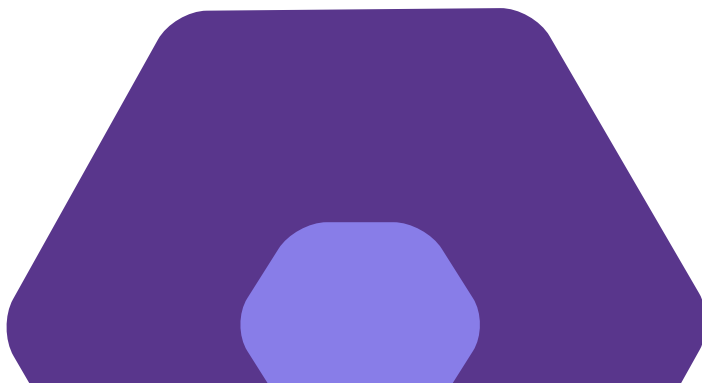




Government
Internal Audit
Agency

Annual Report and Accounts 2023-24



Government Internal Audit Agency (GIAA)

Annual Report and Accounts 2023 - 2024

For the period 01 April 2023 to 31 March 2024

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of His Majesty

Ordered by the House of Commons to be printed on 23 July 2024



© Crown copyright 2024

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

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

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

Any enquiries regarding this publication should be sent to us at:

Government Internal Audit Agency

10 Victoria Street

London SW1H 0NB

United Kingdom

Email: Correspondence@giaa.gov.uk

ISBN 978-1-5286-5045-8

E03155825 07/24

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

Contents

Performance report

Performance overview	7
Performance analysis.....	19

Accountability report

Corporate governance report	53
Remuneration and staff report.....	70
Parliamentary accountability and audit report	85
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS	90

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2024.....	97
Statement of Financial Position as at 31 March 2024	98
Statement of Cash Flows for the year to March 2024	99
Statement of Changes in Taxpayers' Equity.....	100
Notes to the accounts	101

Performance report



Performance overview

This section tells you about our organisation - who we are, our mission, our vision, our values and our services. It also provides a summary of our performance over the year as we progress with our strategic objectives, and how we are managing the risks we have identified to success.

About the Government Internal Audit Agency

The Government Internal Audit Agency (GIAA) leads the internal audit function and profession across central government.

We provide internal audit services and support for the UK government. Our customers include all ministerial departments and many non-ministerial departments, agencies, and public bodies. In addition, our counter fraud and investigation service supports finance professionals across government in their role as stewards of public money. We also provide assurance for the management and payment of European Commission grants for several EU funded programmes until their completion in 2024-25.

Our unparalleled access across government departments and organisations, 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 use our unique perspective to provide crosscutting insight and thought leadership in respect of issues which are important to individual departments, groups of customers, or wider government.



Chief Executive's statement

I am delighted to have joined the Government Internal Audit Agency (GIAA) as Chief Executive.

Since December, as I have settled into my new role, it has become clear to me that the Agency's values and vision, established under the leadership of my predecessor Elizabeth Honer, have supported and enabled GIAA to grow into the strong and stable organisation it is today.

I'd like to pay tribute and congratulate Elizabeth on her achievements as Chief Executive. During her tenure, GIAA has matured and developed into an Agency that is confident in its people and their ability to deliver the greatest value and impact for all our government customers. In addition, our innovative work at the forefront of artificial intelligence has attracted attention and delegations from across the world.

This year, we launched our Vision 2026. This new vision is focused on evolution, rather than reinvention, and sets out our overall aim of raising the bar in everything we do. Our vision places our people at the heart of all our activity, building our confidence to find even more ways we can add value in our work and stretching ourselves further to achieve more for our customers. I fully endorse this ambitious approach for our Agency, and I am committed to delivering this vision.

In April 2023, we welcomed colleagues from the Ministry of Defence internal audit team into the Agency. At the end of the year, we confirmed that HM Revenue and Customs (HMRC) and the Foreign Commonwealth and Development Office (FCDO) internal audit teams will join us as affiliate members. This means that GIAA will become the provider of internal audit delivery and support services to all the UK's central government departments and many of their arm's length bodies.

GIAA is now one of the largest internal audit agencies in Europe. Our counter fraud and investigation services sit alongside our internal audit colleagues and our specialist internal audit services for digital, data and technology, programme and project management, commercial activity and grants. We also continue to provide assurance for the management and payment of European Commission grants until their conclusion in 2024-25. A small cadre of colleagues provide professional corporate service support to all these customer facing teams.

Looking towards our future, the next few years will be exciting for our Agency. We will build on our achievements of the last twelve months as we continue to develop our people, seek to add more value for our customers and implement our programme of transformation for operational delivery, that will ensure long-term financial sustainability.

This Annual Report and Accounts sets the scene for exciting years ahead. Although we all have a lot of work to do, I am confident that our people will continue to rise to the challenge to build and develop our mission of better insights, better outcomes, so that we ultimately deliver even greater value for our customers.

It gives me great pleasure to lay our Annual Report and Accounts 2023-24 before Parliament.

Harriet Aldridge

Chief Executive

Head of the Government Internal Audit Function

Chair's statement

2023-24 has been a momentous year for GIAA and I start by saying how delighted we are to welcome Harriet Aldridge as our new Chief Executive.

Harriet has joined us at this exciting time for the Agency. This is the year we confirmed that GIAA will become the provider of internal audit support and services for all the central UK government departments. It is also the year many of our teams flexed to meet the needs of our customers as they responded to largescale changes in the machinery of government.

In December, we had two changes to our senior team. Elizabeth Honer, who held the position of Chief Executive for five years, retired from the Civil Service and non-executive director, Paul Boyle, also retired from our Board.

Under the inspirational leadership of Elizabeth Honer, our Agency has grown and matured, increasing its impact across government and the wider internal audit community. GIAA is now an established 'thought leader' in the international internal audit sphere through our development of artificial intelligence and the role it plays supporting the delivery of internal audit.

Paul Boyle has brought scrutiny and challenge to the Board, and his expertise supporting people to speak up when something is not right and creating a safe working environment. Jonathan Chapman has now joined the Board, bringing with him years of private sector internal audit experience and a dynamic understanding of delivering change. We welcome Jonathan and look forward to learning from his expertise.

Throughout the year, our Board's focus has been on building and maintaining the quality of services we provide our customers. At our Board meeting in December, we heard positive and constructive feedback for our Counter Fraud & Investigation team, and through their New Customer Strategy, our One GIA team has set out their inspiring ambition for future growth.

GIAA has been operating at the heart of government for nine years and our focus on delivering for our customers remains as strong as ever. Our Agency is maturing and over the next twelve months we will transition into a fully fee-funded and financially sustainable business model.

As we move into to this 'brave new world' I have been impressed by the 'can do' attitude of our people. They have played a key role throughout the year, recognising where things are working well and where there are opportunities to do things better, work smarter and embrace innovation. It is the culmination of all these efficient and effective ways of working that will ensure our success and the Board has every confidence in this transition.

Isobel Everett MBE

Chair, GIAA Board



Our year at a glance



Customer value

Improved rating in the government functions quality survey

4th highest (out of 10)

Customer stakeholder feedback

- 85% positive response for 'impact on business' (2022-23: 97%)
- 89% positive response for 'capability and knowledge' (2022-23: 94%)
- 79.7% overall customer satisfaction (2022-23: 78.1%)

People and culture

People survey results

62% positive response to the engagement theme (2022-23: 63%)

15%pts increase in satisfaction with pay and benefits

85% response rate (2022-23: 88%)

April

The internal audit team of the Ministry of Defence joins the GIAA, further increasing our coverage across government.

May

The new Risk Control Framework for Government, developed in collaboration with HM Treasury, is published, providing further support to accounting officers with their responsibilities.

June

We publish our new vision and strategy, setting out our ambition for the next three years.

July

We begin a cross-government review focusing on the arrangements in place within departments to identify, assess and manage the delivery of efficiencies.

August

It is announced that Harriet Aldridge will be the Agency's new Chief Executive following a competitive recruitment process.

September

We bring our people together for GIAA Live where we consider with our customers the future operating model for the Agency and celebrate success with our Values awards.

Process efficiency

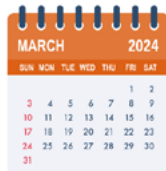
34.7

average working days between fieldwork ending and completing a final report (2022-23: 32.8)



64.6%

of our audit programme was completed by the end of the financial year (2022-23: 63.6%)



Financial health

£51.27m

income including Supply Funding (2022-23: £45.24m)



£50.13m

total expenditure (2022-23: £44.3m)



£1.14m

surplus (2022-23: £0.85m)



Further information on our financial performance can be found in the 'Financial statements'

October

Our Chief Executive delivers a keynote address to the annual conference of the Chartered Institute of Internal Auditors on the role of technology within the future of internal audit.

November

We begin piloting our Writing Engine that uses GPT-3 artificial intelligence and will significantly reduce the time it takes to draft an engagement report.

December

Harriet Aldridge takes up her role as our Chief Executive following Elizabeth Honer's retirement from the Civil Service.

January

New global internal audit standards are published following a public consultation. We continue to prepare the application of the new standards within the public sector from April 2025.

February

The Foreign, Commonwealth and Development Office confirm their internal audit team will join GIAA as affiliate members.

March

HM Revenue and Customs confirm their internal audit team will join GIAA as affiliate members.

More information on our performance can be found in the performance analysis section beginning on p19.

About us

Our mission

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

Our Vision 2026

In May 2023, following a comprehensive programme of engagement with internal and external stakeholders, we launched our Vision 2026. Our vision is focused on evolution, rather than reinvention, with the overall aim of raising the bar in all that we do, building on our progress and stretching ourselves to achieve more.

Our Vision 2026 sets out that by 2026 we will be:

- elevating our **IMPACT** across government
- empowering our **PEOPLE** to thrive, develop and deliver
- excelling in **QUALITY** and professionalism
- inspired by **INNOVATION**
- sustained on **FIRM FOUNDATIONS**

You can read our full vision document at [gov.uk/government/publications/giaa-vision-2026](https://www.gov.uk/government/publications/giaa-vision-2026)



Figure 1: GIAA Vision triangle

Our strategy and plan

Our Strategy 2023-26 sets out how we will achieve our vision. For each year of our strategy, we produce a one-year plan that identifies the strategic priorities we will deliver during that 12-month period.

We review our strategy and plan each year so that we maintain a sharp focus on achieving our priorities. We closely monitor our progress, year on year, through our Strategy Implementation Programme (SIP).

You can read our Strategy 2023-26 and Plan for 2023-24 at [gov.uk/government/publications/government-internal-audit-agency-strategy-2023-26-and-plan-2023-24](https://www.gov.uk/government/publications/government-internal-audit-agency-strategy-2023-26-and-plan-2023-24)

Our values and behaviours

Our values and behaviours underpin everything we do. By living our values and embodying our behaviours every day, we will achieve our strategy and work towards realising our Vision 2026.

Values

Our GIAA values are trustworthy, collaborative, principled, respectful, and professional.

Behaviours

We embody our values through our GIAA behaviours and that we are:

- quality driven
- customer focused
- visionary
- (we act) in the public interest
- honest
- enabling
- inclusive
- responsible
- team players
- appreciative

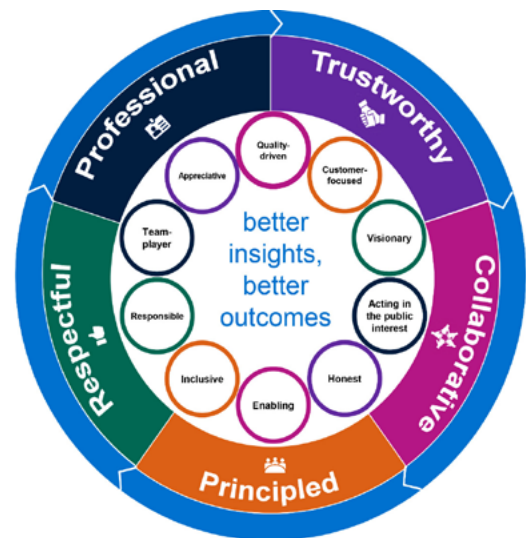


Figure 2: GIAA values and behaviours



Our services

Internal audit activities

At GIAA we support our customers to understand, manage and deliver better services. The insights we provide support government to operate more efficiently and effectively, improving outcomes for service users and ensuring better use of public funds.

Assurance services

Our assurance services provide independent and objective assessment of the effectiveness of our customers' governance, risk management and control arrangements.

Consulting services

Our consulting services advise our customers how to improve and develop governance, risk management and control arrangements for new or emerging areas of work, where there is significant change, or 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 elevating our quality and impact.

Our specialist services include:

- digital, data and technology
- programme and project management
- commercial and procurement
- grants

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 and other parts of the UK.

Counter fraud and investigation services

Our counter fraud and investigation service is recognised as a centre of excellence. We provide high quality and cost-effective services for our customers to enhance their counter fraud response and ensure responsible financial stewardship. Our specialist counter fraud and investigation services include:

- investigation
- risk assessment
- tailored counter fraud detection
- whistleblowing and raising a concern
- development of counter fraud campaigns
- supporting our customers with the implementation of the requirements of the Government Functional Standard (GovS013 Counter Fraud)

Innovation and data analytics

Our work developing and embedding artificial intelligence (AI) places us at the forefront of this emerging technology in internal audit. Our AI tools enable a person to read hundreds of documents at speed by summarising, collating, and analysing content. Using AI in this way means that insights and data can be extracted quickly and trends spotted. Understanding these trends, creates greater opportunities for cross-government collaboration and learning. This creates potential for improved public services, ultimately providing better value for the taxpayer.



Our organisational structure

GIAA is led by a Chief Executive, who is supported by our Executive Committee (ExCo) and our Agency Board.

In 2023-24 our customer base was 15 of the 17 central government departments. These departments (shown in Figure 3 below) along with over 130 government arm’s length bodies are grouped into operational directorates to ensure the best outcomes for our customers. In turn, our operational directorates are supported by our enabling functions.

On 31 March 2024, we had 487 full time equivalent employees, with the majority working in customer facing internal audit and counter fraud and investigation roles.

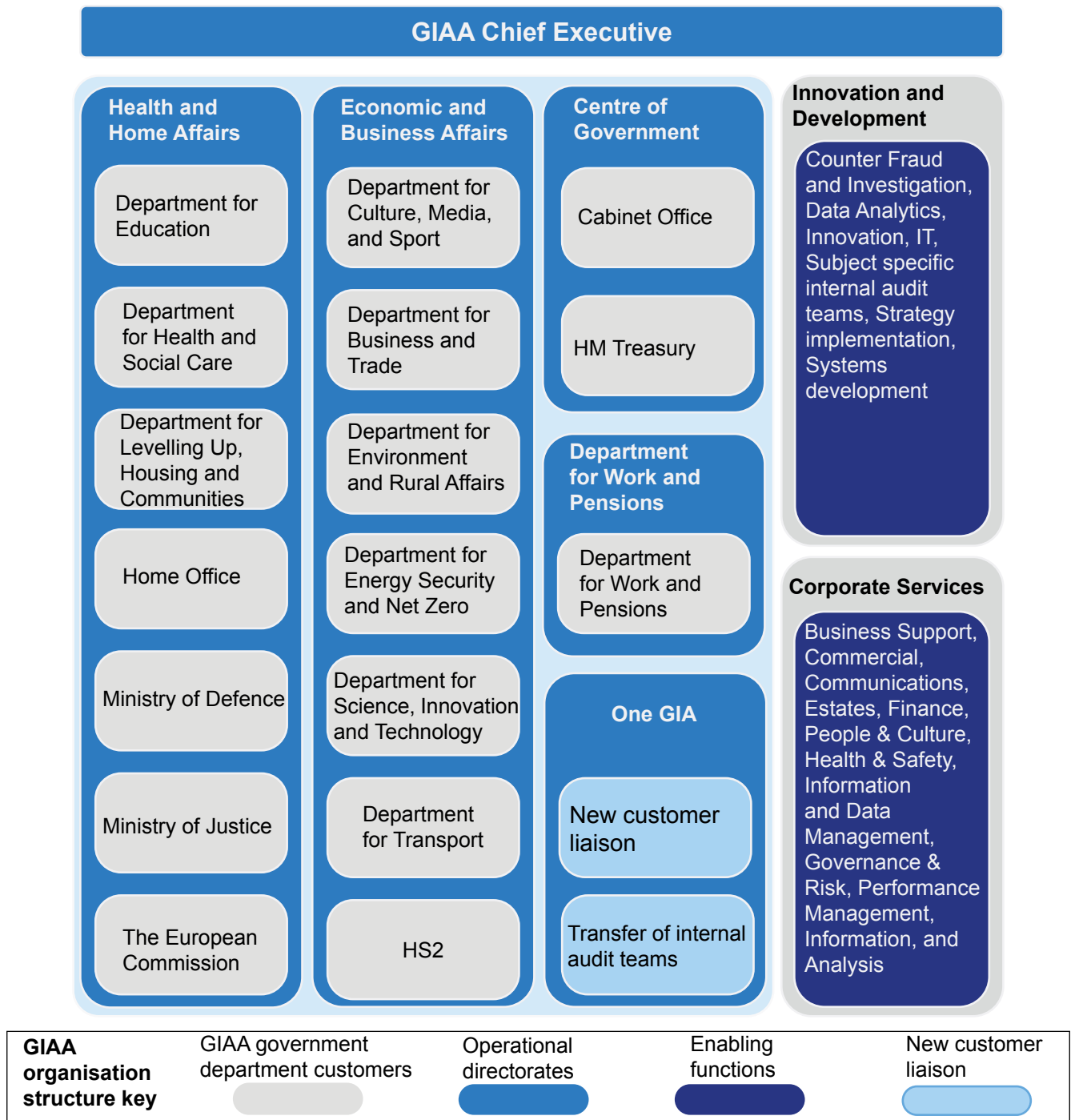


Figure 3: GIAA Organisational Structure

A full list of all customers is available on [gov.uk/government/publications/giaa-customer-list-2022-23](https://www.gov.uk/government/publications/giaa-customer-list-2022-23)

The organisational operating structure will change from July 2024 following a review to ensure we are continuing to deliver the maximum impact and benefit for all our customers.

