

Frequently asked questions from engagement events

Over the last couple of months Diana has been holding various training and drop-in sessions with practitioners to give them the opportunity to ask questions regarding:

- Global Internal Audit Standards
- Application Note (Public Sector) 2024
- Code of Practice on the Governance of Internal Audit in Local Government.

Below are the questions and answers from Diana.

Timetable and implementation

Q. The CIPFA Code of Practice states “The authority should explain how it complies with the Code in its annual governance statement.” Should it confirm that this is only for statements from the 2025/26 financial year onwards or is this expected for 2024/25 financial year statements?

A. As you will still be complying with the Public Sector Internal Audit Standards until 31 March 2025 you will need to confirm compliance from 2025/26. However, we would recommend that you include the implementation of the new code standards within your 2024/25 action plan/annual governance statement.

Q. Each March, we confirm our internal assessment of conformance against the standards to the audit committee. For March 2025 do we still assess against the PSIAS or include the new standards?

A. For the 2024/25 year the assessment should focus on PSIAS. After that, the assessment will be on conformance with *Global Internal Audit Standards in the UK Public Sector*. This is the combination of the GIAS and the Application Note.

Q. Would you suggest 2024/25 annual reports and opinion are written in line with current standards as they're for the year before the implementation date of the new standards? Or should they be written in line with GIAS and Application Note?

A. Yes, the annual opinion and report for 2024/25 should reflect the requirements of PSIAS. You may want to highlight how you are implementing the standards as part of the report though.

Liaising with the audit committee

Q. What should we take to our audit committee before April?

A. Heads of internal audit should update their audit committees on the work underway to implement the standards and any concerns. See the new CIPFA briefing for audit committee members on the new standards.

There are some things that will need to be put in place by April or soon after that directly involve the audit committee:

- Mandate and Charter

- Internal Audit Strategy: as part of the discussion on the strategy, issues around performance objectives and implementation of quality assurance can also be addressed
- audit planning for 2025/26
- approach to the implementation of the CIPFA Code.

Q. If we do not fully comply with the new standards within 2025/26, how do we address this with our audit committee? Can 2025/26 be a transition year?

A. Conformance isn't something to expect to happen on 1 April 2025. Achieving conformance will take place as you apply the standards during 2025/26.

At the end of the year, or earlier if you know there are problems, you should discuss this with the audit committee. Detail where the sticking points are and demonstrate how you are working towards conformance. We would recommend having an action plan of where you are not in conformance including how to address these areas. Include the support you might need eg changes to systems, additional resources, staff training etc and how long it might take. Hopefully, this will ensure you get buy-in from senior management and the audit committee.

Implementation questions

Q. Does the CIPFA Code relate to police/OPCC?

A. Yes, the CIPFA Code relates to all local government bodies. Local government encompasses elected councils and combined authorities, police bodies, fire and emergency bodies, park authorities and passenger transport authorities.

Q. Has there been an update on the topical requirements – how far they will be mandated by CIPFA?

A. CIPFA and the other RIASS will review them once the IIA have published further advice/requirements. We will give a view on whether to apply them or not. Some may not be appropriate to the public sector. The final Application Note will make this clear.

Q. As a client (an authority who contracts out their internal audit), what specifically should we be looking for when procuring internal audit services in 2025?

A. Ask them about what they have done to transition to the new standards. Their current EQA is against PSIAS at the moment. You want to ensure you can continue to have confidence in their professionalism. Ask them about Domain III (or the Code of Practice if you are local government) and how they will work with you to implement it.

Application Note and CIPFA Code questions

Q. What is the difference between the Internal Audit Charter and the Internal Audit Mandate, and can we produce one document that satisfies both requirements?

A. In local government the primary mandate comes from statutory regulations (accounts and audit regulations of the national governments of the UK). Individual authorities cannot decide they do not want internal audit and must meet the legislation. Further details on the regulations are in the Code. An organisation can add to this mandate, and this is also covered in the Code.

