



HM Treasury

Government Internal Audit Agency Framework Document

June 2026



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Introduction and background

1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between HM Treasury and the Government Internal Audit Agency (GIAA) in accordance with HM Treasury's handbook Managing Public Money¹ (“MPM”) (as updated from time to time) and has been approved by HM Treasury.
- 1.2. The framework document sets out the broad governance framework within which the GIAA and the HM Treasury operate. It sets out the GIAA's core responsibilities; describes the governance and accountability framework that applies between the roles of HM Treasury and GIAA; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities but both GIAA and HM Treasury agree to operate within its terms.
- 1.4. Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the GIAA website (gov.uk/GIAA).
- 1.5. This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer (PAO) of the sponsor department. The latest date for review and updating of this document is June 2029.

2. Objectives

- 2.1. HM Treasury and the GIAA share the common objective of delivering internal audit across government and some counter fraud and fraud investigation work. To achieve this the GIAA and HM Treasury will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the GIAA to achieve its objectives through the promotion of partnership and trust and ensuring that the GIAA also supports the strategic aims and objective of the department and wider government as a whole.
- 2.2. The GIAA was established as an executive agency of HM Treasury in April 2015 to improve the quality of internal audit provided to central government. Its mission is to provide objective insight so that central government can achieve better outcomes and value for money – better insights, better outcomes.

3. Classification

- 3.1. GIAA is expected to be classified to central government by the HM Treasury Classifications Team.
- 3.2. It has been administratively classified by the Cabinet Office as an Executive Agency of HM Treasury.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Spring_21_with_annexes_080721.pdf

Purposes, aims and duties

4. Purposes

- 4.1. The GIAA has been established by HM Treasury and as an Executive Agency does not have a separate legal personality to the department.
- 4.2. The purpose of the GIAA is to provide internal audit, counter fraud and fraud investigation, and advisory and consulting services to central government departments and entities. Through its services it provides Accounting Officers with an objective assessment, independent of management, of how well their governance, risk management and internal controls are operating. By doing so it supports Accounting Officers manage public money and achieve their objectives more effectively.

5. Powers and duties

- 5.1. The GIAA was established as an Executive Agency of HM Treasury on 1st April 2015. This followed a Review of financial management in government in 2013 that recommended the creation of a single integrated audit function for the whole of government. In 2020, following a review of the government functions, it was agreed that all central government entities should use the GIAA for their internal audit services.
- 5.2. The GIAA leads the government internal audit function and profession on behalf of HM Treasury. GIAA also supports HM Treasury's wider objectives around spending control, efficient and effective delivery of public services, fiscal deficit control, and economic growth.
- 5.3. GIAA is required to put in place a quality management framework to ensure that its work meets the standards required by the Global Internal Audit Standards published by the Institute of Internal Auditors (IIA) as they affect the public sector, relevant professional institutions, and other public sector good practice. Details of this quality assurance process will be shared with the HM Treasury sponsor team as required. In accordance with requirements of the Institute of Internal Auditors, GIAA will ensure its service is subject to an External Quality Assessment performed by an independent body at least once every five years.

6. Aims

- 6.1. The GIAA has a mission to provide objective insight so that central government can achieve better outcomes and value for money for the public – better insights, better outcomes.
- 6.2. The GIAA periodically refreshes its vision, strategy and corporate plan to ensure it is continually improving its offer and capabilities (which can be viewed at GOV.UK/GIAA).
- 6.3. The GIAA agrees strategic priorities annually with HM Treasury that form part of the formal delegation of responsibilities from the HM Treasury's Permanent Secretary to the Chief Executive of the GIAA.

Governance and accountability

7. Governance and accountability

7.1. The GIAA shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.

7.2. In particular (but without limitation), the GIAA should:

- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice² (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
- comply with MPM
- in line with MPM have regard to the relevant Functional Standards³ as appropriate and in particular those concerning Internal Audit, Finance, Commercial and Counter Fraud.
- take into account, the codes of good practice and guidance set out in Annex A of this framework document, as they apply to executive agencies.

7.3. In line with MPM Annex 3.1, the GIAA shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the GIAA does intend to materially depart from the Code, the sponsor should be notified in advance.

