



CORPORATE GOVERNANCE COMMITTEE – 23 JANUARY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

GLOBAL INTERNAL AUDIT STANDARDS IN THE UK PUBLIC SECTOR – GOVERNANCE DOCUMENTS

Purpose of Report

1. The purpose of this report is to provide the Corporate Governance Committee (the Committee) with details about important governance documents required for conformance with Global Internal Audit Standards effective in the UK public sector from 1 April 2025.

Background

2. At its 31 March 2025 meeting, the Committee was advised by the Head of Internal Audit Service (HoIAS) that from 1 April 2025, public sector internal audit teams would adopt new internal audit standards. These combine the Global Internal Audit Standards (GIAS) with CIPFA's 'Application Note', which essentially brings together the GIAS and specific requirements for the UK public sector. Together, they form the 'GIAS UK (public sector)'.
3. The GIAS UK (public sector) requires the development and maintenance of three important governance documents: -
 - a. An Internal Audit Charter (the Charter). This is an established component of internal audit standards. It is a formal document defining the audit activity's mandate i.e. its purpose, authority, and responsibilities. It sets the function's position within the organisation, reporting lines, and confirms the Committee's responsibilities, the HoIAS role in managing the function, and the scope of services provided. Within English local government, the mandate for internal audit derives from statute i.e. the Accounts and Audit Regulations 2015. A revised Charter was approved by the Committee at its meeting on 24 November 2025.
 - b. A new requirement to self-assess compliance to CIPFA's Code of Practice for the Governance of Internal Audit in Local Government (the Code).
 - c. A new local government requirement for an Internal Audit Strategy (the Strategy).

CIPFA's Code of Practice for the Governance of Internal Audit in Local Government

4. When the GIAS were published, they contained 'essential conditions' for the governance of internal audit. These conditions are needed to allow effective internal audit practice and for internal auditors to conform with standards. However, in the UK public sector, governance structures or other laws or regulations may impact on how the essential conditions can be applied. This is the case in UK local government, where there isn't a straightforward replacement for the 'board' as described in GIAS. Elected representatives are ultimately those charged with governance and audit committees are non-executive advisory bodies with limited decision-making powers. Internal audit's primary mandate comes from statutory regulations rather than the decision of the Audit Committee.
5. CIPFA has created a Code of Practice for Internal Audit Governance in Local Government (the Code). It meets the objectives of the essential conditions by providing governance suited to UK local government bodies, outlining roles and responsibilities of the Audit Committee, senior management, and those charged with governance. Much of it reflects existing CIPFA good practice, with older guidance to be phased out once the Code is established.
6. The Code contains three main provisions (split across nine sub-provisions):
 - a. Providing authority for internal audit – covering its mandate, charter and support for internal audit
 - b. Positioning internal audit independently – covering organisational independence and qualifications of the Head of Internal Audit
 - c. Oversight of internal audit – covering Audit Committee interaction, resources, quality and external quality assessment (EQA)
7. The HoIAS has conducted a provisional self-assessment against compliance to the Code which is attached at Appendix 1. It contains: -
 - a. The Code's requirements
 - b. The HoIAS assessment of the function's current position
 - c. A RAG rating of improvements (R = important, A = minor, G = none)
 - d. What action is required
 - e. Who will be responsible for implementing the action
 - f. Where will the evidence of the change be found
8. The self-assessment is a lengthy document and there is some repetition/overlap within the Code's requirements resulting in some actions being repeated. Overall, the HoIAS has concluded that his self-assessment confirms good compliance, but some improvements are required as follows: -

Important

- a. Assurance Framework – Develop an assurance map and clarify how internal audit fits within wider assurance arrangements.
- b. Collaborative and arm's length arrangements – Develop protocols for joint work with other organisations and ensure contracts with third-party providers include clauses granting internal audit access
- c. Corporate Governance Committee – the Committee requires training on CIPFA's audit committee guidance before producing its 2025-26 Annual Report to full Council