The charter comes from the head of internal audit and covers how the head of audit will provide internal audit services that meets the expectations in the mandate, and the standards, together with the practical arrangements. If you would like to combine both, make sure you use the word mandate in your charter and reference the CIPFA Code, if applicable. Spell out to the audit committee that your mandate comes from regulations and elaborate on it. Help them understand what it means. Scope something helpful to you. Don't overcomplicate it.

Q. The application note discusses co-ordination of external providers of assurance, but should internal audit also place reliance on their work?

A. Standard 9.5 covers both co-ordination and reliance. The Application Note discusses the difficulties of co-ordinating. Assurances from external providers can help internal audit broaden their understanding of governance, risk and controls in the organisation and inform their annual conclusion. The organisation's assurance framework allows the leadership team to gain assurance across the first, second and third lines. Internal audit must consider the quality and timeliness of those assurances. Some could be very ad-hoc and narrow in focus, others could be rigorous and based on recognised standards and benchmarks. Understanding the framework and identifying gaps in assurance will improve internal audit's planning.

External review/EQA questions

Q. Will it be possible for an audit partnership to complete one EQA or will they need separate EQAs for each client?

A. CIPFA raised this in the consultation last year, but the standards did not resolve the matter. Essentially assessing conformance includes all the standards, including the relationship between internal audit and the client. This makes it impossible for one EQA conclusion to cover multiple clients as conformance in Domain III may vary from client to client. It is also an issue for an in-house team with additional external clients.

For example, Client A could meet all expected 'essential conditions' in Domain III (or the CIPFA Code), however, Client B may have an ineffective audit committee or inadequate resourcing. As a result, the internal audit function will be in conformance with the standards for Client A but not B. This is a live issue and CIPFA has had discussions with the Chartered IIA about it as it affects all sectors, not just the public sector. It is likely that further guidance will be issued, and it is also likely that the providers of EQA services will adapt their approach.

Q. We are due our external assessment in 2025/26 – what would CIPFA's advice be?

A. One option would be to bring it forward to 2024/25, although the opportunity to do this is now limited. The difficulty with having it in 2025/26 is you will not have all the evidence you will require for conformance. For example, until engagement reports are issued and reports to the audit committee completed the evidence will not be there. The head of audit's annual conclusion won't be completed until the end of the year. Ultimately, it depends how far you are ahead with your transition. You could, for example, demonstrate that the 2024/25 annual conclusion would meet the expectations of the new standards as well as existing PSIAS.

If you do feel during 2025/26 you are not ready for the EQA, then explain to the audit committee why you are late and talk that through with them. It might be a better use of your resource to focus on addressing areas you need to improve rather than preparing for an EQA you are not ready for. But this is not just a decision for the head of internal audit. You must talk to the audit committee and senior management.

Transition arrangements

Q. Will CIPFA be producing any supporting documentation for the new standards?

A. Recent updates from CIPFA include:

- [Comparison of the Code of Practice for the Governance of Internal Audit in UK Local Government to Regulations and existing CIPFA guidance](#)
- [Audit Committee Update Issue 40](#) with FAQs for your audit committee.

The following documents are currently being produced by CIPFA:

- A further briefing for audit committee members on the Code of Practice
- A transition timeline to help plan key milestones for transition for 1 April and beyond (available soon)
- A conformance checklist – we need both the Application Note and the Code to be finalised first. This will be of greatest use during 2025/26 as evidence of conformance is achieved.

Q. Are CIPFA going to produce a template charter, strategy, etc?

A. We are discussing charters and strategies at our webinar in January. We may publish a top tips guide in addition.

Q. The Application Note mentions resource requirement – can CIPFA provide guidance on reasonable resourcing for internal audit?

A. Resourcing is a pressing question and there isn't a way to give a definitive answer on resources. The head of internal audit should consider all aspects of the standards under Principle 9 Plan Strategically. This focuses on understanding the objectives and risks of the organisation and what internal audit should be doing. Your assessment of your current capacity and capability is part of that process.

Nationally the issue of resourcing is receiving attention. If you are in local government have a look at the [Local government finance workforce action plan for England](#) (LGA and CIPFA, 2024).