Government Internal Audit Agency

Annual Report and Accounts

2025-26

HC 406

Government Internal Audit Agency (GIAA)

Annual report and accounts 2025-2026

For the period 01 April 2025 to 31 March 2026

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Performance overview

This section tells you about our organisation - who we are, our mission, vision and values and our services. It also provides a summary of our performance over the year as we progress with our strategic objectives and our approach to managing the risks that could stand in the way of our 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 clients include ministerial departments and many non-ministerial departments, agencies, and public bodies. Our counter fraud and investigation service supports finance professionals across government in their role as stewards of public money.

Our unparalleled access across government departments and organisations, our expertise, and the relationships we build, lead to better insights and better outcomes for our clients, for their service users, and for the UK public. We use our unique perspective to provide cross-cutting insight and thought leadership in respect of issues which are important to individual departments, groups of clients, and wider government.

Welcome to our Annual Report and Accounts

Harriet Aldridge, Chief Executive

2025-26 marked a significant milestone for the Government Internal Audit Agency as we celebrated a decade providing internal audit and counter fraud and investigation services, assurance and advice for our UK central government clients.

This year we published our GIAA Strategy 2025-29. This document resets our Agency's priorities to align with the UK Government's Plan for Change, shaping how we will support our government clients as they embrace different ways of working with greater application of technology, more agile delivery and increased cross-departmental working.

GIAA leads the Internal Audit Function and Profession for the UK government with our remit extending across central government and the devolved nations. Throughout 2025-26 we made progress embedding six strategic priorities to support all internal audit teams across wider government so that we are able to maximise our collective power to protect public money.

We delivered 1280 internal audit reports for more than 130 clients while our highly specialised counter fraud and investigation team completed over 290 activities across 45 clients. Alongside this volume of delivery, we maintained our unwavering commitment to quality, retaining our five-yearly External Quality Assessment (EQA) with a grading of 'Generally Achieves', the highest level of conformance achievable for an organisation with a multi-client base like GIAA.

Although my time with the Agency has now concluded, I am pleased to pass on the role of Interim Chief Executive to Andy Brittain knowing the Agency will be in a strong position to continue to provide assurance and advice for our government clients that ultimately supports better, more effective public services for the UK.

Isobel Everett, GIAA Board Chair

Ten years on, what strikes me most is not simply how much the Agency has grown, but also how clearly its purpose and commitment have remained constant. Through a decade of change, GIAA has stayed focused on what matters most: providing the insight and assurance that helps government clients manage risk effectively and protect valuable public resources.

This year our focus on our mission: better insights, better outcomes remained unwavering and we were well placed to offer effective insight and assurance to all our government clients, drawn directly from our unique position working across government.

At the heart of GIAA are its people and we thank and pay tribute to our outgoing Chief Executive, Harriet Aldridge, whose drive and enthusiasm has led the Agency through a significant period of change. We also recently said goodbye to Chris Westwood, our Technical Director and Head of Profession. Chris has been with the Agency since the start and is unparalleled in his knowledge of internal audit and assurance. Finally, I'm delighted to welcome Andy Brittain as our Interim Chief Executive. Andy brings considerable experience of people leadership and a deep understanding of the vital importance of effective assurance to support the delivery of public services.

As we enter our second decade, we remain committed to harnessing opportunities and building on our work at the forefront of artificial intelligence in internal audit, work that has attracted attention worldwide and supports the effective delivery of our services for our clients now and for years to come.

Andy Brittain, Interim Chief Executive

I am delighted to have joined the Government Internal Audit Agency as Interim Chief Executive. Since April 2026, as I have settled into my new role, it has become clear to me that the Agency's focus on delivering quality, the rigour of the work and the genuine commitment to adding value runs through every part of this organisation. The foundations laid under Harriet Aldridge's leadership are strong, and I am proud to build on them.

Quality sits at the heart of the Agency. Our recently completed External Quality Assessment, which awarded us the highest available grading for a multi-client organisation, gives us the authority and credibility we need to fulfil our mission and continue to grow. We will now implement the EQA's recommendations with energy and purpose, using them to further sharpen the insight and the impact we deliver for clients so that we become even stronger in our commitment to better insights, better outcomes.

Looking forward, I'm genuinely excited about what the next few years will hold for the Agency. We will build on our achievements and invest in the development of our people; deepen the value we add for our clients; and complete our change programme for efficient and effective operational delivery. This will ensure GIAA's long- term financial sustainability and realise our ambition to become an indispensable partner for government.

Our year at a glance:

April

- We celebrated 10 years as an agency
- Over 150 Audit & Risk Committee members joined our discussion on the report, *Responding to Early Warning Signs in Public Sector Bodies*, published by the Committee for Standards in Public Life

May

- We launched our Future Leaders Advisory Group (FLAG)
- We attended Civil Service Live events in Cardiff & Liverpool, where counter fraud colleagues raised awareness of fraud risks across government

June

- We launched our core audit and insight team
- We launched our Strategy 2025-29 to support greater cross-government working, innovation and agile working

July

- We inspired our people to apply their financial skills and expertise to support charities through volunteering
- We celebrated the success of colleagues shortlisted in the Public Finance Awards

August

- We presented our work on AI as part of Parliament's Digital Fortnight

September

- We piloted a new audit approach for smaller and lower risk arm's length bodies based on the government's risk control framework

Our year in numbers:

We delivered 1280 audits for 15 government departments and 130 arm's length bodies (ALBs).

Over 300 government internal audit professionals are members of our Knowledge Hub.

We deployed four bespoke artificial intelligence engines, and developed our fifth – the Foresight Engine.

Approximately 270 people from 26 government organisations have had access to at least one of our AI Engines.

Our Insights team presented four Insight Reports, two Responsiveness Insights and a Think Piece on Audit and Risk Assurance Committee (ARAC) Effectiveness.

October

We moved into our new HQ in Horse Guards Road, alongside our parent organisation HM Treasury

We introduced regional teams across the UK to better support our regionally based clients

November

We raised awareness of risk controls and assurance at the Civil Service Transformation Board

We presented data analytics sessions at HM Treasury's Innovation Day

December

We welcomed the findings of the Covid Commissioner's review into fraud which recognised GIAA's recommendations for controls and assurance in government

January

We launched our internal audit exchange programme with Bupa

We delivered our all-agency conference and celebrated being greater than the sum of our parts

February

We partnered with the Government Finance function to showcase career pathways into internal audit for finance professionals

March

We confirmed our External Quality Assessment (EQA) as 'generally achieves' the highest award possible for a multi-client agency

On average, throughout the year, we employed 430 people (full-time equivalent).

183 of our managers have completed our Managers' Development Programme.

In our role leading the government internal audit function we facilitated regular opportunities for over 50 senior leaders from the wider Government Internal Audit Leadership community to come together, network and share expertise.

Our counter fraud and investigation services received an average satisfaction score of 9.1 out of 10.

We welcomed around 150 audit and risk committee (ARAC) members to each of our three ARAC events.

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 strategy

Following the election of a new UK government in 2024 and the subsequent publication of the Plan for Change in 2025, our GIAA Board took the decision to re-set our strategic direction for the remainder of the current Parliament which will run until 2029. We published our new Strategy 2025-29 in July 2025.

Our strategy re-affirms our commitment to our mission of providing ‘better insights, better outcomes’ and this is set within the broader context of how our Agency supports, and is part of, a more productive and agile state.

This strategy also supersedes our three-year vision for GIAA which was due to conclude in 2026.

Our corporate plan

We produce a one-year corporate plan for each year of our strategy. This corporate plan identifies the strategic priorities for our people, our quality and our finances that we will deliver for the 12-month period.

We review our strategy and corporate plan each year so that we maintain a sharp focus on achieving our priorities.

You can read our Strategy 2025-29 and Corporate Plan for 2025-26 using the following links:

- GIAA Strategy 2025-29: GOV.UK/government/publications/government-internal-audit-agency-strategy-2025-2029
- Corporate Plan 2025-26: GOV.UK/government/publications/government-internal-audit-agency-corporate-plan-2025-26

GIAA 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 strategic priorities that are set out in the corporate plan and work towards delivering our Strategy 2025-29.

Our values

Our GIAA values require us to be trustworthy, collaborative, principled, respectful and professional in all that we do.

Our behaviours

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

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

Our services

Internal audit activities

At GIAA we support our clients 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.

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

Our **consulting services** advise our clients on 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.

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

For 2025-26, we provided assurance services for the remaining European Union-funded programmes in the UK, along with fulfilling our wider residual post-closure responsibilities.

In February 2026, we concluded our work on the European Maritime and Fisheries Fund programme. We will continue to fulfil our post-closure responsibilities for this, and other programmes.

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 clients to enhance their counter fraud response and ensure responsible stewardship of public funds. 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 clients with the implementation of the requirements of the Functional Standard (GovS013 Counter Fraud)

Innovation and data analytics

As part of the 'Plan for Change', the UK government is driving greater adoption of artificial intelligence (AI), enhancing opportunities for more efficient and effective service delivery with greater productivity and more streamlined public services.

GIAA has recognised the potential of AI to improve and enhance our ways of working. Over the past few years, we have developed innovative artificial intelligence solutions, bespoke AI Engines, that support our people to deliver our internal audit and counter fraud and investigation products efficiently and effectively.

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.

Our applications for AI present benefits beyond our own services and we have shared our innovative work in this field. In the last twelve months, over 270 people from 26 government organisations have had access to at least one of our AI Engines. We have also presented our work on AI as part of Parliament's 'Digital Fortnight'. You can find out more about this on page 27.

Our organisational structure

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

In 2025-26 we provided internal audit services and support for 15 of the 17 main UK government departments and over 130 departmental arm's length bodies (ALBs). To ensure the best delivery outcomes for our clients, we group government departments and their ALBs into delivery directorates. In turn, our delivery directorates are supported by a small enabling function. This is illustrated in our operating structure (Figure 1) below:

GIAA operating structure 2025-26

We regularly review our operating structure to ensure we can provide the best possible service for all our clients. During 2024-25, we carried out detailed work to inform a future senior operating structure.

This revised operating structure (see Figure 1) was introduced on 1 April 2025. This structure enables us to:

- amalgamate internal audit and counter fraud and investigation client delivery under two delivery directors
- invest in our specialisms alongside our data analytics team and resource managers
- create a new cross-portfolio delivery team
- introduce a new technical directorate with services that focus on cross-government insight, audit profession and practice and our leadership of the government internal audit function

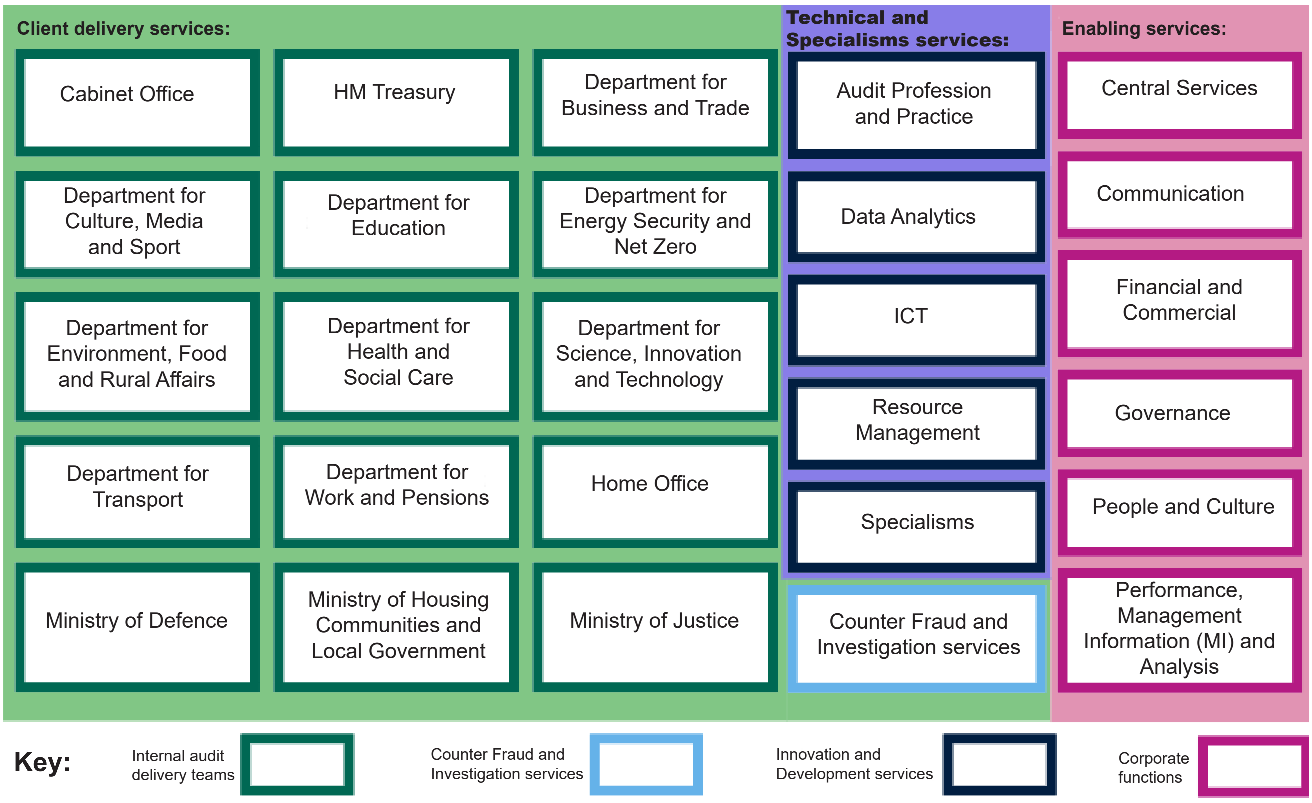


Figure 1: GIAA Operating Structure

A full list of all our department and ALB clients is available on:
GOV.UK/government/publications/giaa-client-list-2025-26

For 2025-26, we employed an average of 430 full-time equivalents (FTE), with the majority working in client facing internal audit and counter fraud and investigation roles, supported by a corporate services function. In 2025-26, as part of the ongoing efficiencies work, a voluntary exit scheme (VES) for non-client facing roles was launched and supported the reduction of non-client facing roles by 13 full-time equivalents (FTE). The financial details of the VES are reported on page 76.

GIAA priority outcomes and areas of focus

Our three priority areas of focus are set out in our Corporate Plan 2025- 26: 'our people', 'our quality' and 'our financial position'. The Performance Analysis section of our annual report (from page 18) outlines how we have performed against these.

Managing our principal risks

Like all organisations, we are exposed to risks that could affect the delivery of our strategy, corporate plan and core functions. We have defined a set of principal risks that could materially impact our strategic objectives. We take a proactive approach to identifying and managing these risks so that we use public money efficiently, maximise our performance and support the achievement of our objectives.

Further information on these risks, together with examples of the mitigating actions we have taken in response, can be found from page 39 of the Performance Analysis section.

Going concern basis

Our 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 clients. In previous years, we were in receipt of Supply Funding from our sponsoring department, HM Treasury, that was provided to support the GIAA to form and mature. We were also in receipt of monies for specific deliverables as part of our 2021 Spending Review settlement (SR21). From 2025-26 our Supply Funding was limited to legacy pension funding and a contribution to funding the Internal Audit Government Profession. Full details are available in our financial accounts on page 82.

