729k), a provision of £145k (2021-22: nil) and lease liabilities of £877k (2021-22: nil). Assets and liabilities reflect the adoption of IFRS16 in 2022-23.

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, we do not own any property, plant, and equipment.

Receivables primarily consist of amounts due from our customers, with £10,888k (2021-22: £10,335k) relating to amounts invoiced but not paid at 31 March, and £819k (2021-22: £973k) relating to services delivered in 2022-23 but not invoiced until the new financial year.

Included in trade and other payables and accruals, totalling £8,208k (2021-22: £8,729k), are advance receipts from customers of £507k (2021-22: £899k). The value of untaken holiday leave at 31 March 2023 was £965k (2021-2022: £1,073k).

GIAA 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 £1,953k (2021-22: £2,429k) 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)

GIAA 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. HMT's Supply Funding is included in the charge-out calculations and contributes to GIAA's cost recovery.

Table 14: Fees and charges

2022-23	Income (£000)	Operating expenditure* (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	39,258	(44,362)	(5,104)
Total	39,258	(44,362)	(5,104)
2021-22	Income (£000)	Operating expenditure* (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	37,962	(40,249)	(2,287)
Total	37,962	(40,249)	(2,287)

*Figure here excludes expenditure associated with Other Operating Income in Statement of Comprehensive Net Expenditure.

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. Our contingent liabilities disclosed under IAS 37 are included in Note 14 to the Financial Statements. As at 31 March 2023 we have identified one contingent liability with value of less than £50k.

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 24 losses in 2022-23 (2021-22: four), the value of which are below the reporting threshold. Most of these (21) related to travel expenses incurred and subsequently lost following industrial action on the travel network. We have not made any gifts during the year.

Long-term expenditure trends

2022-23 was our eighth year of operation but the fifth year in which we did not complete any major migrations into GIAA. The Ministry of Defence Internal Audit team joining on 1 April 2023 will change our income and expenditure base by around 10% and we expect two further government departments to join GIAA in 2024-25 which will further change our expenditure and income base. Our Supply Funding from HMT will reduce materially in 2024-25 and we are putting in place a plan to ensure that GIAA is a long-term sustainable financial footing.



Elizabeth Honer

Chief Executive and Accounting Officer

14 July 2023

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 2023 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 2023;
- 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 2023 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 Bodies in the United Kingdom* (2022). 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 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 and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 Reports 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 Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Government Internal Audit Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Government Internal Audit Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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 Accounting Officer either 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 regulations¹, including fraud is detailed below.

¹ Non-compliance is defined as acts of omission or commission intentional or unintentional committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word “irregularities” to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN¹⁰.

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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Government Internal Audit Agency's accounting policies, key performance indicators and performance incentives.
- inquired 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 on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of 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.
- inquired of management, the Government Internal Audit Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
 - discussed with the engagement team 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Government Internal Audit Agency's framework of authority and other legal and regulatory frameworks in which the Government Internal Audit Agency operates. I focused 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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the

appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud 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. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

17 July 2023

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 2023

	Note	Year to 31 March 2023 (£000)	Year to 31 March 2022 (£000)
Income from sales of services	5,6	(39,258)	(37,962)
Other operating income		(17)	(17)
Total operating income		(39,275)	(37,979)
Staff costs	2	32,346	30,033
Purchase of goods and services	3	11,539	10,280
Depreciation and impairment charges	4	349	-
Provision expense	10	145	(47)
Total operating expenditure		44,379	40,266
Net operating expenditure for the year		5,104	2,287
Finance expense		10	-
Net expenditure for the year		5,114	2,287

The notes on pages 102 to 112 form part of these accounts.

Statement of financial position for the year ended 31 March 2023

	Note	Year to 31 March 2023 (£000)	Year to 31 March 2022 (£000)
Non-Current assets			
Intangible Assets		59	65
Right of use assets	11.3	866	
Total Non-Current assets		925	65
Current assets			
Trade and other receivables	7	11,982	11,388
Total current assets		11,982	11,388
Total assets		12,907	11,453
Current liabilities			
Trade and other payables	9	(8,208)	(8,729)
Provisions	10	(145)	-
Lease liabilities	11.4	(335)	
Total current liabilities		(8,688)	(8,729)
Non-current liabilities			
Provisions	10	-	-
Lease liabilities	11.4	(542)	-
Total non-current liabilities		(542)	-
Total liabilities		(9,230)	(8,729)
Total assets less total liabilities		3,677	2,724
Taxpayers' equity			
General Fund		3,677	2,724

The notes on pages 102 to 112 form part of these accounts.



