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Introduction of new Global Internal Audit Standards in the UK Public Sector

Dear Accounting Officer,

Contact

Please address enquiries to: GIAA.IAProfession@giaa.gov.uk

Action

Each Accounting Officer should ensure that consideration is given to whether the *essential conditions* for effective internal audit as set out in the *new Global Internal Audit Standards* are in place in their organisation. This should be discharged by discussion at ARACs about the internal audit charter with their Head of Internal Audit.

Context

The new Global Internal Audit Standards (GIAS) define the purpose of Internal Audit as follows:

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The practice of internal audit is guided by global professional standards. New global standards – The GIAS – will be introduced as of 1 April 2025 for the UK Public Sector. They will be accompanied by an Application Note to assist public bodies in their use. And the GIAS replace the Public Sector Internal Audit Standards (PSIAS) first introduced in 2013 (by DAO 3/12). The Internal Audit Functional Standard (009) has been revised accordingly.

The key difference between the new GIAS and the existing PSIAS is the inclusion of *essential conditions* for board (ARAC in UK Central Government) and senior management oversight and governance of the internal audit function. GIAS describe essential conditions as establishing 'a necessary foundation for an effective dialogue between the board, senior management, and the chief audit executive, ultimately enabling an effective internal audit function'. They are principally concerned with:

- **Mandate** - Setting clear roles & responsibilities, defining scope and types of internal audit work.
- **Support** - Championing the role of internal audit and showing support through regular contact, strong communication and access rights.
- **Independence** - Securing independence through relevant reporting lines and organisational standing.
- **Qualifications & Experience** – Confirming that the qualifications and experience of the chief audit executive are appropriate for the context.
- **Communication** - Expectations of ARAC for communication from and to the chief audit executive.
- **Resourcing** - Provision of the necessary resources to fulfil the internal audit mandate.
- **Quality** – The expectations of the ARAC concerning internal audit's quality assurance improvement programme, performance monitoring and external quality assessment.

The consideration of a current internal audit charter at ARAC with the Accounting Officer, senior managers and the Head of Internal Audit provides an appropriate opportunity for proper discussion of the essential conditions introduced by the GIAS. This should take place during 2025 and annually thereafter.



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