Minor

- d. Internal Audit Charter – some minor changes to the document which was approved in November with a delegation to the Director of Corporate Resources to make any necessary changes
 - e. Corporate Governance Committee – arrangements for private meetings, reporting workplans and final review of AGS
 - f. Organisational independence – consider further independence controls and disclosures where the HoIAS has additional roles and responsibilities
 - g. Quality – conduct self-assessment against GIAS UK (public sector) using a soon to be released CIPFA tool (to include cross check against 2024 external quality assessment minor improvements).
9. Going forward, compliance to the Code will have to be reported in: -
- a. The Annual Governance Statement
 - b. The HoIAS' annual internal quality self-assessment which will be reported to the Committee for the 2025-26 financial year
 - c. Future External Quality Assessments (EQA) of LCCIAS which are conducted once every five years.

Internal Audit Strategy

10. An Internal Audit Strategy (the Strategy) is a plan of action designed to achieve a long-term or overall objective. The Strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. It helps guide the internal audit function toward the fulfilment of the internal audit mandate. The HoIAS must review the Strategy with senior management and the Committee periodically.

11. Having a Strategy is both a GIAS UK (public sector) requirement and a business necessity; without it, the function risks losing direction and misalignment with organisational needs. To develop the Strategy the HoIAS has referred to relevant elements of the Institute of Internal Auditors (IIA's) Strategy Guidance and Toolkit and consulted with the Statutory Officers and the Corporate Management Team.
12. The HoIAS has developed a draft Strategy covering from January 2026 to the end of March 2028. This is contained in Appendix 2. It's deliberately short(er) term because of the unknown outcomes of the pending Local Government Reorganisation (LGR). It will be reviewed and amended at the time of refreshing annual plans, any significant changes to the function and once the outcome of LGR is known.
13. Work continues on the two remaining governance documents (the Code and the Strategy) and the Committee is asked to agree a delegation to the Director of Corporate Resources to make any necessary minor changes to either document.

Resource implications

14. Implementation of the new standards continues to significantly impact the resources of the HoIAS and his team.

Equality Implications

15. None.

Human Rights Implications

16. None

Recommendations

17. The Committee is recommended to: -
 - a. Note the results and improvements required following the HoIAS provisional self-assessment against the Code of Practice for the Governance of Internal Audit in Local Government.
 - b. Note the draft Internal Audit Strategy – January 2026 to March 2028
 - c. Agree a delegation to the Director of Corporate Resources to make any necessary minor changes to either document.

Background Papers

Application Note: Global Internal Audit Standards in the UK Public Sector

<https://democracy.leics.gov.uk/documents/s189409/Appendix%201%20-%20Application%20Note%20Global%20Internal%20Audit%20Standards%20in%20the%20UK%20public%20sector.pdf>

CIPFA Code of Practice for the Governance of Internal Audit in Local Government

<https://democracy.leics.gov.uk/documents/s189410/Appendix%202%20-%20CIPFA-Code-on-the-Governance-of-Internal-Audit-2025.pdf>

Corporate Governance Committee (31 March 2025) - Implementation of the Global Internal Audit Standards in the UK Public Sector

<https://democracy.leics.gov.uk/documents/s189408/Implementation%20of%20the%20Global%20Internal%20Audit%20Standards%20in%20the%20UK%20Public%20Sector.pdf>

Corporate Governance Committee (24 November 2025) – Draft Internal Audit Charter – November 2025

<https://democracy.leics.gov.uk/documents/s193164/Appendix%201%20-%20Draft%20Internal%20Audit%20Charter%20-%20November%202025%20-%20final.pdf>

Circulation under the Local Issues Alert Procedure

None.

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Appendices

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| Appendix 1 | Provisional self-assessment against CIPFA Code of Practice for the Governance of Internal Audit in Local Government |
| Appendix 2 | Draft Internal Audit Strategy (January 2026 to March 2028) |