

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	16 July 2025
Subject:	Implementation of the new Global Internal Audit Standards in the UK Public Sector
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<p>Nature and Reason for Reporting:</p> <p>The Governance and Audit Committee's terms of reference has an explicit requirement for the committee to oversee the council's internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1).</p> <p>New internal audit standards are mandated from 1 April 2025, and this report provides the committee with the progress made in implementing the standards and an action plan detailing further work that is needed for the council to conform with the new standards.</p>	

1. Introduction

- 1.1. The Institute of Internal Auditors (IIA) issued new [Global Internal Audit Standards](#) (GIAS) on 9 January 2024. Although applicable to the 'global' internal audit profession, the IIA recognised that in the public sector, governance structures or other laws or regulations, including in other countries, may impact on how the standards could be applied.
- 1.2. Consequently, following lengthy review and consultation, the [Relevant Internal Audit Standards Setters](#) (RIASS) for the UK public sector mandated a new framework for the practice of internal audit in the UK public sector, which following a transition period, became effective from 1 April 2025. The new framework consists of:
 - The [Global Internal Audit Standards](#), published January 2024.
 - an [Application Note – Global Internal Audit Standards in the UK Public Sector](#), which provides the UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector. The application note was published in December 2024.
 - a [CIPFA Code on the Governance of Internal Audit](#), which provides specific requirements applicable to the local government sector and supports authorities in establishing their internal audit arrangements by providing oversight and support for internal audit. The code was published in February 2025.

2. Gap analysis

- 2.1. A gap analysis has been undertaken against the new standards to determine what needs to change to ensure the council conforms with the principles of the new framework. Overall, due to its modern approach to internal audit, the council's internal audit function generally conforms with the new requirements.
- 2.2. However, some areas need to be strengthened, and an operational action plan has been drafted with timelines and responsibilities allocated ([appendix A](#) refers). The majority of the actions relate to strengthening evidence gathering to support working practices.

3. Actions already taken

- 3.1. Some notable actions have already been implemented:

Governance and Audit Committee Terms of Reference

- 3.2. Revised terms of reference were submitted to and approved by the Governance and Audit Committee at its meeting in May 2025. Revisions included making more explicit some of the responsibilities of the committee for the oversight of internal audit and the frequency of undertaking some of its responsibilities.

Internal Audit Charter

- 3.3. Although already meeting the majority of the requirements of the new framework in principle, in anticipation of the new standards, the Governance and Audit Committee approved some minor changes to the charter at its meeting in April 2024.
- 3.4. The charter was further revised following publication of the full framework and brought to the committee's meeting for its consideration and approval in June 2025. The revised charter ensured the requirements were explicitly made. Revisions included strengthening the governance arrangements for internal audit, including its mandate and its reporting line to the Governance and Audit Committee, along with the requirement for senior management to work with the Head of Audit and Risk to ensure that the charter set out the arrangements the function needs to achieve its purpose.

Internal Audit Strategy and Plan

- 3.5. The new framework introduces a requirement for the 'chief audit executive' to develop and implement a strategy for the internal audit function that supports the strategic objectives of the council and aligns with the expectations of the Governance and Audit Committee, senior management, and other key stakeholders. It includes making explicit the internal audit function's vision, mission and strategic objectives, with supporting key initiatives and metrics to assist with monitoring the strategy.
- 3.6. The Isle of Anglesey County Council's annual Internal Audit Strategy has generally met this fundamental requirement for some years and serves to ensure internal audit remains relevant, adaptive, and aligned with the council's overarching objectives.

- 3.7. However, the GIAS goes further and advocates that the strategy should be designed to inspire internal auditors to continuously improve, and should include initiatives to achieve the function's vision, such as opportunities to help internal auditors develop their competencies, the introduction and application of technology to improve the function's efficiency and effectiveness and opportunities to improve the internal audit function as a whole.
- 3.8. Undertaking a maturity analysis helped to identify the key initiatives the function needed to undertake to achieve its vision, and these were included in the Strategy submitted to and approved at the committee meeting in June 2025.

Ethics and Professionalism

- 3.9. Domain II of the GIAS replaces the former IIA Code of Ethics and focuses on ethics and professionalism, setting the behavioural expectations for internal auditors across all levels and functions. It aims to build trust in the internal audit profession, promote an ethical culture within audit teams and ensures auditors act with integrity, objectivity, competence, and confidentiality.
- 3.10. To ensure the internal audit team are equipped with the skills to conform with these requirements, the team participated in a training session provided by the North and Mid Wales Audit Partnership on 16 June 2025. This joint session involved all the local authority auditors from across north and mid Wales, along with colleagues from Cheshire West and Chester City Council, who collaborated to hold the training event.