Elizabeth Honer

Chief Executive and Accounting Officer

14 July 2023

Statement of cash flows for the year ended 31 March 2023

	Note	2022-23 (£000)	2021-22 (£000)
Cash flows from operating activities			
Net operating expenditure		(5,104)	(2,287)
Adjustments for non-cash transactions		349	(47)
(Increase)/Decrease in trade and other receivables		(594)	351
Increase/(Decrease) in trade and other payables		(521)	(817)
Use of Provisions		145	(70)
Notional expenditure: auditor remuneration		100	75
Net cash outflow from operating activities		(5,625)	(2,795)
Cash flows from investing activities			
Purchase of non-financial assets		-	(65)
Net cash outflow from investing activities		-	(65)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		5,967	2,860
Repayment of leasing liabilities	11.5	(332)	
Interest payments on lease liabilities	11.5	(10)	
Net cash flows from financing activities		5,625	2,860
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Statement of changes in taxpayers equity

	General Fund £000	Taxpayers' equity £000
Balance at 1 April 2022	2,724	2,724
Net parliamentary funding	5,967	5,967
Notional charges: Auditors Remuneration	100	100
Comprehensive net expenditure for the year	(5,114)	(5,114)
Balance at 31 March 2023	3,677	3,677

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

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 circumstances of the GIAA, for the purpose of giving a true and fair view, have been selected. The 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 one new departments joining in 2023 (MOD) and two in 2024 (HMRC and FCDO) and with funding in place from HM Treasury for the following two years (to 2024-25) to support this growth.

1.2 Standards issued but not yet effective

There are no 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 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.

Our performance obligation is to provide an Internal Audit Service to customers external to the GIAA (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 most 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. HMT's Supply Funding is included in the charge-out calculations and contributes to GIAA's cost recovery.

1.5 Value Added Tax

GIAA 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.

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.

1.6 Employee benefits

Pension and superannuation costs

Pension benefits are provided through Civil Service pension arrangements as detailed on page 79 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.

1.7 Pensions

GIAA operates several retirement benefits 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 Statement of Comprehensive Net Expenditure 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.

1.8 Financial instruments

As the cash requirements of GIAA 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. Most financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and we are therefore exposed to little credit, liquidity or market risk.

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 8) and trade and other payables (note 10). 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 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.

1.9 Notional charges

Certain costs are charged on a notional basis and included in the accounts. The only notional cost for 2022-2023 is external auditor remuneration. Notional costs are recorded in the Statement of Comprehensive Net Expenditure, as an adjustment on the Statement of Cash Flows from net expenditure and recorded as a movement on the General Fund.

1.10 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.

1.11 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, we make 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 recoverable amounts. This estimate informs the income figure where the income for a fixed fee customers is the agreed fee less the work to complete the contract in the following financial year plus the income earned in completing the prior year's contract. Where more income has been earned than has been invoiced at year end, the figure is included as accrued income.

1.12 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 10).

1.13 Leases and the initial application of IFRS 16

IFRS 16 Implementation

IFRS 16 is applicable for reporting periods beginning from 1 January 2019. Due to the COVID-19 pandemic, HM Treasury delayed mandatory application of IFRS 16 by government departments until 1 April 2022. This therefore is the first set of accounts where IFRS 16 has been applied by GIAA.

IFRS 16 Initial recognition

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. At the date of initial application, therefore, GIAA would have recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayer's equity. However, with no balance between asset and liability value there is no cumulative effect.

HM Treasury has also withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. GIAA has therefore applied IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any contracts not previously identified as such. GIAA has identified three leases, previously treated as operating leases under IAS 17. These relate to leased office accommodation through the Government Property Agency.

On initial application of IFRS 16, GIAA has recognised right-of-use assets at an amount equal to the initial lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. The initial lease liability has been calculated based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard. GIAA has used cost as a proxy for fair value in its measurement.

Subsequent measurement

The basis for the calculation outlined in the above section will be the same in subsequent years. GIAA have determined the applicable lease term to run until the end date of the lease as documented in the contract. The non-lease elements of these contracts (eg utility costs) have been excluded.