² <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

³ <https://www.gov.uk/government/collections/functional-standards>

Role of the department

8. The responsible Minister

- 8.1. GIAA was established to provide an integrated internal audit service to central government. To ensure the independence and objectivity of GIAA, responsibilities that in other organisations might rest with the Minister, are managed by the Principal Accounting Officer.
- 8.2. Notwithstanding the above, HM Treasury's responsible Minister is accountable to Parliament for all matters concerning the GIAA.
- 8.3. The Minister's responsibilities in respect of the GIAA are:
- Providing guidance and direction to ensure the strategic aims and objectives of GIAA are consistent with those of the department and government.
 - Answering GIAA Parliamentary Questions and correspondence that UK Ministers receive from members of the UK Parliament and devolved Parliaments/Assemblies (following usual HM Treasury clearance procedures).

9. The Principal Accounting Officer

- 9.1. The Principal Accounting Officer (PAO) is the Permanent Secretary of HM Treasury.

PAO's specific accountabilities and responsibilities

- 9.2. The PAO of HM Treasury designates the Chief Executive of the GIAA as the GIAA's Accounting Officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.
- 9.3. The respective responsibilities of the PAO and AOs for ALBs are set out in Chapter 3 of MPM. The PAO may delegate their duties and responsibilities to senior HM Treasury officials who will act as the senior departmental sponsor.
- 9.4. The PAO is also responsible, usually via the sponsorship team, for advising the responsible Minister on:
- an appropriate framework of objectives and targets for the GIAA in the light of the department's wider strategic aims and priorities
 - an appropriate budget for the GIAA in the light of the sponsor department's overall public expenditure priorities
 - how well GIAA is achieving its strategic objectives and whether it is delivering value for money.
- 9.5. The PAO, via the sponsorship team, is also responsible for ensuring arrangements are in place in order to:
- monitor the GIAA's activities and performance
 - address significant problems in the GIAA, making such interventions as are judged necessary
 - periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and the GIAA's objectives and activities in line with the wider departmental risk assessment process

- inform the GIAA of relevant government policy in a timely manner
- bring ministerial or departmental concerns about the activities of the GIAA to the full GIAA Board, and, as appropriate to the departmental Board, requiring explanations and assurances that appropriate action has been taken.

The role of the senior departmental sponsor

- 9.6. The PAO of the Treasury will appoint the Director of Public Spending as the Sponsor Director and the GIAA Board member representing HM Treasury as the sponsor department.
- 9.7. The Sponsor Director will manage the overall relationship between GIAA and HM Treasury, supported by the department's sponsor team. The Sponsor Director will act as the link at executive level between GIAA and the senior officials of the department, and between GIAA and Ministers. The Sponsor Director will be the main source of advice to the responsible Minister on the discharge of his or her responsibilities in respect of GIAA.
- 9.8. The Sponsor Director is responsible for proposing objectives and providing input into reviewing the performance of the GIAA Chair that will be undertaken by the Second Permanent Secretary to the Treasury.
- 9.9. The GIAA Chief Executive formally reports to the Second Permanent Secretary in respect of pay and performance.

10. The role of the sponsorship team

- 10.1. The GIAA Sponsor Team in the department is the primary contact for the GIAA and supports the senior departmental sponsor, liaising regularly with counterparts in the GIAA to support effective corporate relationships and co-ordinate assurance and accountability functions.
- 10.2. Officials of the GIAA Sponsor team in the sponsor department will liaise regularly with GIAA officials to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The GIAA Sponsor team will also take the opportunity to explain wider policy developments that might have an impact on the GIAA.
- 10.3. The working relationship between the sponsor team and the GIAA will support the necessary level of oversight to hold the GIAA to account, gain assurance regarding the proper discharge of its functions, and ensure alignment with departmental objectives. The approach should be proportionate, allowing the GIAA to implement its work efficiently, effectively and meet the requirements of professional standards and to carry out its intended purpose independently and objectively.

11. Resolution of disputes between the GIAA and department

- 11.1. Any disputes between the department and the GIAA will be resolved in as timely a manner as possible. The department and the GIAA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior departmental sponsor, will be used to resolve the issue. Failing this, the senior departmental sponsor will ask the relevant policy Director General

to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

12. Freedom of Information requests

- 12.1. GIAA is responsible for addressing all requests for information made to it under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, and associated statutory information access requests. GIAA and HM Treasury shall consult prior to any disclosure of information that may affect the other party's responsibilities.