4. Recommendation

- 4.1. That the Governance and Audit Committee considers whether it is content that the actions that have been taken and are planned to be taken will help to ensure that the Isle of Anglesey County Council conforms with the requirements of the new Global Internal Audit Standards in the UK Public Sector.

Appendix A – Action Plan

Ref	Domain	Standard	Action	By Who	By When	Status
1	2	1.1	Develop feedback survey to evidence auditor performance with regards: 1.1 Honesty and professional courage 2.2 Objectivity 3.1 Competency 4.2 Due professional care 12.1 Internal quality assessment 12.2 Performance measurement 12.3 Engagement performance 13.1 Engagement communication	Head of Audit & Risk	Sep-25	Not started
	2	2.2				
	2	3.1				
	2	4.2				
	4	12.1				
	4	12.2				
	4	12.3				
	5	13.1				
2	2	3.1	Include confirmation that auditors have read / have regard / awareness for GIAS in the annual Declaration of Ethical Behaviour, Conflicts of Interest, Independence and Confidentiality.	Head of Audit & Risk	Jun-25	Complete 30/06/25
3	2	3.2	Include confirmation that auditors are up to date with their relevant Continuing Professional Development (CPD).	Head of Audit & Risk	Jun-25	Complete 30/06/25
4	2	4.1	Update report template to reflect GIAS (UK Public Sector)	Head of Audit & Risk	Jun-25	Complete 20/06/25
5	2	1.3	Ensure working paper template is routinely completed and reviews are formally documented and the date populated in the operational plan. Include a briefing session within the team meeting to remind the team of this requirement and the formality of completing working papers.	Head of Audit & Risk	Jun-25	Complete 30/06/25
	2	4.3				
	4	12.3				
	5	13.4				
	5	13.6				
	5	14.1				
	5	14.2				
6	3	8.1	Formally document protocol for communicating acceptance of risk within the Internal Audit Charter.	Head of Audit & Risk	Jun-25	Complete Charter updated 03/06/25 Approved by G&AC 20/06/25
7	3	8.3	Include HA&R statement on conformance against the PSIAS / GIAS in Annual Chair's report from 2025-26 onwards.	Head of Audit & Risk	Jun-26	Cannot be completed until June 2026

Ref	Domain	Standard	Action	By Who	By When	Status
8	4	9.1	Include reference to value for money (VFM) in the scoping document. Auditors in the UK public sector must be aware of the importance of securing value for money and the definitions which define that term in their part of the UK public sector.	Head of Audit & Risk	Sep-25	Not started
9	4	9.2	Conduct maturity analysis (including SWOT) in team meeting to inform IA Strategy	All	May-25	Complete Team Meeting 28/05/25
10	4	9.3	Deliver training session on audit methodologies	Head of Audit & Risk	Sep-25	Not started
11	4	9.4	Formally record meetings with consultees in preparation of annual strategy	Head of Audit & Risk	Mar-26	Not started
12	4	9.4	Input spreadsheet to be saved in strategy planning folder.	Head of Audit & Risk	May-25	Not started
13	4	9.5	Encourage completion of Council's assurance map with first and second line	Head of Audit & Risk	May-26	Work in progress
14	4	9.5	Develop partnership assurance register to identify host authorities and providers of assurance with the N&MWAP	Head of Audit & Risk	May-26	Work in progress
15	4	11.1	Record evidence of compliments / good communication in compliments folder.	Head of Audit & Risk	When received	When received
16	4	11.1	Add evidence from annual client satisfaction survey to compliments folder	Head of Audit & Risk	Mar-26	Not started
17	4	11.4	Develop template for email issue of version 2 of final report following significant error or omission.	Head of Audit & Risk	When needed	Not started
18	4	11.5	Include protocol in Charter for unacceptable levels of risk.	Head of Audit & Risk	Jun-25	Complete Charter updated 03/06/25 Approved by G&AC 20/06/25
19	4	12.2	Include update on IA Strategic Objectives in annual report 2026-27	Head of Audit & Risk	Jun-26	Cannot be completed until June 2026
20	5	13.3	Develop an advisory scope template	Head of Audit & Risk	When needed	Not started

Ref	Domain	Standard	Action	By Who	By When	Status
21	5	14.6	Review IA retention policy	Head of Audit & Risk	Mar-26	Not started
22	5	15.1	Reminder to save email correspondence regarding agreement of reports / action plans (and issue of draft and final communications)	Head of Audit & Risk	May-25	Complete Team Meeting 28/05/25