With the reduction of our Supply Funding, we implemented a programme of efficiencies and smarter ways of working so that we break even and remain financially sustainable. These plans are one part of our Strategy 2025-29 and with annual priority actions set out in our corporate plan.

Quality of our work

We undertake regular internal quality assessments of our work with external assessments taking place every five years.

Our five-yearly External Quality Assessment (EQA) gives us the authority and credibility we need to operate as an agency and fulfil our mission of delivering better insights, better outcomes for our clients. Our latest EQA was conducted by the Chartered Institute of Internal Auditors (CIIA) in 2025-26. The CIIA assessed and rated the GIAA as ‘Generally Achieves’. This is the highest level of conformance that can be achieved by an organisation with a multi-client base like GIAA. As part of an EQA, guidance is provided by the reviewing body to further increase effectiveness and the impact of our work. We will implement these recommendations to ensure that we continue to maximise opportunities to provide better insight for our clients.

From 1 April 2025, our internal audit work and methodology was delivered in accordance with Global Internal Audit Standards in the UK Public Sector (GIAS). This was the first year the GIAA has adopted the GIAS, transitioning from the previous Public Sector Internal Audit Standards (PSIAS).

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

Continuous improvement and change

GIAA has an ambitious programme of continuous improvement and change that contributes to maintaining a financially sustainable operating model, efficient processes and more effective ways of working, so that our people can concentrate on delivering high quality products for our clients.

Our approach to change management is evidence-based, with measurable outcomes, ultimately underpinning GIAA’s mission of delivering ‘better insights, better outcomes’. Many of our areas of focus for 2025-26 have been delivered through all parts of the Agency working closely with the organisational change team.

Performance analysis

This section tells you how we monitor our performance and the progress we have made in delivering our strategy. 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.

Our performance analysis includes how we:

- measure our performance against our areas of focus for our 2025-26 corporate plan
- manage our performance and progress through a suite of key performance indicators

Our corporate plan sets out the strategic changes we need to make over the financial year to meet our ambitions and fulfil clients' expectations. For 2025-26, we focused on achieving three primary objectives:

Our Quality:

- delivering greater impact to clients through high quality products and services

Our People:

- developing our people to be confident professionals - now and into the future

Our Finance:

- ensuring our ongoing financial sustainability

We were deliberately ambitious with the deliverables within these areas of focus, accepting that some of the work would be carried over and completed the following year. Throughout the year, progress has been monitored by our Executive Committee and Board.

Performance against the corporate plan

The information in the following tables sets out our performance against our 2025-26 primary objectives. Below each table there is a short narrative describing our areas of focus for the following year, 2026-27.

Priority area of focus: our quality

Our quality priority for 2025-26:

Delivering greater impact to clients through high quality products and services

The table below summarises the work that has taken place to achieve our Quality objective:

We will:	The progress we have made:
Consistently apply our methodology and provide high-quality services to our clients, reflected in a good outcome in the External Quality Assessment	• at the beginning of 2025-26 we adopted the Global Internal Audit Standards the public sector (GIAS) as part of our methodology. This implementation gave us the opportunity to streamline some methodology guidance to operate more effectively and efficiently • we have carried out comprehensive internal and externally facilitated file reviews to assess adherence to our audit methodology, supporting colleagues to deliver better quality outcomes for our clients • a Quality Control Strategy (QCS) has been developed and reviewed by directors with six-month stocktakes taking place. Our QCS supports effective planning and the delivery of high quality and efficient audits • the GIAA has achieved the rating of ‘Generally Achieves’ following our External Quality Assessment (EQA) carried out by the Chartered Institute of Internal Auditors. This is the highest level of conformance that can be achieved by an organisation with a multi-client base like GIAA

Pilot cross boundary assurance and a revised assurance model for arm's length bodies (ALBs), to evolve our service offer to deliver better insights	• we have implemented a pilot for a standardised internal audit approach for smaller ALB organisations that is proportionate, reduces the regulatory burden for these organisations and yet still ensures effective assessment and analysis of the assurance controls each organisation has in place
Strengthen our leadership of the government's internal audit function and implement in GIAA the refreshed functional strategy	• we published the UK Government Internal Audit Function Strategy 2025-28 that sets out six strategic priorities for high quality internal audit work across the wider UK government landscape • strategic priorities have been mapped to GIAA activity. We have implemented the first three priorities: 1) strand leads have been identified 2) workplans have been developed 3) progress is now being monitored against work strands • GIAA ExCo hosts quarterly meetings with senior internal audit leaders across wider government. For 2025-26 the focus was on: 1) internal audit competency framework 2) talent management 3) shared services auditing 4) shared knowledge portal 5) Digital Data and Technology (DDaT) 6) cross-government risks

What is next for 2026-27

A commitment to quality remains our priority. For 2026-27, we will expand our Quality Assurance Framework and range of assurance activities. This programme of assurance will continue to reflect our obligations in relation to our adherence to the Global Internal Audit Standards in the UK public sector (GIAS) and our clients' wider needs.

Our assurance work will be overseen by a newly established Quality Oversight Board, which will provide an additional layer of scrutiny and accountability. The Quality Oversight Board supports and advises our Chief Executive.

We will also develop an action plan to implement the recommendations from our most recent External Quality Assessment. Progress made with actions will be monitored and reported through our Quality Assurance and Improvement Programme (QAIP), which will also fall under the remit of the Quality Oversight Board.

Case Study – Investigating insider enabled fraud

GIAA's specialist Counter Fraud & Investigation team (CF&I) received an allegation that an employee processing applications for a government organisation may have deliberately by-passed verification procedures resulting in a potentially fraudulent application being paid.

CF&I enquiries established the employee had failed to correctly verify applicant's identities and eligibility and determined that 78% of applications had not followed standard operating procedures.

When investigators conducted a more in-depth analysis, they discovered the employee had used multiple duplicate bank accounts and forged documentation. They had also processed what should have been lengthy applications within minutes.

Further investigation uncovered additional fraudulent activity including the manipulation of eligibility criteria to approve applications that did not meet the necessary requirements. Following these findings, the employee was suspended and subsequently arrested by the police.

Working alongside financial investigators, CF&I discovered that the employee had received approximately £12,000 in illicit payments channelled through bank accounts linked to the fraudulent applications. The employee's actions resulted in losses of £70,000, however, CF&I's early intervention prevented an estimated £270,000 in further projected losses.

The employee resigned during the investigation; however, CF&I recommended that the disciplinary process continue so that the outcome could be recorded on the Government Internal Fraud Hub. A retrospective decision to dismiss the employee was reached and the employee was also banned from working within the Civil Service for five years. Separate criminal proceedings are ongoing.

CF&I delivered clear, actionable recommendations enabling the customer to enhance processes and governance, mitigating the risk of reoccurrence. By sharing their insights and working collaboratively with Internal Audit colleagues, CF&I ensured that the identified risks were embedded into ongoing and future audit planning activity.

Case Study: Future Leaders Advisory Group: amplifying our employee voice during a time of change

The Government Internal Audit Agency (GIAA) recognises the importance of developing people to fulfil their potential. This year, senior internal audit manager, Liam Dinneen, proposed and developed a Future Leaders Advisory Group (FLAG) as an additional strand to our employee voice - the way we hear from people across the Agency. FLAG was also developed to support colleagues to build leadership skills and contribute to the strategic development of the Agency.

Like many organisations, GIAA is going through a programme of change to ensure that it provides the greatest impact and added value for clients, built on the most cost-effective and efficient business model. Liam recognised the critical importance of our employee voice being heard throughout this change programme. He led the establishment of FLAG, a group that supports senior leaders and people across the Agency as they navigate that change process.

A ‘critical friend’ to senior leadership
Unlike the similar ‘shadow board’ model which draws junior staff members from across the business, FLAG members are drawn from more senior roles and colleagues who have expressed an interest in career development and leadership experience. FLAG’s role listening and challenging elements of our change programme has enabled it to act as a 'critical friend' for our Executive Committee, ensuring views from all corners of the organisation reach our directors and Board members. The focus is to help make GIAA an even better place to work.

As ‘agents of change’, FLAG members are expected to bring insight and feedback from their business area alongside their skills, perspective and unique experience. Members are invested in the GIAA's ambitions and values, and the Agency is invested in them. This has already brought a different dimension to planning and delivering change, including:

- representing the employee voice at Executive Committee discussions
- regularly presenting on matters that impact the business at all-colleague webinars and the annual in-person conference,
- consultation on the Agency’s core strategy document, and
- the opportunity to connect with our Board of Non-Executive Directors to share their experiences of working for the Agency

Recognition and success
Although still in early development, FLAG’s potential has been recognised by the government’s Group Finance Function (GFF) at this year’s awards event with Liam receiving the prestigious Iain Rolland Award for Outstanding Contribution to Government Internal Audit. It is hoped that future developments will include encouraging other government organisations to adopt a similar model for greater engagement during times of change.

Priority area of focus: our people

Our people priority for 2025-26:

Developing our people to be confident professionals - now and into the future

The table below summarises the work that has taken place to achieve our People objective:

We will:	The progress we have made:
Create accessible routes to learning and development that invest in effective line management, build capability and support career pathways	• we introduced a Leadership Charter and leadership skills programme for our senior civil servants • over 180 managers working at delegated grades have enrolled and participated in our bespoke Managers' Programme • work has begun to improve our learning catalogue and understanding of our career pathways • a competency framework has been developed and published on our Knowledge Hub for Internal Auditors
Introduce revised role descriptors that clarify expectations and responsibilities that are aligned to our purpose and impact	• standardised job descriptions for all internal audit roles at delegated grades have been developed and published • our standardised approach ensures: 1) fairness and parity across all teams 2) defined expectations for each grade 3) greater opportunities for career progression with multiple routes across the GIAA • they also support teams to be in the best position possible to deliver high-quality services for our clients

A continued consolidation of our estate, with a focus on client and team engagement, to lay the foundations for vibrant communities that support our people to thrive	• a new London location was secured for GIAA with relocation procedures and IT transfer completed and a full onboarding and welcome process delivered • our Estates, Security, Sustainability, Health, Safety and Wellbeing Strategy and delivery plan was published this year • this strategy outlines work to rationalise our estate, consolidating many small historic office locations, into fewer, larger strategic regional centres that are located alongside our clients for greater collaboration, visibility and face-to-face engagement • we established six regional communities across the UK creating cross-Agency spaces for open conversation, sharing ideas, reducing the need for longer travel journeys and increasing peer engagement • we have maintained our expectation of office attendance, maximising the value of in-person interaction and collaboration through 'making attendance matter' (MAM) days

What's next for 2026-27

We value our people and are committed to their development, building skills, expertise and knowledge. As part of our strategic workforce planning, we will continue to build on the work that began in 2025-26 providing greater opportunities for career development with greater access to learning and development.

We will continue to respond to emerging demands and pressures by delivering our ongoing change programme that will ensure the sustainability of our Agency and support our people through this transition.

Finally, we will review and streamline our approach to objective setting, ensuring that all our people have personal and professional objectives that align with our corporate priorities and support efficient, high quality service delivery.

Case Study: Setting the path for the next four years of the GIAA

After a decade of delivering internal audit and counter fraud and investigation services across government, the Government Internal Audit Agency (GIAA) has embarked on a new strategic path designed to support government clients in delivering more efficient and productive public services.

Developing the strategy
Working closely with government partners over several months, the Strategy 2025-29 was developed to align with the UK government's Plan for Change. The approach is deliberately client-facing, maximising opportunities presented through GIAA's unique position working across government.

How it works
GIAA provides insight and assurance for accounting officers and senior leaders. The insight and assurance we offer is designed to give confidence to accounting officers and other senior leaders within government over the ability of their organisation to mitigate risks effectively. With more robust policies and processes in place, greater risks can be taken and more achieved from every public pound spent. This helps drive more efficient and effective public services and improvements for working people – better insights, better outcomes.

Three core ambitions
The strategy is built around three broad areas of ambition:
- ensuring consistent quality across all services
- attracting motivated and high-performing people
- working in a way that is agile, productive and financially sustainable

Looking ahead
Publishing this strategy marks an important milestone for the GIAA, setting the path for the next four years and enabling faster progress towards ensuring better insights and better outcomes for all clients.

The strategy has been built to flex and remain relevant as clients adapt to their own changing needs. Over the coming years, GIAA will continue to draw on its unique cross-government position to anticipate evolving client needs and meet its own ambitions, supporting government to deliver more efficient and productive public services for all.

You can read our full strategy on GOV.UK/government/publications/government-internal-audit-agency-strategy-2025-2029

Case study: Leveraging bespoke data analytics to support major government projects

Government programmes and projects often face delays that impact delivery and public service outcomes. Recognising the critical need to understand these delays and devise strategies to prevent them, members of GIAA's Data Analytics team proposed an innovative, data-driven approach to a Director General at the Cabinet Office. This initiative showcased the transformative impact bespoke data analysis can have across government.

The Government Major Projects Portfolio (GMPP), managed by the National Infrastructure and Service Transformation Authority (NISTA), covers the most complex and strategically significant projects in government. Senior Responsible Owners are mandated to submit quarterly updates via the Government Reporting and Information Platform (GRIP). This rich dataset formed the foundation for GIAA's analysis.

GIAA's Data Analytics team collaborated closely with multiple cross-government partners, including NISTA, the Civil Service Strategy Unit and Joint Data Analysis Centre within the Cabinet Office, the data science team at 10 Downing Street, and the Government Digital Service (GDS). This collaborative approach ensured the proposal was innovative, aligned with previous efforts, and added real value.

Using a combination of generative AI, traditional analytics, and expert input from GIAA's own programme and project management specialists, the team analysed the GRIP data. They identified key causes for delays for different project categories by analysing qualitative data provided by senior reporting officers, examining when in a project lifecycle they occurred and how project milestones moved. These insights were presented in clear, accessible visual formats to the Cabinet Office Director General and her team.

The response from stakeholders was overwhelmingly positive. The data-driven insights will empower project and programme decision makers government-wide to anticipate emerging risks and initiate timely mitigation strategies, reducing the likelihood of delay and improving overall project delivery.

Moreover, findings fed back into NISTA, prompting enhancements in GRIP data quality processes, such as more structured milestone tracking. Plans for a future cross-government workshop aim to further refine data collection practices, fostering ongoing learning.

This first-of-its-kind cross-government exercise exemplifies GIAA's commitment to harnessing bespoke data analytics, AI, and to work collaboratively to deliver our mission of 'better insights, better outcomes' for the public sector. It also reinforces the government's ambition to maximise the use of innovative technology to drive improved public service delivery.

