Internal Audit Charter for
National Savings and Investments

**and**

**Government Internal Audit Agency (GIAA)**

Version 1.0, February 2025

Contents

[Contents 2](#_Toc188624452)

[Overview 3](#_Toc188624453)

[Purpose and mission 3](#_Toc188624454)

[Mandate 4](#_Toc188624455)

[Head of Internal Audit Roles and Responsibilities 7](#_Toc188624456)

[Organisation Responsibilities 11](#_Toc188624457)

[Scope and Types of Internal Audit Services 12](#_Toc188624458)

[Organisation specific matters 13](#_Toc188624459)

In this document, the named organisation and individuals are:

|  |  |
| --- | --- |
| The organisation: | National Savings and Investments |
| The Head of Internal Audit (HIA): | [redacted] |
| The Accounting Officer (AO) or equivalent: | [redacted] |
| The Chair of the Audit and Risk Assurance Committee (ARAC) or equivalent: | [redacted]  |

The following terms are used in line with Global Internal Audit Standards:

|  |  |
| --- | --- |
| **Term** | **Definition** |
| **must** | specifies an unconditional requirement |
| **should** | describes practices that are preferred but not required |
| **may** | describes optional practices to implement the requirements |

Overview

For the purposes of this charter, ‘board’ is defined as the Audit and Risk Assurance Committee (ARAC) or its equivalent title within the organisation, and ‘senior management’ is defined as the highest level of executive management responsible for executing the organisation’s strategic decisions, which includes the Accounting Officer.

This charter forms part of a suite of four documents, which should be read together and includes:

the internal audit strategy and plan, which sets out the strategy for the internal audit service GIAA will deliver to the organisation, and documents that will be delivered in the period covered by the plan.

the fee letter, which provides details of the fee and financial arrangements for the internal audit service documented in the internal audit plan; and

the Memorandum of Understanding (MoU), which documents the common intent of GIAA and the organisation regarding the commissioning and delivery of the internal audit service, and provides a framework and set of principles to guide the parties in the working arrangements.

Purpose and mission

The purpose of the internal audit function is to strengthen the organisation’s ability to create, protect, and sustain value by providing the ARAC, Accounting Officer and management with independent, risk-based, and objective assurance, advice, insight, and foresight. The internal audit function enhances the organisation’s:

Successful achievement of its objectives.

Governance, risk management and control processes.

Decision-making and oversight.

Reputation and credibility with its stakeholders.

Ability to serve the public interest.

The service provided by the internal audit function is most effective when:

Internal audit work is performed by competent professionals in conformance with The IIA’s Global Internal Audit StandardsTM, which are set in the public interest.

The internal audit function is independently positioned with direct accountability to the ARAC.

Internal auditors are free from undue influence and committed to making objective assessments.

The mission of GIAA is to provide objective insight so that central government can achieve better outcomes and value for money – better insights, better outcomes.

Commitment to Adhering to the Global Internal Audit Standards in the UK Public Sector

Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards subject to the interpretations and additional requirements set out in the Application Note Global Internal Audit Standards in the UK Public Sector; and the Government Functional Standard for Internal Audit. This is referred to as conformance with the Global Internal Audit Standards in the UK Public Sector. These standards are collectively referred to in this document as ‘the Standards’.

The Head of Internal Audit (HIA) will report annually to the ARAC and senior management regarding the internal audit function’s conformance with the Global Internal Audit Standards in the UK Public Sector, which will be assessed through a quality assurance and improvement programme.

Where external service providers are engaged to deliver internal audit services on GIAA’s behalf they are also required to conform to the Standards.

Mandate

Authority

GIAA was established as an executive agency of HM Treasury on 1 April 2015. The purpose of the GIAA is to provide internal audit, counter fraud and fraud investigations and advisory services to central government departments and departmental entities.

The internal audit function’s authority is created by its direct reporting relationship to the ARAC. Such authority allows for unrestricted access to the ARAC.

The ARAC authorises the internal audit function to:

Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.

Obtain assistance from the necessary personnel of the organisation and other specialised services from within or outside the organisation to complete internal audit services.

The MoU contains further information on ownership and safeguarding of information and intellectual property rights.

Independence, Organisational Position, and Reporting Relationships

GIAA is independent of the day-to-day business of its customer organisations to ensure that it can deliver objective judgements and impartial, unbiased advice and opinions.

GIAA primarily provides services to, and has free and unfettered access to, the Accounting Officer and the Chair of the ARAC. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the ARAC, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

The HIA will confirm to the ARAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the HIA will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The HIA will disclose to the ARAC any interference that internal auditors encounter which are related to the scope, performance, or communication of internal audit work and its results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfil its mandate.

