

***8th Conference of Public
Service CEOs, Chief
Directors and Chairpersons
of Governing Boards &
Councils***

Koforidua, April 23, 2015

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***IMPROVING THE
EFFECTIVENESS OF YOUR
INTERNAL AUDIT FUNCTION:***

**THE ROLE OF THE CHIEF
SPENDING OFFICER**

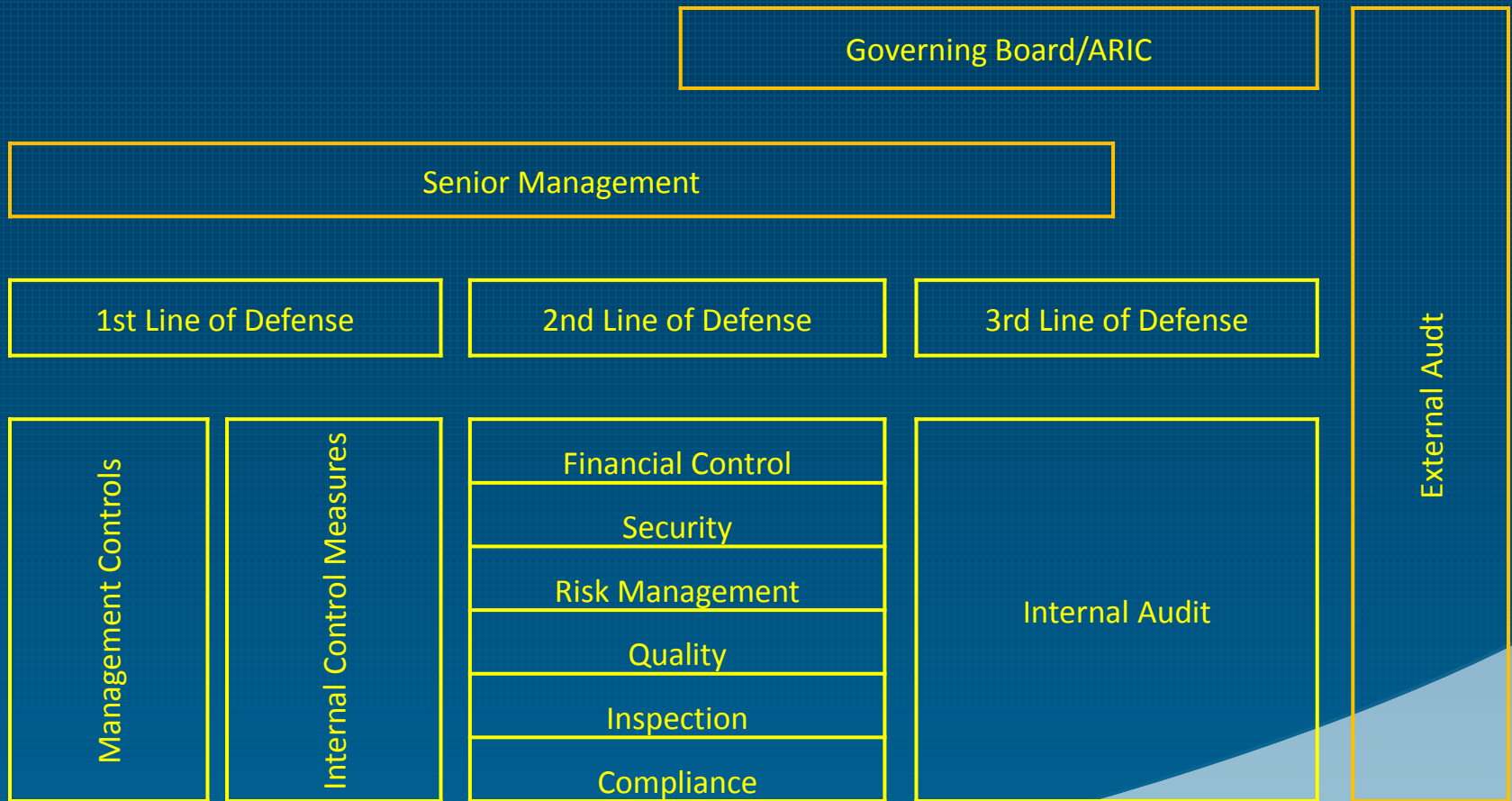
THE CHIEF SPENDING OFFICER

- The CEO/Chief Director is the chief spending officer of the organisation
- Duties of CEO are clearly spelt out in FAR (See Regulation 2 for example)
- Internal Auditor (IA) highlights weaknesses in internal controls;
- IA carries out special investigation requested by CEO

Reporting Relationship

- IA reports administratively to the Head of the Organisation and functionally to the ARIC/Board
- CEO may assign work to IA but scope of IA work determined by ARIC
 - This protects the independence of the IA in setting his work program

Three Lines of Defense



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THE ROLE OF INTERNAL AUDITOR

- IA Function provides assurance to the CEO and the Board
- IA Third Line of Defense in organisation's risk management & control framework
- Section 16 of Act 658 provides for the establishment, staffing and operations of IAUs in all MDAs & MMDAs.

Challenges facing IAs

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Challenges

- Inadequate Resources for IAU
 - Poorly Manned IAU
 - Equipment
 - Operations/Budget
- Lack of Training & Capacity Building for IA
- Poor Conditions of Service
- Conflict of Interest Situations

Challenges cont'd

- Ineffective/Non-functioning ARIC
 - Internal Audit Recommendations
 - Auditor-General's Report
- Lack of CEO/Management Support
- Intimidation & victimization
- Use of Transfer & Posting as a form of punishment

How CEOs can Help

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Inadequate Resources for IAU

- Provide a budget line to ensure IAUs are well equipped.
- Conduct Needs Assessment of IAU to determine if IAU is adequately staffed

Training & Capacity Building

- Conduct Performance Evaluation of IA
- Identify Training & Capacity building needs of IAU staff
- Include T&C needs of IA in Organisation's T&C annual plan

Poor Conditions of Service

- IA part of Revenue & Accounting Class
 - Ghana Audit Service
 - CAGD
 - Ghana Revenue Authority

Conflict of Interest Situations

- Do not ask IA chair committee looking into for example procurement issues, treasury function, etc
- Adherence to Code of Conduct and Conflict of Interest Guidelines
- Involve Agency in resolving COI situations

Ineffective/Non-functioning ARIC

- CEO should Attend ARIC Meetings
- CEO should Implement Audit Recommendations
- CEO should prepare annual statement of status of implementation of audit recommendations for ARIC and sector Ministry

Lack of CEO/Management Support

- Develop Internal Audit charter for IAU
- Ensure IA attends Management Meetings
 - Discuss Internal Audit Work
 - Status of implementation of audit recommendations
- Mgt should provide input into IA Annual Plan
- Mgt should Review scope of Pre-Audit in Organisation

Intimidation & victimization

- Follow Disciplinary Procedures for your Organization where IA is to be disciplined
 - Involve Agency
 - Empanel independent panel to determine issues
- Avoid intimidation
- Avoid victimization

Transfer & Posting

- Develop Policy for Transfers & Posting
- Apply it fairly throughout the organisation
- Do not use Transfer & Posting as a form of punishment

How Board can Help

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Board's Support

- Ensure ARIC meets regularly
- Review status report for recommendations not implemented and ensure prompt implementation
- Review disciplinary action taken against internal auditor

Thank you.

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