Priority area of focus: our financial position

Our financial priority for 2025-26:

Ensuring our ongoing financial sustainability

The table below summarises the work that has taken place to achieve our Finance objective:

We will:	The progress we have made:
Develop a robust medium-term financial strategy that aligns with the priorities for our organisational strategy beyond 2026 and meeting the requirements of wider government reform	• modelling has taken place to inform thinking about our medium-term business and financial strategy that fulfils the priorities of the GIAA Strategy 2025-29 • our strategy will ensure that GIAA is able to support gains in productivity that are required for the delivery of year four of our efficiency programme and beyond
Drive increased productivity by continuously improving the consistency and delivery of our services, with a focus on resource management and system usage	• increased efficiency and effective work practices have been achieved using GIAA's bespoke AI engines. Use of our Writing Engine for first draft reports is now mandated, encouraging even more efficient working practices • a Core and Insights audit team has been built to deliver the core audit work that is part of every client's ongoing assurance programme - building a core team increases expertise in specific assurance areas (for example payroll or financial reporting audits). Locating core audits in one team further increases expertise and opportunities for greater cross-government insights and economies of scale

	• we have maintained our focus on effective resource allocation through a team of skilled resource managers. This work aligns with our new operating model and the establishment of two directorate resource teams with a remit to deliver non-core bespoke audits for our clients
Implement and continue to evolve our operating model, to improve our quality and productivity	• revised portfolios for our delivery directorates were established at the start of the year. The operating model is reviewed at six monthly intervals to ensure continued effectiveness • a revised people management structure has been embedded in the operating model, supported by the Managers' Programme to build both People Manager and Task Manager capability across directorates • quality control strategies are in place for all our client products and monitored through a single source of management information (MI) • revised client satisfaction questionnaires (CSQs) have been introduced to monitor satisfaction

What's next for 2026-27

We will develop a medium-term business strategy that will enable the successful delivery of our Strategy 2025-29. We will build on the work completed in 2025-26 and consider several strategic questions, focused on how we work with strategic partners, our workforce development, and how we incorporate AI into the delivery of our work.

The final business strategy will inform the full service offer we provide for our clients.

As we enter year four of our efficiency programme, we will implement the next stage of our operating model that will grow our Core and Insights team, building their remit to deliver core audit work across a wider group of clients and providing greater opportunity for cross-government insight. We will also embed a resource team in each of our delivery directorates that will increase our opportunity to flexibly deploy our resources according to client demand, whilst also offering a variety of work to our people to support their development.

Case study - Adding value through fieldwork: Auditing timber inspections across the UK

When timber arrives at UK ports, it must be inspected to verify its quantity and origin and, critically, to check for insect infestation or biological contamination that could pose a risk to the UK's natural environment. Ensuring these inspections are carried out to a consistently high standard is precisely the kind of specialist, behind-the-scenes activity that internal audit exists to scrutinise.

Our team recently carried out audit fieldwork at ports across the UK, monitoring contractors responsible for these timber inspections. From the outset, it became clear that understanding the detail and nuance of this work was essential to delivering a meaningful audit. Timber enters the UK from Canada, USA, Scandinavia and the Baltics in vastly different ways, at major ports like Liverpool or Tilbury, one of the UK's main import locations for a diverse range of forest products.

Recognising this variety, the team moved away from a broad-brush approach and developed a more bespoke methodology that suited each location. By visiting ports in person, while adhering to strict health and safety and security requirements, the team was able to observe the inspectors at work across the full range of scenarios, from large timber containers to the wooden pallets used to transport non-timber goods such as roof tiles, building materials and firewood.

Timber inspection is a genuinely skilled discipline. The team watched inspectors identify wood types, assess treatment levels, and read stamps confirming country of origin, often working to tight deadlines in busy, demanding environments. That direct observation gave the audit real depth and reliability.

This case study is a strong example of the breadth of work internal audit encompasses. Across UK government, no two audits are the same and the audit team carrying out this fieldwork felt strongly that this variety is one of the things that makes audit work so valuable, for our UK government clients and so rewarding for our auditors.

Case study: Bupa GIA/GIAA Exchange Programme

Bupa Group Internal Audit (Bupa GIA) and Government Internal Audit Agency (GIAA) have collaborated on a genuinely innovative partnership that puts the professional development of their people at the heart of each organisation.

Launched in January 2026, the Secondment Exchange Programme pilot is a pioneering career enhancement initiative that enables experienced internal audit managers to swap roles with their counterparts in each partner organisation.

The concept is elegantly simple. An auditor from GIAA enjoys a nine-month placement at the heart of Bupa, the leading, international healthcare company, while an auditor from Bupa GIA experiences the scale and complexity of government audit across ministerial departments and arm’s length bodies over the same period. When both auditors return to their home organisations, they bring back fresh perspectives that benefit their wider teams - creating a multiplier effect that extends the programme’s value well beyond the two participating individuals.

Throughout the development of the Exchange Programme, many areas of common ground were identified.

GIAA’s Head of Profession, Chris Westwood, reflected on the similarities between both organisations.
“As we explored the idea of collaborating and developing our exchange, we found the process to be very straightforward. As discussions progressed, we identified more similarities than differences. This has created a powerful dynamic that has supported our partnership working.”

The Bupa GIA/GIAA exchange pilot has made a positive impact across both partner organisations. Offering bespoke individual career development opportunities is undoubtably an important tool for attracting and retaining the right people for each organisation, while close collaboration across different sectors leads to greater organisational knowledge and expertise.

Michelle Anderson, Global Operations Manager for Bupa GIA captured the ambition, “This collaboration is a great step forward for both the GIAA and Bupa GIA, enabling us to share skills, build synergies, and strengthen a partnership that will continue to grow over time,” she added.

Wider impact and future potential
The Bupa GIA/GIAA exchange pilot represents exactly the kind of innovative, collaborative approach to professional development that demonstrates what can be achieved when organisations from two quite different sectors commit to working together for the benefit of their people and their profession.

Performance against our key performance indicators

We monitor the progress of our strategy and corporate plan through a suite of key performance indicators (KPIs) that are reported to and considered by our Executive Committee. For 2025-26, these KPIs are aligned to our corporate plan focus areas: our people, quality and financial position.

These measures, targets, and our performance in 2025-26 along with a comparison to the previous year are set out in the following tables.

Managing our performance: our people

Table 1: Our people measures

Measure	Target 2025-26	Performance 2024-25	Performance 2025-26
Employee engagement index, as measured through the Civil Service People Survey	We continually seek to maintain and improve levels of engagement across our workforce	People survey engagement score: 59%	People survey engagement score: 52% 
Average working days lost to sickness per member of staff	We actively seek to reduce sickness absence rates to 8.5 days or fewer per member of staff	8.74 days	8.39 days 
Level of staff attrition in the financial year	Achieve a year-on-year, like for like reduction in controllable staff attrition	14.1%	12.5% 

Key: Target not met 	Target marginally met 	Exceeded target 

Our People Survey

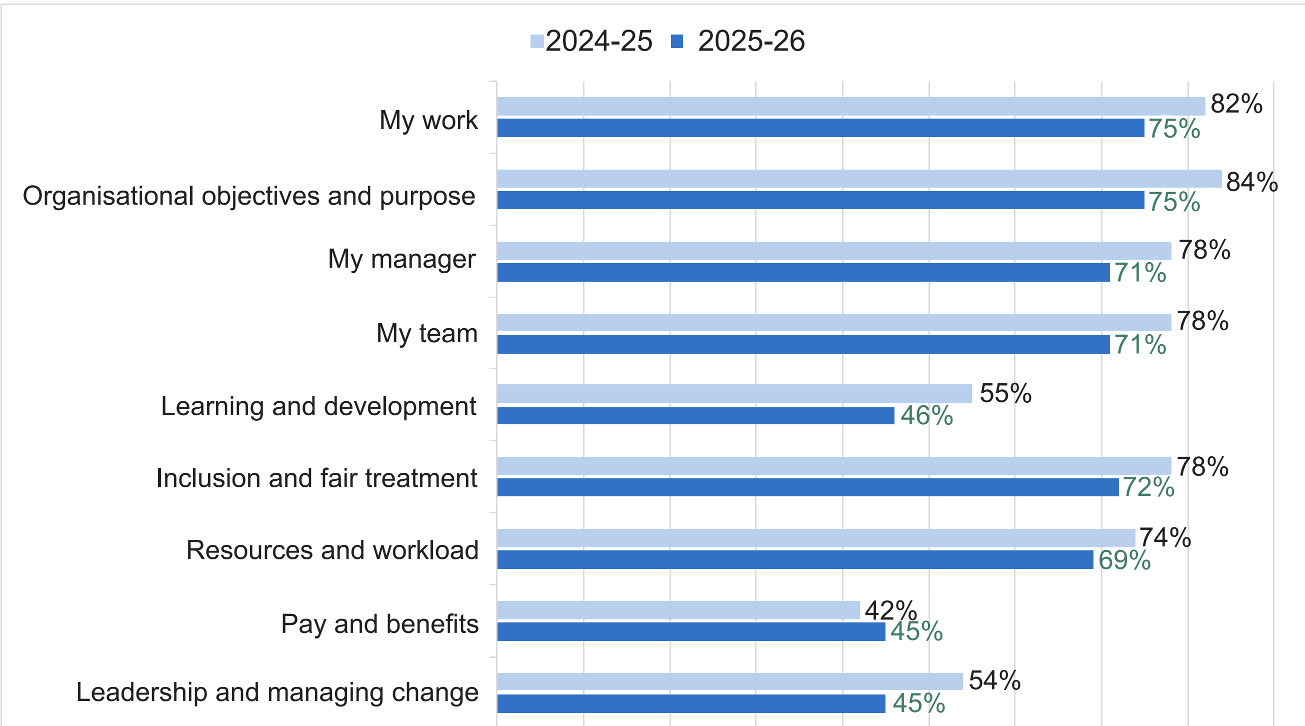
The Civil Service People Survey is an important measure of our people's experience of working for GIAA. This survey is carried out annually across government and we use our Agency survey results to monitor levels of engagement and identify where areas of additional focus might be needed. Our response rate for the 2025 People Survey was 62% a reduction from the 2024 response rate and marginally higher than the overall average Civil Service response rate of 59%.

Within the People Survey, our overall engagement index score assesses the extent to which our employees are committed to our goals and values and are motivated to contribute to our success. Our 2025 People Survey scores show a reduction in our overall engagement index score by seven percentage points to 52%. The Civil Service-wide engagement score is 65%. This change in our engagement score was anticipated, as we underwent a programme of continuous improvement covering our people and our expectations, our quality and embracing AI and digital tools that is required for our ongoing financial sustainability (see ‘Priority area of focus: our financial position’ on page 28). This programme of change will continue through 2026-27 and beyond.

People survey engagement index core themes

Our overall engagement index score is drawn from nine core themes. (‘My work’, ‘Organisational objectives and purpose’, ‘My manager’, ‘My team’, ‘Learning and development’, ‘Inclusion and fair treatment’, ‘Resources and workload’, ‘Pay and benefits’, ‘Leadership managing change’).

Each theme measures a different dimension of employee experience which are known to have a strong relationship with engagement levels at work. For our 2025 People Survey the index core themes measured the following changes from the previous year:



Graph 1: Civil Service people survey engagement index by theme

We have considered the results of this survey and identified some areas of focus that have fed into our corporate plan priorities for 2026-27. These included further developing the leadership and line management capability of our people, a renewed focus on engaging people through change, and further developing the breadth of experience of our people by providing more opportunities to work across client teams.

Reduce the average working days lost (AWDL) through sickness

We have seen a small decrease in the number of AWDL through sickness. We operate robust procedures for managing absence and we support our people through periods of long-term or serious illness with compassion and empathy. We continue to monitor absence rates closely and manage accordingly.

The level of staff attrition

We monitor staff turnover closely and have seen an increase in the headline figure of staff attrition to 15.3% from 14.1% in the previous year (see page 79). However, this figure includes a percentage of people leaving the organisation as part of the Voluntary Exit Scheme (VES) that was implemented in 2025-26. People leaving the GIAA through VES equated to 2.8 percentage points of our overall level of staff attrition. When the annual figure is adjusted to accommodate this VES figure the actual level of turnover was 1.6 percentage points lower than the previous year.

Managing our performance: our quality

Table 2: Our quality measures

Measure	Target 2024-25	Performance 2024-25	Performance 2025-26
Results of client satisfaction questionnaires (CSQs) - Internal Audit	80% of respondents awarded a score of 8 or more (out of 10)	81%	75.5% 

Key: Target not met 	Target marginally met 	Exceeded target 

Internal audit client satisfaction questionnaires (CSQs)

Individual questionnaire surveys are undertaken to gather feedback from clients. Once an engagement is complete, relevant client contacts are asked to complete a CSQ. This is a short online questionnaire that asks the clients 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 and an overall rating of their satisfaction.

In 2025-26 we received 681 completed questionnaires, down from 1,004 in 2024-25, with 75.5% of clients declaring themselves satisfied with scores of 8 or better out of 10, a decrease on 2024-25 with 81% of clients declaring themselves satisfied. The return rate for CSQs was 42% in 2025-26, down from 45% in 2024-25.

Semi-structured interviews

Historically, semi-structured interviews (SSIs) have been carried out to capture our clients' overall experience of our services. The results of these interviews were used to calculate our net promoter score (NPS) – a metric used to measure client satisfaction.

During 2025-26, we undertook a full External Quality Assessment (EQA) of our internal audit services. This included formal client interviews along with client surveys to determine client satisfaction. As a result, fewer SSIs were completed and it has not been possible to calculate a net promoter score for the 2025-26 reporting period.

Counter fraud and investigation client satisfaction questionnaires (CSQs)

Our counter fraud and investigation (CF&I) service collaborates closely with our internal audit colleagues, providing services for our clients to enhance their counter fraud response and ensure responsible stewardship of public funds.

For 2025-26, our counter fraud and investigation team issued 245 CSQs and received a return rate of 44.5%.

These CSQs demonstrated we met our key performance indicator (KPI) of scoring '8/10 or higher with overall levels of satisfaction with our CF&I services'.

In total 90.7% of CSQ responses received met this KPI, and the overall average score achieved for this KPI was 9.1/10.

Table 3: Our quality measures – Counter Fraud and Investigation (CF&I)

Measure	Target 2025-26	Performance 2024-25	Performance 2025-26
Results of client satisfaction questionnaires (CSQs) – CF&I	80% of respondents awarded a score of 8 out of 10 or higher	88.5%	90.7% 

Key: Target not met 	Target marginally met 	Exceeded target 

Cross-government insights

GIAA's unique position working across government means we are able to draw on expertise and best practice applied by our clients in managing existing and emerging risks. We use this information to create insights which we share with our government clients to promote effective risk assurance.

For 2025-26, we continued to develop our Insight reports. These reports examined the subject areas:

- Risk management improvement planning
- Productivity in the public sector
- A culture of compliance
- The critical role of the line manager in preventing fraud

Anticipating our clients' needs, we developed two reactive insights reports, which provided insight into two new emerging risk areas:

- Joined-up assurance: navigating risk and efficiency in the public sector, and
- Data breaches

Finally, as part of our role leading the internal audit function for government, we provided a Think Piece on *Audit and Risk Assurance Committee (ARAC) effectiveness*.

While we have developed new formats to support our clients' needs, we recognise we still have more to do. Anecdotal feedback from senior client stakeholders affirms our commitment to developing and providing more innovative and proactive cross-government insight.

