

External Quality Assessment (EQA) Suggested enhancements for consideration – Global Internal Audit Standards (GIAS)

No	Recommended action	Response	Action status / timeframe
01	<p>Relationships with Senior Management and Audit and Governance Committee The new standards in Domain III introduces enhanced requirements of Senior Management and the Board (in the form of the Audit and Governance Committee) regarding governance of the Internal Audit function.</p> <p>Whilst many build on existing requirements within PSIAS, there is an expectation to evidence that appropriate oversight, approval, support and championing of internal audit takes place.</p> <p>NNCIAS should therefore consider how this can be best demonstrated post 1 April 2025 and include training regarding critical aspects of delivery being:</p> <ul style="list-style-type: none"> the establishment of a 'golden thread' within the assurance process, the relevance of enhancing client risk processes including reference to inherent and residual risk, within client risk appetite, the need to focus on significance, resourcing, particularly regarding technology risk, assurance mapping, evidencing communication and positive involvement in internal audit planning. 	<p>To schedule training sessions with the Audit and Governance Committee to cover the key areas suggested and the wider GIAS implications for the committee's role.</p> <p>To provide briefings to management teams on the requirements of GIAS, including attendance at management team meetings.</p>	<p>On a rolling basis during 2025/26 – March 2026</p>
02	<p>Engagement planning – control risk Engagements should be increasingly constructed to reflect significant risks and aligned to Risk Impact definitions within the Risk Management Strategy of each client. This will also help ensure recognition of terminology throughout each Council.</p> <p>Assessment of 'Control Risk' in relation to the achievement of Management Objectives would focus reviews upon:</p> <ul style="list-style-type: none"> Those risks where the assessment is that the combined impact/likelihood 	<p>The assignment planning process already includes review of relevant risk register entries. This will be reviewed in the Audit Manual revisions to further align with risk management frameworks.</p>	<p>Audit manual update – July 2025</p>

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	<p>score has decreased most and where if assumptions are incorrect regarding reliance on current mitigating controls, critical business risk exposure may exist,</p> <ul style="list-style-type: none"> • Risks where the value of 'Control Risk' is limited or zero and as a result suggesting the controls may be insufficient or ineffective, and • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). <p>By focusing on Management Objectives, significant risks and key controls there may be efficiencies to be gained within assignments through targeting resources to issues of greatest importance or concern.</p>		
03	<p>Confidentiality</p> <p>The Internal Audit Team should consider the need to include appropriate further confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit and Governance Committees and third parties directly or indirectly.</p> <p>An appropriate clause may be: "This report provides an opinion on the effectiveness of internal controls and may provide reasonable, but not absolute assurance. This report has been prepared solely for the managers listed above and as such should not to be circulated beyond those named above without the express permission of the report author. No liability is therefore offered to third parties receiving a copy of the report".</p>	<p>The template internal audit reports already include a statement that the report must not be shared with others without the agreement of the Chief Internal Auditor. This has been expanded to state that no liability is offered to third parties.</p>	<p>Complete</p>
04	<p>Stakeholders</p> <p>Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations:</p> <ol style="list-style-type: none"> 1. In devising internal audit plans 2. When identifying Management Objectives in future audits. 	<p>The Chief Internal Auditor is already a regular attendee at a number of management meetings and reviews wider</p>	<p>Audit plan development for 2026/27 – March 2026</p>

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	Exploring opportunities to attend a wider range of management and Committee meetings, review of trends in incident, complaint and whistleblowing system will represent sources of engagement or information which can be used as evidence.	intelligence to inform audit planning. Future audit planning will incorporate a stakeholder map to ensure appropriate coverage.	
05	<p>Training</p> <p>NNCIAS currently maintain a training matrix showing nine areas where training may be required depending upon the role and grade of the staff member in the internal audit team. This is supported by robust supervision and a comprehensive 121 process administered on a quarterly basis.</p> <p>It would be beneficial to strengthen the NNCIAS approach in this area to ensure alignment with all relevant processes and include within the QAIP. Areas worthy of consideration for inclusion in an enhanced training matrix include: - Training provided in-house (mandatory or otherwise). - Internal audit skills training – interviewing, reporting etc - Technical training, perhaps linked to anticipated need within a 3-year planning horizon, - Softer skills training (GIAS refers to internal audit scepticism and being courageous).</p>	<p>The training matrix will be reviewed to consider inclusion of the areas suggested, including softer skills.</p> <p>The Chief Internal Auditor is also already collating examples where team members have demonstrated the expected skills.</p>	Audit team meetings and development - September 2025
06	<p>Integrity and objectivity</p> <p>Whilst it is appropriate to recognise that dealing with difficult situations is gained through experience, a recognition should be included in future training provision regarding the: 1) Relevance of ethical practice by internal auditors 2) Professional scepticism, and 3) Need to simulate situations where courage may be needed to manage the various difficult situations that an internal auditor may experience</p>	Audit team meetings and development sessions will be used to share experiences and support team members in developing their confidence in such situations.	Audit team meetings and development - September 2025

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07	<p>Final Communications regarding engagements</p> <p>GIAS states “A statement that the engagement is conducted in conformance with the Global Internal Audit Standards should be included in the final engagement communication”.</p> <p>Current reports do not include such a statement. It would be beneficial to include as standard wording within the final paragraphs of future reports.</p>	The audit report template will be amended to incorporate this statement.	April 2025
08	<p>Unacceptable levels of risk</p> <p>Risk registers may naturally contain risks that are above the risk appetite of the organisation (perhaps normally recorded as red risks on a risk matrix). Where these occur, it is suggested that the Chief Audit Executive should ensure that documented evidence regarding any discussion with management or subsequent escalation is maintained in order to satisfy the standard, as well as potentially link to future internal audit planning which may or may not include such risks.</p>	The Internal Audit guide already addresses this area. The Audit Manual wording will be reviewed to expand upon this further.	Audit manual update – July 2025
09	<p>Audit manual</p> <p>The manual will require update in 2025/26 to define how the 15 Principles with GIAS will be reflected in the modifications to the current approach.</p>	Audit Manual to be fully reviewed and updated to align with GIAS.	Audit manual update – July 2025
10	<p>Root Cause Analysis</p> <p>The new GIAS refer to evidencing internal audit findings through use of Root Cause Analysis (RCA).</p> <p>Current practice demonstrates appropriate direction and effort to identify the root cause of events however it would be beneficial to consider how this can be best evidenced in future by inclusion of explanation within the internal audit manual and in practice within engagements.</p>	To reflect on use of root cause analysis in team development sessions and formalise in the revision of the Audit Manual.	Audit manual update – July 2025
11	<p>Clearance meetings</p> <p>Existing documentation to support clearance meetings is variable, ranging from excellent and detailed to a limited record of the closure of a review which may be by</p>	An area already addressed during 2024/25 with a check	Audit manual update – July

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	<p>email where no recommendations are being made. Nevertheless, the practice conforms with PSIAS.</p> <p>Consider introducing a standard template for recording details of the material to be presented and the conclusions reached at clearance meetings.</p>	<p>in all post audit completion reviews that clearance meeting records are retained. A template to be added to Audit Manual and required for all clearance meeting records going forward.</p>	<p>2025</p>