13. Reporting on legal risk and litigation

- 13.1. The GIAA shall provide a quarterly update to the sponsor team on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.
- 13.2. In respect of each substantial piece of litigation involving the GIAA, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:
 - material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
 - legally privileged documents and information are clearly marked as such
 - individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
 - circulation of privileged information within government occurs only as necessary

The GIAA governance structure

14. The Chief Executive

- 14.1. The Chief Executive of the GIAA is responsible for the leadership and management of the GIAA and delivering its objectives and acts as the head of the internal audit function and profession. The Chief Executive is also responsible for ensuring appropriate governance arrangements are in place and those arrangements are reviewed on a regular basis.
- 14.2. The Chief Executive is supported by an advisory Board (“the Board”), composed of a non-executive Chair and both non-executive and executive members.
- 14.3. The Chief Executive of the GIAA is appointed by HM Treasury. The recruitment process is chaired by the Civil Service Commission. This process is governed by the Civil Service Commission’s recruitment principles and is in line with Director General level appointments across the Civil Service.

Responsibilities of the GIAA’s Chief Executive as accounting officer

- 14.4. The Chief Executive as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the GIAA. In addition, they should ensure that the GIAA as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

Responsibilities for accounting to Parliament and the public

- 14.5. Accounting Officer responsibilities to Parliament and the public include:
 - signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
 - preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
 - ensuring that effective procedures for handling complaints about the GIAA in accordance with Parliamentary and Health Service Ombudsman’s Principles of Good Complaint Handling are established and made widely known within the GIAA and published on their website (gov.uk/GIAA)
 - acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, the Treasury and the Cabinet Office
 - ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document
 - any delegation letters
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the GIAA

- any separate settlement letter that is issued to the GIAA from the sponsor department
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the PAC on the GIAA's stewardship of public funds.

Responsibilities to the Treasury

14.6. Particular responsibilities of the Chief Executive to HM Treasury include:

- establishing, in agreement with the department, the GIAA's corporate and business plans in the light of the department's wider strategic aims and agreed priorities
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

Responsibilities to the Board

14.7. The Chief Executive is responsible for:

- advising the Board on the discharge of the GIAA Board's responsibilities as set out in this document, any relevant legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on the GIAA's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.

Managing conflicts

14.8. In executive agencies, final decisions, responsibility and accountability rest with the Chief Executive as accounting officer. However, the expectation is that the Chief Executive will follow the advice of the Board.

14.9. If the Board, or its chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe upon the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the Chief Executive in their role as AO should reject that course of action.

14.10. The Chief Executive must ensure that the Board have a full opportunity to discuss the rationale. The Chief Executive should confirm the rationale for not following the advice of the Board in writing to the Chair of the Board and the Principal Accounting Officer and copy that to the Treasury Officer of Accounts.

- 14.11. If the Principal Accounting Officer agrees with the proposed course of action of the Board, it may be appropriate for the Minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

15. The Board

Composition of the Board

- 15.1. The GIAA will have a Board in line with good standards of corporate governance, the guidance as set out in Annex A and any relevant legislation. The Board shall provide advice, scrutiny and challenge to the Chief Executive and executive team; however non-executive members will not have decision making authority – as is the case with other executive agencies. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM)⁴.
- 15.2. The Board will consist of a non-executive independent Chair, and at least 3 non-executive directors, one of whom chairs the Audit & Risk Assurance Committee (ARAC). The Chief Executive will be a member of the Board. They will agree with the Board, which other executive directors will be executive Board members. Board directors will have a balance of skills and experience appropriate to directing the GIAA's business. This will include, as an executive and voting Board member, an appropriately qualified finance director as described in Annex 4.1 of MPM.

Appointments to the Board

- 15.3. GIAA is not regulated by the Office for the Commissioner of Public Appointments (OCPA), and appointments of non-executive members to the GIAA Board do not require Ministerial approval. However, appointments should be made in accordance with the spirit of the Cabinet Office Governance Code on Public Appointments⁵.
- 15.4. The appointments process for non-executive members, including the Chair, must be approved by the HM Treasury sponsor in advance of starting a recruitment campaign. The HM Treasury sponsor should be involved in the recruitment and approve the final appointment. The HM Treasury sponsor team will ensure that the responsible Minister is given visibility of the process and final appointment.
- 15.5. Executive appointments to the Board are made by the Chief Executive with the agreement of the HM Treasury sponsor.

Board Committees

- 15.6. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below, at a minimum, this should include an Audit and Risk Assurance Committee (ARAC) chaired by an independent and appropriately qualified non-executive member of the Board.
- 15.7. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and

⁴ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

⁵ Web link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/578498/governance_code_on_public_appointments_16_12_2016.pdf

endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.