External awards and commendations

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

2025 Audit and Risk Awards

- our GIAA internal audit team for the Department for Education (DfE) was shortlisted in the Outstanding Team - Public Sector category, and
- our Central Insights team was nominated in the Internal Audit Innovation category

2025 Public Finance Awards

- our Central Insights team was nominated in the Excellence in Public Sector audit category
- our Counter Fraud and Investigation team was nominated in the Outstanding Fraud Prevention, Detection and Recovery category

2025 Tackling Economic Crime Awards (TECAs)

- our Counter Fraud and Investigation team was shortlisted in the Outstanding Team category

2025 Government Finance Function Awards

- GIAA colleagues Rajesh Kotecha, Liam Dinneen and Natalie Towers were all shortlisted for the Iain Rolland Award for Outstanding Contribution to Government Internal Audit
- the winner of this category, Liam Dinneen, was nominated for his role in establishing the GIAA Future Leaders' Advisory Group and its positive impact on the Agency and our work

You can read about FLAG in our case study on page 23.

2026 Public Sector Counter Fraud Awards

We were shortlisted in the following categories of these prestigious awards:

- our Counter Fraud and Investigation (CF&I) team was short listed in the Team of the Year category
- CF&I team leader Neil Green was shortlisted in the Outstanding Leader category
- Senior Counter Fraud Manager, Alison Atkins, was a winner in the Outstanding Achievement or Contribution category for her work designing the Fraud Risk Assessment learning programme and improving cross-government collaboration
- long-serving CF&I team member Mark Robinson was nominated for the Outstanding Contribution award

Managing our performance: our financial position

Table 4: Our financial measures

Measure	Target 2025-26	Performance 2024-25	Performance 2025-26
Total spend on third-party contractors	Achieve a year-on-year reduction in our use of third-party contractors	35% reduction in spend compared to prior year	7% reduction in contractor costs compared to the prior year 
Expenditure and forecast against budget	Year-end position to be within 1% of mid-year forecast	4% underspend at year end compared to mid-year forecast	0.9% movement at year end compared to mid-year forecast of £0.6m deficit. This equates to 2.3% difference 

Key: Target not met 	Target marginally met 	Exceeded target 

GIAA is primarily funded through the fees we charge our clients for internal audit, counter fraud and investigation and assurance services. We agree the level of services required for each of our clients, setting out the full detail of our services in a Memoranda of Understanding and confirming an appropriate fee.

In 2025-26, we also received £3.6m of funding from HM Treasury, which included funding for the impact of changes to pension scheme and national insurance contributions, a contribution to funding the Internal Audit Government Profession, and for the recognition of Right of Use Assets. This funding was part of the Spending Review settlement (SR25).

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 2025-26 was a surplus of £0.3m versus the £0.6m deficit we were forecasting at the mid-year point. This movement of £0.9m equated to a 2.3%, difference. This did not meet the target set by HM Treasury.

This surplus and movement is a consequence of:

- lower than forecast costs for our new office location
- underspend on shared services, including IT charges from HM Treasury, and
- underspend on our staffing forecast

Further information about our operating costs and expenditure is provided in the Parliamentary Accountability and Audit Report (from page 81) and in the Financial Statements (from page 93).

Key issues and risks

As with all organisations, the delivery of our strategy and core functions is subject to a range of risks. We manage our key risks actively so that we use public money effectively, optimise our performance and support the achievement of our objectives.

Set out below are our principal risks, together with examples of the actions we took to address them in 2025-26 and our assessment of each risk as at 31 March 2026. Collectively, these principal risks relate to a central overarching risk: that we may not sufficiently demonstrate the added value we provide to government through our internal audit and counter fraud and investigation services. The Board has agreed to revise the principal risks for the next financial year by splitting the service delivery, quality, and impact risk into two separate risks. This will continue to reflect our primary areas of concern and focus.

Principal risk	Activities to manage the risk	Risk assessment
Embedding change **Key objective** - ensuring we successfully transform the way we operate to deliver efficient, value for money services.	To support our people in navigating changes to our operating model and achieving our strategic objectives, we have built on existing communication strategies and implemented tailored initiatives. Our development programme for managers has strengthened our collective purpose, addressed areas of ambiguity, and equipped people managers and their direct reports to meet clear minimum standards. This approach fosters confidence, consistency, and alignment across the GIAA. We have continued to gather insight from the employee voice and targeted our communications accordingly. We have established clear core objectives and minimum standards for all staff across the Agency. These initiatives ensure employees remain informed, engaged, and aligned with the organisation's goals.	This risk remains within our accepted appetite for change-related risk. We recognise the pressures associated with change and will continue to monitor employee sentiment and operational impacts closely.
Service delivery, quality and impact **Key objective** - delivering timely, high-quality services to our clients through continuous improvement.	We embedded a new Quality Control Strategy, including strengthened second line quality assurance checks, which has evidenced improvements in the consistent application of our methodology. We will continue to embed this practice, alongside the recommendations from the External Quality Assessment (EQA).	This risk remained our highest principal risk all year, while a number of quality initiatives were embedded.

Principal risk	Activities to manage the risk	Trend
Financial sustainability **Key objective** - securing our long-term financial position in a challenging fiscal environment.	We strengthened our financial position through our continued efficiencies programme including senior leadership restructuring, reduced contractor spend , a tighter AI-enabled audit process, a central resource pool, piloted streamlined audit approaches, lower enabling costs, and income from licensing our AI tools to other public bodies.	The risk remains outside of our minimalist appetite, although actions taken how improved the short-term position. Our efficiencies programme will continue into next year with a focus on improving productivity including the more even delivery of work across the year to maximise effective utilisation of available resources.
Skilled people **Key objective** - enhancing the capability of our people so we can meet our clients' expectations and needs.	Through the Strategic Workforce Plan, we have re-designed job roles to offer both People and non-People Management roles, allowing for personal choice in career development. Additionally, we have been overt about Task Management responsibilities and how this is part of everyone's role when working in a matrix system. This has been complemented by a comprehensive Managers' Programme that builds on the Civil Service Line Manager upskilling. Additionally, we have worked with an external partner to explore internal audit career pathways and refreshed attraction strategies for new skills and experience; we have launched routes for Internal Auditors to work with subject matter experts to enhance insights and recommendations; and collaborated across the internal audit function to broaden career opportunities.	The planned actions kept this risk within tolerance and stable throughout the year, although the Board recognised that further work was needed to fully realise the potential of the operating model and cross-functional career opportunities.

Principal risk	Activities to manage the risk	Trend
Information governance **Key objective** - managing the data and information we hold securely and in line with legal and regulatory requirements.	An existing medium-term project focus on information and records management continues and actions have been amplified in some parts of the GIAA this year. Revised guidance has been issued, targeted training provided, escalation processes introduced and data-cleanse activities are well underway. We have a robust process in place to address issues as they arise, with a clear escalation route through to the Business Committee to ensure timely and effective resolution.	The risk score increased during the this year as we self-identified some areas of the Agency where both a lack of policy understanding and application prevailed. Existing work has been amplified to quickly address and remedy these issues, and we expect to see the risk score subsequently lower next year.

More information about how GIAA undertakes its risk management activity can be found in the governance statement (from page 52).

Additional performance information

Public Sector Equality Duty

In delivering our functions, we must have due regard to the Public Sector Equality Duty (PSED) under the Equality Act 2010, including to: eliminate unlawful discrimination, harassment or victimisation; advance equality of opportunity; and foster good relations between people who share a protected characteristic and those who do not.

Our Equality Report on progress made towards delivering our equality objectives in 2024-25 is available on our website (GOV.UK/government/publications/public-sector-equality-duty-report-202425). Our report for 2025-26 will be published in 2027 and provides aggregated workforce data to track progress and identify priority areas for action.

Human rights

We are committed to being inclusive and accessible in all we do and upholding key human rights that intersect with employment relationships. Our workplace policies and practices are developed in collaboration with our workforce and formal consultation channels, reflecting the principles of dignity, fairness, respect and equality.

Our recruitment and employment policies comply with the Human Rights Act and the Equality Act 2010. We follow the Civil Service recruitment principles and are a Disability Confident Employer. Inclusivity is supported through the employee lifecycle, with staff-led diversity networks and forums providing channels for employee voice and support.

Anti-bribery and corruption

We are committed to the highest standards of honesty and integrity 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 risks, including the completion of mandatory Civil Service Learning training on counter fraud, bribery and corruption.

Our strategy and policy for countering fraud, bribery and corruption sets out our expectations in terms of roles and responsibilities and what processes should be followed to report any concerns regarding fraud, bribery and corruption.

As public sector internal auditors, our colleagues are expected to meet the requirements of the Ethics and Professionalism domain of the Global Internal Audit Standards, underpinned by integrity, objectivity, confidentiality and competence. Certified auditors must complete annual ethics training, and other professional groups across GIAA (such as counter fraud, finance, commercial and HR) similarly place strong emphasis on ethical conduct.

Community and charity work

We value the contribution our people make to wider society through community and charitable activities and support them, subject to business needs, with an entitlement of up to five days of paid special leave each year for volunteering. Our staff networks also provide communities and support for colleagues with shared protected characteristics or common interests.

Sustainability report

The government has set out its long-term environmental and climate ambitions, including the commitment to reach net zero carbon emissions by 2050 (GOV.UK/government/publications/sustainability-reporting-guidance-2025-26). Delivering on these climate objectives will require substantial changes across the public sector, and we remain committed to acting as a sustainable and responsible organisation, both as an employer and as the primary provider of internal audit services to government.

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) issued eleven recommendations on how organisations should report on their climate-related risks and opportunities. These recommendations are structured around four core pillars that reflect key aspects of organisational activity: governance, strategy, risk management and metrics and targets.

This report consolidates the available information on our sustainability performance against the headline targets set for government bodies. It has been prepared in line with HM Treasury's TCFD-aligned disclosure application guidance, which tailors the framework to the UK public sector. We complied with the TCFD recommendations and disclosures for governance, strategy and risk management. However, we have not yet been able to fully meet the recommended disclosures for metrics and targets due to the unreliability of data provided by our premises landlords.

Our approach

Strategy

The GIAA Strategy 2025-29 sets out our strategic direction for the next four years, with a strengthened focus on consistent quality, high-performing people and financial sustainability. Climate and environmental issues are embedded within this strategy, particularly through the move towards a smaller number of offices located in regional hubs.

This is supported by the Estates, Security, Sustainability and Health, Safety and Wellbeing Strategy, which includes a dedicated pillar on creating “a greener estate that embraces technology”. The pillar prioritises the development of regional centres that embrace technology to support effective, flexible and collaborative working. In doing so, it aims to reduce unnecessary business travel and, in turn, our overall carbon footprint.

We will deliver this objective in partnership with the Government Property Agency (GPA), the principal landlord for the government estate. Working with GPA, we will identify well-located, modern offices with strong public transport links and robust technological infrastructure. This collaboration also allows us to draw on GPA’s Net Zero programme, helping to reduce carbon emissions and energy consumption across the wider government estate.

Governance

The Board has ultimate responsibility for the consideration of, and response to, climate change and other environmental issues. The structure of our estate and the development of our estate’s strategy have been key focus points of Board discussions throughout the year.

The Audit and Risk Assurance Committee (ARAC) has a delegated responsibility from the Board for reviewing the management of risks. ARAC has continued to receive updates on the issues and opportunities arising from climate change, and through its role, has provided assurance to the Accounting Officer and the Board on the robustness of the approach.

The executive team is responsible for managing climate-related risks and opportunities on a day-to-day basis. The Business Committee, a sub-committee of the Executive Committee, (ExCo), holds responsibility for assessing our organisational progress on sustainability and throughout the year has received reports on arising climate-related issues and initiatives.

Further information on our governance arrangements is set out in the governance statement (from page 52).

Risk management

Managing risk is fundamental to the effective operation of our organisation. We use an integrated risk management framework that forms a key part of our governance and leadership arrangements. By explicitly considering climate-related risks and opportunities within this framework, we ensure that potential climate impacts are taken into account in our strategic planning and decision-making processes.

Identification, assessment and management: Building on the climate-related risk identification work undertaken in the previous year, we have embedded climate considerations into our refreshed corporate risk framework. The climate risks we monitor focus on the two areas where we can exert the greatest influence – how we manage the impact of climate change on our own operations, and how we provide services that support clients (and the wider government) in managing climate-related risks and opportunities. These risks are owned and managed by the relevant functional lead and reported quarterly to ExCo.

Risk mitigation strategies: We recognise the potential negative impact of climate change on our operations and have developed business continuity strategies to ensure we can minimise the disruption arising from climate events.

Further information on our risk management is set out in the governance statement (page 52).

Metrics and targets

There are three types of emissions included in the scope of public sector emissions reporting:

Scope 1: emissions from fuel burnt in boilers or engines owned or controlled by the organisation
Scope 2: emissions from electricity or heating purchased from suppliers
Scope 3: waste organisation and management

As we occupy shared buildings and do not have any fleet vehicles, we have no scope 1 emissions to report.

We are a minority tenant in the shared buildings and have no direct control over our water, energy and land use or our waste management. We therefore do not collect this data or measure/report on our performance for scope 2 emissions.

The key metrics we use to measure and manage our climate-related risks and opportunities therefore relates to our scope 3 emissions, i.e. total ICT waste recycled, reused and recovered (externally).

Minimising waste and promoting resource efficiency

Waste

Table 5: Total ICT waste recycled, reused and recovered (externally)

	2022-23	2023-24	2024-25	2025-26
Total waste (tonnes)	1.47	2.21	6.55	0.41

Our IT and digital services are provided by HM Treasury. The 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.

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. The decrease in ICT waste in 2025-26 reflects the completion of a technology refresh programme in the previous year and the absence of significant site closures. All ICT waste generated is either reused, recycled or recovered, and none of the ICT waste has been disposed of.

Andy Brittain

Chief Executive and Accounting Officer

9 July 2026

Accountability report

Corporate governance report

This section describes the composition and operation of GIAA's governance structures, and how these arrangements support the delivery of our objectives and ensure compliance with corporate governance codes and standards.

Directors' report

Introduction

GIAA is led by Interim Chief Executive and Accounting Officer, Andy Brittain, who is responsible for the leadership and management of the organisation and is accountable to the HM Treasury Permanent Secretary and Principal Accounting Officer. Harriet Aldridge stood down as Chief Executive and Accounting Officer of the GIAA on 30 April 2026. Andy Brittain was appointed as the Interim Chief Executive and Accounting Officer from 1 May 2026, although joined the GIAA in late April to enable a thorough handover process. This included the provision of appropriate assurances on the governance of the GIAA over the reporting period.

The Chief Executive is supported by an advisory Board, chaired by a Non-Executive Chair and comprising both Non-Executive and Executive members. Details of the Board membership as at 31 March 2026 are set out below.

Harriet Aldridge

Chief Executive

Isobel Everett

Non-Executive Director and Board Chair

Jonathan Chapman

Non-Executive Director and RemCo Chair

Clare Minchington

Non-Executive Director and ARAC Chair

Andrew Cartner

Director, Public Spending and HM Treasury Sponsor Representative

David Fleming

Non-Executive Director

Alison Hamer

Chief Operating Officer

Dr. Iain McGregor

Director of Innovation and Resources

NOTE: Biographies of all Board members are available on [GOV.UK/government/organisations/ government-internal-audit-agency](GOV.UK/government/organisations/government-internal-audit-agency)

Register of interests

GIAA maintains a register of interests for Board members which is published on our website (GOV.UK/government/collections/giaa-board-members-register-of-declared-interests). 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 have been no personal data related incidents which required onward reporting to the Information Commissioner's Office (ICO).