- A newly formed Defence, Home and International directorate will include teams who provide services to the Ministry of Defence (MOD), Home Office, and our Foreign, Commonwealth and Development Office (FCDO) affiliate member.
- The Health and Home Affairs directorate will be renamed the Directorate for Citizens, Community, Constitution and Care to reflect the services and remits of the customers.
- To reflect the existing relationships and joint work currently underway, our affiliate member HM Revenue and Customs (HMRC) will sit alongside the Department for Work and Pensions.

GIAA priority outcomes

The Performance Analysis section of this report outlines how we have performed against each of our five strategy strands set out in our Strategy 2023-26 and how we have delivered against our Spending Review 2021 commitments. These commitments include:

- the on-boarding of the remaining three government departments to receive their internal audit service from GIAA (MOD, HMRC and FCDO)
- delivering structural pay reform
- our investment in technology including data analytics and robotics to increase our efficiency and productivity

(Full details are available in the Performance Analysis section on p19).

Managing our principal risks

Along with all organisations, we face risks in the delivery of our strategy and core functions. We actively manage our strategic risks to make best use of public money, maximise our performance and achieve our objectives.

We have identified principal risks to the delivery of our strategic objectives. Details of these risks, including examples of the actions we have taken to address these are available from p43 of the Performance Analysis section.

Going concern basis

The financial statements have been prepared on a going concern basis in accordance with the Government Financial Reporting Manual. We operate as a going concern with our operating costs met through fee payments from our internal audit, counter fraud and investigation and European customers. We are also in receipt of a small amount of Supply Funding from our sponsoring department HM Treasury and funding that was part of our 2021 spending review settlement (SR21). This Supply Funding has supported the Agency to form and mature. Full details are available in our financial accounts on p96.

Our Supply Funding from HM Treasury will reduce in 2024-25. We have known that this will be the case as it is in line with our Spending Review 2021-2025 settlement with HM Treasury. As part of our strategy 2023-26 and priorities set out in our annual corporate plans, we have developed and begun to implement a programme of efficiencies and smarter ways of working. Our latest forecast anticipates that we will break even and remain financially viable.

Quality of our work

We deliver our internal audit work in accordance with Public Sector Internal Audit Standards (PSIAS), and our audit methodology is focused on ensuring that we meet those standards. We undertake regular internal quality assessments of our work with external assessments taking place every five years. As a result of our last External Quality Assessment (EQA) in 2019, we were judged as 'Generally Conforms'. This is the highest rating achievable. We anticipate our next EQA to be held in 2025 following the implementation of the new Global Internal Audit Standards.

Similarly, we deliver our counter fraud and investigation services to customers in accordance with, and in support of, the Government Functional Standard for Counter Fraud (GovS013).

External awards and commendations:

The achievements of GIAA colleagues and teams and the impact of their work has been recognised by many external bodies.

- Group Chief Internal Auditor, Steve Hodgson, won the Iain Rolland Memorial Award for outstanding contribution for internal audit at the 2023 Government Finance Function Awards
- Our Innovation and Development team won the Business Innovation Award, also at the 2023 Government Finance Function Audit and Risk Awards
- Our Innovation and Development team won a Highly Commended award for the Outstanding Team - Public Sector in the 2023 Audit and Risk Awards
- Our counter Fraud and Investigation colleagues were short listed as Outstanding Team in the prestigious Tackling Economic Crime Awards
- Counter Fraud colleagues Alison Atkins and Graeme Bowers were jointly awarded as "Government Counter Fraud Profession Members of the Year" at the Public Sector Counter Fraud awards 2024. Both colleagues share this honour with a criminal investigator from HMRC
- Our Data Analytics team won the HM Treasury Information Services (TrIS) Innovation of the Year award, for the development of our Insights Engine, with the judges commenting that their work is 'a pioneering example of innovation using new technologies to drive more efficient delivery across the organisation
- Our IT specialist, Andy Mills, was also highly commended in the TrIS Innovation of the Year awards for his work implementing a digital solution for our One GIA team
- We received Gold accreditation for the Investors in People 'We invest in apprentices' standard
- Also, in the 2023 Audit and Risk Awards, director for Health and Home Affairs, Aneil Jhumat was a finalist in the Inspirational Leader category

Performance analysis

This section tells you about how we monitor our performance and the progress we have made in delivering our strategy, including those areas that we chose to focus on in 2023-24. We also provide an analysis of the risks that could affect the delivery of our strategy and some examples of actions we have taken to mitigate these risks during the year. Finally, we have included some additional performance information, including information we hold in relation to sustainability, our impact on the environment and the actions we have taken or plan to take to minimise that impact.

How we measure our performance

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

- a) The delivery of our strategy implementation programme – several initiatives and pieces of work that are particularly important to the delivery of our strategic priorities – to ensure they are being delivered to time, at agreed cost and to a high level of quality.
- b) We also monitor our organisational performance using a ‘balanced scorecard’ approach that identifies several key performance indicators against four main aspects of our organisation: the value we add to our customers; our people and organisational culture; the efficiency of our processes; and our financial health.



Delivery of our strategy (by strand)

Each year, we publish our 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 our overarching vision.

In May 2023, we published a new strategy that sets out the steps we would take over the next three years to achieve our vision for 2026. Within the strategy, we also agreed some priority areas of focus for 2023-24 aimed at those areas that would help us increase our impact, even our audit delivery, achieve efficiencies and improve our culture. We were deliberately ambitious, accepting that some of the actions for 2023-24 would need to be continued into the following year.

Our new vision and strategy have retained a set of five strands, each led by a director as a Senior Responsible Owner who is responsible for its delivery. Progress was monitored throughout the year through a strategy implementation programme that reported regularly to our Executive Committee and to the Board.

The information in the following tables sets out (from left to right): our vision for each strand; the priorities we identified for 2023-24 to support the delivery of that vision; and a short summary of the progress we made in delivering against each of these priorities. Below each table we have also included a short narrative on our areas of focus for 2024-25.



Vision strand: IMPACT

Vision 2026	Priorities in 2023-24	Achievements
The Risk Control Framework for government is clear and effective	Evolve our audit methodology to incorporate the Risk Control Framework for government and its use within our audit work and opinions.	Following publication in May 2023, the framework we have integrated the Risk Control Framework to our audit programme planning work which will flow through to the annual opinions we provide to customers in 2024-25.
Our customers reap the benefits of our unique cross-government position	Further invest in the work of our central insights team to enhance and personalise our cross-government insights and products for the customer.	We undertook six thematic, cross-government reviews this year that looked at a broad range of topical subjects, including how government identifies, deploys and monitors efficiency programmes, and departments' support for the government's Net Zero ambitions. We also held a series of panel discussions in which we considered our evidence-based findings with guests from other government organisations.
We advocate and influence	Refine and embed our customer impact framework to identify and promote where our work has the greatest impact.	We have continued to use our existing customer impact framework to seek the views of our customers. Customer value is also one of the four quadrants of the balanced scorecard that we use to monitor performance and further information about the feedback we have received during the year; this is included later in this section. Further refinement of our customer impact framework, to ensure we are receiving accurate and timely feedback from all our customers, remains ongoing.
We are one government internal audit	As part of our One GIA programme, fully embed the internal audit services for the Ministry of Defence; develop our international offer with the Foreign, Commonwealth and Development Office (FCDO); and launch implementation plans HM Revenue and Customs (HMRC) and FCDO.	The internal audit team of the Ministry of Defence has now been part of the GIAA since 1 April 2023. A detailed lessons learned review of the team's transition into the Agency was also undertaken. At the end of the year, our programme team reached agreement on a professional joining with the audit team from the FCDO. A similar agreement in principle was also reached in March 2024 with the audit team from HMRC.

What's next?

Ensuring that our work continues to be seen as relevant and of value to customers is critical to us delivering IMPACT and our overall mission of 'better insights, better outcomes'. Linked to this is our need to ensure we meet our planned commitments for all customers. This year, we have sought to mitigate our delivery risks with closer monitoring against quarterly targets (discussed later under 'performance measures') and have also taken steps to personalise more of our cross-government work to individual customers.

In 2024-25, more of our cross-government work will be delivered in a way that enables us to capitalise on the local knowledge of our individual departmental teams. In response to customer feedback, we will also aim to further share our existing audit work by incorporating more benchmarking and comparable insight in a selection of the most common themes included for review across departmental plans.



Case study: our IMPACT

Supporting the Ministry of Justice to achieve rapid digital change...

We pride ourselves on developing strong and effective working relationships that support our customers with the many challenges they face.

One of those challenges is the ongoing and rapid review of many processes and programmes across the public sector. By ensuring we are at the heart of the rollout of these large scale changes (rather than just at the conclusion) we can work with customers at pace to help embed confidence in the reliability of new systems and ensure improved user experience.

Our internal auditors in our Ministry of Justice (MoJ) team were able to add value for our customers across many areas of their remit.

An example of this includes a review of the processes and the quality of documentation, for independent decision makers, to ensure public protection risks are managed. This was an extremely complex review of a high-profile area of work that involved many stakeholders, it was politically and reputationally sensitive and was identified as a key risk for the two major public bodies within the Justice system.

Delivering the review, our MoJ internal audit team developed an innovative approach that drew on data analytics to enhance their findings.

The outcome of this review was recognised by senior leaders as being impactful and value-adding. It also resulted in the team members receiving an internal GIAA Value Award for their work.

Case study: our IMPACT

Assessing AI governance maturity...

Recognising the rapid emergence of generative artificial intelligence (AI) and the opportunities and risks associated with its use across government, we undertook an advisory piece of cross-government work this year that assessed departmental AI governance maturity.

Our specialist team collaborated with the Central Digital and Data Office (part of the Cabinet Office) to align our approach with the Government AI strategy and the Generative AI framework for Government. The ten departments involved were each provided with a tailored report to understand their AI governance maturity and recommendations to facilitate improvement.

Our work asked whether there was an agreed definition of AI and strategy for its use, whether there is an effective approach to identifying AI use in high-risk scenarios and whether governance for AI has been defined and accepted by senior leaders. Through our own research, we established an AI governance maturity baseline, against which we assessed departments in twelve areas, including level of AI usage, strategy, risk framework and roadmap for future developments.

We consolidated themes arising from this work in a cross-government report, enabling departments to benchmark their AI governance maturity. We highlighted areas of good practice, including a departmental automation blueprint and AI quality assurance framework, and published question sets and high-risk AI use indicators to enable executives and audit committees to seek assurance around AI governance in their organisations.

We highlighted the key findings emerging from our work at a joint webinar in November 2023, alongside an overview by the Government Chief Technology Officer of the Generative AI Framework for Government.

Vision strand: PEOPLE

Vision 2026	Priorities 2023-24	Achievements
We are a strong, diverse and inclusive community	Partner with specialist mental health and business disability organisations to identify our current workplace barriers and implement change to improve inclusivity and awareness.	Our focus in 2023-24 has been the support we offer to our people's mental wellbeing in the workplace. This includes our commitment to reducing any stigma associated with mental health, promoting a culture of acceptance and support and providing mental health awareness training to both employees and managers. We were proud to be awarded a 'Bronze' award in the charity Mind's wellbeing index - a benchmark of the best policy and practice used by organisations to support and enable good mental health at work. Work on refreshing our people policies has progressed and remains ongoing.
	Refresh our people policies and processes so that we have fair, consistent, equitable and inclusive frameworks that support our people.	
	Act on three areas in response to our 2022 People Survey: (i) leadership and management; (ii) wellbeing; and (iii) learning and development, linking to related actions in this plan. In particular, champion our 'speak up' campaign and so further a culture of safety, trust and openness.	
We empower our people to develop along clear pathways	Launch and embed a new 'coach and focus' approach to performance and talent management that helps our people develop further.	'Coach and focus' has now successfully embedded and is supporting the further development of our people.
Our strong brand and great employee offer attract and retain the best people	Develop GIAA's employee value proposition to amplify interest in our organisation and our presence in the labour market.	We have continued to develop our employee value proposition and focused on broadening our reach into the labour market, to ensure we are attracting high quality candidates to apply for our roles. Our work implementing changes to our pay strategy was also recognised in the Civil Service People Survey results with the 'pay and benefits' theme seeing a 15-percentage point increase from the 2022 survey.
	Implement the changes to our pay structure as agreed and continue to focus on balancing pay and reward with affordability.	

Vision 2026	Priorities 2023-24	Achievements
We keep ahead in the skills we need for the future	Review our job descriptions and spans of control to support informed recruitment and onward workforce planning.	This work remains ongoing and will support the development of a new workforce strategy that is one of our corporate priorities for 2024-25.
	Implement a flexible staffing team that supports a more responsive deployment of our resources and helps alleviate delivery pressures.	We established this year a new audit response team – a ‘pool’ of internal auditors who are flexibly deployed to cover resourcing gaps. We are extending our implementation of flexible resourcing in 2024-25, as part of our drive to be more efficient and ensure more consistent delivery of services across the whole year.
	Review our organisational design to be ready for new customers and teams in 2024	This year we have implemented a realignment of teams following the machinery of government changes announced in February 2023, which subsequently created four new government departments. We also created from 1 May 2023, a new director role for the Centre of Government Group (including HM Treasury and the Cabinet Office). This was in response to those departments wanting a broader audit offer to reflect their responsibilities in a range of complex cross-government programmes.

What’s next?

Throughout the year, we have continued to mitigate against the risk that we are not able to attract or retain a sufficient level of resource, with the right capability to deliver for our customers. A priority has been to define our employee value proposition, to ensure that we can be competitive in the labour market and an attractive employer to high quality professionals. We have also sought to widen our talent pool, by offering opportunities to access internal audit roles, to those who may be part qualified but have other relevant skills and experience. Our work to promote our employee value proposition will continue to be a priority in 2024-25.

Resourcing constraints have impacted on delivery, particularly our ability to deliver our audit work more evenly across the year and ease pressures at the end of the year. This year, we established an Audit Response team, designed so that the team’s resource could be deployed more flexibly in response to customer demand. In 2024-25, we want to go further and faster by establishing a more flexible resourcing model that encourages greater collaboration across teams and improves the productivity of our workforce across the whole financial year. While this approach changes established ways of working, once successfully delivered it will help ensure that we are fully delivering the benefits of a consolidated internal audit service for government, more efficiently and at an overall reduced cost to the taxpayer.

Case study: our PEOPLE

Celebrating the success of our people...

Throughout all our work, we embrace the GIAA values. This includes recognising the success of our people through our own GIAA Values Awards with nominations made by colleagues and peers. Our award categories reflect GIAA Values with an additional award, the Grand Prix, being presented for outstanding contributions to the Agency.

