

17 February 2025

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

Dear Accountable Officer,

You may be aware of the upcoming implementation of the new Global Internal Audit Standards (GIAS) which, with the public sector Application Note, replace the Public Sector Internal Audit Standards (PSIAS) on 1 April 2025.

Action

Each Accountable Officer should ensure that consideration is given to whether the *essential conditions* for effective internal audit as set out in the *new GIAS* are in place in their organisation. This should be discharged by discussion at the audit/risk/assurance committee (or equivalent) with your Head of Internal Audit.

Context

The new GIAS define the purpose of Internal Audit as follows:

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

The practice of internal audit is guided by global professional standards. New global standards – the GIAS – will be introduced as of 1 April 2025 for the UK Public Sector. They will be accompanied by an Application Note to assist public bodies in their use. The GIAS replace the PSIAS first introduced in 2013.

The key difference between the new GIAS and the existing PSIAS is the inclusion of *essential conditions* for board and senior management oversight and governance of the internal audit function. GIAS describe essential conditions as establishing 'a necessary foundation for an effective dialogue between the board (Audit Committee in the Scottish Government context), senior management, and the Chief Audit Executive (Director of Internal Audit and Assurance, or delegated Head of Internal Audit in the Scottish Government context), ultimately enabling an effective internal audit function'. They are principally concerned with:



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

When considering the updated Internal Audit Charter, which will be circulated in the coming months, we recommend discussion of the essential conditions introduced by the GIAS at an Audit Committee in the presence of the Accountable Officer, senior managers and the Head of Internal Audit.

I appreciate you may wish to seek further information to support you in discharging your responsibilities. Please address any enquiries to DIAABusinessSupportHub@gov.scot, and my team and I will make every effort to assist you during this process.

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Director of Internal Audit and Assurance

For enquiries about distribution of this and other Directorate for Internal Audit and Assurance (DIAA) communications please contact the DIAA Business Support Hub

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