Auditors

Our financial statements are audited by the Comptroller and Auditor General, with an notional audit fee of £122k (2024-25: £129k). 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 the GIAA, and of its income and expenditure, Statement of 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 in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply 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 judgements required for determining that it is fair, balanced and understandable

The Principal Accounting Officer for HM Treasury has designated the GIAA's Chief Executive as the GIAA's Accounting Officer. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding our assets, are set out in Managing Public Money published by the HM Treasury.

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

I can confirm, based on assurances that I have received from the Chief Executive and Accounting Officer who was in post throughout 2025-26, that the GIAA had effective governance, risk management and internal controls in place during 2025-26. 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 am responsible for ensuring that we maintain a sound system of governance, risk management and internal control that supports the delivery of our aims and objectives, in line with the responsibilities set out by HM Treasury in Managing Public Money.

This governance statement sets out how these responsibilities have been discharged during the year. It summarises the key features of our governance, risk management and control arrangements, and how I, and my predecessor, have obtained assurance over their effectiveness in 2025-26.

We continue to present our governance statement using the four pillars of the Risk Control Framework, which was introduced to support accounting officers in meeting internal control requirements across relevant government codes and standards. This structure enables us to comment on the completeness of our control activities in each area and how, taken together, they form our overall control environment.

The Risk Control Framework is underpinned by the effective operation of the three lines model. The governance statement also explains how we have drawn on our enterprise risk management approach and assurance map to consider the robustness and coverage of our governance, risk and internal control environment.

RCF SUPPORTS ACCOUNTING OFFICERS IN MEETING THEIR OBJECTIVES AND OBLIGATIONS

Governance & Management Framework	Roles & Accountabilities	Strategy, Planning & Reporting	Standards, Policies & Procedures
Property & Ethics	Accounting Officer	Medium-term Planning	Delegations & Budgetary Control
Delegations & Budgetary Control	All Staff	Annual Planning	Functional Standards
Boards	Functional Roles	Processes	Public Sector & Wider Statutory Requirements
Arm’s Length Bodies & Joint Venture	Senior Responsible Owners for Major Projects	Reporting	Organisational Policies & Procedures

Figure 2: Risk Control Framework

Governance and management framework

In this section, we explain how our governance framework meets expected standards of conduct and supports the efficient, transparent delivery of our services.

Governance within GIAA

The top-level governance structure for GIAA as at 31 March 2026 is depicted below.

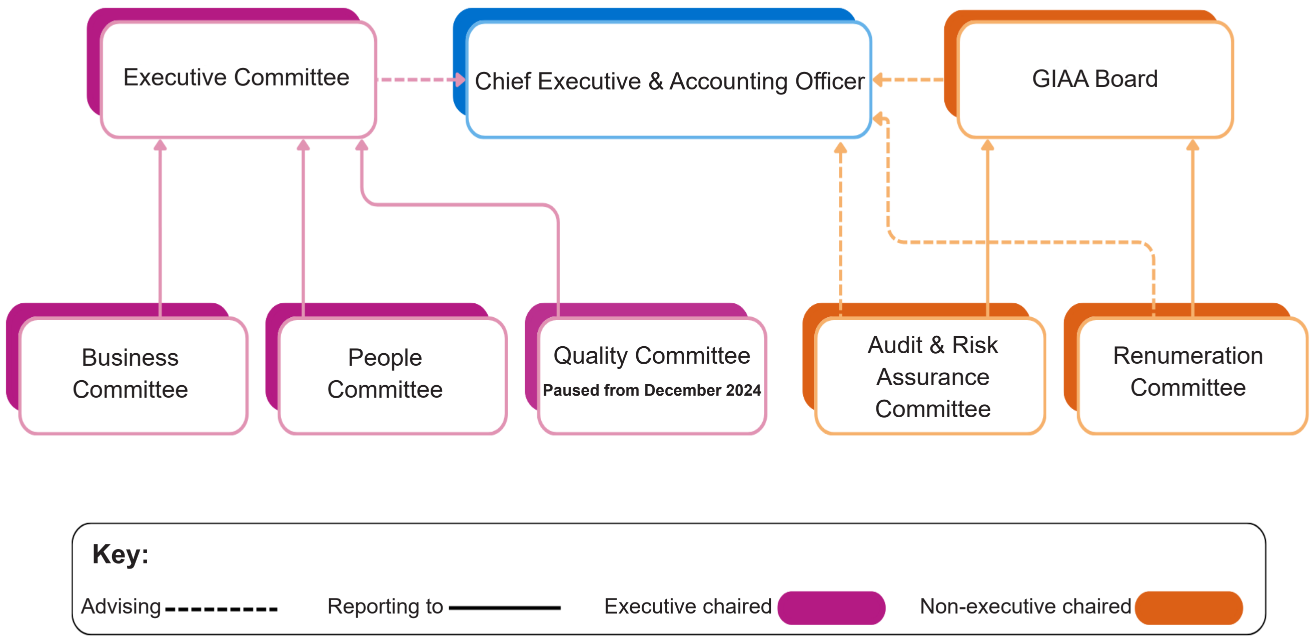


Figure 3: GIAA Governance Structure

GIAA Board

The Board provides advice, scrutiny and challenge to the Chief Executive and executive team and supports the Accounting Officer in discharging their 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 2025-26 the Board met formally five times, with additional strategy away days, and discussed a range of issues.

Throughout the year, the Board:

- **Quality**: received regular updates on enhanced quality assurance processes which the Board used to confirm that our products were of a sufficient quality, the preparations for the External Quality Assessment and recommendations from the assessment, and agreed to pilot revised quality oversight arrangements from April 2026 to monitor quality consistently
- **Medium-term financial planning**: explored options to manage projected income and expenditure over the next five years. As part of this the Board explored the opportunities to grow income, reduce overheads and increase productivity and efficiency without compromising quality, as the GIAA develops a medium-term financial strategy
- **Current performance**: regularly received the latest position on organisational performance, finance, and risk management; acknowledged positive outcomes; and reviewed and approved remedial actions where necessary
- **Strategic change and enablers**: developed, discussed, and approved the new GIAA Strategy 2025-29, and considered the future operating model, the role of artificial intelligence in internal audit, the evolution of internal audit in government and initiatives to deliver efficient, high-quality services. These services included a proportionate internal audit approach for arm’s length bodies, more standardised audits, and improvements to working methods to deliver our service and insights across government
- **People**: continued to recognise that our people are vital to the delivery of our services. Within this context, the Board discussed the implications of change on our people and culture, leadership expectations, the Managers Programme, productivity improvements and how best to ensure colleagues are supported and encouraged to thrive, develop and deliver

To support Non-Executive members in their roles, additional sessions were 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 matters of governance, risk management and internal controls, including the achievement of value for money. The Committee also provides assurance on the integrity of the financial statements and the Annual Report and Accounts.

In 2025-26 the ARAC was chaired by Clare Minchington, with the other members being Ady Dike (Non-Executive Director) up to December 2025, Jonathan Chapman (Non-Executive Director) from January 2026, and Ed Clift (Independent Non-Executive member). The Non-Executive Independent member position is for the ARAC only, and the member is not a director of the Board.

The Chief Executive, Chief Operating Officer, Head of Internal Audit, Head of Governance, Head of Finance and Commercial and representatives from our HM Treasury Sponsor Division and the National Audit Office also attend each meeting. Other executive directors and managers attended as required by the Committee.

The Committee met four times in 2025-26 during which the key areas of discussion were:

- internal and external audit plans and progress against those plans, including progress made in implementing audit recommendations
- the management of risks to GIAA, with deep dives held into particular risk topics, e.g. contingency planning for business-critical systems and practice risk management
- assurance arrangements, with a specific focus on how assurance was gained on audit quality, information governance and health and safety
- regular reporting on the effectiveness of key controls as well as incidents of fraud, security breaches and whistleblowing incidents
- scrutiny and review of the annual report and accounts and draft governance statement

Remuneration Committee (RemCo)

The Remuneration Committee supports the Accounting Officer and the Board in discharging their responsibilities for the performance management and remuneration of Directors, and succession planning for senior leadership positions.

In 2025-26, RemCo was chaired by Jonathan Chapman, with Non-Executive Directors Isobel Everett and Clare Minchington as members. The Chief Executive, Chief Operating Officer and Deputy Director, People & Culture also attended each meeting.

The Committee met three times in 2025-26. During the year it considered:

- performance and talent assessments for senior civil servants at Pay Bands 2 and 3, including their objectives
- the system of rewards, including the application of the Senior Civil Service pay award
- development of senior talent in the GIAA

Attendance by directors at governance meetings

Table 6: Directors' and Members attendance at Governance meetings in 2025-26

	Board	ARAC	RemCo
Non-Executive			
Jonathan Chapman[1]	5/5	1/1	3/3
Ady Dike[2]	3/4	3/3	
Isobel Everett	5/5		3/3
Clare Minchington	5/5	4/4	3/3
David Fleming[3]	1/1		
Andrew Cartner	5/5		
Ed Clift		4/4	
Executive			
Harriet Aldridge	5/5	4/4	3/3
Alison Hamer[4]	5/5	4/4	2/2
Dr. Iain McGregor	5/5		

1. Jonathan Chapman joined the ARAC from January 2026
2. Ady Dike's final engagement as a Non-Executive Director was in December 2025. Her term of office ended in February 2026
3. David Fleming's term of office commenced from January 2026
4. Alison Hamer attends RemCo as an attendee to provide independent and objective advice and does not attend the whole, or parts of the meeting where her own performance, or that of her peers, is discussed

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.

In 2025-26, ExCo was supported by three sub-committees: Quality Committee, People Committee, and Business Committee which are chaired by members of ExCo. The sub-committees supported the work of ExCo by overseeing specific responsibilities of business and providing assurance to ExCo on those matters. The Quality Committee was paused during 2024-25 with the focus on preparations for the External Quality Assessment (EQA) managed through the EQA working group. Broader quality matters continued to be brought to the attention of ExCo through established governance mechanisms.

Changes within the reporting period

The following substantive changes were made to the governance structure:

- the Quality Committee was formally closed at the end of 2025-26. For 2026-27, the Non-Executive chaired Quality Oversight Board will provide assurance to the Accounting Officer on the quality and effectiveness of our work
- Aneil Jhumat stepped down as a Board member in March 2025

Arm’s length body responsibilities

As an arm’s length body of HM Treasury, we have a Framework Document with our sponsor department (available on GOV.UK/government/publications/government-internal-audit-agency-framework-agreement-2026, which sets out the basis of our operating partnership. The current Framework Document was agreed in May 2026, and we continue to operate in accordance with it.

Governance and management effectiveness

The effectiveness of our governance arrangements has been demonstrated throughout the year through the following:

- an internal assessment of the effectiveness of the Board, conducted through discussion with members and standing attendees, with the findings discussed and reported to the Board. This assessment considered how the Board had progressed in addressing the priorities identified in last year’s review
- an internal assessment of the effectiveness of the ARAC, focussed on how well the ARAC was meeting the requirements outlined in the new Global Internal Audit Standards in the UK Public Sector (GIAS). The findings were reported to and discussed by the ARAC
- annual reports presented to the Board from the two Board sub-committees which confirmed the effective discharge of their responsibilities in 2025-26
- annual performance reviews for Non-Executive members, themes of which feed into our Board member development plans and our succession planning
- invited and received comments and feedback from members and attendees at the end

of each meeting to collectively review the meeting's effectiveness

- a self-assessment of our compliance with the HM Corporate Governance in Central Government Departments: Code of Good Practice
- a self-assessment of our compliance with the requirements outlined in the HMT/GIAA Framework Document

The Board effectiveness review concluded that the Board continues to operate effectively and had made incremental improvements over the past year, which had enhanced its overall effectiveness. Looking ahead, the Board committed to continue fostering a culture of constructive challenge and diverse opinions shared with positive intent. The Board agreed to maintain a focus on ensuring discussions remain centred on the right topics, with dedicated time allocated for in-depth exploration of key issues, including any operational matters where they were of strategic importance. Efforts would be made to incorporate the client voice into discussions and leverage Non-Executive Directors' external expertise more effectively.

The ARAC effectiveness review focussed on how well the ARAC was meeting the requirements outlined in the new Global Internal Audit Standards in the UK Public Sector (GIAS). After a thorough assessment of its effectiveness in 2024-25 using the self-assessment tool provided with the ARAC Handbook, the Committee agreed that going forward it would be proportionate to undertake this self-assessment triennially, which remained in line with the updated ARAC Handbook guidance. The 2025-26 ARAC effectiveness review concluded that the Committee continued to operate effectively, contributing to the overall control environment of the GIAA, and was meeting its requirements under GIAS.

The GIAA complies with the provisions of Corporate Governance in Central Government Departments: Code of Good Practice.

Roles and accountabilities

In this section, we explain how roles and accountabilities are clearly defined and allocated to people with appropriate seniority, skills and experience.

Responsibilities and authorities

We use the annual objective-setting process to cascade clear priorities, roles and responsibilities to colleagues at all grades. Our Coach and Focus system supports quarterly reviews of progress against these objectives and provides an opportunity to discuss skills and development needs. We offer a comprehensive training package, drawing on Civil Service Learning as well as professional and role-specific training.

People and task managers have a pivotal role in the leadership of our people and the success of the Agency. Over the past year we have launched a programme of development for managers to equip them with the tools and insights to enable them to excel in their roles.

Authorities and responsibilities are defined and communicated through a clear delegation process. The Corporate Governance Manual sets out the overall delegation framework, while the Finance Manual specifies financial delegations. Annual delegation letters are issued to senior leaders, who confirm their acceptance of the terms.

The Chief Executive requires Directors to provide annual assurance that they are discharging their delegated responsibilities appropriately. During the year, the Chief Executive also meets regularly with Executive Directors to review performance and examine specific topics in more depth, providing in-year assurance over the exercise of delegated responsibilities.

Managing outside interests and business appointments

We have a clear policy and process in place for managing and reviewing outside interests in accordance with the requirements under the Civil Service Management Code (section 4.3). All employees are required to complete a declaration regarding any potential conflicts when they commence employment and then to review their declaration at least annually. Any interests that give rise to a perceived, potential or actual conflict are reviewed by a senior leader to ensure that actions have been put into place to mitigate or remove any potential conflicts.

In line with the Civil Service expectations for the declaration and management of outside interests, our ARAC has considered the declarations of our senior civil servants and provided assurance on the management of interests' process in GIAA.

A list of our senior civil servants (SCS) who hold any paid or otherwise remunerated secondary employment that falls under the Civil Service declaration and management of outside interests is published on our website (GOV.UK/government/publications/giaa-register-of-senior-civil-servants-secondary-paid-employment-april-2025-to-march-2026).

We also have a clear policy in place that adheres to the Cabinet Office guidelines in respect of the business appointment rules for civil servants who leave the Crown Service. We do not have any special advisers. Our leavers procedure requires confirmation from existing employees that business appointment rules have been considered.

In 2025-26 there were three exits from the Senior Civil Service and no business appointment rules (BAR) applications were submitted.

In compliance with BAR, we are transparent in the advice given to individual applications for senior staff. Advice regarding specific business appointments has been published on (GOV.UK/government/publications/business-appointment-rules-202526).