This year's winners, for each of the 5 categories and Grand Prix are:

- **Collaborative:** The Data Analytics team, for their pioneering work advancing data analytics and AI to support the delivery of internal audits. (The team members for 2023-24 were Rida Ahmed, Kelvin Chilvers-Jones, James Gjertsen, Andreas Gregoriou, Katy Morgan, Lauren Petrie, Joe Ryding and James Tripp)
- **Principled:** Tony Smith, Howard Grieves and Tony Wills for their outstanding internal audit on 'Higher Education Operational Assurance'
- **Professional:** Pay Reform and Pay Award team for the implementation of pay reform for the Agency. (The team members for 2023-24 were Gemma Davies, Alison Hamer, Hazel Harris, Glyn Ellis Hughes, Jess Lewis, Alex Mason, Paul Sayce, Kelly Thomas, Kirsty Williams and Victoria Williams)
- **Respectful:** Gary Wilkin for his passion and commitment to the GIAA LGBTQ+ Equality, Allies & Members (GLEAM) network and active and vocal support of the Women in GIAA (WiG) and GIAA Ethnic Minority (GEM) networks
- **Trustworthy:** Jeff Bird and Marcus Ponting for their work supporting a cross-agency review for a politically sensitive and high-risk area of work
- **Grand Prix:** Lauren Petrie, Head of the Data Analytics Team for her outstanding contribution

Vision strand: QUALITY

Vision 2026	Priorities 2023-24	Achievements
<p>Our consistent high quality enhances customer trust</p>	<p>Clarify what high quality means in terms of our approach, method and products, to improve consistency, with a view to reassessing quality assurance approaches from 2023-24.</p>	<p>This year our Quality Committee developed a new quality assurance framework, that sets out how we provide consistent and reliable assurance of our audit work. We have also maintained a focus on achieving more consistent use of TeamMate+ across all our operational teams. This work remains central to our preparations for the Agency’s next external quality assessment in 2025.</p> <p>We responded to the consultation on the revised global internal audit standards and will continue to assess the impact of the standards on the delivery of our work until they come into effect from 1 April 2025.</p>
	<p>Evaluate the extent to which our methodology and use of TeamMate+ (our audit management system) are being consistently applied and provide targeted support with a particular focus on the initial stages of audit work.</p>	
	<p>Review our methodology in the light of revised international standards and new Risk Control Framework and adjust as necessary.</p>	
<p>Our methods are modern, our advice timely, our products succinct and accessible</p>	<p>Evolve our reporting products, including our annual customer opinions, in a way that reflects customer feedback and is aligned to our agile techniques and the new Risk Control Framework.</p>	<p>Our audit planning work has been aligned to the Risk Control Framework and we will continue in 2024-25 to reflect this within our annual opinions to customers. We have also been piloting a new engagement report template with the aim of improving the presentation of information and conveying our findings in a shorter, more effective way.</p>
<p>Our services are integrated, comprehensive and bespoke for our customers</p>	<p>Further integrate our counter fraud and investigation services into our core offer to customers.</p>	<p>We have continued to develop our counter fraud and investigation services to our customers and integrate that service within our assessment of governance, risk management and controls across government.</p>
<p>We are thought leaders in internal audit and counter fraud</p>	<p>Continue to engage with relevant professional bodies, seeking opportunities to promote GIAA, to learn and to influence.</p>	<p>Part of our work in this area has included capitalising on opportunities to collaborate with other government functions as well as the Risk Centre of Excellence within HM Treasury.</p>

What's next?

We continually seek to improve the quality and impact of our work. We are, for example, continually monitoring and assessing compliance with professional standards as well as whether our engagements have been delivered, according to agreed ways of working. This quality assurance work includes peer review of audit plans, the sample testing of work against agreed standards and using technology and management information to flag any areas of non-compliance or concern. This work will continue alongside preparations for our external quality assessment in 2025 and this will be an important area of focus in 2024-25.

In our leadership of the internal audit function, we also have a responsibility for improving the quality and impact of audit work across the whole of government, including audit services that are currently being provided by teams outside of the GIAA. One of our priorities for 2024-25 is to provide a clearer articulation of a future audit delivery model for government through a new vision and strategy for the whole of the government internal audit function. We will consult widely on this piece of work during the first half of 2024-25, including with our people and the wider profession outside of the GIAA, our customers and those delivering internal audit services to the private sector.



Case study: our QUALITY

Ensuring responsible financial stewardship...

Our Counter Fraud and Investigation team (CF&I) investigates allegations of internal fraud and other serious abuse within government organisations. Investigations are complex and diverse. They can involve cases where it is appropriate to conduct the investigation, in partnership with other business areas or enforcement agencies.

One significant investigation stemmed from an allegation of irregularities in the payment of invoices to an organisation's supplier. The organisation received a seemingly legitimate request to amend a supplier's bank details. After the amendment, a payment of more than £120,000 was made. However, the genuine supplier later reported non-receipt of the payment and clarified that they had not requested any changes to their bank details. The nature of the incident suggested a targeted and sophisticated attack, likely orchestrated by an individual or an organised group familiar with the relationship between the organisation and the supplier. CF&I led the internal investigation to determine any potential insider involvement, while maintaining overall oversight and support across the partnership.

The CF&I investigation concluded that there was no direct insider involvement. The payment irregularities resulted from a bank mandate fraud caused by a third-party phishing attack on the supplier. However, the investigation revealed that proper procedures, best practices and due diligence were not followed when processing the request to change bank details.

CF&I's role extends beyond mere investigation; we support organisations in strengthening their counter fraud measures. In this instance, CF&I collaborated with the affected business areas to offer fraud awareness sessions. These sessions focused on potential fraud indicators to help identify similar attacks in the future. Additionally, CF&I informed the department's Internal Audit team to facilitate a review of the control environment. Consequently, the organisation introduced enhanced controls and verification requirements to mitigate the risk of similar frauds occurring in the future.

This case highlights the importance of vigilance and the need for robust procedures to prevent fraud. CF&I remains committed to protecting the integrity of government organisations through proactive investigation and collaborative prevention efforts.

Case study: our QUALITY

An effective risk control framework...

Each government organisation has an accounting officer to oversee their organisation's outputs of services, policies, aims and objectives. The accounting officer also ensures that these outputs comply with rules and guidance, so that they are delivered to a high quality and use public funds efficiently.

We work closely with accounting officers to ensure the effective delivery of their organisation's outputs. This includes identifying any existing, new or emerging risks that impact on the delivery of these outputs. As internal auditors we provide an annual opinion for each accounting officer. This annual opinion is underpinned by an assessment of these risks.

As we look for ways to continuously improve our services, we identified the value in developing a Risk Control Framework that supports our annual opinion through a more consistent assessment of risk.

We worked closely with HM Treasury's Officer of Accounts and the Risk Centre of Excellence to develop a framework that not only helps our customers identify which measures they need to adopt to control their risks, but which also provides the accounting officer with the framework to assess the effectiveness of these measures. This supports the accounting officer to have greater confidence that risks are being managed effectively. You can read more about the Risk Control Framework in the government's 'Orange Book' ([gov.uk/government/publications/orange-book](https://www.gov.uk/government/publications/orange-book)).

By integrating the Risk Control Framework into our annual opinion, we will be able to provide a narrative for an accounting officer that demonstrates how their organisation is managing risks effectively. With effective risk control comes greater confidence in their organisation.

With this confidence comes trust. Each organisation can concentrate on delivering their services, achieving more outcomes for their customers and getting more value from their public funding.

Vision strand: INNOVATION

Vision 2026	Priorities 2023-24	Achievements
<p>We develop and adopt the latest technology across our work</p>	<p>Further embed our systems (TeamMate+, Tempus Resource and Insights Engine) through training and by reviewing compliance, to improve our effectiveness and efficiency; continuously improve our systems in response to feedback.</p>	<p>A focus for this year has been the development of our three AI enabled engines to enhance efficiency, improve productivity and promote digital transformation.</p> <p>Our Risk Engine helps our people to articulate risk, starting with a business objective and works collaboratively with them to think divergently about possible causes of not meeting that objective.</p> <p>Our Writing Engine uses GPT-3 AI to take information from our audit management system and substantially reduce the manual effort in report writing.</p>
<p>We are all engaged in innovation</p>	<p>Enhance and extend our use of data analytics, robotic process automation, and self-service applications, and lay the foundation for exploiting machine learning to improve productivity.</p>	<p>Finally, our Insights Engine enables our people to read hundreds of documents and extract insights, including using AI to conduct sentiment analysis, to identify best practice and opportunities for improvement.</p>
<p>We network, collaborate and partner with purpose</p>	<p>Research and develop continuous (near real-time) auditing using technology; pilot this approach with a customer to enhance our service offering.</p>	<p>We continue to research the benefits of continuous auditing. This work will continue into future years with the development of a customer pilot that will enable us to evaluate controls managing risks in government operations by using near real-time data to detect deviations from accepted measures.</p>
<p>We are innovation leaders in our field</p>	<p>Promote our innovations to other parts of government by presenting at conferences, contributing to appropriate publications and building networks.</p>	<p>Our engines are leading the application of AI in the internal audit profession globally, with us winning several awards for our work. We are also increasingly sharing use of these tools with other parts of government, who are similarly interested in the efficiency savings they can deliver.</p>

What's next?

As with the introduction of all new technology, we will continue to adopt a phased and measured approach to the use of our AI tools. This includes continued testing and iteration of our Writing Engine to write engagement reports, so that we can fully test the efficiency gains from using the tool. We will ensure that it is also able to deliver an equivalent or better level of consistent quality. This approach will also help us mitigate the risk that our people will find changes to established ways of working difficult to accept, which would then lead to us not being able to realise the benefits of the tools for both us and our customers. Embedding the use of all our digital AI tools will continue in 2024-25.

Collaborating in the UK and internationally...

Our unique position to provide insight across government, and our use and adoption of AI to support our service delivery, is attracting attention.

In 2023-24 we presented our work to:

- the Independent Parliamentary Standards Authority (IPSA)
- the Cross Government Assurance Network
- a delegation from the Vietnam State Treasury to assist them with establishing their own internal audit delivery model
- a delegation from the Singapore Ministry of Finance who were interested in our use of AI, our cross-government insight programme and our approach to quality assurance
- a delegation from the South Korean Public Finance Information Service and Ministry of Economy and Finance who were keen to learn from our expertise in counter fraud and investigations

Vision strand: FIRM FOUNDATIONS

Vision 2026	Priorities 2023-24	Achievements
We do the basics well all the time	Ensure the importance of good practice and compliance by all is reflected throughout our policies and processes.	This is an ongoing priority ambition. While compliance with our systems and processes has improved in some areas, further work is required to ensure a consistent level of improvement across all teams.
We are an exemplar of good governance, risk management and internal control	Implement a single suite of management information that helps flatten our internal audit delivery curve and provides related information on resources and quality to inform where action needs to be taken.	Our suite of management information now provides a clearer picture of how the Agency is operating and is supporting more robust decision-making. This includes information on compliance with methodology and audit processes, live data on the proportion of time our operational teams spend on customer-facing activity and more accurate and timely information about our resources and how they are being used.
	Implement the new Risk Control Framework for government within GIAA as a demonstration of good practice and to improve our own risk management and internal controls.	The Risk Control Framework was successfully implemented this year, enabling us to ensure that all codes, standards and regulations that apply to GIAA are captured in a complete assurance picture.
We have a robust financial position with a business development mindset	Deliver our efficiencies programme while also cultivating a culture that prioritises a continuous improvement mindset.	We are responding to the government's challenge of increasing public sector productivity back to pre-pandemic levels to deliver wider fiscal benefits to the UK economy. This year, we established an efficiencies programme to identify opportunities for us to operate more efficiently and at a lower cost, including with a more flexible resourcing model. The programme is also helping us to absorb inflationary pressures and reduce passing those costs on to our customers.
	Implement a flexible staffing team in a way that effectively uses our resources and helps alleviate delivery pressures.	

Vision 2026	Priorities 2023-24	Achievements
Our processes and systems are lean, intuitive and secure	Review and re-design (where required) our corporate processes, including looking at options for robotic process automation, to ensure they are user-friendly and efficient.	Our efficiencies programme this year included a strand that is identifying innovative ways in which we can streamline our corporate processes to ensure people have more time to undertake customer-facing and value-adding work. This work is ongoing.
	Further develop our understanding and approach to information, data and cyber security.	The security of our people and the information we hold has continued to be an area of focus. This year we completed stages 1 - 4 of the new Cyber Assessment Framework (GovAssure) for our audit system and undertook phishing exercises to test out security awareness and readiness.
Our offices are modern, smart and green, reflecting the value we place on our people	Scope opportunities for using GPA hubs; smarten existing offices where practical.	We are continuing to review our current estates strategy considering civil service-wide commitments on in-office working and the ambition to base more civil servants outside of London and the South-East. We are also looking at options to further consolidate and improve our estate footprint to encourage more face-to-face collaboration between our people and with our customers.

What's next?

So that we can achieve financial sustainability in 2024-25 and subsequent years, we will need to balance our levels of service, our fees, and our impact. To mitigate the risk of this impacting on our quality we are already introducing changes to our ways of working for service delivery to become more efficient and increase productivity. Supporting this has been the introduction of a new cost model that applies more robust commercial and cost recovery principles to the fees we charge our customers. The delivery risks of doing this are being mitigated through the implementation of a more flexible resourcing model. This will help us meet customer demand more effectively and ensure our resources are more consistently used across the whole of the financial year.

Performance measures

We have developed our performance measures with the four quadrants of a balanced scorecard in mind. This ensures we remain focused on the key questions that we will be asking ourselves to ensure we are delivering improved performance. The quadrants relate to the value we add to our customers; our people and organisational culture; the efficiency of our processes; and our financial health.

Our balanced scorecard dashboard can be seen below:

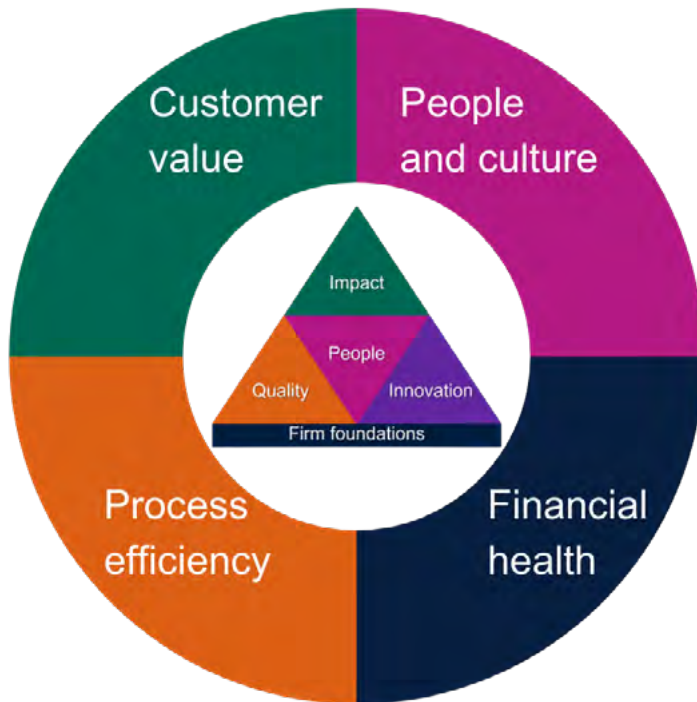


Figure 4: GIAA balanced scorecard

Customer value



Using our customer impact framework, we seek the views of our customers on our performance in three key ways:

- the annual functions' quality survey led by the Cabinet Office
- our own senior customer stakeholder interviews and
- individual engagement customer satisfaction questionnaires.

Our aim is to see continued improvement in how our work and impact is regarded.

The functions quality survey was undertaken between June and September 2023. This targets senior civil servants across government and their experiences of engaging with cross-government corporate functions. This year, internal audit **improved** its rating to become the fourth highest function (out of 10) across a range of quality dimensions within the survey. While there was some variation in the feedback provided by individual departments, nearly all either improved or maintained their ratings from the 2022 survey. The freeform commentary of the survey also praised the professional challenge offered by internal audit, though noted that more focus was needed to ensure impactful recommendations that drive efficient improvement to business outcomes.

Senior customer stakeholder interviews are periodically conducted by GIAA. These follow a semi-structured format that capture customers' experiences of GIAA's service and identify areas where that service could be improved. In 2023-24, **50** interviews were completed. Our analysis of recorded responses from these interviews indicated **85%** 'positive' responses (i.e. where the respondents scored 7 or more out of 10) on GIAA's impact on business and **89%** 'positive' responses in relation to our capability and knowledge. In response to the question 'How would you rate your experience of working with GIAA?', senior customers on average gave a rating of **7.94** out of 10. This was a marginal decrease from the average of **8.11** in 2022-23 and **8.02** the year before that.

Average scores across the five categories for semi-structured interviews were broadly consistent, as indicated below. This includes the Net Promoter Score (NPS) – the likelihood that the customer would recommend our services to others.



Graph 1: Average scores in the five categories of the semi-structured interviews

Feedback from senior customer stakeholders is an important part of evaluating our impact. In 2024-25, we will be reviewing our approach to these meetings to ensure they are being held more regularly with a greater proportion of our customers.

Customer satisfaction questionnaires (CSQs) serve to gather feedback from customers on individual engagements undertaken by GIAA. On completion of engagements, relevant contacts within the customer organisation are asked to complete a CSQ. The CSQ is a short online 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.

In 2023-24, we received **1,034** completed CSQs with **79.7%** of customers declaring themselves satisfied with scores of 8 or better out of 10. This is a slight improvement on the **78.1%** of customers who declared themselves satisfied in 2022-23. The return rate for CSQs also remained consistent with on average, **50%** of CSQs issued being returned. A focus for next year is to improve this return rate to ensure we are receiving more timely feedback from all customers.

In 2024-25, we will seek to increase the insight we draw from our methods of customer feedback and to continue directly linking this to our objectives on continuously improving our quality. It will also drive our commitment to provide more innovative and sustained promotion of cross-government insights, more consistently across all aspects of our services. Further information on our progress can be read in the Impact delivery strand report (page 21).



