

New global internal audit standards – IASAB plan for UK public sector implementation

On 9 January 2024 new Global Internal Audit Standards (GIAS) were issued, which the Institute of Internal Auditors (IIA) has determined will become globally effective from 9 January 2025. They will then replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS).

The PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS) who are HM Treasury, the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government, the Department of Health and Social Care and the Chartered Institute of Public Finance and Accountancy. Between them the RIASS determine what standards or other requirements are applicable to the practice of internal auditing in central government, local government and the health sector across the UK.

The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector, and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use.

Development of IASAB material will be progressed with appropriate consultation with UK practitioners and other stakeholders in UK public sector internal auditing. The IASAB plans to issue consultation material by September 2024 at the latest, with a consultation period of at least 8 weeks.

Having regard to the points raised by respondents the IASAB will prepare final material for application in the UK public sector together with guidance on transition. Subject to approval by the RIASS, these will be issued later in 2024 to allow sufficient time for preparation for implementation.

The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply but organisations are encouraged to undertake preparatory work to allow them to implement the new requirements when they become effective. The IASAB will review whether there are any issues in relation to assessment of conformance during the period from January to March 2025 and if needed will address these in the guidance on transition.