Strategy, planning and reporting

In this section, we explain how we ensure that risks to our strategy and business objectives are identified, visible and managed effectively. We launched a new organisational strategy earlier in the year, which set out a renewed focus on consistent quality, high-performing people and financial sustainability.

Risk management framework

Risk management is a key component of our system of internal control. It supports the identification, evaluation and management of the principal and emerging risks to the achievement of our objectives.

Our risk hierarchy includes principal risks (risks which could affect our ability to deliver on our purpose) and corporate risks (cross-organisational risks which require executive action to mitigate). We demonstrate the connection between our principal risks, risk categories and corporate risks through a risk universe diagram.

The Board has overall accountability for risk management and internal control, including agreement of the principal risk profile and establishing our risk appetite. The Board receives bi-annual updates on principal risks and is supported by the ARAC, which scrutinises the effectiveness of the framework, undertakes deep dives into specific risks, and provides assurance to the Board on the effectiveness of the management of risk.

The Executive Committee (ExCo) is responsible for maintaining sound risk management and internal control systems and for the day-to-day management of risks. It reviews the risk profile quarterly to consider the level of residual risk against appetite and cost-benefit and agrees the risk management approach. Principal risks are owned by ExCo; corporate risks are owned by functional leads and are regularly reviewed and reported to ExCo for oversight. Details regarding principal risks can be found in the Performance Analysis section on page 39.

Risk management is co-ordinated by the Governance team, who provide second line assurance. Risk responsibilities are delegated to senior leaders through annual delegation letters, with assurance on their fulfilment provided to the Accounting Officer via the annual director assurance attestation process. Risks are assessed using a five-point impact and likelihood matrix with defined tolerance thresholds aligned to risk appetite; where risks exceed appetite, proportionate remedial action is taken where possible and cost-effective.

We have reviewed the requirements of the HM Government publication ‘The Orange Book’ five principles for the identification, evaluation, and control of risks and confirm that we comply with these expectations.

During 2025–26 we continued to strengthen our arrangements. We removed the formal requirement for directorate-level risk registers, reflecting that most of our risks are strategic and cross-cutting and that, given our size and centralised decision-making, it is more proportionate to manage risk at corporate and principal level. We introduced a formal risk escalation process to capture emerging risks from across the organisation, refreshed our risk appetite statement in line with the new organisational strategy, and reviewed and updated our risk management policy.

We also strengthened our approach to practice risk to manage the potential risk to our reputation should our work not meet expected standards. Such risks may undermine trust among our clients and other stakeholders who rely on our work and may lead to operational impacts, such as increased resource demands to resolve the situation or a loss of future engagements. This year we introduced a framework to help our people grow a practice risk mindset and improve how we respond to practice risk to uphold quality, integrity and confidence in our work.

Assurance framework

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control, which has been in place throughout this reporting period and up to the date of approval of this report. Their review draws on evidence from across the three lines model including management oversight, second line compliance reporting, committee oversight and independent assurance; further details of a sample of these exercises are provided within this report.

We operate a framework of financial and non-financial procedures and controls which is regularly reviewed to ensure compliance with current requirements and is tested through the work of internal audit.

The Accounting Officer is responsible for the stewardship of public funds, within the limits delegated by the Principal Accounting Officer and set out in the Framework Document. Pay and non-pay budgets are delegated to executive directors with financial delegations specified in the Finance Manual and confirmed to budget holders in their annual delegation letters. Financial performance is reviewed monthly by Directors and by ExCo.

ARAC assesses the comprehensiveness and reliability of the assurances provided. It receives quarterly reports on governance, risk management and the control environment, which informs its assurance to the Accounting Officer and the Board. The Board receives an update from the ARAC Chair after each meeting, supporting its oversight of corporate governance and risk management.

ExCo regularly reviews strategic plans, financial and operational performance, and the management of principal and corporate risks. Reports on delivery against priorities and the controls in place to mitigate principal risks are routinely provided to the Board.

First-line of assurance: Director assurance attestation

A key element of our assurance framework is the Director assurance exercise, redesigned in 2025-26 to operate as an annual attestation. This process aligns with each Director's delegated responsibilities and provides assurance to the Accounting Officer regarding the effectiveness of controls within their core business areas. The exercise involves Directors completing a self-assessment of assurance, submitting a statement, and participating in a review session with the Accounting Officer.

Our assurance and compliance cover a wide range of processes and controls, including financial approvals and responsibilities, budgeting and income management, risk management, and business continuity.

We have achieved best value for money through processes we have in place, and we acknowledge that some areas require further development and have identified improvements, some of which are currently underway. These focus on resourcing, information management, and the security of our people, assets, and information, as well as health, safety, and wellbeing. We remain committed to enhancing these areas to strengthen our overall control environment.

The results of this exercise were reported to the ARAC, and inform the conclusions reached in this governance statement.

Second-line of assurance: 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, contract management and security services.

Appropriate assurances regarding the effectiveness of controls in these areas were received from HM Treasury, with no issues of concern raised.

Third-line of assurance: 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 operated to the Global Internal Audit Standards, with a Head of Internal Audit appointed from within the Agency.

In 2025-26 we participated in a pilot of a new approach to internal audit which aims to offer proportionate, risk-based assurance to arm’s length bodies. The approach focused on key elements outlined in the Risk Control Framework whereby we provided a self-assessment rating to describe the extent to which we were compliant with relevant guidance, standards and other expectations. The condensed internal audit fieldwork period reviewed the self-assessment and tested evidence as part of a broad assessment of internal control effectiveness.

The Head of Internal Audit’s annual opinion is provided below. The highest opinion available under this approach is “Moderate assurance”.

> We can give a “Moderate assurance” on the effectiveness of the organisation’s control environment to mitigate risks to tolerance.
> We noted a strong degree of awareness in the organisation as to its strengths and areas for development. Strategy, planning and reporting, and the governance and management framework were noted as effective. We have agreed with the organisation that there is scope to develop further in risk management, defining roles and accountabilities and adhering to standards, policies and procedures. We have agreed a small number of actions with management and will assess progress made in implementing these.

Standards, policies and procedures

In this section, we explain how decisions are taken and implemented in accordance with our strategy, governance framework and wider government policy and regulation.

Our governance and control framework is underpinned by clear policies, procedures and guidance that all colleagues are expected to follow. These are subject to proportionate review and oversight, supported by second and third-line assurance activity where appropriate.

Functional standards

Government departments and agencies are required to adhere to functional standards which benchmark corporate delivery in key thematic areas such as 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 current standards, 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 will continue to engage with the functions as they evolve their standards and implement continuous improvement assessment frameworks.

Fraud, bribery and whistleblowing

We continue to build and strengthen our approach to countering fraud. We have a clear Counter Fraud, Bribery and Corruption Strategy, supported by a policy, and Fraud Response Plan. Last year, we updated these key documents to ensure they remain effective and aligned with our organisational objectives. These updates were shared with our people to promote awareness and understanding across the organisation.

We are compliant with the Government's Functional Standard for Counter Fraud (GovS013). The ARAC receives quarterly reports on counter fraud matters, including fraud and error reporting and we regularly report to our sponsor department on our progress.

The Business Committee is responsible for providing assurance on the controls and counter measures 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.

In 2025-26, there were no allegations of fraud received or investigated (2024-25: zero). We strengthened our approach to countering fraud in 2024-25 with sampling exercises focused on areas of high potential risk. Whilst these resulted in no fraud allegations or investigations, they helped identify where we could further enhance our controls.

It is important that all our people can raise concerns about the standards of service we provide or the behaviour of our people. 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.

In 2025-26, three whistleblowing cases were reported (2024-25: zero). All cases were thoroughly investigated and concluded, with lessons learnt actioned where appropriate.

ARAC is informed of any cases of whistleblowing in GIAA and monitors our whistleblowing processes to ensure they are effective.

Health and safety

We are committed to protecting the safety and security of all our people. 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 as part of second line assurance arrangements. Our Health, Safety and Wellbeing Committee (reporting to the People Committee) is now well established and meets quarterly with a good representation from across the GIAA.

Considerable steps have been taken to improve health, safety and wellbeing across the GIAA, including developments in assessments of risks and increasing awareness and education on management of these risks and personal responsibilities to keep our people safe, promoting a positive health and safety culture throughout the Agency.

We are continuing to develop our approach to ensuring the health and safety of those employees who have flexible, hybrid working arrangements, for example through the recent roll out of new Fire Evacuation processes.

We actively promote mental wellbeing and as such provided mental health awareness sessions to colleagues and line managers, alongside behaviours matter training focusing on culture. Our employee assistance programme has provided wellbeing information and counselling sessions as appropriate.

Information and data security

We take seriously our responsibilities for security and data protection and have a number of controls in place to ensure sensitive or personal information is appropriately protected. Our Chief Operating Officer (COO), as the Senior Information Risk Owner (SIRO), is responsible for ensuring effective management of information risk across the organisation. The COO collaborates with the Data Protection Officer and designated Information Asset Owners to ensure compliance with legal, statutory, and organisational requirements for data and information assets. The COO is a member of the Board and also chairs the Business Committee, which meets quarterly and maintains oversight of data protection, information security, and records management.

Information management, security measures and controls continue to be reviewed and enhanced to improve the way we transmit, store, and manage information. Our Audit and Risk Committee (ARAC) provides assurances relating to the second line governance and reporting regarding information governance. We receive assurance on the effectiveness of these controls through the annual Cabinet Office Departmental Security Health Check.

Correspondence

Ministerial directions

There have been no ministerial directions given in 2025-26.

Official and Parliamentary correspondence

During 2025-26, we received 41 requests under the Freedom of Information Act 2000 (2024-25: 33). Of these, 100% received a response within the statutory deadline, and four requests were the subject of internal review. We received four Parliamentary Questions and no MPs' and Peers' correspondence cases during this period.

External complaints

We are committed to providing a professional, fair, and efficient service and aim to resolve complaints and continuously learn and improve from these. 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 2025-26 we handled two complaints under this process (2024-25: seven); The Parliamentary and Health Services Ombudsman received no complaints about GIAA for 2025-26 (2024-25: zero).

Overall assessment of the control environment

In the opinion of the Accounting Officer, the GIAA has maintained a sound and robust system of governance, risk management and internal control throughout the reporting period, with no significant weaknesses identified in the control environment.

Where areas for improvement in systems and processes have been highlighted, proportionate action plans are in place and are being implemented in line with the organisation's risk profile and appetite. These actions are focused on further embedding existing controls, strengthening oversight of key risks, and securing adequate assurance over activities delivered by third parties, so that we can be confident that controls are designed and operating effectively in practice.

This overall assessment is underpinned by multiple sources of assurance, including:

- evidence compiled in preparing this governance statement
- results from internal assurance activities, including the Director-level assurance attestations and self-assessments against the relevant government functional standards
- the annual report and regular updates from the Audit and Risk Assurance Committee
- the independent assurances and annual opinion provided by the Head of Internal Audit
- the findings, conclusions and recommendations arising from external audit work

Taken together, these sources provide a consistent and comprehensive picture of an effective control environment, with identified issues being managed through established governance, risk and control processes.

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.

As at 31 March 2026, 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.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk

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 Senior Salaries Review Body (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 this 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)

	2025-26				2024-25			
Senior Managers	**Salary £000**	**Bonus payments[1] £000**	**Pension related benefits (nearest £1000) [2 3]**	**Total £000**	**Salary £000**	**Bonus payments[1] £000**	**Pension related benefits (nearest £1000) [2 3]**	**Total £000**
Harriet Aldridge Chief Executive	195-200	-	75	270-275	185-190	0-5	72	265-270
Dr Iain McGregor[3] Director of Innovation	150-155	5-10	59	220-225	145-150	10-15	58	220-225
Alison Hamer[3] Chief Operating Officer	125-130	10-15	49	185-190	120-125	15-20	47	185-190

1. Bonus figures include performance-related pay for the previous performance year, which was paid out in this financial year. 2025-26 bonus outcomes have not yet been fully agreed and will be reported in the year in which they are paid.
2. 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 decrease due to a transfer of pension rights.
3. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

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. 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 2025-26 appraisal year (compared to 18 awards in 2024-25). This does not include the end of year performance bonuses as they are yet to be determined.

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.

Table 8: Annual percentage change in remuneration of highest paid director and staff

	2025-26		**2024-25**	
	Salary	**Bonus payments**[1]	**Salary**	**Bonus payments**
Staff average	2.8%	-51.7%	6.9%	-23.2%
Highest paid director	5.3%	-100.0%	8.5%	-

1. The highest paid director received a bonus in 2024-25. Bonus outcomes for 2025-26 have not yet been agreed and no bonus was paid in year.

The remuneration, including salary, allowances, and bonus, of the highest-paid executive in GIAA in the financial year 2025-26 was in the band £195-200,000 (2024-25: £190-195,000).

The average percentage salary and allowances change from the previous financial year in respect of all GIAA employees is a 2.8% increase and a 51.7% decrease for bonuses. The salary increase is largely attributable to the 3.75% pay award for staff in the delegated grades and 3.25% for SCS. This was offset by a reduction in the number of SCS staff employed by the Agency. The bonus change largely relates to non-consolidated awards for delegated grades that were paid in April 2026, instead of during the financial year and therefore not part of the calculation.

Table 9: Ratios between the highest-paid executive and the 25th percentile, median and 75th percentile

	Lower quartile	**Median**	**Upper quartile**
2025-26	4.04	3.38	2.98
2024-25	4.03	3.40	2.97

Table 10: Pay and benefits figures for the 25th percentile, median and 75th percentile

	Lower quartile		**Median**		**Upper quartile**	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Salary	48,889	47,145	58,429	56,344	65,103	63,228
Total remuneration	48,889	47,745	58,429	56,594	66,346	64,765

The median pay ratio has remained stable over the financial year. This stability reflects the consistent application of pay awards across the organisation. Therefore, the median pay ratio aligns with the entity's overall pay, reward, and progression policies for all employees.

In 2025-26 no employee received remuneration more than the highest paid director (2024-25: zero). Remuneration in GIAA ranged from £29,925 to £195-200,000 (2024-25: £29,925 to £185-190,000).

In 2025-26 the Civil Service pay remit for delegated grades enabled departments to make average pay awards of up to 3.75%.

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 11: Pension entitlements for Executive Board members (this information is subject to audit)

	Accrued pension and related lump sum at pension age as at 31 March 2026	**Real increase in pension and related lump sum at pension age**	**CETV at 31 March 2026**	**CETV at 31 March 2025**	**Real increase/ (decrease) in CETV**
Senior Managers	£000	£000	£000	£000	£000
Harriet Aldridge Chief Executive	10-15	2.5-5	132	73	42
Dr. Iain McGregor[1] Director of Innovation	20-25	2.5-5	399	330	48
Alison Hamer[1] Chief Operating Officer	45-50	2.5-5	681	623	28

1. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

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 Lump Sum Allowance Tax and Lump Sum Death Benefit 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, are in Alpha.