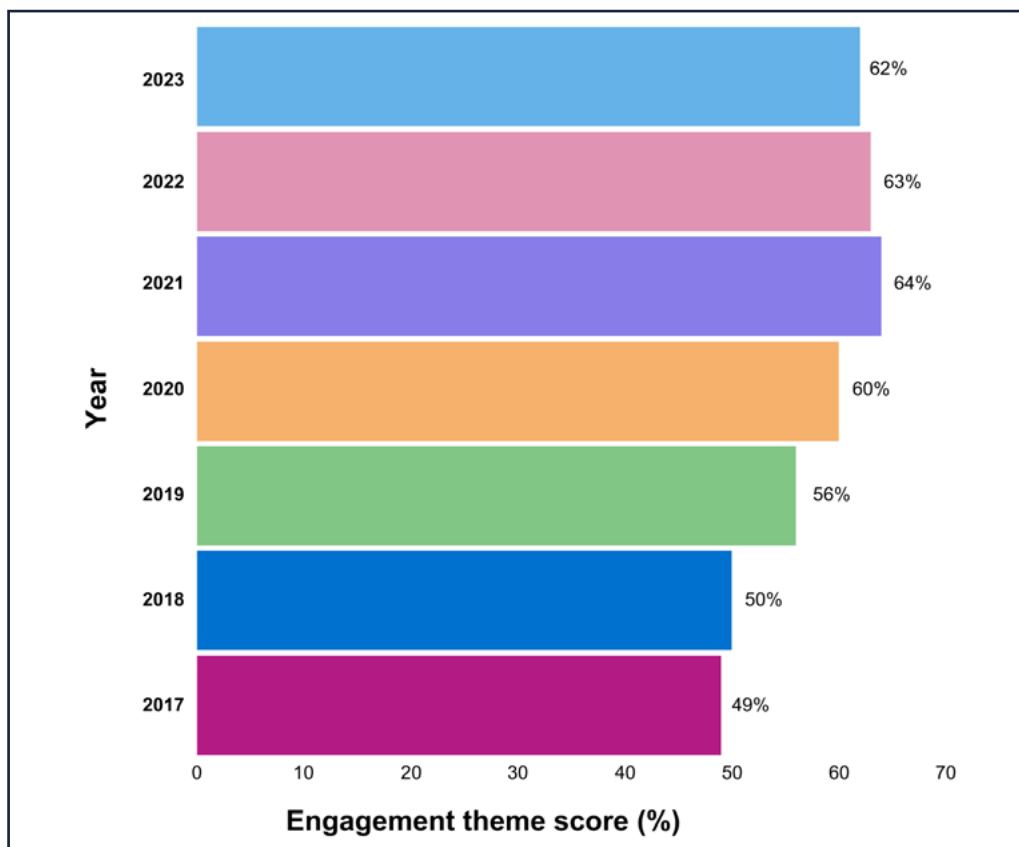
People and culture



We are a people-focused organisation – our people and organisational culture is central to how we provide services for our customers. Allowing our people to thrive, develop and deliver is also at the heart of our vision and organisational strategy. We measure the health of our workforce in several ways, to ensure we have a sufficient level of people resource, with the right skills and capability, to provide a service for our customers. We are also focused on measuring the productivity of our workforce, to ensure that we are delivering our services to customers, in the most effective way possible. Underpinning these measures sit our organisational values that create positive culture and behaviours.

The Civil Service People Survey is an important measure of our people’s experience of working for GIAA. Carried out annually across government, the survey looks at attitudes to, and experiences of, working in government. We use the survey to monitor levels of staff engagement and identify where areas of additional focus might be needed. Our response rate for the 2023 survey was **82%** – significantly higher than the overall response rate for the Civil Service of **65%**.

Our overall engagement theme score assesses the extent to which our employees are committed to our goals and values, and are motivated to contribute to our success. This fell by one percentage point in 2023 to **62%**, which was in line with the overall engagement score for the civil service that also fell by one percentage point to **64%**. Our engagement score has improved overall since 2017, as indicated below:



Graph 2: GIAA engagement theme score from the Civil Service People Survey

The calculation of the engagement index is covered in this Technical Summary for the People Survey: gov.uk/government/publications/civil-service-people-survey-2023-results/quality-and-methodology-information-for-the-civil-service-people-survey-2023.

Outlined below is our performance across the other nine core themes of the survey:

- My work – **80%** (three percentage point decrease on 2022 results)
- Organisational objectives and purpose – **87%** (one percentage point decrease on 2022 results)
- My manager – **79%** (two percentage point decrease on 2022 results)
- My team – **79%** (five percentage point decrease on 2022 results)
- Learning and development – **60%** (one percentage point decrease on 2022 results)
- Inclusion and fair treatment – **82%** (one percentage point decrease on 2022 results)
- Resources and workload – **76%** (two percentage point decrease on 2022 results)
- Pay and benefits – **41%** (15 percentage point increase on 2022 results)
- Leadership and managing change - **60%** (seven percentage point decrease on 2022 results)

We have considered the results of the survey and identified some areas of focus that have fed into our corporate plan priorities for 2024-25. These included further developing the leadership and management capability of our people, a renewed focus on culture and behaviours, and further developing the breadth of experience of our people with more visible opportunities to work across departmental teams. Individual directorates have also developed plans to take forward actions in response to the survey results in their local areas.



Process efficiency



We monitor our internal audit and counter fraud work against plans agreed with our customers. In 2023-24, we took steps to distribute our internal audit work more evenly across the financial year by introducing tailored quarterly delivery targets. Our aim was to complete a greater proportion of work earlier in the year, enabling our customers to act sooner and relieving the pressure for our people at the end of the year. We also undertook to provide more timely insight for our customers by reducing the lapsed time between us starting fieldwork for an audit engagement and issuing a final report and recommendations.

Throughout the year, delivery has tracked slightly ahead of where it was at equivalent points in 2022-23. For example, by the end of quarter 2, we had delivered a slightly higher number of audits, as well as a greater percentage of the planned programme, than by the end of September 2022. This trend continued through to the end of the financial year when **64.6%** of our audit programme was completed, compared to **63.6%** at the end of March 2023. However, progress remained significantly behind planned quarterly targets, in-part because of resourcing constraints as well as changing customer demand. Revised quarterly targets will be set for 2024-25 that will support the delivery of work more evenly across the year. We are also introducing a more flexible resourcing model that will aim to increase productivity to a higher and more consistent level across the year.

We were unable to reduce the amount of lapsed time between the fieldwork for an audit engagement and the completion of a final report this year. By the end of March, the average number of working days between these two stages of the audit process was **34.7** working days. This was slightly above the **32.8** days average in 2022-23 and did not meet the improvement we targeted at the start of the year. This lapsed time metric was also influenced by the ability of customers to respond to our queries and meet agreed service standards and therefore is not entirely within our control.

With the help of technology, we are continually improving our methods, processes and systems so that we can reduce process times between different stages of an audit assignment and become more productive overall. Our Writing Engine is a good example of this, it uses GPT-3 Artificial Intelligence to take information from our audit management system and write a draft audit report in significantly less time. In 2024-25, we aim to extend the roll-out of our Writing Engine and other tools we are developing to increase efficiency throughout all aspects of our work.

Financial health



We are primarily funded through the fees we charge our customers for internal audit, counter fraud and investigation and assurance services. We agree the level of 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. In 2023-24, we also received £6m of funding from HM Treasury for the professional joining of HMRC and FCDO and further expansion of our coverage, for the internal audit policy work that we undertake on HM Treasury's behalf and for our continuing development costs. Our Supply Funding from HM Treasury will reduce materially in 2024-25 and we are putting in place a plan to ensure that we are on a long-term sustainable financial footing.

We are held to account by HM Treasury on our year-end position being within 1% tolerance against our mid-year forecast. Our year-end financial position for 2023-24 was a surplus of **£1.14m** (2.3%) and a material difference to the **£0.3m** surplus we were forecasting at the mid-year point. At least **£0.5m** of the surplus is a consequence of us using contractors less than was forecast with a further **£0.3m** arising from third-party recharge forecast variances.

We are making significant changes to our ways of working in 2024-25, to ensure we can absorb the inflationary pressures we continue to face and recover all our costs through the fees we charge to customers. We are also putting in place further measures, that will aim to improve the consistency of our workforce productivity across the year, rather than the spike in quarters 3 and 4, and progress our work using AI and other ways of working with the aim of improving efficiency, effectiveness and quality.

Further information about our operating costs and expenditure is provided in the Parliamentary Accountability and Audit Report and in the Financial Statements.



Key issues and risks

As with all organisations, we face risks in the delivery of our strategy and core functions. We actively manage our strategic risks to make best use of public money, maximise our performance and achieve our objectives.

Outlined below are the principal risks by theme that we faced in 2023-24, some examples of the actions we took to address those risks and the impact of those mitigations.

More information about how GIAA undertakes its risks management activity can be found in the Governance Statement.

Risk theme	Actions taken in 2023-24 to address the risk	Impact of mitigations
<p>Our people</p> <p>Key objective – ensuring we have the right people with the right skills at the right time to meet our business needs.</p>	<p>We undertook workforce planning, including capability building such that we could more confidently deploy our people to customers with appropriate knowledge and skills. We also developed our employee value proposition to enhance external recruitment.</p>	<p>By the end of the year the level of this risk theme had reduced. The impact of the risk was also reduced following developments in the auditor recruitment process and resource management, which provided increased confidence in our ability to meet resource requirements.</p>
<p>Our quality</p> <p>Key objective – delivering on our mission to provide ‘better insights, better outcomes’ by continuously improving the quality of our work and extending our impact across government.</p>	<p>We successfully onboarded the Ministry of Defence audit team and reached agreement with FCDO and HMRC on their professional joining. We also undertook an internal quality assessment to establish our progress since our last EQA and reviewed our audit methodology in light of revised international standards.</p>	<p>By year-end the level of this risk theme had not changed. Feedback from our customers recognises added value from our insights and asks that we go further in our provision.</p>
<p>Our delivery</p> <p>Key objective – smoothing the delivery of our work through full utilisation of available resources throughout the year.</p>	<p>Improvements to management information at agency, directorate and team level have allowed for better analysis of performance and targeted action. Clear communications to our people for the finalisation of prior year audit work also ensured we were quicker in starting the new audit plans.</p>	<p>By year-end the level of this risk theme has not changed. In 2024-25, with a new cross-agency approach to resource management, we will ensure a higher and more consistent use of our people across the whole of the financial year.</p>

Risk theme	Actions taken in 2023-24 to address the risk	Impact of mitigations
<p>Our finances</p> <p>Key objective – developing our financial sustainability in the face of increasing pay and non-pay costs and the removal of our Supply Funding from HM Treasury.</p>	<p>We identified and implemented changes to our ways of working that would realise sustainable efficiencies to support improved productivity, e.g., robotic process automation, AI models and flexible resource management.</p>	<p>By year-end, the level of this risk theme has reduced. We have delivered a realistic and manageable budgetary position and are confident of being able to deliver within the financial envelope for 2024-25.</p>
<p>Our processes</p> <p>Key objective - ensuring we manage our business effectively and in line with central government requirements.</p>	<p>We completed stages 1-4 of the new Cyber Assessment Framework (GovAssure) for our audit system to understand our level of cyber resilience. We also undertook phishing exercises to test out security awareness and readiness.</p>	<p>By year-end, the level of this risk theme has reduced. Whilst there will always remain an ongoing level of risk, the progress delivered ensures we understand our risks and threats and have in place suitable controls to mitigate them as far as possible.</p>

New and existing risks

As we move into the next phase of our strategy, we recognise the importance of embedding the new ways of working we have introduced and ensuring that our people embrace the changes. We will take a more strategic approach to transformation in 2024-25, using the lessons we have learnt from our new customers change programme to ensure we have consistent application of our processes throughout the organisation.

Whilst we have taken the steps required to deliver within our financial envelope for 2024-25, our attention now turns to our longer-term financial sustainability in terms of the services we provide and where and how these are conducted. Throughout the next financial year, we will develop plans for our future ways of working that places efficiency and productivity at the heart of our financial management.

Our future success will also depend on having people with the skills and capabilities we need. We will therefore continue to focus on attracting, retaining and developing high quality people through the development of our future workforce strategy. To enable this, we will develop key people-related measures to support informed decision-making.

As a provider of services to central government, we recognise the impact that a general election, and any arising changes to the machinery of government, may have on our ability to deliver our audit services as planned. We will draw upon our experience of previous changes to support Audit and Risk Assurance Committees to respond to such periods of transformation.

Additional performance information

Public Sector Equality Duty

In carrying out our functions, we are required by the Public Sector Equality Duty (PSED) to have due regard to and achieve the objectives set out in the Equality Act 2010 to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- improve equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

Our Equality Report on progress made towards delivering our equality objectives in 2022-23 is available on our website ([gov.uk/government/collections/public-sector-equality-duty-reports](https://www.gov.uk/government/collections/public-sector-equality-duty-reports)). Our report for 2023-24 will be published later in 2025. The report provides aggregated information relating to our employees, and a benchmark that enables us to measure progress and identify priority areas for further research and action.

We are currently introducing different ways to improve compliance with PSED, such as prompts on governance papers to encourage equality considerations, providing up to date guidance and support for decision makers, and developing a mechanism to monitor and record compliance.

Human rights

We are keen to ensure we are inclusive and accessible in all we do. We are committed to upholding the key human rights, that intersect with employment relationships through workplace policies and practices. These are developed in collaboration with our workforce and official consultation channels to maintain the principles of dignity, fairness, respect and equality.

Our recruitment and wider employment policies are fully compliant with the Human Rights Act and the Equality Act 2010. We adhere to the Civil Service recruitment principles when attracting and recruiting staff, and we are a Disability Confident Employer. We continue this throughout our employee lifecycle, ensuring our policies and processes are inclusive and employees have the appropriate voice via multiple staff-led diversity networks and forums.

Anti-bribery and corruption

We are committed to upholding the high standards of honesty and integrity in all our activities, and take the risk of fraud, bribery and corruption seriously, in line with our risk appetite. We have structures in place for the effective management of these threats.

Our people are required to complete mandatory training (provided by Civil Service Learning) on counter fraud, bribery and corruption. Our strategy and policy for countering fraud, bribery and corruption is published on our intranet. This establishes clear expectations in terms of roles and responsibilities and what processes should be followed to report any concerns regarding fraud, bribery and corruption.

Our counter fraud functional lead helps us to ensure compliance with the Government Functional Standard for Counter Fraud. We are supported in the undertaking of our fraud risk assessment by specialist counter fraud investigators. This activity helps us to identify where we may be susceptible to fraud and ensures proportionate controls are in place.

We are committed to promptly investigating all cases and taking appropriate action. There have been no reportable incidents this year.

As internal auditors employed in the public sector, our colleagues conform to the Chartered Institute of Internal Auditors Code of Ethics when undertaking audit work. The Code of Ethics states the principles and expectations governing behaviours and conducts and is underlined with the principles of integrity, objectivity, confidentiality and competency. Certified members of professional auditing bodies are required to annually complete ethics training to maintain their certificate to practice. We also face a number of other professions, all of which centre the importance of ethical behaviours.

Community and charity work

We recognise the benefits that community and charity work by our people can bring to the wider community and applaud our people for their individual efforts and the fundraising activities led by the Charity & Volunteering Committee.

Subject to operational requirements, we support employees who wish to undertake community or charity activities by providing five days per annum of paid special leave for volunteering activities.



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 ([gov.uk/government/publications/net-zero-strategy](https://www.gov.uk/government/publications/net-zero-strategy)). Meeting climate change targets will need significant changes and we are committed to following best practice as a sustainable and responsible organisation, both in our capacity as a public service and as an employer.

The Greening Government Commitments set out the actions government departments and their agencies must take to reduce their impacts on the environment. The current framework runs until 2025, with a view to achieving net-zero carbon emissions by 2050.

This report brings together available information regarding sustainability, to assess our impact and highlight the action we have taken or plan to take to minimise our climate impact. Over the coming year we intend to develop a climate change adaptation strategy across our estates and operations, informed by the information collected in this report.

Scope of reporting

Our shared office arrangements mean that we share our building space with one or more other government organisations. In most cases, the utilities and services used are recharged to us based on the floor area of the building occupied, meaning metrics reported are extrapolated data from our occupancy of the property. Scope 3 Emissions (expenditure on business travel) and paper consumption, however, is based on GIAA actuals, using our internal records.

We are reliant on the landlords of the premises we occupy to provide us with information relating to water and energy use and expenditure and management of non-ICT waste. We have been unable to collect complete or reliable data from our landlords that we would have confidence to report as accurate.

We are therefore unable to report on these requirements but will continue to liaise with our landlords to ensure we are able to fulfil our reporting duties in future publications.

The following reporting areas set out in the minimum reporting requirements are not applicable to GIAA:

- Nature recovery and biodiversity action planning – we do not have any landholdings or natural capital and therefore do not plan to develop a nature recovery plan
- Sustainable construction – no construction or refurbishment projects have been undertaken during the reporting period
- Scope 1 (direct) emissions – we occupy shared buildings so energy usage is indirect
- Travel car fleet – we do not own, lease or hire any car fleets

Where a “-” is used within the below tables, this signifies that there was no available data to report.

The Greening Government Commitment targets use 2017-18 as a baseline to demonstrate progress. However, due to the significant changes to our size since 2017-18, our progress is relative to a 2021-22 baseline.