GIAA has used the interest rate promulgated in PES papers as the incremental borrowing rate. For leases that commence or are remeasured in the 2022 calendar year, this rate is 0.95%.

GIAA has not identified any leases under IFRS 16 where the underlying asset is of low value nor where the lease period is for 12 months or less.

Note 2 - Staff costs

	2022-23			2021-22		
	Permanent Staff (£000)	Other Staff (£000)	Total (£000)	Permanent Staff (£000)	Other Staff (£000)	Total (£000)
Salaries including allowances	23,347	244	23,591	21,784	53	21,837
Social security costs	2,739	19	2,758	2,430	-	2,430
Other pension costs	6,107	49	6,156	5,914	-	5,914
Total staff costs	32,193	312	32,505	30,128	53	30,181
Less recoveries from outward secondments	(159)	-	(159)	(148)	-	(148)
Net cost	32,034	312	32,346	29,980	53	30,033

The average number of permanent FTE employed during the year was 451 (2021-22: 434).

Note 3 – Purchase of goods and services

3.1 Analysis of total goods and services purchased

	2022-23 (£000)	2021-22 (£000)
Contractor costs	5,958	5,081
Support services from other Government departments	3,410	3,498
Travel and Subsistence costs	543	135
IT and telecommunications costs	421	680
Training costs	481	323
Auditor's remuneration	100	75
Staff support and staff related costs	342	290
Recruitment costs	149	161
Office costs	135	37
Total goods and services	11,539	10,280

Note 4 – Depreciation and impairment charges

	2022-23	2021-22
Depreciation	343	-
Amortisation	6	-
Total Depreciation and Impairment	349	-

The introduction of IFRS16, the accounting standard for leases, in April 2022 has created a Right of Use of Asset for GIAA relating to leases for office space in London and Birmingham with those assets being depreciated over the term of their lease. See Note 12 for further detail on IFRS16.

The creation of Intangible Assets (see Note 1.5) in 2021-22 has led to an amortisation charge.

Note 5 - Income

Income for the year of £39,275k relates entirely to audit and counter fraud & investigation fee income except for £17k for Apprentice training. (2021-22: £37,979 all attributable to audit, counter fraud and investigation income apart from £17k from grant funding). Of the £39,275k fee income, £899k relates to income from 2021/22 contracts where the contract wasn't completed at 31 March 2022.

Note 6 – Income and expenditure by type of work

	2022-23			2021-22		
	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	(37,400)	-	(37,400)	(36,182)	-	(36,182)
Time and Materials customers	(1,858)	-	(1,858)	(1,780)	-	(1,780)
Total Audit Fee income	(39,258)	-	(39,258)	(37,962)	-	(37,962)
Grant Income	-	-	-	(17)	-	(17)
Other Income	(17)	-	(17)	-	-	-
Total Income	(39,275)	-	(39,275)	(37,979)	-	(37,979)
Expenditure	44,029	350	44,379	39,916	350	40,266
Net operating expenditure for the year	4,754	350	5,104	1,937	350	2,287
Finance expense	10	-	10	-	-	-
Comprehensive net expenditure for the year	4,764	350	5,114	1,937	350	2,287

Note 7 – Receivables

Amounts falling due within one year	2022-23 (£000)	2021-22 (£000)
Trade receivables	10,888	10,335
Prepayments	269	80
Accrued Income	819	973
Staff loans and other receivables	6	-
Total falling due within one year	11,982	11,388

The total receivables balance has increased mainly because of GIAA's increased income resulting in a larger value of invoices being raised for Q4 charges.

The increase in prepayments value relates to an annual licence fee for our audit management system, TeamMate+ being paid in March 2023.

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 GIAA 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

Amounts falling due within one year	2022-23 (£000)	2021-22 (£000)
Amounts due to HM Treasury	1,953	2,429
Accruals	3,070	3,833
VAT	-	-
Trade and other payables (including Tax & Social Security)	2,678	1,568
Deferred income	507	899
Total falling due within one year	8,208	8,729

The change in accruals and trade payables are related as we received more invoices from accounting services firms for their work by the end of March thereby increasing the trade payables and reducing the accrual value. The accrual value was also reduced by a smaller annual leave accrual.