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 remedy 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 2025 and 31 March 2026, 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 2025-26, employers' contributions of £7,165k (2024-25: £7,325k) were payable by GIAA to the Civil Service Pension arrangements at 28.97%; (2024-25: 28.97%) 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 reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £47k in 2025-26 (2024-25: £55k) 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 2025-26 (2024-25: £2k) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £nil (2024-25: £14k). Contributions pre-paid at that date were £nil (2024-25: £nil).

Non-Executive Board members' remuneration

As at 31 March 2026, we had four Non-Executive Board members, and one Non-Executive independent member of the ARAC. Table 12, below, details the total remuneration for each of our paid Non-Executive Board members during 2025-26. 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, Ed Clift, is also a member of the Civil Service and is not remunerated by GIAA.

Table 12: Agency Board Non-Executive members' remuneration (this information is subject to audit)

	2025-26	**2024-25**
	Total Remuneration	**Total Remuneration**
Non-Executive Board Members	£000	£000
Isobel Everett Non-executive Board Member and Chair	20-25	20-25
Ady Dike Non-Executive Board Member (to 15 February 2026)	15-20 (FYE 15-20)	15-20
Clare Minchington Non-Executive Board Member	15-20	15-20
Jonathan Chapman Non-Executive Board Member	15-20	15-20
David Fleming Non-Executive Board Member (from 12 January 2026)	0-5 (FYE 15-20)	-

Reporting of Civil Service and other compensation schemes – exit packages

Table 13: Exit Packages (this information is subject to audit)

	2025-26			2024-25		
Exit package cost band	**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	-	2	2	-	-	-
£50,001-£100,000	-	11	11	-	1	1
£100,001-£150,000	-	-	-	-	-	-
£150,000>	-	-	-	-	-	-
Total number of exit packages	**-**	**13**	**13**	**-**	**1**	**1**
Total resource cost (£000)	**-**	**894**	**894**	**-**	**105**	**105**

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. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the table. In 2025-26, as part of the ongoing efficiencies work, a voluntary exit scheme (VES) for non-client facing roles was launched and supported the reduction of non-client facing roles by 13 full-time equivalents (FTE).

Table 14: Agency composition by Full-Time Equivalent (FTE) (this information is subject to audit)

	2025-26		2024-25	
Category	**Number (FTE)**	**Cost (£000)**	**Number (FTE)**	**Cost (£000)**
Staff with a permanent UK employment contract	430	37,403	468	36,910
Other staff engaged on the objectives of the entity (consisting of interim and temporary workers)	2	181	3	132
Total	**432**	**37,584**	**471**	**37,042**

Note: FTE numbers rounded to nearest whole FTE and are an average for the year, not the figure from the end of the financial year as reported earlier in the performance report.

See Note 2 of the Financial Statements for further information on staff costs.

Table 15: Agency composition by percentage in grade is split by declared gender, people from ethnically diverse backgrounds (ethnic minorities) and disability.

	2025-26				2024-25			
Grade	**Male**	**Female**	**Diverse ethnic backgrounds**	**Disabled**	**Male**	**Female**	**Diverse ethnic backgrounds**	**Disabled**
SCS	43%	57%	4%	4%	52%	48%	7%	10%
SCS and G6	57%	43%	8%	6%	55%	45%	8%	10%
Agency total	**45%**	**55%**	**21%**	**9%**	**46%**	**54%**	**21%**	**9%**

Diversity and Inclusion

GIAA is committed to the principles of equality, diversity and inclusion (EDI), and seeks 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.

For 2025-26, we have achieved several goals to promote diversity and inclusion within the organisation.

We have rolled out a Managers' Programme to over 180 senior colleagues to enhance leadership skills and support our managers to gain a deeper understanding of diversity and inclusion issues and the importance of creating a psychological safe environment. In addition, 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.

The Catapult mentoring scheme aims to promote and support fairer opportunity, personal development, and career aspirations for civil servants, hoping to overcome any potential barriers linked to socioeconomic factors, through the power of mentoring. Every year, civil servants sign up as both mentors and mentees to share experiences and knowledge that can help build confidence and support development.

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-202425

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 have improved monitoring of Equality Impact Assessments (EIA) and incorporated prompts into committee paper templates to ensure equality is considered in all people proposals.

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

As part of our ongoing commitment to creating a fair, inclusive and supportive recruitment experience, we have recently introduced improvements to our recruitment processes to support neurodiversity and different thinking styles. Our aim is to ensure that all candidates get an opportunity to demonstrate their strengths in a recruitment environment that works for them. We require our managers and interview panel members to complete Civil Service Expectations, which includes modules on diversity and inclusion. All our roles are open to reasonable adjustments to support candidates throughout the recruitment process and 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 3: Disability Confident Leader status.

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 tackle the issues surrounding Discrimination, Bullying and Harassment (DBH) with regular reminders to raise awareness on how to raise a concern and how to build confidence to speak up if they witness or experience inappropriate behaviour.

We are committed to transparent reporting and our gender pay gap report can be found on: GOV.UK/government/publications/gender-pay-gap-report-2025. We have reviewed our action plan to align with the 2024 report 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. To support our networks, we have published guidance that aligns with the Civil Service Staff Networks policy.

Sickness absence

The average number of working days lost to sickness absence during 2025-26 decreased to 8.39 (2024-25: 8.74 days). We continued to develop robust sickness absence management protocols and introduced dedicated casework support. We have a Health, Safety and Wellbeing Strategy and wellbeing plan in place, including Employee Assistance Programme support. We have introduced a Managers' Programme where attendance support and wellbeing are covered. Our Mind Workplace Wellbeing Index action plan is specifically tailored to mental health and wellbeing and has been fully implemented, with monitoring of absence rates and the reasons behind them. Senior management continue to monitor the trends in our sickness data to identify and implement further interventions that may be required.

Staff turnover percentage

We monitor staff turnover closely and have seen an increase in the headline percentage from the previous year (annual staff turnover percentages noted below). However, this figure includes a percentage of people leaving the organisation as part of the Voluntary Exit Scheme (VES) that was implemented in 2025-26. People leaving the GIAA through VES equated to 2.8 percentage points of our overall level of staff attrition. When the annual figure is adjusted to accommodate this VES figure the actual level of turnover was 1.6 percentage points lower than the previous year.

Exit survey data (excluding VES) shows that the most frequent reasons for employees leaving the GIAA are retirement and to take other paid employment. We continue to consider our overall benefits offering for our people and will be implementing a number of initiatives to address people management and career pathways.

Our focus will also be on retention as part of the Managers' Programme.

Listed below are the staff turnover percentages from the last three years. Performance in this area is closely monitored by senior management.

- 2025-26: 12.5%*
- 2024-25: 14.1%
- 2023-24: 14.3%

* Note: Turnover including VES leavers, 15.3%; Turnover excluding VES leavers, 12.5%

Staff engagement scores

We achieved a response rate of 62% in the most recent Civil Service People Survey which is a decrease of 24 percentage points from 2024-25 and our overall engagement index score was 52%, a drop of 7 percentage points from 2024-25.

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 third 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 was due to expire on 30 April 2026, but has been extended in accordance with the contract for 1 year, until 30 April 2027. 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 2025-26 decreased from 2024-25 as we have delivered more of the work on internal audit plans through our own staff.

Table 16: Consultants and contingent labour

Category	2025-26 £000	2024-25 £000
GIAA specialist audit contractors: internal audit resources	3,918	4,380
General framework contract: consultancy and advice	384	251
Total contractor resource	**4,302**	**4,631**

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 2026, 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 17 below.

Table 17: Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater

Number (No.) of existing engagements as of 31 March 2026	**2025-26**	**2024-25**
Of which, no. that existed:		
Less than one year	-	-
For between 1 and 2 years	-	-
For between 2 and 3 years	-	-
For between 3 and 4 years	-	-
For more than 4 years	-	-

Table 18: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater

No. of temporary off-payroll workers engaged during the year ended 31 March 2025	**2025-26**	**2024-25**
Of which:		
Not subject to off-payroll legislation	-	-
Subject to off-payroll legislation and determined as in-scope of IR35	-	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-	-
No. of engagements reassessed for compliance or assurance purposes during the year	-	-
No. of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which:		
No. of engagements that saw a change to IR35 status following review	-	-

Table 19: Off-Payroll engagements of Board members and senior officials with significant financial responsibilities, between 1 April 2025 and 31 March 2026.

	2025-26	**2024-25**
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.	3	8

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 clients, 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, counter fraud and investigation and assurance services.

Summary

Our net resource expenditure position was a £260k surplus when resource Supply Funding from HM Treasury is considered. Our total income was £44,473k, resource Supply Funding received £2,819k and total expenditure £47,032k.

Our net capital expenditure position was £0 when capital Supply Funding from HM Treasury is considered. We received capital Supply Funding of £762k and total expenditure was £762k. The funding was for Right of Use Assets. See Note 8.2 for further detail.

Income

GIAA is primarily funded through the fees we charge our clients 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 clients, setting out the full detail of our services in a Memorandum of Understanding and agreeing an appropriate fee.

In relation to client-facing activities, we generated revenue of £44,097k (2024-25: £46,446k) from our clients and received a further £369k in grant assurance services revenue (2024-25: £235k), and £7k in other income (2024-25: £4k). We also received funding from HM Treasury (£3,581k), £886k of which for undertaking internal audit policy work on HM Treasury's behalf.

Our total operating income for the year was £44,473k (2024-25: £46,685k). The reduction in income is largely a result of our EU Assurance work significantly reducing in 2025-26.

Expenditure

Our total operating expenditure this year was £47,004k (2024-25: £47,456k), consisting of staff costs of £37,196k (2024-25: £36,733k), purchase of goods and services of £9,579k (2024-25: £10,295k), depreciation and impairment charges of £274k (2024-25: £338k) and a provision writeback of £45k (2024-25: provision expense £90k).

Contractor spend was reduced in 2025-26 - £4,302k (2024-25: £4,631k).

Permanent staff costs of £37,403k (2024-25: £36,910k) directly relate to the employment of our auditors, counter fraud investigators and other assurance professionals, the internal audit profession function and corporate services. More information on our staff numbers and costs can be found in the remuneration and staff report above and the Notes to the Accounts.

We engaged several firms under our internal audit framework to deliver specialist and generalist audit services to our clients on our behalf. Of the £4,302k contractor spend referred to above, £3,918k (2024-25: £4,380k) relates to work engaged under this framework. We spent £384k (2024-25: £251k) on specialist advice including legal advice from the Government Legal Department, advice on our senior management structure and developing an internal audit competency framework.

We incurred £585k (2024-25: £637k) in travel and subsistence costs, the majority of which were directly related to audit, counter fraud and investigation and assurance services delivered to our clients and reimbursed through fees paid to GIAA.

We also incurred a number of charges for support services from other government departments totalling £3,351k (2024-25: £3,728k) 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 £34k (2024-25: £36k), £327k (2024-25: £304k) and £304k (2024-25: £311k) in recruitment, training and staff support and related costs respectively.

The net operating expenditure was £2,531k (2024-25: £771k) and net expenditure £2,559k (2024-25: £773k) after £28k finance expenses (2024-25: £2k) were taken into account. The movement in the net expenditure relates primarily to a reduction in income from our provision of assurance for the management and payment of European Commission grants for several EU funded programmes, the majority of which ended in 2025-26.

The difference was met by HM Treasury Supply Funding, which totalled £2,819k (2024-25: £2,107k) including authorised spending of £886k (2024-25: £350k) to support the internal audit policy function (included in expenditure). This position is set out in Note 4 to the accounts.

As a result, we ended the year with an overall surplus of £260k (2024-25: £1,334k). 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 £7,550k (2024-25: £6,406k) represents the balance of our operating activities and HM Treasury funding.

Financial position

Our balance sheet consists of receivables of £13,947k (2024-25: £12,608k), non-current assets of £835k (2024-25: £346k), payables of £6,433k (2024-25: £5,918k), a provision of £45k (2024-25: £90k) and lease liabilities of £754k (2024-25: £540k).

Our strategy is to use existing arrangements with our clients 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 clients, with £12,822k (2024-25: £11,612k) relating to amounts invoiced but not paid at 31 March, and £765k (2024-25: £933k) relating to services delivered in 2025-26 but not invoiced until the new financial year.

Included in trade and other payables and accruals, totalling £6,433k (2024-25: £5,918k), are advance receipts from clients of £591k (2024-25: £82k). The value of untaken holiday leave at 31 March 2026 was £984k (2024-25: £911k).

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 clients to pay our invoices. As a result, we owed HM Treasury £984k (2024-25: £814k) which is the difference between the cash received from clients and expenditure funded by HM Treasury during the year. The difference between years is predominantly caused by an increase in receivables following a change in invoice scheduling which is explained in more detail in Notes 5 and 7.

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 clients 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 partially subsidises our costs and subsequent charge-out rates for clients. When taken into account, the deficit of £2,531k is a surplus of £260k.

Table 20: Fees and charges

	2025-26			**2024-25**		
	Income (£000)	**Operating expenditure[1] (£000)**	**Surplus/ (deficit) (£000)**	**Income (£000)**	**Operating expenditure[1] (£000)**	**Surplus/ (deficit) (£000)**
Audit, counter fraud and investigation and assurance services	44,466	(46,997)	(2,531)	44,446	(47,217)	(771)
Total	44,466	(46,997)	(2,531)	44,446	(47,217)	(771)

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.

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.

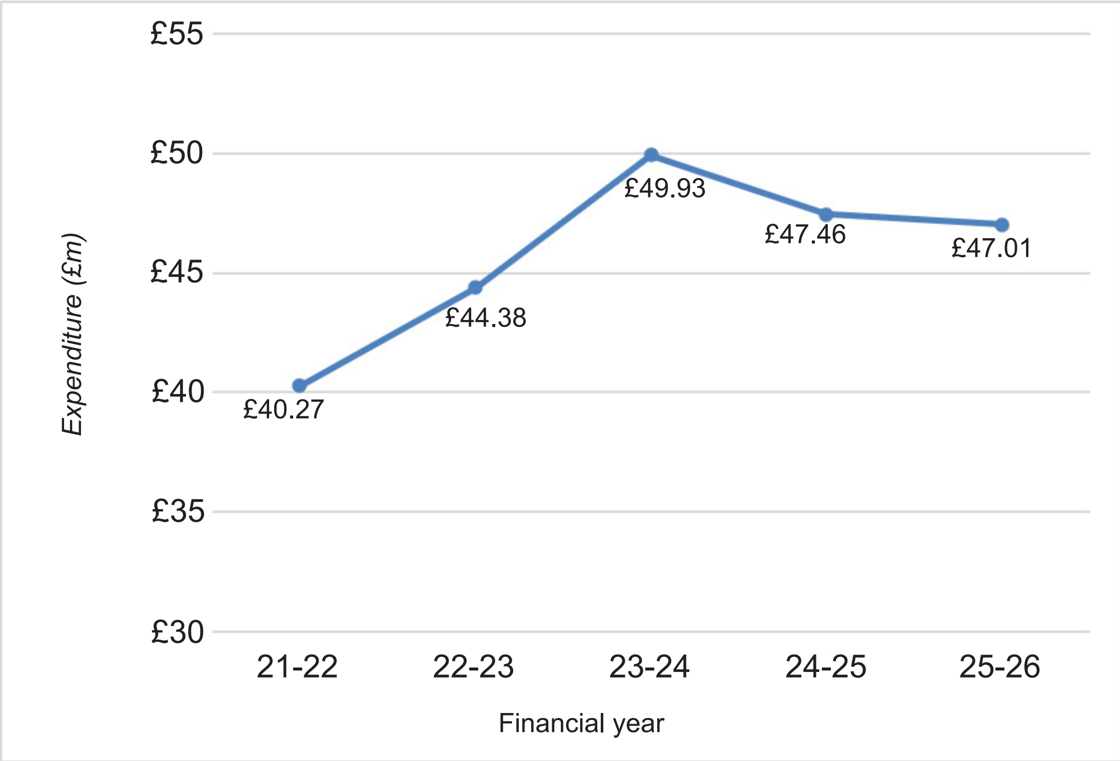
Losses and special payments (this information is subject to audit)

GIAA recorded 6 losses in 2025-26 (2024-25: 0) and 1 special payment (2024-25: 0). We have not made any gifts during the year.