Greenhouse gas emissions

Table 1: Scope 3 – emissions from business travel (tonnes CO²e)

	2021-22	2022-23	2023-24
Domestic air travel	1.17	4.81	5.79
International air travel	0.40	1.54	2.31
Rail, underground or tram travel – domestic	12.79	45.43	46.36
Rail, underground or tram travel – international	-	0.02	-
Hire car	5.49	8.02 ¹	8.34
Private vehicle	2.47	10.46	9.60
Bus/coach	0	0	0
TOTAL Scope 3 emissions	22.32	70.28¹	72.40

¹ In the 2022-23 annual report and accounts, hire car emissions was reported as 4.84 and the total Scope 3 emissions was reported 67.10. This was an error. The corrected figures are included in the table above.

Our overall greenhouse gas emissions have increased over the three-year period, as have our emissions from domestic business travel. We are therefore not on track to meet the headline or applicable sub target for the headline commitment 'Mitigating climate change: working towards Net Zero by 2050' from the Greening Government Commitments.

Of the hire cars we used in 2023-24, 0% were Ultra-Low Emission vehicles and 0% were Zero Emissions vehicles.

We are unable to report on our performance prior to 2021-22 and recognise that this three-year period may not be representative of usual GIAA emissions, as it was affected by a change in travel patterns following the Covid-19 pandemic. During this time, our staffing base has also increased as we have onboarded teams from additional audit customers.

Over the coming year we will be embedding sustainability further into our decision-making processes which will allow us to report on the impact of our policies and spending decisions

Table 2: Expenditure on official business travel

	2021-22	2022-23	2023-24
Annual expenditure on business travel £000s	135	543	711

Table 3: Total distance travelled (km)

	2021-22	2022-23	2023-24
Domestic flights	8,660	35,691	22,336
International flights	4,829	15,794	14,458

Our domestic air travel is primarily for GIAA colleagues travelling to or from our office in Glasgow. International air travel conducted by our colleagues is limited. The figures in 2022-23 primarily relate to 1 transatlantic flight. Of our international flights in 2021-22 and 2023-24, all were short-haul and economy. In 2022-23 30% (4,682km) were short-haul, 70% (11,112km) was long-haul and all were economy. Despite there being a reduction in km travelled, the emissions have increased compared to the previous year as the factors used to calculate emissions for short-haul flights have increased by 36%.

Expenditure on travel has increased due to an increase in our staff base, as well as an increase in the cost of travel. Emissions from rail travel are now visible to colleagues during the booking process and included in booking confirmation emails. Our travel in 2021-22 was heavily impacted by the Covid-19 pandemic and therefore is not representative of typical expenditure or emissions. We continue to see an increase in travel as we embed hybrid-working across our UK-wide estate.

Minimising waste

Table 4: Total ICT waste recycled, reused and recovered (externally)

	2021-22	2022-23	2023-24
Total waste (tonnes)	-	1.47	2.21

Our ICT waste is managed by HM Treasury who will decide on whether returned laptops and phones can be repurposed or recycled. All ICT waste generated in the HM Treasury group is either reused, recycled or recovered, and there is no disposal of ICT waste. The increase in ICT waste in 2023-24 relates to an increase in the reuse of products and equipment such that they can be kept for longer.

We are unable to report on the waste arising from our estates or how this is managed as our landlords have been unable to provide us with reliable data for the premises we occupy.

We avoid single-use plastic in our offices, encouraging our people to bring in their own glasses and cups instead. Within our London office we have reused furniture from another government department.

Paper consumption

Table 5: Volume of paper purchased

	2021-22	2022-23	2023-24
Annual amount of paper purchased (A4 reams)	-	35	52

We are unable to report on the volume of paper purchased in 2021-22 due to a change in our purchasing procedures. Following our return to offices following the Covid-19 working restrictions, there was sufficient paper in stock to meet needs, therefore fewer reams of paper were purchased in 2022-23. The figure for 2023-24 more accurately reflects the standard annual purchase of paper based on current printing requirements.

Sustainable procurement

We procure goods and services through dedicated Crown Commercial Service frameworks, which include standardised contract terms that are aligned with the Greening Government Commitments.

Whilst there are no standard contract terms or schedules specifically relating to sustainability, we 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' which requires the bidder to demonstrate effective stewardship of the environment. This involves an understanding of additional environmental benefits in the performance of the contract, including working towards net zero greenhouse gas emissions and detailing any actions taken to reduce environmental impact whilst carrying out the contract.

Reducing environmental impacts from ICT and digital

Our IT and digital services are provided by HM Treasury. ICT waste is re-used or recycled responsibly in line with regulations. HM Treasury uses an IT Lifecycle Management contract, which meets a number of external environmental accreditations.

Our network is cloud based, with no on-premises data centres. Our ICT facilitates hybrid and remote working via the use of external networks and mobile tethering. The equipment, which is provided by HM Treasury has accredited green credentials. In 2023-24, the printers available in offices reduced by 66% with no more than 1 printer in each site. The printers that remain deployed are Epeat rated and Energy Star compliant.

Task Force on Climate-related Financial Disclosures (TCFD)

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) published eleven recommendations for how organisations should disclose on their approach to climate change. The recommendations were structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management and metrics and targets.

We have reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with the TCFD recommendations and recommended disclosures around governance, though have been unable to meet the recommended disclosures for metrics and targets (b) due to the unreliability of the data provided by premises landlords. We plan to make disclosures for strategy, risk management and metrics and targets (disclosures (a) and (c)) in future periods in line with the central government implementation timetable.

Governance

The Deputy Director, Corporate Services was GIAA's Sustainability Lead in 2023-24. They worked closely with GIAA's Green Network to consider emerging themes and ideas from our staff base, such as sustainable practices in our offices and opportunities for volunteering. They are a member of the Senior Leadership team and report to the Chief Operating Officer. The Deputy Director, Corporate Services was responsible for the management of GIAA's estates and for much of the year was responsible for commercial operations, therefore was best situated to consider and act upon the impact of climate change on our operations and estates. Following a restructure of Corporate Services, the responsibility for sustainability will move to the Head of Central Services in 2024-25.

The Business Committee, a sub-committee of the Executive Committee, holds responsibility for assessing our organisational progress on sustainability and has started to receive reports on arising climate-related issues and initiatives.

This year, we held risk identification workshops with cross-agency groups and leads to help build a 'whole organisation' view of the issues and opportunities from climate change. Through this work we were able to consider the primary climate-related risks facing GIAA. The conclusion of this work was presented to the Audit and Risk Assurance Committee in terms of the risk identification process, the assessment of the risk and proposals for mitigation and control. The Committee provided assurance to the Accounting Officer and the Board on the robustness of the approach and committed to regularly monitoring progress in this area.

To support its role in providing advice to the Accounting Officer, the Board has received several updates on the ongoing developments regarding sustainability plans and enhanced sustainability reporting in GIAA. The Board agreed that the greatest impact GIAA could have on the government's delivery of net zero was through its role as the primary provider of audit services to central government. Further information on the role of the Board can be found in the Governance Statement.

As we continue to mature our approach, we will formalise the processes and frequency by which our governance bodies will consider climate-related issues and its place within our organisational strategy and plans.

Metrics and targets

TCFD recommends disclosure of Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks. We have included information related to Scope 3 greenhouse gas emissions within this report. Scope 1 emissions are out of scope, and we have been unable to report on Scope 2 emissions due to the unreliability of the data provided by our landlords. We will continue to liaise with our landlords to ensure we are able to fulfil our reporting duties in future publications.

Harriet Aldridge

Chief Executive and Accounting Officer

17 July 2024

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 our objectives during 2023-24.



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 to 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.

GIAA operates in accordance with the published Framework Document (available on [gov.uk/government/publications/government-internal-audit-agency-framework-agreement-2023](https://www.gov.uk/government/publications/government-internal-audit-agency-framework-agreement-2023)) which sets out the basis of an operating partnership between GIAA and HM Treasury. This contains details of the responsibilities of the Accounting Officer of GIAA.

GIAA is led by Harriet Aldridge, the Chief Executive and Accounting Officer. The Chief Executive is responsible for the leadership and management of GIAA and is accountable to the HM Treasury Permanent Secretary and Principal Accounting Officer. Elizabeth Honer stood down as Chief Executive and Accounting Officer of GIAA in December 2023. Harriet Aldridge was appointed as the Chief Executive and Accounting Officer from 16 December 2023, though joined GIAA in early December to enable a thorough handover process. This included the provision of appropriate assurances on the governance of GIAA over the reporting period.

Composition of the Board

The Chief Executive is supported by an advisory Board, which comprises a non-executive Chair and both non-executive and executive members. The Chair of the Board is Isobel Everett MBE.

Membership of our Board, as of 31 March 2024, is shown on the following page.



Harriet Aldridge
Chief Executive
& Head of the
Government Internal
Audit Function



Isobel Everett MBE
Non-Executive
Director and Board
Chair



Jonathan Chapman
Non-Executive
Director



Ady Dike
Non-Executive
Director and
RemCo Chair



Clare Minchington
Non-Executive
Director and ARAC
Chair



Andrew Cartner
Director Public
Spending and HM
Treasury Sponsor
Representative



Alison Hamer
Chief Operating
Officer



Aneil Jhumat
Operational Director
Health & Home
Affairs



Dr Iain McGregor
Innovation &
Development Director



Cameron Robson
Director, One GIA

NOTE: Biographies of all Board members are available on [gov.uk/government/organisations/government-internal-audit-agency](https://www.gov.uk/government/organisations/government-internal-audit-agency)

With the closure of the One GIA programme, Cameron Robson's role as a Board member came to an end in April 2024. The Board composition from this point has a majority non-executive membership.

Register of interests

GIAA maintains a register of interests for Board members which is published on our website ([gov.uk/government/publications/giaa-board-members-register-of-declared-interests-202324](https://www.gov.uk/government/publications/giaa-board-members-register-of-declared-interests-202324)). No directorships or other significant interests, which may have caused a conflict with their Board responsibilities, were held by any Board members.

Personal data related incidents

There were four personal data related incidents which required onward reporting to the Information Commissioner's Office (ICO). The ICO were satisfied with the remedial actions taken and closed the cases without any further investigation.

Auditors

Our financial statements are audited by the Comptroller and Auditor General, with a notional audit fee of £125k (2022-23: £100k). 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 reasonable steps 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.

As I have not been in post for the full reporting year, I have been supported in making this statement by the outgoing Chief Executive and Accounting Officer, Elizabeth Honer, who provided me with a letter of assurance bringing to my attention matters of material significance which had occurred during her tenure.

As a result, I can confirm that we have had effective governance, risk management and internal controls in place during 2023-24. 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 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, and my predecessor, 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 2023-24.

Governance within GIAA

The top-level governance structure for GIAA as of 31 March 2024 is depicted below.

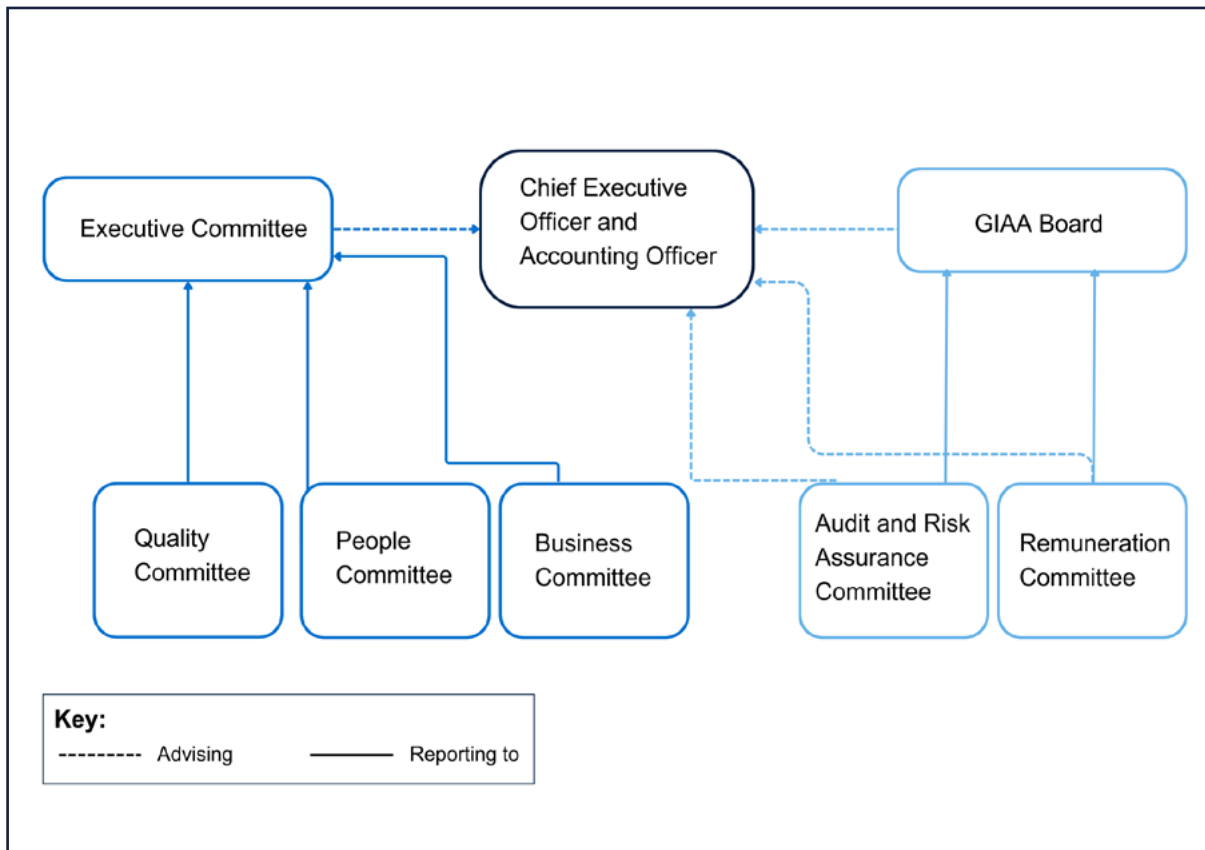


Figure 5: GIAA governance structure

GIAA Board

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 with its objectives and priorities.

The Board Operating Framework, which includes the terms of reference for our Board governance bodies can be read at gov.uk/government/publications/giaa-board-operating-framework.

During 2023-24 the Board met formally six 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 and stakeholder management and findings from the cross-government insights work, with the mindset of achieving 'Better Insights, Better Outcomes'. The Board met with customer representatives and heard from them the value they receive from GIAA's services
- **Strategy implementation:** following the launch of Vision 2026, the Board held in depth reviews of progress within the Quality and Innovation strands, considered the approach to onboarding new customers and reviewed the progress with delivering the 2023-24 Corporate Plan
- **People:** our people are vital to the delivery of our services, and throughout the year the Board has discussed the implications of change on our people and how best to ensure they are supported and encouraged to thrive, develop and deliver
- **Current performance:** receiving the latest position on organisational performance, finance, and risk management, and discussing and endorsing any remedial actions
- **Enablers:** in 2023-24 discussions were held on proposals to address the future business model for GIAA and the initiatives to deliver efficiency and productivity
- **Risk management:** including refreshed strategic risks, considering the acceptable level of risk appetite for GIAA and the risks and opportunities arising from climate-related issues

To support the non-executive members in their roles, additional sessions are held between meetings to provide them with further background detail in advance of Board meetings. Monthly written updates were also provided on salient matters to keep them appraised of relevant business.

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 2023-24 the ARAC was chaired by Clare Minchington, with the other members being Paul Boyle (Non-Executive Director) and Angela van der Lem (Non-Executive Committee Member). Following the end of Paul's term of office, Ady Dike (Non-Executive Director) joined the ARAC as a member from January 2024.

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 ARAC presented its annual report to the Board and Accounting Officer in May 2024, summarising its conclusions from the work it had undertaken during 2023-24.

The committee met three times during 2023-24 and considered a range of issues, including:

- **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
- **Risk management:** considering 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
- Substantive discussions were also held on the implementation of the Risk Control Framework in GIAA, the arising assurance map, and the climate-related risks and opportunities in GIAA

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 Committee completed its annual review of effectiveness, using the NAO effectiveness toolkit to assess performance against the essential statements. This assessment identified areas to concentrate on in 2024-25, including a development plan for non-executive members, further detail on the key sources of assurance and revised reporting arrangements to the Board. Reflecting on these results, the Committee concluded that it had effectively discharged its responsibilities in 2023-24.

Remuneration Committee (RemCo)

The Nominations and Remuneration Committee (NRC) was repurposed as the Remuneration Committee (RemCo) following an internal review of our governance arrangements. The role of the Committee is to provide independent oversight of the systems for identifying and developing leadership and high potential, the incentive structure and succession planning.

The membership of the Nominations and Remuneration Committee/ Remuneration Committee comprised of all non-executive members and was chaired by Ady Dike (Non-Executive Director). The Chief Executive, Chief Operating Officer and Deputy Director People & Culture also attended each meeting.

The Committee met three times in 2023-24 and over the course of the year considered the following issues:

- **Performance and talent moderation:** scrutinising the processes for performance and talent moderation for senior civil servants (SCS) within GIAA to ensure they have been applied fairly and consistently
- **SCS bonuses and pay awards:** advising the Chief Executive on nominations for in-year bonuses and the approach to the application of the SCS pay award
- **Development and succession planning:** reviewing the strategy for leadership development and the strength of the leadership capabilities within GIAA
- **Senior appointments:** discussing with the Board Chair the progress with recruitment campaigns for the Chief Executive and Non-Executive Director

The Committee concluded that it had effectively discharged its responsibilities in 2023-24. For the year ahead, Jonathan Chapman will assume the role of Committee Chair and an independent human resources representative will join RemCo for discussions on performance and talent moderation, to ensure consistency with the wider Civil Service HR best practice.