GIAA has in place safeguards to limit impairments to independence and objectivity:

The GIAA Code of Conduct requires all employees to declare any actual, potential or perceived conflicts of interest.

The HIA must take appropriate action to mitigate risks to independence and must disclose any conflict of interest to the Accounting Officer and Chair of the ARAC.

The HIA must confirm that providing assurance services where GIAA has previously provided advisory services does not impair objectivity as resources are assigned in such a way as to maintain individual objectivity.

At the time of agreeing this charter No conflicts of interest were identified .

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between GIAA and the Accounting Officer, ARAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

a significant change in the Standards;

a significant reorganisation within the organisation.

significant changes in the HIA, ARAC members, and/or senior management;

significant changes to the organisation’s strategies, objectives, risk profile, or the environment in which the organisation operates; or

new laws or regulations that may affect the nature and/or scope of internal audit services.

ARAC Oversight

To establish, maintain, and ensure that the organisation’s internal audit function has sufficient authority to fulfil its duties, the ARAC will:

Participate in discussions with the Head of Internal Audit and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.

Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.

Ensure the Head of Internal Audit has unrestricted access to, and communicates and interacts directly with the ARAC, including in private meetings without senior management present.

Discuss with the Head of Internal Audit and senior management other topics that should be included in the internal audit charter.

Approve the internal audit function’s charter, which includes the internal audit mandate and the scope and types of internal audit services.

Review the internal audit charter annually with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.

Approve the risk-based internal audit plan.

Provide input to discussions around the internal audit function’s human, financial and technological resources to support delivery of adequate assurance.

Liaise with GIAA’s Chief Executive or Delivery Director on the rotation, appointment and removal of the Head of Internal Audit, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards in the UK Public Sector.

Review and provide input to GIAA on the Head of Internal Audit’s performance.

Receive communications from the Head of Internal Audit about the internal audit function including its performance relative to its plan.

Ensure a quality assurance and improvement programme has been established and review the results annually.

Make appropriate inquiries of senior management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

Head of Internal Audit Roles and Responsibilities

Ethics and Professionalism

The HIA will ensure that internal auditors:

Conform with the Standards, including the five principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

Comply with the Seven Principles of Public Life and the Civil Service Code.

Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.

Encourage and promote an ethics-based culture in the organisation.

Report organisational behaviour that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

Objectivity

The HIA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the ARAC and senior management as appropriate.

The HIA will:

hold a CMIIA[[1]](#footnote-2), or a CCAB[[2]](#footnote-3) qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and

have suitable internal audit experience.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

Assessing specific operations for which they had responsibility within the previous year.

Performing operational duties for the organisation or its affiliates.

Initiating or approving transactions external to the internal audit function.

Directing the activities of any organisation employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit, ARAC, management, or others.

Exhibit professional objectivity in gathering, evaluating, and communicating information.

Make balanced assessments of all available and relevant facts and circumstances.

Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The HIA has the responsibility to:

Establish a strategy that supports the strategic objectives of the organisation and meets the main purpose of the internal audit activity, and its service provision needs.

At least annually, develop a risk-based internal audit plan that informs the requirement for an overall annual opinion and considers the input of the ARAC and senior management.

Discuss the strategy and plan with the ARAC and senior management and submit the plan to the ARAC for review and approval.

Communicate the impact of resource limitations on the internal audit plan to the ARAC and senior management.

Review and adjust the internal audit plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls.

Communicate with the ARAC and senior management if there are significant interim changes to the internal audit plan.

Ensure internal audit engagements are performed, documented, and communicated in accordance with the Standards.

Inform the organisation of challenges to meeting agreed timescales, rescheduling by exception, and collaborating with the organisation to ensure the overall portfolio of work can be delivered.

Ensure each engagement on the internal audit plan is delivered and the results communicated to appropriate parties. The HIA will work with management to agree appropriate actions to mitigate identified risks. Where there is disagreement about engagement results, this will be dealt with in line with s9. Monitoring, Review and Dispute Resolution of the MoU. The Head of Internal Audit will work with senior management to resolve any dispute in the first instance.

In the exceptional circumstance where there are significant errors or omissions in any communication there will be clear and timely corrections issued to all parties who received the original communication. Significant errors or omissions are defined as those that could have a legal or regulatory impact, or that would change findings, conclusions, recommendations or management actions.

Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the ARAC and senior management periodically and for each engagement as appropriate. The agreed process for following up on engagement findings is that the customer will regularly update our audit management system with progress against implementation and evidence to support this..

The HIA will remain responsible for validating evidence and confirming that the risk has been mitigated to an acceptable level.

Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Standards and fulfil the internal audit mandate.

Identify and consider trends and emerging issues that could impact the organisation and communicate to the ARAC and senior management as appropriate.

Provide advice and guidance on good practice in governance, risk management and control.

Prepare an overall conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control on an annual basis to inform governance reporting. This requirement must inform audit planning.

Consider emerging trends and successful practices in internal auditing.

Establish and ensure adherence to methodologies designed to guide the internal audit function and ensure conformance with the Standards.

Ensure adherence to the organisation’s and GIAA’s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Standards. Any such conflicts will be resolved or documented and communicated to the ARAC and senior management.

Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. We have not identified any issues with achieving an appropriate level of co-ordination.

Communication with the ARAC and Senior Management

The Head of Internal Audit will report periodically to the ARAC and senior management regarding:

The internal audit function’s mandate.

The internal audit plan and performance relative to that plan.

The internal audit budget.

Significant revisions to the internal audit plan and budget.

Potential impairments to independence, including relevant disclosures as applicable.

Results from the quality assurance and improvement programme, which include the internal audit function’s conformance with the Standards and action plans to address the internal audit function’s deficiencies and opportunities for improvement.

Significant risk exposures and control issues, including fraud risks, governance issues.

Other areas of focus for the ARAC that could interfere with the achievement of the organisation’s strategic objectives.

Results of assurance and advisory services.

An annual overall conclusion at the level of the organisation about the effectiveness of governance, risk management and control to inform governance reporting.

Resource requirements.

Management’s responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the organisation’s risk appetite.

Quality Assurance and Improvement Programme

The GIAA will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function’s conformance with the Standards, as well as performance measurement to assess the internal audit function’s progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function’s deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the ARAC and senior management about the internal audit function’s quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self - assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside GIAA; qualifications must include at least one assessor:

holding a CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit; and

having suitable internal audit experience.

Organisation Responsibilities

Organisational management is responsible for establishing control arrangements and for ensuring that these operate as intended. GIAA is not responsible for the design or implementation of control activities but can add value by providing advice to inform management’s design, implementation, and operation of control arrangements.

By agreeing this charter, the Accounting Officer and the Chair of the ARAC mandate management to co-operate with and to support GIAA in the delivery of the internal audit service by:

1. agreeing terms of reference for each engagement within the timescales agreed with GIAA;
2. sponsoring each engagement at a suitably senior management level;
3. informing GIAA of challenges to meeting agreed timescales, rescheduling by exception, and collaborating with GIAA to ensure the overall portfolio of work can be delivered as planned.
4. responding to draft reports and providing management responses to recommendations, within the timescale agreed with GIAA;
5. implementing agreed management actions arising from audit findings within the timescales agreed with GIAA;
6. updating GIAA with progress made on management actions; and
7. informing GIAA of changes in process and systems, newly identified risks, and cases of a criminal nature.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all of the organisation’s activities, assets, and personnel.

The scope of internal audit activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the ARAC and management on the adequacy and effectiveness of governance, risk management, and control processes for the organisation.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

Risks relating to the achievement of the organisation’s strategic objectives are appropriately identified and managed.

The actions of the organisation’s officers, directors, management, employees, and contractors or other relevant parties comply with the organisation’s policies, procedures, and applicable laws, regulations, and governance standards.

The results of operations and programmes are consistent with established goals and objectives.

Operations and programmes are being carried out effectively, efficiently, ethically, and equitably.

Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the organisation.

The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.

Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

GIAA must provide the Accounting Officer and ARAC with an independent, objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation’s framework of governance risk management and control to inform governance reporting.

GIAA may provide counter-fraud and investigation services, including in relation to internal and external incidents of fraud.

**Approved by the ARAC at its meeting on 21-May-2025.**

**Acknowledgments/Signatures**

|  |  |  |
| --- | --- | --- |
| [digitally signed] |  | [21/5/25] |
| Head of Internal Audit |  | Date |
| [digitally signed] |  | [21/5/25] |
| ARAC Chair |  | Date |
| [digitally signed] |  | [21/5/25] |
| Head of the Organisation |  | Date |



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1. Chartered Internal Auditor qualification. [↑](#footnote-ref-2)
2. Denotes a Chartered Accountancy qualification. [↑](#footnote-ref-3)