The losses relate to train travel that was subsequently not used. The special payment is a transition support loan due to the ongoing pension payment delays. The values of these losses and special payments were below the reporting threshold of £300,000.

Long-term expenditure trends

2025-26 was our eleventh year of operation. The Ministry of Defence Internal Audit team joining on 1 April 2023 significantly changed our income and expenditure bases from prior years, along with the establishment of a temporary team for the OneGIA Project for which we received funding most notably in 2023-24. Our income and expenditure have stabilised in 2024-25 and 2025-26 as demonstrated in our financial statements and the graph below which shows the last five years' expenditure within the GIAA.



Graph 4: Five-year 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.

2024-25: HMT Supply Funding and corresponding expenditure reduce.

Andy Brittain

Chief Executive and Accounting Officer

9 July 2026

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 2026 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 2026;
- 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 2026 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 (2024)*. 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 2024*. 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 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 is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Government Internal Audit Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- 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, Managing Public Money.
- inquired of management, Government Internal Audit Agency's head of internal audit and those charged with governance whether:

    - they were aware of any instances of non-compliance with laws and regulations;
    - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team 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 Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- 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; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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 **10 July 2026**

Comptroller and Auditor General

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 2026

	Note	Year to 31 March 2026 (£000)	Year to 31 March 2025 (£000)
Income from sales of services	4	(44,466)	(46,446)
Other operating income	4	(7)	(239)
Total operating income		**(44,473)**	**(46,685)**
Staff costs	2	37,196	36,733
Purchase of goods and services	3	9,579	10,295
Depreciation and impairment charges		274	338
Provision expense		(45)	90
Total operating expenditure		**47,004**	**47,456**
Net operating expenditure for the year		**2,531**	**771**
Finance expense		28	2
Net expenditure for the year		**2,559**	**773**

The notes on pages 97 to 108 form part of these accounts.

Statement of Financial Position as at 31 March 2026

	Note	31 March 2026 (£000)	31 March 2025 (£000)
Non-current assets			
Intangible assets		99	112
Right of use assets	8.2	736	234
Total non-current assets		**835**	**346**
Current assets			
Trade and other receivables	5	13,947	12,608
Total current assets		**13,947**	**12,608**
Total assets		**14,782**	**12,954**
Current liabilities			
Trade and other payables	7	(6,433)	(5,918)
Provisions		-	(3)
Lease liabilities		(128)	(530)
Total current liabilities		**(6,561)**	**(6.451)**
Non-current liabilities			
Provisions		(45)	(87)
Lease liabilities	8.3	(626)	(10)
Total non-current liabilities		**(671)**	**(97)**
Total liabilities		**(7,232)**	**(6,548)**
Total assets less total liabilities		**7,550**	**6,406**
Taxpayers' equity			
General Fund		**7,550**	**6,406**

The notes on pages 97 to 108 form part of these accounts.

Andy Brittain

Chief Executive and Accounting Officer

9 July 2026

Statement of Cash Flows for the year to March 2026

	Note	Year to 31 March 2026 (£000)	Year to 31 March 2025 (£000)
Cash flows from operating activities			
Net operating expenditure		(2,531)	(771)
Adjustments for non-cash transactions		204	426
Adjustments for finance costs		28	2
(Increase)/Decrease in trade and other receivables	5	(1,339)	1,940
Increase/(Decrease) in trade and other payables	7	516	(3,580)
Use of provisions		-	-
Notional expenditure: auditor remuneration		122	129
Net cash outflow from operating activities		**(3,000)**	**(1,854)**
Cash flows from investing activities			
Purchase of intangible assets		-	(26)
Net cash outflow from investing activities		**-**	**(26)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		3,581	2,107
Repayment of leasing liabilities	8.4	(553)	(225)
Interest payments on lease liabilities	8.4	(28)	(2)
Net cash flows from financing activities		**3,000**	**1,880**
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		-	-

The notes on pages 97 to 108 form part of these accounts.

Statement of Changes in Taxpayers’ Equity

	General Fund £000
Balance at 1 April 2025	**6,406**
Net parliamentary funding	3,581
Notional charges: Auditors Remuneration	122
Comprehensive net expenditure for the year	(2,559)
Balance at 31 March 2026	**7,550**
Balance at 1 April 2024	**4,943**
Net parliamentary funding	2,107
Notional charges: Auditors Remuneration	129
Comprehensive net expenditure for the year	(773)
Balance at 31 March 2025	**6,406**

The General Fund is the only component of Taxpayers’ Equity.

The notes on pages 97 to 108 form part of these accounts.

Notes to the accounts

Note 1 – Accounting policies

1.1 Basis of preparation

The annual set of financial statements for the Government Internal Audit Agency (GIAA) is prepared in accordance with the Government's Financial Reporting Manual (FReM) and under the Accounts Direction issued by HM Treasury. The accounting policies contained in the FReM apply International Accounting Standards as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policies, those that are judged the most appropriate to the 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 an executive agency domiciled in the United Kingdom and its principal place of business is at 1 Horse Guards Road, London, with offices throughout the country as explained in Note 8.3. 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, and with funding in place from HM Treasury for the following three financial years (2026-27 to 2028-29).

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 GIAA. IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 Subsidiaries without Public Accountability: Disclosures allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

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. The core principle of IFRS 15 is that an entity recognises revenue to reflect the transfer of promised goods or services to clients 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 client, 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 clients external to the GIAA (central government departments, agencies and arm’s length bodies). This service includes audit, counter fraud and investigation and assurance services, 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 clients sets out this performance obligation and specifies that the service is delivered throughout the year, with the clients receiving the benefit of the work throughout the year. For most clients, a fixed fee is agreed with the client based on an agreed plan of work for the year and the estimated inputs required to deliver this service. For a small number of clients, the fee is charged on a time and materials basis. Income is recognised throughout the year as the service is delivered and the client 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 clients, 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 clients, 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

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 (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 5) and trade and other payables (Note 7). 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 2025-26 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 clients 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 clients, 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 clients 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 clients 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 client by GIAA staff, the contractor costs attributable to that client and any Travel and Subsistence undertaken on the client's audits. GIAA is applying the Practical expedient of IFRS15 for these clients 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 client 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.

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 (e.g. utility costs) have been excluded.

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

There were no business combinations in the year to 31 March 2026.

Note 2 - Staff costs

	Year to 31 March 2026 (£000)			Year to 31 March 2025 (£000)		
	Permanent Staff (£000)	Other Staff (£000)	Total (£000)	Permanent Staff (£000)	Other Staff (£000)	Total (£000)
Salaries including allowances	26,566	176	26,742	26,465	116	26,581
Social security costs	3,626	2	3,628	3,074	5	3,079
Other pension costs	7,211	3	7,214	7,371	11	7,382
Total staff costs	**37,403**	**181**	**37,584**	**36,910**	**132**	**37,042**
Less recoveries from outward secondments	(388)	-	(388)	(309)	-	(309)
Net cost	**37,015**	**181**	**37,196**	**36,601**	**132**	**36,733**

The average number of permanent FTE employed during the year was 430 (2024-25: 468).

Note 3 – Purchase of goods and services

3.1 Analysis of total goods and services purchased

	Year to 31 March 2026 (£000)	**Year to 31 March 2025 (£000)**
Contractor costs	4,302	4,631
IT services	2,051	2,151
Accommodation costs	497	801
PFI Service Charges	45	-
Back office services	738	764
Other support services	20	12
Travel, subsistence and hospitality	585	637
IT and telecommunications	478	469
Training costs	327	304
Staff support and staff related costs	304	311
Recruitment costs	34	36
Admin and facilities costs	76	50
Non-cash services:	-	-
Auditor's remuneration	122	129
Total purchase of goods and services	**9,579**	**10,295**

Note 4 – Income and expenditure by type of work

	Year to 31 March 2026 (£000)			Year to 31 March 2025 (£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 clients	(43,442)	-	(43,442)	(45,670)	-	(45,670)
Time and materials clients	(655)	-	(655)	(776)	-	(776)
Total audit fee income	**(44,097)**	**-**	**(44,097)**	**(46,446)**	**-**	**(46,446)**
Grant assurance services income	(369)	-	(369)	(235)	-	(235)
Other income	(7)	-	(7)	(4)	-	(4)
Total income	**(44,473)**	**-**	**(44,473)**	**(46,685)**	**-**	**(46,685)**
Expenditure	46,118	886	47,004	47,106	350	47,456
Net operating expenditure for the year	**1,645**	**886**	**2,531**	**421**	**350**	**771**
Finance expense	28	-	28	2	-	2
Comprehensive net expenditure for the year	**1,673**	**886**	**2,559**	**423**	**350**	**773**

In 2025–26, grant assurance income is presented within the SoCNE under income from sales of services. In 2024–25, it was included within other operating income. This reclassification has been made to better reflect the nature of the income.

Included in the £44,473k income is £1,088k which relates to 2024-25 contracts where the contract wasn't completed at 31 March 2025.

Note 5 – Receivables

Amounts falling due within one year	Year to 31 March 2026 (£000)	Year to 31 March 2025 (£000)
Amounts owing from HMT	-	-
VAT Receivable	-	-
Trade receivables	12,822	11,612
Accrued Income	765	933
Prepayments	355	66
Staff travel loans	1	1
Other staff related receivables	4	(4)
Total falling due within one year	**13,947**	**12,608**

The Amounts owing from HM Treasury figure represents the transfers between GIAA and HM Treasury and acts as the bank account. When this figure is positive it is a receivable and is detailed in the receivables note, when this figure is negative it is a payable and is detailed in the payables note.

In 2025-26 we moved from quarterly to biannual invoicing resulting in fewer invoices raised during the year. This has increased the year end receivables balance as the invoices issued at year end are for a larger value although more of the invoices have been paid.

The prepayments balance has increased due to early invoicing for the audit management system and higher lease related prepayments. The latter reflects an increase in the number of leases compared with the prior year, with lease charges typically invoiced in advance.

Note 6 – 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 7 – Payables and other current liabilities

Amounts falling due within one year	Year to 31 March 2026 (£000)	Year to 31 March 2025 (£000)
Amounts owing to HMT	(984)	(814)
VAT Payable	-	-
Deferred income	(591)	(82)
Trade and other payables	(1,668)	(1,597)
Accruals	(3,190)	(3,425)
Total falling due within one year	**(6,433)**	**(5,918)**

The Amounts owing to HM Treasury figure represents the transfers between GIAA and HM Treasury and acts as the bank account. When this figure is positive it is a receivable and detailed in the receivables note, when this figure is negative it is a payable and is detailed in the payables note.

The deferred income balance relates to the unearned income from paid invoices at year end and the movement relates to the fact that more of our year end invoices were paid by customers at 31 March 2026.

Included within the accrual value is the value of untaken leave of staff at the end of the year (£984k in 2025-26; £911k in 2024-25).

Note 8 – Commitments and leases

8.1 Capital and other financial commitments

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

8.2 Right of use assets

	Buildings £000	Total £000
Cost or valuation		
At 1 April 2025	1,221	1,221
Additions	762	762
At 31 March 2026	**1,983**	**1,983**
Depreciation		
At 1 April 2025	(987)	(987)
Depreciated charged in year	(260)	(260)
At 31 March 2026	**(1,247)**	**(1,247)**
NBV at 31 March 2025	**234**	**234**
NBV at 31 March 2026	**736**	**736**

8.3 Obligations under leases

Obligations under leases for the following periods comprise:	Year to 31 March 2026 (£000)	Year to 31 March 2025 (£000)
Buildings		
Not later than one year	170	550
Later than one year and not later than five years	482	10
Later than five years	254	-
Less interest element	(152)	(20)
Present value of obligations	**754**	**540**

The lease liabilities in the Statement of Financial Position are net of the interest element in Table 8.3.

GIAA's accounting policy for implementing the standard is set out in Note 1.13. For the sites where we have lease arrangements, the lease liability has been calculated using the end date of the prescribed term in the occupancy agreement.

GIAA has used the interest rate promulgated in Public Expenditure System papers as the incremental borrowing rate. For leases modified in 2023, the rate was 3.51% and this is the rate applied for the modified lease in Birmingham. For leases that commence or are remeasured in the 2025 calendar year, this rate is 4.81%, this is the rate applied for the new lease at 1 Horse Guards Road. For leases that commence in the 2026 calendar year, this rate is 5.32%, this is the rate applied for the new lease at Trafalgar House, Croydon.

GIAA relocated its main office to 1 Horse Guards Road in November 2025, following its exit from 10 Victoria Street in October 2025. From December 2025, GIAA also secured space at a new site in Croydon. The two additional leases resulted in recognition of a right-of-use asset and corresponding lease liability of £0.8m. In addition to these sites GIAA continues to occupy premises at 23 Stephenson Street, Birmingham and IFRS 16 has been applied to this site since 1 April 2022. All these properties are leased from the Government Property Agency.

Further to these locations, GIAA staff use office space provided by our client 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.

8.4 Cash outflow for leases

	Year to 31 March 2026 (£000)	**Year to 31 March 2025 (£000)**
Total cash outflow for leases	581	227

£56k represents the lease payments made for the three leases noted in Note 8.3 and £497k for the 10 Victoria Street lease which has since been exited. This is presented in the SoCF as the repayment of the lease liability (£553k) and the interest (£28k) implied in that lease.

Note 9 – Related party transactions

HM Treasury is the sponsoring department of the GIAA and as such is regarded as a related party. GIAA acquires services from HM Treasury including the provision of ICT support, accommodation and other support services. Additionally, GIAA provides internal audit services to HM Treasury and some of its agencies and arm’s length bodies.

GIAA has had a number of transactions with other government departments and other central government bodies associated with its provision of internal audit services. The ten largest of these in terms of income earned (inclusive of the department and their arm’s length bodies) are below:

- Department for Work and Pensions
- Department for Transport
- Ministry of Defence
- Ministry of Justice

- Department for Environment, Food & Rural Affairs
- Department of Health and Social Care
- Home Office
- Cabinet Office
- Department for Business and Trade
- Department for Education

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 2026.

Note 10 – Contingent liabilities

As at 31 March 2026 we have no contingent liabilities.

Note 11 – Events after the reporting period

There were no significant events occurring after the reporting period.

The Accounting Officer authorised these financial statements for issue on the date the Comptroller and Auditor General signed his certificate and report.

Photo credits

Photos of GIAA employees

Special thanks to:

- David Hares
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