Attendance by directors at governance meetings

Table 6: Directors' and Members attendance at Governance meetings in 2023-24.

	Non-Executive							Executive						
	Paul Boyle ¹	Jonathan Chapman ²	Ady Dike ³	Isobel Everett	Clare Minchington	Andrew Cartner ⁴	Angela van der Lem	Elizabeth Honer ⁵	Harriet Aldridge ⁵	Alison Harner	Aneil Jhumat	Iain McGregor	Cameron Robson	Chris Westwood ⁶
Board	4/4	2/2	5/6	6/6	6/6	5/6		4/4	3/3	6/6	5/6	6/6	6/6	1/1
ARAC	2/2		1/1		3/3		2/3	2/2	1/1	3/3				
NRC/ RemCo	2/3		3/3	3/3	3/3			3/3		3/3				

1. Paul Boyle's term of office ended in December 2023
2. Jonathan Chapman's term of office commenced from January 2024
3. Ady Dike joined the ARAC from January 2024
4. Andrew Cartner was appointed the nominated HM Treasury member on the GIAA Board from May 2023. This was a delegation from the DG Public Spending
5. Elizabeth Honer was the Accounting Officer until 17 December 2023. Harriet Aldridge joined GIAA from 4 December 2023 and assumed the role of Chief Executive and Accounting Officer from 18 December 2023
6. Chris Westwood's term as a Board member ended in May 2023 as he assumed the role of Director of Internal Audit for the Centre of Government Group

Changes to the governance structure

In October 2023, the Board approved a revised Board Operating Framework. This was updated following the publication of the HM Treasury/GIAA Framework Document and the recommendations arising from the internal governance review.

The primary changes were:

- revisions to the description of the role and responsibilities of the Board
- removal of sections relating to executive governance
- revisions to the scope and purpose of the Remuneration Committee (previously the Nominations & Remuneration Committee) to those areas where the non-executive members can best add value in advising the Chief Executive Officer and where independent review or input is required

Board effectiveness

The Board has continued to prioritise its effectiveness over the past year; initiatives have included:

- with the support of HM Treasury, appointing a new Non-Executive Director, and carrying out meaningful induction sessions
- reviewing and updating the membership of all Board committees

- undertaking a skills audit with each Board member and collating findings to ensure best use of their individual skills, and to support work on future Board needs and succession planning
- undertaking annual performance reviews for non-executive members, the key themes of which feed into the succession planning and learning and development initiatives
- collectively reviewing each meeting's effectiveness by inviting comments and feedback from members and attendees at the end of each meeting
- revising the Board Operating Framework to ensure it provides clarity on the responsibilities and authorities within each of the governing bodies

The HM Corporate Governance in Central Government Departments: Code of Practice applies to our sponsor department directly. Our governance arrangements satisfy the requirements of the main principles that are relevant to GIAA. The only departure to report is that the Code of Practice states that board committees should not advise on individual cases on reward and performance. We have decided that this is an appropriate role for the Remuneration Committee at GIAA as it provides scrutiny to confirm the levels of awards and talent and performance markings that the Chief Executive proposes for SCS Pay Band 2 (i.e., Directors) and to consider the level of award and talent and performance marking for the Chief Executive.

The Code recommends that an independent evaluation of Board effectiveness be undertaken at least every three years. In keeping with this, a review was commissioned in 2023-24 and involved: a desktop review of key documents, a survey and interview of all Board members and an observation of meetings. The evaluation concluded that the Board had a clear meaningful common purpose and operated with an open and respectful culture. It recommended the Board continue to strive for tighter control on the topics which are crucial to GIAA's sustained success and to enable constructive exchange of different perspectives.

The Board discussed the recommendations at an away day in February 2024 and committed to refreshing and extending the areas of Board strength and introducing some revised ways of working to ensure the Board is able to add the greatest value to the GIAA.

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, corporate and financial management, agrees and implements new strategy and policy, and has oversight of operational delivery including the management of risks.

ExCo is supported by three sub-committees: Quality Committee, People Committee, and Business Committee, which are chaired by members of ExCo.

Risk management

Risk management is a critical aspect of our internal control framework. Our risk management practices comply with the requirements of the HM Government publication 'The Orange Book' five principles for the identification, evaluation, and control of risks.

The Board has oversight of risk management in GIAA and is supported by the 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.

ExCo 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 ExCo bi-monthly 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 our 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 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.

Key updates

During 2023-24, we have continued to improve and strengthen our risk management. Specific developments in the year include:

- revision of strategic risks to ensure alignment with our Vision 2026. This did not result in any significant changes to risks under consideration as it was primarily related to the level of ambition articulated in the risk descriptor
- development of risk appetite statements following workshops held with the Board. The risk appetite statements and levels were set at risk category level, mapped to strategic risks and informed the accompanying risk tolerance positions
- introduced risk action plans for risks which were operating outside of tolerance. These plans helped identify the management actions needed, over and above the existing controls, to operate within a tolerable level of risk exposure
- assessed the controls for managing each of the strategic risks along the ‘three lines model’ as one of the three lenses for the assurance map. These were assessed using the maturity scale developed for the Risk Control Framework, the conclusions of which formed the second dimension (strategic risks) of the GIAA assurance map
- supported the development of risk management in the operational directorates, establishing a network of risk leads across GIAA to ensure consistent training, guidance and application
- carried out a risk identification exercise to consider climate-related risks and opportunities. ExCo, ARAC and the Board considered the output from these assessments and endorsed the planned actions

As the Accounting Officer, I am satisfied that our risks have been assessed and managed throughout the year, and that we are clear where additional mitigating action is needed. The assessment of the strategic risks has fed into the identification of priority activity in the 2024-25 Corporate Plan.

We will continue our risk management improvement journey in 2024-25 as we move towards a framework with a hierarchy of risk, which ensures key risks are visible, owned at the right level and are being actively addressed. In addition, we will further embed our stated risk appetite to our decision-making processes. Our developments are informed by the best practice shared via the HM Treasury Risk Profession and Centre of Excellence.

Assurance arrangements

We undertake a three-line approach to assurance:

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

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

We continue to develop and improve control checks as we transform our assurance framework. In 2023-24 we set a priority action within the corporate plan to 'implement the new Risk Control Framework for government within the GIAA as a demonstration of good practice and to improve our own risk management and internal controls'. This improvement programme consisted of:

- development of a maturity assessment model to assess the effectiveness of the controls
- formation of assurance statements which outlines the requirement and details of expected evidence to support the maturity assessment
- assessments of the controls for each process area, aligned with identified improvement areas

The Risk Control Framework (RCF) forms one of three dimensions which builds to create the GIAA assurance map. The remaining dimensions are the controls in a) the risk management framework and b) the primary business delivery units. The combination of these three dimensions provides a high-level assessment of the level of assurance within each aspect of the three-line model, thereby providing a holistic review of the risk and control environment in GIAA. We will continue to embed and mature this approach in 2024-25.

Internal control

We have a comprehensive framework of procedures and controls which cover financial and non-financial processes. This framework is regularly reviewed to ensure that it complies with all current requirements and is tested as part of the internal audit work programme.

As the Accounting Officer, I have responsibility for stewardship of public funds, subject to limits delegated to me by the Principal Accounting Officer and outlined in the Framework Document. I delegate pay and non-pay budgets to my directors based on the approved Agency budget.

Financial delegations are specified in our Finance Manuals and confirmed to budget holders within the annual delegation letter. This enables budget holders to make decisions, holding them accountable for the effective management of their delegated budget and decisions made. Budget holders are required to confirm that they understand the terms of the delegation and the limits of authority and responsibilities.

The Executive team reviews financial performance on a bi-monthly basis. Performance information is subject to further periodic scrutiny and review by the Board and the ARAC, who are provided with information to enable them to function effectively. Strategic financial risks and issues are escalated to the Board, with agreed management action where appropriate.

Management assurance

During 2023-24, 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 discussing their self-assessment reports and maturity assessments. These discussions help us to identify where we need to target interventions to improve our first and/or second line of assurance. The results from each exercise are discussed with the ARAC.

We continue to see positive engagement from across GIAA in this exercise, and I thank the Directors for their efforts and candor. The exercise has helped to provide me with robust assurance about Directors' individual areas of responsibility. The thematic areas identified for improvement or for further embedding were:

- **Learning & Development** – development of an Agency-wide learning and development plan that aligns business and professional skills development to ensure efficient and effective delivery
- **Information Security and Management** – embedding roles and responsibilities such that data protection is a key consideration in all our work, with a focus in 2024-25 on records management
- **Health & Safety** – continuing to improve controls in this area with increased focus on safety in all working environments, particularly when away from main office sites

Functional standards

All government departments and agencies are required to adhere to functional standards. Functional standards 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 and support an improved and consistent way of working across government departments.

Of the fourteen standards currently in existence, ten are applicable to us. Each functional lead has assessed their own functional area against the applicable standards during the year. We are complying with, or working towards compliance for, the functional standards applicable to our role and services. Functional standards are an essential part of our assurance framework, and we have detailed actions in place to address any identified gaps. We are working to embed the mandatory standards in property and security and to meet the enhanced requirements of the counter fraud standard. We will continue to engage with the functions as they evolve their standards and implement continuous improvement assessment frameworks.

Whistleblowing arrangements

It is important that all our people can raise concerns about the standards of service we provide or the behaviour of our people in delivering the service. Our Raising a Concern (including whistleblowing) Policy is available to our people on our intranet and sets out the steps to take to raise concerns about behaviours and practices at GIAA. The policy is supported by detailed guidance on the procedures to follow when raising these concerns.

As of 2023-24, no whistleblowing cases (2022-23: zero) were reported. The ARAC is informed of any cases of whistleblowing in GIAA and monitors our whistleblowing processes.

Counter fraud arrangements

We are continuing to embed the Government's Functional Standard for Counter Fraud (GovS013). We have undertaken a thorough review of our fraud risks and updated our Fraud Risk Assessment to meet the standards set by the Public Sector Fraud Authority.

We are supported in our counter fraud work by our Deputy Director for Counter Fraud & Investigation, who is a member of the Government Counter Fraud Profession. This ensures that the work is supported 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.

The Business Committee is responsible for providing assurance on the controls and countermeasures at GIAA, supported by the Deputy Director for Counter Fraud & Investigation, who is a member of this committee. The Chair is the Chief Operating Officer who is the accountable officer at Board level. The ARAC is kept informed of any cases of suspected or actual fraud in GIAA. In 2023-24, there were no such cases (2022-23: zero).

Assurances from HM Treasury

We receive several 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, with no issues of concern raised.

Internal audit and annual Head of Internal 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 GIAA. Internal audit has an important role in the governance framework of GIAA through provision of assurance to management, the Accounting Officer and the 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 2023-24, the Head of Internal Audit provided a 'moderate' opinion on the framework of governance, risk management and control within GIAA. Her report emphasised the importance of continuing to improve the culture of compliance with audit systems and methodology, as well as development of more 2nd line assurance. The report noted the significant work undertaken to close recommendations from prior years audits and the improved engagement from action owners since the roll out of Audit Tracker for Business in TeamMate+.

Additional control information

Health and safety

We are committed to protecting the safety and security of all those within our premises. We follow and apply standards, advice and guidance from the Health and Safety Executive. Details regarding accidents are routinely reported to our ARAC, along with lessons learnt from reports and details of the planned control improvements.

We continue to build and strengthen our health and safety governance, and in 2023-24 established the Health & Safety Committee (reporting to the People Committee) to oversee our work in this area. With an estate spanning 48 locations, our focus is on ensuring that we can support our people with the requisite information about safety features for each site. The restructure of Corporate Services will deliver additional resource for health and safety in 2024-25 which will enable targeted work to be carried out on risk assessments and education.

Information and data security

GIAA ensures all sensitive or personal information is appropriately protected. We have strong governance arrangements in place with a member of the Executive team appointed as the Senior Information Risk Owner (SIRO) working closely with the Data Protection Officer (DPO), and we have appointed Information Asset Owners (IAOs) in every business unit.

Information management and security measures continue to be reviewed and enhanced to improve the way GIAA transmits, stores, and manages information. The SIRO chairs the Business Committee which meets quarterly and maintains oversight of data protection, information security and records management. An Information Security and Data Protection Oversight Group has been established as a sub-committee of the Business Committee, to monitor practice and ensure compliance with statutory responsibilities. In 2023-24, we implemented training for IAOs on their roles and responsibilities, facilitated workshops to develop Records of Processing Activity, and updated privacy notices, policies and procedures.

The annual Cabinet Office Departmental Security Health Check confirmed that we met all the mandatory controls for the incident management standard. The development of the automated data breach reporting process was highlighted as a mature model in place at GIAA.

During 2023-24 we continued to implement appropriate measures to ensure the security of our information. This work has primarily focused on the working relationship with HM Treasury, as the hosts of our primary systems, to ascertain the level of assurance we can rely on regarding the security of the managed service. This has involved implementing GovAssure, the new cyber security assurance approach for government which has helped inform the level of cyber resilience in GIAA, as well as establishing regular service and assurance meetings with HM Treasury.

Correspondence

Ministerial directions

There have been no ministerial directions given in 2023-24.

Official and Parliamentary correspondence

During 2023-24, we received 34 requests under the Freedom of Information Act 2000 (2022-23: 33). Of these, 97% received a response within the statutory deadline, and two requests were the subject of internal review. We received one Parliamentary Question and no 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 satisfactorily at the first stage, 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 2023-24 we handled seven complaints under this process (2022-23: eight); one of which progressed to stage two. The Parliamentary and Health Service Ombudsman received no complaints about GIAA for 2023-24 (2022-23: zero).

Improvements since the 2022-23 Governance Statement

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

Looking back on my predecessor's conclusions in the 2022-23 Governance Statement, I note the four thematic areas for specific focus during 2023-24, the progress on which is summarised below:

- **Knowledge and information management:** assurance procedures have been introduced, in conjunction with a new Senior Information Risk Owner (SIRO) dashboard to monitor the associated risks. Our operating arrangements have been strengthened through the appointment of Information Asset Owners across GIAA, the development of Records of Processing Activity and Data Protection Impact Assessments and an improved data breach reporting tool
- **Business continuity planning:** we have developed an overarching business continuity framework and are documenting the arrangements for key business delivery risks. This will support a business continuity plan for directors which will focus on arrangements at directorate level
- **People management policies:** we have undertaken a HR Policy Review Programme overseen by the People Committee. In 2023-24 we reviewed several policies, including pay, whistleblowing and flexible working. We were also able to confirm that our HR policies complied with both Civil Service HR and legal requirements
- **Roles and responsibilities:** our internal governance review addressed improvements in the clarity of decision-making accountability and how this was delegated through GIAA. We introduced a new Corporate Governance Manual in October 2023 to explain to colleagues how governance operated and introduced corporate roles and responsibilities and delegation and assurance arrangements

Conclusion

Our approach is proportionate to our business needs and level of risk and as we continue to mature, we aim for this to aid us in anticipating areas for improvement.

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 Head of Internal Audit opinion, I recognise that it is important we focus our attention in the coming year to ensure we fully embed the improvements we have made. We must also ensure continuous improvement in our compliance with our audit system and methodology. I have considered the evidence provided to support this Governance Statement and sought assurance from ARAC. Overall, I am content that an appropriate 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.

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 2024, 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 SSRB and copies of their annual reports can be found on the SSRB website: 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 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 Board members of GIAA. Further information about each of the separate elements is detailed later in this section.

Table 7: Executive Board members' remuneration (this information is subject to audit)

Name and Role	2023-24				2022-23			
	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s) ¹	Total (£000s)	Salary (£000s)	Performance Bonus (£000s)	Pension Benefits (£000s) ¹	Total (£000s)
Elizabeth Honer ² Chief Executive	115-120 (155-160 FYE)	10-15		125-130	145-150	5-10	8	165-170
Harriet Aldridge ³ Chief Executive	55-60 (175-180 FYE)	-		55-60	-	-	-	-
Aneil Jhumat Operational Director	115-120	5-10		115-120	105-110	5-10	42	160-165
Iain McGregor Director of Innovation	140-145	5-10		145-150	130-135	5-10	53	195-200
Cameron Robson Director, One GIA	115-120	-		115-120	105-110	-	(10)	95-100
Chris Westwood ⁴ Operational Director	10-15 (115-120 FYE)	-		10-15	105-110	0-5	17	125-130
Alison Hamer ⁵ Chief Operating Officer	115-120	5-10		120-125	100-105 (105-110 FYE)	0-5	41	145-150

1. Accrued pension benefits for directors are not included in this table for 2023-24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy.
2. For 2023-24 this represented part year 1 April 2023 – 31 December 2024.
3. For 2023-24 this represented part year 4 December 2023 – 31 March 2024, and as a new joiner to the civil service, was on probation for this period and not eligible for a bonus.
4. He ceased as a member of the Board in May 2023 and his salary is pro-rated to reflect this. He participates in a partnership pension and the figures listed here represent employer contributions.
5. For 2022-23 this represented part year 11 April 2022 – 31 March 2023.