- 15.8. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, senior departmental sponsor or PAO. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 15.9. The Chair should ensure Board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

Duties of the Board

- 15.10. The Board shall provide advice, support and constructive challenge to the Chief Executive and executive team on:
 - establishing and taking forward the strategic aims and objectives of the GIAA, consistent with its overall strategic direction, the annual remit letter, and within the policy and resources framework determined by the Secretary of State
 - providing effective leadership of the GIAA within a framework of prudent and effective controls which enables risk to be assessed and managed
 - ensuring the financial and human resources are in place for the GIAA to meet its objectives
 - reviewing management performance
 - ensuring that the Board receives and reviews regular financial and management information concerning the management of the GIAA
 - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the GIAA Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, sponsorship team or directly
 - ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of any statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds
 - ensuring that in reaching decisions, the Board takes into account guidance issued by the sponsor department
 - ensuring that as part of the above compliance they are familiar with:
 - this framework document,
 - any delegation letter issued to GIAA
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the GIAA
 - any separate settlement letter that is issued to the GIAA from the sponsor department

- that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive and the GIAA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chair, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the senior departmental sponsor
- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the GIAA of its objectives.

15.11. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

15.12. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)⁶. The Board must set up an Audit and Risk Assurance Committee (ARAC) chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

16. The Chair's role and responsibilities

16.1. The Chair is responsible for leading the Board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their contract of employment/appointment letter, objectives agreed with the Second Permanent Secretary to the Treasury, and this document and the documents and guidance referred to within this document.

16.2. Communications between the GIAA's Board and the senior departmental sponsor should normally be through the Chair. Should the need arise, the Board may escalate issues and engage directly with the Principal Accounting Officer of the sponsoring department.

16.3. The Chair is bound by the Code of Conduct for Board Members of Public Bodies⁷, which covers conduct in the role and includes the Nolan Principles of Public Life⁸.

⁶ <https://www.gov.uk/government/publications/orange-book>

⁷ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁸ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

- 16.4. In addition, the Chair is responsible for:
- Ensuring that the GIAA's affairs are conducted with probity, including by monitoring and engaging with appropriate governance arrangements
 - ensuring that policies and actions support the wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the GIAA.
- 16.5. The Chair has the following leadership responsibilities:
- formulating the Board's strategy
 - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the department
 - promoting the efficient and effective use of staff and other resources
 - delivering high standards of regularity and propriety
 - representing the views of the board to the general public.
- 16.6. The Chair also has an obligation to ensure that:
- the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual non-executive Board members with a formal annual evaluation and more in-depth assessments of the performance of individual non-executive Board members when being considered for re-appointment
 - that in conducting assessments that the view of relevant stakeholders including employees, customers and the sponsorship team are sought and considered
 - that the Board has a balance of skills appropriate to directing the GIAA's business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with the GIAA to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of Board membership within the public sector
 - Board members are fully briefed on terms of appointment, duties, rights and responsibilities
 - they, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
 - the Sponsor Team is advised of the GIAA's needs when Board vacancies arise
 - there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance
 - there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

17. Individual Board members' responsibilities

- 17.1. Individual Board members should:
- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest

- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate⁹
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of the GIAA
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

⁹ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

Management and financial responsibilities and controls

18. Delegated authorities

- 18.1. The GIAA's delegated authorities are set out in the delegation letter from the PAO. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.
- 18.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 18.3. The GIAA shall obtain the department's prior written approval before:
 - entering into any undertaking to incur any expenditure that falls outside the delegations, or which is not provided for in the GIAA's annual budget as approved by the department
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
 - making any change of policy or practice which has wider financial implications that might prove repercussive, or which might significantly affect the future level of resources required
 - carrying out policies that go against the principles, rules, guidance and advice in MPM.

19. Spending authority

- 19.1. Once the budget has been approved by the sponsor department and subject to any restrictions imposed by HM Treasury settlement or delegation letters, the GIAA shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:
 - the GIAA shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate
 - the GIAA will provide assurance to HMT on use of public funds as part of their consolidation in the HMT Account and as part of the Annual Report and Accounts process
 - the GIAA shall comply with MPM regarding novel, contentious or repercussive proposals
 - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
 - the GIAA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

20. Banking and managing cash

- 20.1. The GIAA must maximise the use of publicly procured banking services, i.e., accounts with central government commercial banks managed centrally by Government Banking.
- 20.2. The GIAA should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 20.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.
- 20.4. GIAA shares a bank account with HM Treasury and therefore the AO is assured through the letter of Assurance from HM Treasury that the banking policy as set out in MPM is complied with.