Additionally, trade payables was higher versus 2021-22 because of staff in the delegated grades receiving their Pay Award in March thereby creating a larger staff payable value in March versus March 2022.

The Amounts Payable to HM Treasury figure is lower because of greater supply funding offset by higher salary costs over the course of the year.

Note 10 – Provisions for liabilities

GIAA held a provision for a potential pension liability relating to a small group of staff who transferred into GIAA on 1st April 2019. This group had to consider whether 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.

In 2022-23, there is a provision of £145k relating to the Tax and National Insurance contributions due to HMRC for Staff Reward vouchers. GIAA staff have received vouchers through our Reward and Recognition scheme. These contributions date back to 2018-19.

	Tax and NI contributions Provision	Total
Balance at 1 April 2022	0	0
Provided in the year	145	145
Provisions not required written back	-	-
Provisions utilised in the year	-	-

	Tax and NI contributions Provision	Total
Change in discount rate	-	-
Unwinding of discount	-	-
Balance at 31 March 2023	145	145
Analysis of expected timing of discounted flows		
Not later than one year	145	145
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2023	145	145

Note 11 – Commitments and leases

11.1 Capital and other financial commitments

GIAA has not entered into any capital commitments or any non-cancellable contracts.

11.2 Commitments under operating leases

GIAA has a recharge arrangement with HM Treasury for several support services including ICT running costs and transactional services for HR and finance. As at 31 March 2023, these arrangements were based on an annual recharge to GIAA from HM Treasury. The arrangements are subject to an annual review and as the GIAA 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.

GIAA moved into its main office site in November 2018 (10 Victoria Street, London) and has 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 has been applied from 1 April 2022. These leases gave rise to a Right of Use asset and a Lease Liability under IFRS16 of £913k. On 1 April 2022, GIAA expanded its office space in London which gave rise to a further Right of Use asset and Lease liability of £296k (total £1,209k). GIAA's accounting policy for implementing the standard is set out above in Note 1.15. For the three sites where we have lease arrangements, we have used the end date of the lease in the prescribed term as the end date of the lease. However, there is the ability to extend beyond that date which would give rise to a change in the Right of Use Asset and Lease liability. Should a decision be made to extend these leases beyond their prescribed terms, the values would be recalculated.

Further to these locations, GIAA staff use office space provided by our customer departments to discharge their duties. GIAA pay rent for four of these locations but have concluded that these agreements do not constitute leases as GIAA does not have the right to direct use of the office space in these locations. In locations where GIAA does not pay rent for the use of office space, 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.

	£000
IAS 17 operating lease commitments at 31 March 2022	£888
Adjustment for lease begun on 1 April 2022	£300
Adjustment for different lease term assumptions under IFRS 16	£40
Effect of discounting	(£19)
IFRS 16 lease liability at 1 April 2022	£1,209
Right of use asset value at 1 April 2022	£1,209

11.3 Right of use assets

	Buildings	Total
	£000	£000
Right-of-use assets		
At 1 April 2022	1,209	1,209
Depreciation Expense	343	343
At 31 March 2023	866	866

11.4 Obligations under leases

Obligations under leases for the following periods comprise:	2022-23
	£000
Buildings	
Not later than one year	342
Later than one year and not later than five years	545
Later than five years	
Less interest element	-10
Present value of obligations	877

11.5 Cash outflow for leases

	2022-23
	£000
Total cash outflow for leases	342

342k represents the lease payments made for the three leases noted in 12.2 which is presented in the SoCF as the repayment of the lease liability and the interest implied in that lease.

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, GIAA provides internal audit services to HM Treasury and some of its agencies and Arm's Length Bodies.

GIAA 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 to whom it provides a service)
- Home Office
- Department for Levelling Up, Housing and Communities (including its ALBs to whom it provides a service)
- Department of Health and Social Care (including its ALBs to whom it provides a service)
- Department for Education
- Driver and Vehicle Licensing Agency
- Department for Transport
- Department for Business, Energy and Industrial Strategy
- HS2

Board member 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 other material transactions with GIAA in the 12 months to 31 March 2023.

Note 13 – Contingent liabilities

As at 31 March 2023 we have identified 1 contingent liability with value of less than £50k.

Note 14 – Events after the reporting period

There were no significant events occurring after the reporting period apart from The Ministry of Defence joining GIAA as noted in 1.4. The accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.





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