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 7. 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 7.

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.

We confirmed that 21 non-consolidated performance-related bonus payments should be paid to our SCS for the 2023-24 appraisal year (compared to 22 awards in 2022-23). This includes 12 end of 2023-24 performance year bonuses for 'Exceeding' and 'High Performing' (compared to 9 in 2022-23).

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 2023-24 was in the band £175-180,000 (2022-23: £155-160,000). These values relate to two different individuals in each respective year. Using the band midpoints, the percentage change in salary and allowances was 20.3% and -100% in the performance bonuses.

The average percentage salary and allowances change from the previous financial year in respect of all- Agency employees is a 6.2% increase and a 73.1% increase for bonuses. The salary increase is largely attributable to the 4.5% plus 0.5% pay award for delegated grade and 5.5% plus 1% award for SCS together with movements in grades year on year. The bonus change is largely due to the £1,500 fixed payment for delegated grades.

Table 8: 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
2023-24	3.94	3.47	2.87
2022-23	3.65	3.26	2.73

Table 9: Pay and benefits figures for the 25th percentile, median and 75th percentile

	2023-24		2022-23	
	Total	Salary component (Inc Allowances)	Total	Salary component
25th Percentile	£45,025	£44,900	£43,200	£42,700
Median	£51,150	£49,271	£48,260	£47,115
75th Percentile	£61,847	£59,727	£57,640	£56,746

The median pay figure in 2023-24 was £51,150 (2022-23 £48,260), of which £49,271 (2022-23 £47,115) was the salary and allowances component. All pay ratios have increased due to an increased value of the highest paid director. In 2023-24 no employee received remuneration more than the highest paid director (2022-23: zero). Remuneration in GIAA ranged from £25,000 to £175-180,000 (2022-23: £22,600 to £155-160,000).

In 2023-24 the Civil Service pay remit for delegated grades enabled departments to make average pay awards of up to 4.5%. Departments also had the flexibility to pay an additional 0.5% for lower pay bands.

These changes explain the increase in the median pay ratio.

Consolidated awards

The SCS annual pay award decision was made by our Remuneration Committee in line with the government's response to the SSRB recommendations. This Committee was attended by GIAA's Chief Executive, the Chief Operating Officer and GIAA's Deputy Director, People and Culture.

The annual pay award for delegated grades was made in line with the Civil Service pay remit.

Pension entitlements for each executive Board member

The table below, details the pension entitlements for each executive Board member. Further information about each of the separate elements is detailed later in this section.

Table 10: Pension entitlements for executive Board members (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 2024 (£000)	As at 31 March 2024 - (£000) ¹	As at 31 March 2023 - (£000)	Real increase in CETV as funded by employer in year (£000)
Elizabeth Honer				1463	
Harriet Aldridge ²					
Aneil Jhumat				132	
Iain McGregor				159	
Cameron Robson				661	
Chris Westwood ³					
Alison Hamer				351	

1. Accrued pension benefits for directors are not included in this table for 2023-24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

2. Began her role as CEO on 4 December 2023, therefore no pension value for 31 March 2023.

3. Ceased as a member of the Board in May 2023 and his pension is pro-rated to reflect this. He participates in a partnership pension and the figures listed here represent employer contributions.

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.

Cash Equivalent Transfer Values

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

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

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. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy⁶ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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). 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).

Further details about the Civil Service pension arrangements can be found at the website 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 2020. You can find details in the resource accounts of the Cabinet Office: Civil Service Superannuation. For 2023-24, employers' contributions of £7,001k (2022-23: £6,088k) were payable by GIAA to the Civil Service Pension arrangements at one of four rates in the range 26.6% to 30.3%; (2022-23 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 2023-24 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 £55k in 2023-24 (2022-23: £65k) 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 2023-24 (2022-23: £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 £11k (2022-23: £9k). Contributions pre-paid at that date were £nil (2022-23: £nil).

Non-Executive Board members' remuneration

As at 31 March 2024, we had four non-executive Board members, and one non-executive independent member of the ARAC. Table 11, below, details the total remuneration for each of our paid non-executive Board members during 2023-24. Our HM Treasury Sponsor, Andrew Cartner, also has a non-executive role on our Board which is not remunerated by GIAA as he 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 11: Agency Board non-executive members' remuneration (this information is subject to audit)

Name	Role	Total Remuneration £000	
		2023-24	2022-23
Isobel Everett	Non-executive Board member and Chair	20-25	20-25
Paul Boyle ¹	Non-executive Board member	10-15 (15-20 FYE)	15-20
Ady Dike	Non-executive Board member	15-20	15-20
Clare Minchington	Non-executive Board member	15-20	15-20
Jonathan Chapman ²	Non-executive Board member	0-5 (15-20 FYE)	-

Note: FYE means Full Year Equivalent

1. For 2023-24 this represented part year 1 April 2023 – 10 December 2024.
2. For 2023-24 this represented part year 8 January – 31 March 2024.

Reporting of civil service and other compensation schemes – exit packages

Table 12: Exit Packages (this information is subject to audit)

Exit package cost band	2023-24			2022-23		
	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
<£25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	-	-	-	-
£50,001 - £100,000	-	-	-	-	1	1
£100,001 - £150,000	-	-	-	-	-	-
£150,000>	-	-	-	-	-	-
Total number of exit packages	-	-	-	-	1	1
Total resource cost	-	-	-	-	£69,378	£69,378

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 2023-24 is shown in Tables 13 and 14 below.

Including the Chief Executive, we employed 30 SCS (FTE) as at 31st March 2024 – 1 at Pay Band 3, 7 at Pay Band 2 (of which one was on temporary promotion from SCS1) and 22 at Pay Band 1 (of which 4 were on temporary promotion from delegated grade 6). 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 13: Agency composition by Full Time Equivalent (FTE) (this information is subject to audit)

Category	2023-24		2022-23	
	Number (FTE)	Cost (£000)	Number (FTE)	Cost (£000)
Staff with a permanent UK employment contract	487	36,807	451	32,193
Other staff engaged on the objectives of the entity (consisting of interim and temporary workers)	3	314	5	312
Total	490	37,121	456	32,505

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

See Note 2 of the Financial Statements for further information on staff costs. In addition to the 2023-24 pay award, the increase in permanent staff salary costs is a result of an increase in FTE (36) from the onboarding of MOD from 1 April 2023.

Table 14: Agency composition by percentage in grade is split by declared gender, Black Asian Minority Ethnic (BAME) and disability.

Grade	2023-24				2022-23			
	Male	Female	BAME	Disabled	Male	Female	BAME	Disabled
SCS	55%	45%	6%	6%	54%	46%	8%	7%
SCS & G6	53%	47%	9%	9%	58%	42%	11%	8%
Agency Total	47%	53%	21%	10%	47%	53%	21%	11%

Diversity and Inclusion

GIAA is committed to the principles of equality, diversity and inclusion (EDI), and aim to ensure that nobody receives less favourable treatment on the basis of age, disability, gender, gender affirming surgery, marriage and civil partnership, religion or belief, race, pregnancy, or sexual orientation.

We have achieved several goals to promote diversity and inclusion within the organisation. We have implemented a Progression Sponsorship Scheme (pilot) which was offered to our ethnic minority colleagues as a means of positive action to address under representation at senior grades. Our senior leaders attended an 'EDI Champions Programme' where they developed a deeper understanding of diversity and inclusion issues. We continue to participate in Catapult which is a Civil Service-wide scheme, led by the Ministry of Justice (MOJ) with the aim to make a difference to social inclusion and mobility.

We continue to ensure compliance with the Public Sector Equality Duty (PSED) and have published our Equality Objectives and latest Equality report on [gov.uk/government/publications/public-sector-equality-duty-report-202223](https://www.gov.uk/government/publications/public-sector-equality-duty-report-202223).

We are taking a proactive approach to embed the principles of PSED across all business areas at GIAA, ensuring all employees are aware of their role and responsibilities.

We also recognise that having a diverse talent pool enables us to provide the best possible services to our customers and is a key theme of improving our diversity outcomes in recruitment continues.

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.

We encourage applications from disabled people and participate 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 make workplace adjustments to help when people join us or to help people who become disabled during their employment to stay in their current role or find a suitable alternative.

In the workplace we are committed to continually build a safe environment where people can be themselves and speak up if they witness or experience inappropriate behaviours.

We are committed to transparent reporting and our gender pay gap is published as part of HM Treasury's Gender Pay Gap Report; the report for 2023-24 will be available later in the year via HM Treasury's website. We continue to work through our action plan and will continue to address any imbalances to show progression.

We have active people networks for Disability, LGBT+, Women, Faith, ethnic minority backgrounds, flexible working, and menopause. They are there to support colleagues and allies but also link into the organisation.

Sickness absence

The average number of working days lost to sickness absence during 2023-24 increased to 7.53 (2022-23: 5.65 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 a slight increase since 2022-23 (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.

- 2023-24: 14.3%
- 2022-23: 14.2%
- 2021-22: 12.4%

A revised policy was introduced in February 2024 that adheres to the Cabinet Office guidelines in respect of the business appointment rules for civil servants who leave the Crown Service ([gov.uk/government/collections/business-appointment-rules](https://www.gov.uk/government/collections/business-appointment-rules)).

We do not have any special advisers. Going forward the leavers procedure will require confirmation that business appointment rules have been considered.

We had one application to the Advisory Committee on Business Appointments (ACOBA) in 2023-24; ACOBA's advice is published on their webpage: [gov.uk/government/organisations/advisory-committee-on-business-appointments](https://www.gov.uk/government/organisations/advisory-committee-on-business-appointments).

Staff engagement scores

We achieved a response rate of 85% in the most recent Civil Service People Survey (2022: 88%) and our overall engagement index score was 62%, a drop of one % point from 2022-23.

Consultants and contingent labour

We use contingent labour for several purposes:

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

The accounts cover the first year of the Delivery Partner contracts with six suppliers from the Crown Commercial Services (CCS) Audit and Assurance Framework. This contract commenced on 30 March 2023 and expires on 30 March 2026. Core audit services including generalist and specialisms such as HR, Commercial, Finance and Project Management are covered by Deloitte, EY, KPMG, Mazars, PWC and RSM. Digital, Data and Technology are covered by Deloitte, EY, KPMG and RSM.

These contracts give us the flexibility to meet peaks in demand, cover resource gaps and to deploy specialist skills when needed to work alongside our own people. Our Internal Audit Resources costs in 2023-24 increased from 2022-23 due to the onboarding of MOD who used £1,479k of resource in this year, which reflects a like for like year on year decrease in expenditure.

Table 15: Consultants and contingent labour

Category		2023-24 £000	2022-23 £000
GIAA Specialist Audit Contractors	Internal Audit Resources	6,955	5,849
General Framework Contract	Consultancy and advice	121	109
	Total Contractor resource	7,076	5,958
	Interim and temporary workers	199	58

The 'interim and temporary workers' category includes individuals who are not paid through GIAA'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 2024, 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 16 below.

Table 16: Off payroll arrangements

		2023-24	2022-23
Number of engagements at year end, and risk assessed		1	2
Of which:	number of engagements existing for less than a year at the time of reporting	1	2
	number of engagements lasting for one to two years at the time of reporting	-	-
	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.	4	2

Table 17: Off-Payroll engagements of Board members and senior officials with significant financial responsibilities, between 1 April 2023 and 31 March 2024.

	2023-24	2022-23
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	-	-
Total number of individuals on the payroll and off-payroll that have been deemed "Board members and/or, senior officials with significant financial responsibility" during the financial year.	12	10

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 18: Relevant Union Officials

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

Table 19: Percentage of time spent on facility time

Percentage of time	Number of employees (FTE)
0	0
1-50%	4
50-100%	0

Table 20: Percentage of pay bill spent on facility time

	Figures
Total cost of facility time	£11k
Total Pay Bill 2023-24 (does not include off-payroll costs of contracted interim and temporary workers)	£36,611k
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 21: 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.

Summary

Our net expenditure position was a £1,141k surplus when Supply Funding from HM Treasury is considered. Our total income was £45,201k, Supply Funding received £6,070k and total expenditure £50,130k.

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 (£6,070k) 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 £27k of Grant income.

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 £45,201k (2022-23: £39,275k).

Expenditure

Our total operating expenditure this year was £49,934k (2022-23: £44,379k), consisting of staff costs of £36,925k (2022-23: £32,346k), purchase of goods and services of £12,687k (2022-23: £11,539k), depreciation and impairment charges of £324k (2022-23: £349k) and a provision release of £2k (2022-23: provision £145k).

The main reason for the increased operating expenditure year on year is the transfer of the Ministry of Defence (MOD) Internal Audit team to GIAA from 1 April 2023. Contractor spend was higher in 2023-24 - £7,076k (2022-23: £5,958k) and staff costs also increased (£36,925k in 2023-24, £32,346k in 2022-23). The transfer of MOD increased these costs by £1,479k and £1,977k respectively. The implementation of the 2023-24 pay award was also a significant driver of the increase in staff costs.

Permanent staff costs of £36,807k (2022-23: £32,193k) directly relate to the employment of our auditors, counter fraud investigators and other assurance professionals, the internal audit profession 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 generalist audit services to our customers on our behalf. Of the £7,076k contractor spend referred to above, £6,955k (2022-23: £5,704k) relates to work engaged under this framework; in 2022-23 we incurred a further £145k of expenditure on a generalist audit contingent labour contract, but there is no expenditure in 2023-24. We spent £121k on specialist advice (2022-23: £109k) 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 £199k (2022-23: £58k) to fill temporary gaps, in our corporate teams.

We incurred £711k (2022-23: £543k) 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.

We also incurred a number of charges for support services from other government departments totalling £3,390k (2022-23: £3,410k) for services including transactional finance, human resources, payroll and information and communication technology services received from our parent department, HM Treasury, and office rent. To support the strategic objective of recruiting and retaining high calibre staff, we invested £176k (2022-23: £149k), £422k (2022-23: £481k) and £400k (2022-23: £342k) in recruitment, training and staff support and related costs respectively.

In relation to customer-facing activities, we generated revenue of £45,167k (2022-23: £39,258k) from our customers and received a further £27k in grant funding (2022-23: nil although we also received one off grant funding of £17k in 2021-22) against total operating expenditure of £49,934k (2022-23: £44,379k). The net operating expenditure was £4,733k and net expenditure £4,929k (2022-23: £5,114k) after the transfer of MOD annual leave balances (£189k) and finance expenses (£7k 2023-24; £10k 2022-23) taken into account. The difference was met by HM Treasury Supply Funding, which totalled £6,070k (2022-23: £5,967k) including authorised spending of £350k (2022-23: £350k) to support the internal audit policy function (included in expenditure). This position is set out in Note 6 to the accounts. As a result, we ended the year with an overall surplus of £1,141k. 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 £4,943k (2022-23: £3,677k) represents the balance of our operating activities and HM Treasury funding.

Financial position

Our balance sheet consists of receivables of £14,547k (2022-23: £11,982k), non-current assets of £582k (2022-23: £925k) payables of £9,695k (2022-23: £8,208k), a provision release of £2k (2022-23: £145k) and lease liabilities of £488k (2022-23: £877k). 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 most 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 £12,960k (2022-23: £10,888k) relating to amounts invoiced but not paid at 31 March, and £1,495k (2022-23: £819k) relating to services delivered in 2023-24 but not invoiced until the new financial year.

Included in trade and other payables and accruals, totalling £9,695k (2022-23: £8,208k), are advance receipts from customers of £7k (2022-23: £507k). The value of untaken holiday leave at 31 March 2023 was £1,014k (2022-23: £965k).

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 £4,032k (2022-23: £1,953k) 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. HM Treasury's Supply Funding is included in the charge-out calculations and contributes to GIAA's cost recovery.

Table 22: Fees and charges

2023-24	Income (£000)	Operating expenditure ¹ (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	45,167	(49,900)	(4,733)
Total	45,167	(49,900)	(4,733)
2022-23	Income (£000)	Operating expenditure ¹ (£000)	Surplus/ (deficit) (£000)
Audit and assurance work	39,258	(44,362)	(5,104)
Total	39,258	(44,362)	(5,104)

1. 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 13 to the Financial Statements.