21. Procurement

- 21.1. The GIAA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Procurement Act 2023.
- 21.2. The GIAA shall establish its procurement arrangements and document these in procurement policies and procedures.
- 21.3. In procurement cases where the GIAA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department's sponsor team.
- 21.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.
- 21.5. Procurement by the GIAA of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e., the optimum combination and whole life costs and quality (fitness for purpose).
- 21.6. The GIAA shall:
 - engage fully with department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
 - comply with all relevant Procurement Policy Notes issued by Cabinet Office
 - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.
- 21.7. The GIAA shall comply with the commercial¹⁰ and grants standards¹¹. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and GIAAs, regardless of

¹⁰ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

¹¹ <https://www.gov.uk/government/publications/grants-standards>

commercial approach used and form part of a suite of functional standards that set expectations for management within government.

22. Risk management

- 22.1. The GIAA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance. GIAA shall continuously review and improve a risk management strategy, in accordance with the HM Treasury Orange Book Management of Risk: Principles and Concepts¹². GIAA and HM Treasury will ensure mutual understanding of risk and a proportionate approach to monitoring and reporting.

23. Counter fraud and theft

- 23.1. The GIAA should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 23.2. The GIAA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in MPM Annex 4.9 and the Counter Fraud Functional Standard¹³. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
- 23.3. The GIAA should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the GIAA and notify the sponsor department of any unusual or major incidents as soon as possible. The GIAA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

24. Staff

Broad responsibilities for staff

- 24.1. Within the arrangements approved by the Treasury the GIAA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff are in line with Civil Service Commission Recruitment principles and create an inclusive culture in which diversity is fully valued and promoted; appointment and advancement are based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
 - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
 - the performance of its staff at all levels is satisfactorily appraised and the GIAA performance measurement systems are reviewed from time to time
 - staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the GIAA's objectives

¹² http://www.hm-treasury.gov.uk/orange_book.htm

¹³ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- proper consultation with staff takes place on key issues affecting them, including where that may be through recognised trade unions acting on behalf of staff
- adequate grievance and disciplinary procedures are in place
- whistleblowing, speak up and raising a concern procedures consistent with the Public Interest Disclosure Act are in place.

Staff costs

24.2. Subject to its delegated authorities, the GIAA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 24.3. The GIAA's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department. The GIAA has no delegated power to amend these terms and conditions.
- 24.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code¹⁴ and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.
- 24.5. Staff terms and conditions should be set out in GIAA HR policies and are set out in employee contracts, which should be provided to the department together with subsequent amendments.
- 24.6. The GIAA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance¹⁵ and the Public Sector Pay and Terms Guidance¹⁶.
- 24.7. The GIAA pay scheme for senior civil servants is in line with Cabinet Office guidance. GIAA does not have a performance-related pay scheme for delegated grades; delegated grades are recognised via a Reward and Recognition scheme. Both pay schemes shall form part of the annual aggregate pay budget approved by the department/ or the general pay structure approved by the department and the Treasury where relevant, with due regard to the Senior Pay Guidance.
- 24.8. The travel expenses of Board members shall be tied to the rates allowed to GIAA staff as per the GIAA Travel, Subsistence and Expenses Guidance and Procedures. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

24.9. GIAA will operate in line with compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

¹⁴ <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

¹⁵ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁶ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

- 24.10. The GIAA staff shall normally be eligible for a pension provided by the Civil Service Pension Scheme. Staff may opt out of the occupational pension scheme provided by the GIAA, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.
- 24.11. Any proposal by the GIAA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the sponsor department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

Business plans, financial reporting and management information

25. Corporate and business plans

- 25.1. The GIAA shall submit annually to the sponsor department a draft of the corporate plan covering three years ahead. The draft should be submitted at least a month in advance of publication. The GIAA shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the GIAA's statutory and/or other duties and, within those duties, the priorities set from time to time by HM Treasury (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the GIAA contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.
- 25.2. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the corporate and business plans should be published by the GIAA on its website and separately be made available to staff.
- 25.3. The following key matters should be included in the plans:
- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
 - key non-financial performance targets
 - a review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year
 - alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
 - other matters as agreed between the department and the GIAA

26. Budgeting procedures

- 26.1. Each year, in the light of decisions by the department on the updated draft corporate plan, the department will send to the GIAA by 31 March:
- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department
 - a statement of any planned change in policies affecting the GIAA.
- 26.2. The approved annual business plan will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

27. Annual report and accounts

- 27.1. The GIAA Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The GIAA shall provide the department its finalised (audited) accounts each year in order for the accounts to be consolidated within the HM Treasury. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the Treasury's Financial Reporting Manual (FReM).
- 27.2. The annual report must:
- comply with the FReM and in particular have regard to the illustrative statements for an executive agency¹⁷
 - outline main activities and performance during the previous financial year and set out in summary form forward plans.
- 27.3. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on the GIAA website, in accordance with the guidance in the FReM.