Regularity of expenditure (this information is subject to audit)

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

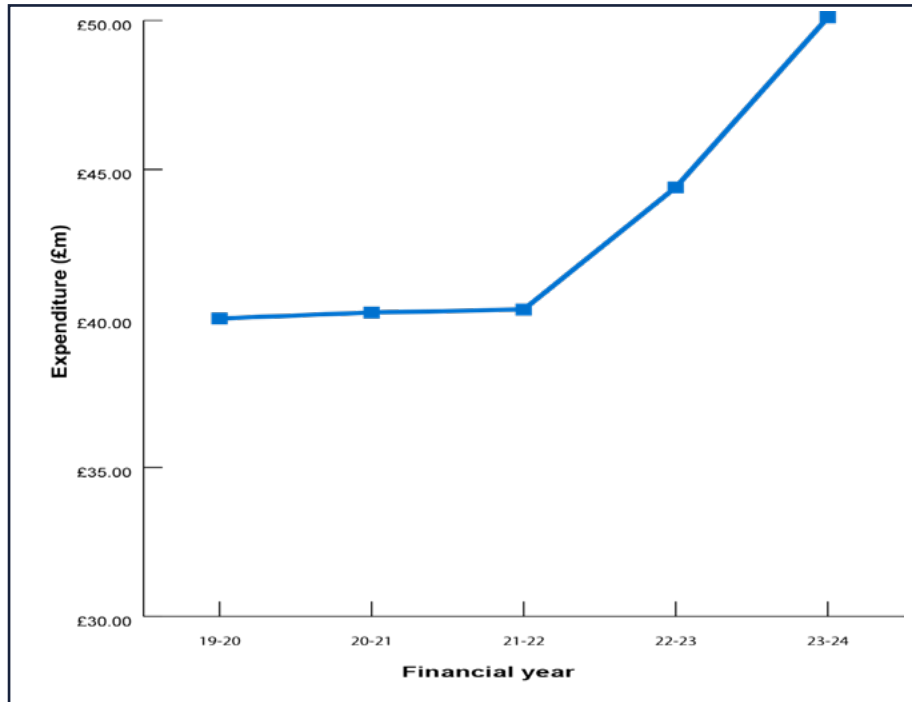
Losses and special payments (this information is subject to audit)

GIAA recorded four losses in 2023-24 (2022-23: 24), the value of which are below the reporting threshold. We have not made any gifts during the year.

Long-term expenditure trends

2023-24 was our ninth year of operation. The Ministry of Defence Internal Audit team joining on 1 April 2023 has significantly changed our income and expenditure bases as can be seen in our 2023-24 financial statements. Our Supply Funding from HM Treasury will reduce materially in 2024-25 and we are putting in place a plan to ensure that GIAA has a long-term sustainable financial footing.

The graph below shows the last five years' expenditure within the Agency and the key events that have increased the expenditure.



Graph 3: Five years' expenditure in GIAA

Notes regarding expenditure:

2022-23: Expenditure increases in new spending review period (starts 22-23): OneGIA project, Innovation, Cross Government insights accompanied by increased Supply Funding.

2023-24: Expenditure increases following Ministry of Defence internal audit team joining.

Harriet Aldridge

Chief Executive and Accounting Officer

17 July 2024

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 2024 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 2024;
- 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 2024 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 issued 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 issued 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 are 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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 regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Government Internal Audit Agency's accounting policies,
- inquired of management, 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, Government Internal Audit Agency's 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 regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Government Internal Audit Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am 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, pensions legislation 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 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I 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 sufficient appropriate audit evidence 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
Comptroller and Auditor General

18 July 2024

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

Financial statements



Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Income from sales of services	5,6	(45,167)	(39,258)
Other operating income		(34)	(17)
Total operating income		(45,201)	(39,275)
Staff costs	2	36,925	32,346
Purchase of goods and services	3	12,687	11,539
Depreciation and impairment charges	4	324	349
Provision expense	10	(2)	145
Total operating expenditure		49,934	44,379
Net operating expenditure for the year		4,733	5,104
Cost of MOD annual leave balances transferred on 1 April 2023		189	-
Finance expense		7	10
Net expenditure for the year		4,929	5,114

The notes on pages 101 to 111 form part of these accounts.

Statement of Financial Position as at 31 March 2024

	Note	31 March 2024 (£000)	31 March 2023 (£000)
Non-current assets			
Intangible assets		98	59
Right of use assets	11.3	481	866
Total non-current assets		579	925
Current assets			
Trade and other receivables	7	14,547	11,982
Total current assets		14,547	11,982
Total assets		15,126	12,907
Current liabilities			
Trade and other payables	9	(9,695)	(8,208)
Provisions	10	-	(145)
Lease liabilities	11.4	(325)	(335)
Total current liabilities		(10,020)	(8,688)
Non-current liabilities			
Lease liabilities	11.4	(163)	(542)
Total non-current liabilities		(163)	(542)
Total liabilities		(10,183)	(9,230)
Total assets less total liabilities		4,943	3,677
Taxpayers' equity			
General Fund		4,943	3,677

The notes on pages 101 to 111 form part of these accounts.

Harriet Aldridge
 Chief Executive and Accounting Officer
 17 July 2024

Statement of Cash Flows for the year to March 2024

	Note	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Cash flows from operating activities			
Net operating expenditure		(4,733)	(5,104)
Adjustments for non-cash transactions		322	349
(Increase) / Decrease in payables from transfer by absorption	9	(189)	-
(Increase)/Decrease in trade and other receivables	7	(2,565)	(594)
Increase/(Decrease) in trade and other payables	9	1,487	(521)
Use of provisions	10	(143)	145
Notional expenditure: auditor remuneration		125	100
Net cash outflow from operating activities		(5,696)	(5,625)
Cash flows from investing activities			
Purchase of intangible assets		(45)	-
Net cash outflow from investing activities		(45)	-
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		6,070	5,967
Repayment of leasing liabilities	11.5	(322)	(332)
Interest payments on lease liabilities	11.5	(7)	(10)
Net cash flows from financing activities		5,741	5,625
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 2023	3,677	3,677
Net parliamentary funding	6,070	6,070
Notional charges: Auditors Remuneration	125	125
Comprehensive net expenditure for the year	(4,929)	(4,929)
Balance at 31 March 2024	4,943	4,943
	General Fund	Taxpayers' equity
	£000	£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

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 is domiciled in the United Kingdom and its principal place of business is at 10 Victoria Street London, with offices throughout the country as explained in Note 11. The presentational and functional currency is pound sterling.

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, two new departments joining in 2024 on an affiliate basis (HMRC and FCDO) and funding in place from HM Treasury for the following financial year (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. IFRS 17 – Insurance contracts will be implemented on 1 April 2025. GIAA has negligible insurance contracts so does not see any material impact because of this change. IFRS 18 – Presentation and Disclosure in Financial statements will be implemented on 1 April 2027. This will lead to changes in how the Statement of Comprehensive Net Expenditure will be presented, disclosures of management-defined performance measures in financial terms and enhancements to the requirements around aggregation and disaggregation of balances. GIAA will be implementing this standard in April 2027.

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 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. HM Treasury'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.

1.6 Employee benefits

Pension and superannuation costs

Pension benefits are provided through Civil Service pension arrangements as detailed on page 76 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 7) and trade and other payables (note 9). In accordance with IFRS 9 Financial Instruments, financial assets and financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

Trade and other receivables

All 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 2023-2024 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, 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 is based on the fixed fee, the proportion of total inputs in year and those required to complete the service after 31 March. GIAA invoices fixed fee customers on a quarterly basis, with the final invoice issued at the end of March. Where the full fee is not recognised, an adjustment is made to receivables. 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 customer 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. The balance of the General Fund represents the balance of our operating activities and HM Treasury funding. Supply Funding is shown in the Statement of Cash Flows as a cash flow from Financing Activities. The amounts due to HM Treasury payables figure disclosed in Note 9 represents Supply Funding received less our net expenditure and the notional expenditure of auditor remuneration.

1.13 Leases

GIAA recognises right-of-use assets at an amount equal to the initial lease liability, whereby 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 IFRS16. GIAA has used cost as a proxy for fair value in its measurement. 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%. For leases modified in 2023, the rate is 3.51% and this is the rate applied for the modified lease in Birmingham referred to Note 11.

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.

1.14 Business Combinations

On 1 April 2023, the internal audit function of the Ministry of Defence (MOD) transferred to GIAA. GIAA has treated this as a Transfer by Absorption in its accounts. The staff who transferred had untaken annual leave which has been recognised as a liability upon transfer. The impact on income and expenditure is explained in the relevant notes to the statements, specifically notes 2, 3 and 5.

Note 2 - Staff costs

	Year to 31 March 2024			Year to 31 March 2023		
	(£000)			(£000)		
	Permanent Staff (£000)	Other Staff (£000)	Total (£000)	Permanent Staff (£000)	Other Staff (£000)	Total (£000)
Salaries including allowances	26,722	283	27,005	23,347	244	23,591
Social security costs	3,049	9	3,058	2,739	19	2,758
Other pension costs	7,036	22	7,058	6,107	49	6,156
Total staff costs	36,807	314	37,121	32,193	312	32,505
Less recoveries from outward secondments	(196)	-	(196)	(159)	-	(159)
Net cost	36,611	314	36,925	32,034	312	32,346

The average number of permanent FTE employed during the year was 486.8 (2022-23: 451). The change in the staff numbers predominantly relates to the transfer of the internal audit function of the MoD – 35.6 average permanent FTE for the year. This also increased GIAA salary costs by £2,395k

Note 3 – Purchase of goods and services

3.1 Analysis of total goods and services purchased

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Contractor costs	7,076	5,958
Support services from other Government departments	3,390	3,410
Travel and Subsistence costs	711	543
IT and telecommunications costs	378	421
Training costs	422	481
Auditor's remuneration	125	100
Staff support and staff related costs	400	342
Recruitment costs	176	149
Office costs	9	135
Total goods and services	12,687	11,539

The material change in contractor costs primarily relates to the transfer of the internal audit function of MOD: £1,479k.

Note 4 – Depreciation and impairment charges

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Depreciation on Right of Use Assets	317	343
Amortisation	7	6
Total Depreciation and Impairment	324	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 11 for further detail on IFRS16.

The creation of Intangible Assets in 2021-22 has led to an amortisation charge which we are amortising over a ten year useful life.

Note 5 - Income

Income for the period of 2023-24 relates entirely to audit and counter fraud and investigation fee income with the exception of £27k grant income and £7k other income. (2022-23: £39,258 attributable to audit, counter fraud and investigation income, £17k attributable to other Income for Apprentice training). Of the £45,167k fee income, £4,748k relates to Ministry of Defence which wasn't included in the 2022-23 financial statements. £951k of the total income relates to 2022-23 contracts where the contract wasn't completed at 31 March 2023.

Note 6 – Income and expenditure by type of work

	Year to 31 March 2024			Year to 31 March 2023		
	(£000)			(£000)		
	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	(43,116)	-	(43,116)	(37,400)	-	(37,400)
Time and Materials customers	(2,051)	-	(2,051)	(1,858)	-	(1,858)
Total Audit Fee income	(45,167)	-	(45,167)	(39,258)	-	(39,258)
Grant Income	(27)	-	(27)	-	-	-
Other Income	(7)	-	(7)	(17)	-	(17)
Total Income	(45,201)	-	(45,201)	(39,275)	-	(39,275)
Expenditure	49,584	350	49,934	44,029	350	44,379
Net operating expenditure for the year	4,383	350	4,733	4,754	350	5,104
Finance expense	7	-	7	10	-	10
Cost of MOD annual leave balances transferred on 1 April 2024	189	-	189	-	-	-
Comprehensive net expenditure for the year	4,579	350	4,929	4,764	350	5,114

Note 7 – Receivables

Amounts falling due within one year	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Trade receivables	12,960	10,888
Prepayments	91	269
Accrued Income	1,495	819
Staff loans and other receivables	1	6
Total falling due within one year	14,547	11,982

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 HM Treasury's consolidated cash flow which relate to GIAA.

Note 9 – Payables and other current liabilities

Amounts falling due within one year	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Amounts due to HM Treasury	4,032	1,953
Accruals	3,691	3,070
Trade and other payables (including Tax & Social Security)	1,965	2,678
Deferred income	7	507
Total falling due within one year	9,695	8,208

The Amounts due to HM Treasury figure has increased due to a larger receivables balance and a reduced payable balance, compared to 31 March 2023.

Included within the Accrual value is the value of untaken leave of staff at the end of the year. The 2023-24 accounts include the untaken leave of MOD staff who transferred in £189k of untaken leave on 1 April 2023.

Note 10 – Provisions for liabilities

In 2022-23, GIAA recorded 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. This was settled during the financial year.

	Tax and NI contributions provision (£000)	Total (£000)
Balance at 1 April 2023	145	145
Provided in the year	-	-
Provisions not required written back	(2)	(2)
Provisions utilised in the year	(143)	(143)
Balance at 31 March 2024	-	-

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 2024, 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 commenced a lease for its main office site in November 2018 (10 Victoria Street, London) and for an additional site in Birmingham in 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 1.13.

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. There is uncertainty related to our occupation after the current lease dates, therefore the values have not been recalculated for length of the lease. The Birmingham lease has been recalculated following a modification to the lease with GIAA occupying a smaller space. There has been a £68k reduction in the Right of Use Asset and Lease Liability being reduced.

Further to these locations, GIAA staff use office space provided by our customer departments to discharge their duties. GIAA pay rent for six 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.

11.3 Right of use assets

	Buildings £000	Total £000
Right-of-use assets		
At 1 April 2023	866	866
Change in Right of use asset value	(68)	(68)
Depreciation expense	(317)	(317)
At 31 March 2024	481	481
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:	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Buildings		
Not later than one year	329	342
Later than one year and not later than five years	164	545
Later than five years	-	-
Less interest element	(5)	(10)
Present value of obligations	488	877

11.5 Cash outflow for leases

	Year to 31 March 2024 (£000)	Year to 31 March 2023 (£000)
Total cash outflow for leases	329	342

£329k represents the lease payments made for the three leases noted in 11.2 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 (ALBs).

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 ten largest of these in terms of income earned are below with figures presented inclusive of the departments and their ALBs:

- Department for Work and Pensions
- Ministry of Defence
- Department for Transport
- Ministry of Justice
- Home Office
- Department for Environment, Food and Rural Affairs
- Department for Education
- Department for Levelling Up, Housing and Communities
- Department of Health and Social Care
- Department for Science, Innovation and Technology

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 2024.

Note 13 – Contingent liabilities

As at 31 March 2024 we have identified no contingent liabilities.

Note 14 – Events after the reporting period

There were no significant events occurring after the reporting period. In Autumn 2024, we expect HMRC will become an affiliate member of GIAA. On 1 April 2025, FCDO will become an affiliate member. Under these arrangements we will recognise income from these customers but as we won't be delivering audit plans, the basis for income recognition will be different and disclosed in the 2024-25 accounts.

The Accounting Officer authorised these financial statements for issue on 17 July 2024.

Find out more

For more information about the GIAA and what we do, visit:

- gov.uk/giaa
- linkedin.com/company/giaa
- giaa.blog.gov.uk

Address:

Government Internal Audit Agency,
10 Victoria Street London,
SW1H 0NB,
United Kingdom

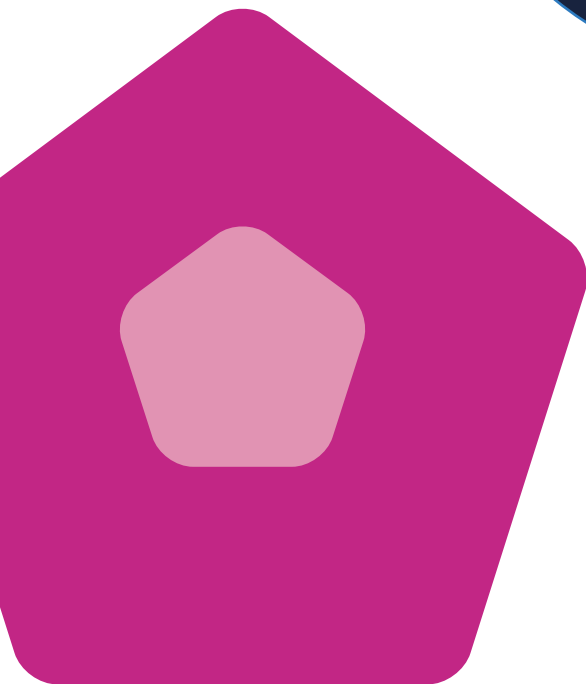
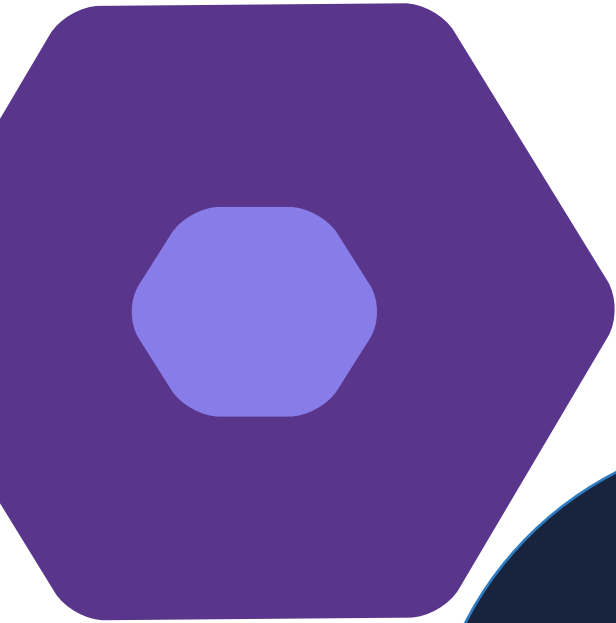
Images were sourced internally and from unsplash.com.

With thanks to:

- David Hares
- Kasturi Laxmi Mohit
- Mareks Mangūzis
- Clayton Robbins



Government Internal Audit Agency



E03155825

978-1-5286-5045-8