28. Reporting performance to the department

- 28.1. The GIAA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.
- 28.2. The GIAA shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, and the achievement of key objectives regularly.
- 28.3. The GIAA's performance shall be formally reviewed by the department via the attendance of the senior departmental sponsor at the GIAA Board where updates on performance are received.
- 28.4. The Second Permanent Secretary will meet with the Chief Executive at least quarterly, and the Chair as required throughout the year.

29. Information sharing

- 29.1. The department has the right of access to all the GIAA records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 29.2. The GIAA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
- 29.3. HM Treasury may request the sharing of data held by the GIAA in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

¹⁷ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>.

- 29.4. As a minimum, the GIAA shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- the GIAA's cash management
 - forecast outturn by resource headings
 - other data required for the Online System for Central Accounting and Reporting (OSCAR)
 - data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Audit

30. Internal audit

30.1. The GIAA shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the Global Internal Audit Standards (GIAS) as adopted by HM Treasury¹⁸
- ensure the sponsor department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS
- set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook, or be represented on the HM Treasury's Audit Committee
- forward the audit strategy, periodic audit plans and annual audit report, including the GIAA Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department
- keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the GIAA and notify the sponsor department of any unusual or major incidents as soon as possible
- share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within the GIAA.

31. External audit

31.1. The Comptroller & Auditor General (C&AG) audits the GIAA's annual accounts which are laid before Parliament, together with their report.

31.2. The C&AG:

- will consult the department and the GIAA on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the GIAA
- will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the GIAA
- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.

31.3. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the ALB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the GIAA shall provide, in

¹⁸ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

32. Review of GIAA's status

- 32.1. The GIAA will be reviewed periodically in line with government policy, at a time determined by the department's Ministers and their PAO.

33. Arrangements in the event that the ALB is wound up

- 33.1. The sponsor department shall put in place arrangements to ensure the orderly winding up of the GIAA. In particular it should ensure that the assets and liabilities of the GIAA are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:
- have regard to Cabinet Office guidance on winding up of ALBs¹⁹
 - ensure that procedures are in place in the GIAA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
 - specify the basis for the valuation and accounting treatment of the GIAA's assets and liabilities
 - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts
 - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.
- 33.2. The GIAA shall provide the department with full details of all agreements where the GIAA or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the GIAA.

¹⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

Annex A: Guidance

The GIAA shall comply with the following guidance, documents and instructions:

Corporate governance

- This framework document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance: <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies: <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Code of practice for partnerships between Departments and Arm's Length Bodies: <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships.>

Financial management and reporting

- Managing Public Money (MPM): <https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FReM): www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters: www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts: <https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent letter setting out the delegated authorities, issued by the sponsor department.

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Global Internal Audit Standards: <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards>

- HM Treasury approval processes for Major Projects above delegated limits: <https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance: <https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes: <https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls: <https://www.gov.uk/government/collections/cabinet-office-controls>
- Transparency in supply chains - a practical guide: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments: <https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments: www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees: <https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HM Treasury guidance on senior pay and reward: www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually): www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>
- Whistleblowing Guidance and Code of Practice: <https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>

- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions: www.legislation.gov.uk/ukpga/2000/36/contents and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the GIAA.
- Guidance from the Public Bodies team in Cabinet Office: www.gov.uk/government/publications/public-bodies-information-and-guidance
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute): <https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects: www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service: www.gov.uk/government/organisations/government-digital-service
- The Government Fraud, Error, Debt and Grant Efficiency function; www.gov.uk/government/collections/fraud-error-debt-and-grants-function and www.gov.uk/government/publications/grants-standards
- Code of Practice for Official Statistics: <https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy.>
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): www.gov.uk/government/publications/accounting-officer-system-statements

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This document can be downloaded from www.gov.uk

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