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Kwabena Obese-Jecty D-G IAA

## Message from Director-General

“It is my privilege therefore to declare the Western Region Chapter of the Institute of Internal Auditors (IIA) duly launched.”

With these words I welcomed into existence a new chapter of the IIA, Ghana.

Welcome once again to the Internal Auditors’ Digest, a bi-weekly newsletter published by the Internal Audit Agency targeting internal auditors in the public service of Ghana. Two weeks ago, I was in Takoradi as Guest of Honour of the IIA to launch their Western Region Chapter. The IIA was kind enough to fly me to Takoradi (and back) for the function. This launch was the second in the series; the first being the launch of the Ashanti Region Chapter a few months back.

I took the opportunity to remind the distinguished invited guests of the need to unite the profession and also to commend the IIA for bringing the Institute to the doorstep of the Internal Auditors in the Western Region. We at the Agency welcome this initiative to

*The world around us is constantly changing. It is therefore your duty as an internal auditor to keep up with the changes.*

make it easier for internal auditors in the public service to belong to a professional association; and we encourage internal auditors to participate fully in the work of the Institute.

Like their counterparts in Accra, internal auditors in the Western Region have issue with training, conditions of service, career path, protection from intimidation, etc. Also they are interested in how decentralization – composite budgeting, composite accounting, etc will affect their work. They also raised the issue of composite internal auditing. I thought someone was pulling my leg. However, last week in Koforidua, where I attended a stakeholder’s workshop on the Draft Consolidated Local Government Bill, a well meaning gentleman offered to educate me on composite internal auditing.

The world around us is constantly changing. It is therefore your duty as an internal auditor to keep up with the changes. Continuing education is a must for every Internal Auditor. Talk to our Training Manager at the IAA to find out what we can do for you.

Enjoy your reading experience and tell us how we can make this newsletter more meaningful to you. Our contact is [info@iaa.gov.gh](mailto:info@iaa.gov.gh)

# Pre-requisites for effective Public Service Internal Audit Delivery in Ghana. Part III

(Continued from previous issue)



Thomas Kwegyir-Abaidoo,  
Head, Quality Assurance  
(MDA) IAA

## 8. Quality Assurance and Improvement Programme (QAIP)

Section 2 of the Internal Audit Agency Act, 2003 (Act 658) states “the object of the Agency is to co-ordinate, facilitate and provide Quality Assurance for internal audit activities within MDAs and MMDAs.”

Regulation 19 of the Internal Audit Regulations 2011 (LI 1994) also reiterates the need for staff of IAUs to maintain Quality in their work. The two main forms of QAIPs are Internal Assessment and External Assessment.

Internal Assessment (Standard 1311) includes ongoing monitoring of the performance of the Internal Audit Activity and periodic reviews.

Ongoing monitoring consists of Working papers review, internal audit staff reviews, performance evaluations, comparison of actual and budgeted audit work, monitoring metrics, customer feedback surveys as well as performance measures. Periodic reviews are performed through self-assessment or assessment by other persons within the organisation who have sufficient knowledge of internal audit practices. Periodic reviews include self-assessment by the IAU in areas such as the IAU’s conformance with the IIA Standards.

External Assessment (Standard 1312) covers IAU’s conformance to the definition of Internal Auditing, the Code of Ethics, the IIA Standards and also whether the expectations of management and the ARIC are being met.

The three main methods of External Assessment are:

- ◆ External assessment with the review conducted by a reviewer or review team independent of the organization.
- ◆ Peer review between three or more organizations.
- ◆ Self-Assessment with an Independent Validation (SAIV) conducted by an external independent validation team.

External assessment may be undertaken by independent, qualified reviewers or review teams. The members of the review team should have senior management experience in internal audit and also be knowledgeable about the external assessment process. Ideally, the team members should be Certified Internal Auditors (CIAs). It is

quite prudent to have Certified Information System Auditors on the team if the assessment calls for specific review of Information Systems audit.

## 9. Performance of Audit Work in accordance with the requirements of the (IPPF) of the Institute of Internal Auditors

The IPPF is made up of Mandatory Guidance such as definition of internal audit, IIA Standards and code of ethics as well as Strongly Recommended Guidance consisting of practice advisories, practice guides and position papers. The use of internal audit manual, preparation of internal audit plans, keeping permanent and current audit files, preparation of audit reports and follow up to ensure timely implementation of audit recommendations are critical.

## 10. Use of ARICs

Best practice requires an organization to establish an effective Audit Committee which would help preserve the independence of the internal audit function and also ensure appropriate and timely action is taken on audit findings. The equivalent of an Audit Committee in our Public Service of Ghana is the Audit Report Implementation Committee (ARIC).

Section 30 (1) of the Audit Service Act, 2000 (Act 584) requires all Institutions subject to auditing by the Auditor-General, including Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) to set up Audit Report Implementation Committee (ARIC) to ensure the implementation of the recommendations of audit reports. Section 30 (2) of the Audit Service Act, 2000 (Act 584) also places the responsibility for ensuring the implementation of recommendations in audit reports on ARICs.

## Conclusion

Government of Ghana expends a lot of resources in a bid to achieve a number of social and economic goals. These resources must be monitored and evaluated to ensure that they are used efficiently, effectively and in accordance with the Laws, Regulations and Procedures. Effective public service internal audit function is therefore a must.

## Adhering to principles of the golden rule “Code of Ethics” A must for professional conduct for Internal Auditors.. Part I



Rita Anowuoh IAA

All organizations, no matter how small, need a Code of Ethics. The Code of Ethics is a written set of guidelines which are designed to outline acceptable behavior for members of a particular group, association or profession. Many organizations prescribe patterns of behavior normally tailored to suit their needs, principles and values. It is therefore not surprising that in Ghana, the Commission for Human Rights and Administrative Justice (CHRAJ) has published a *Code of Conduct for Public Officers* for adaptation by MDAs/MMDAs

Code of Ethics can help increase confidence in an organization, by showing outsiders that members of staff at all levels, which of course includes Internal Auditors, are required to follow basic ethical guidelines in the course of doing their work. It is therefore very important for the Private, Civil and Public Sector Institutions to develop, disseminate and enforce a Code of Ethics among members of staff.

Again, it is equally important to note that the Code of Conduct for public officers as published by CHRAJ is a guiding principle not a legislation, but a strongly recommended pattern of behavior applicable to all Public Sector Institutions. As such, Internal Auditing is no exception.

Internal Auditors are expected to live by the following values in the performance of their professional work. Internal Audit Agency Act 2003, Act 658 talks about these values in section 18, 19 and 20.

### 1. Integrity

- ◆ Integrity is the core value of a Code of Ethics. Internal Auditors have a duty to adhere to high standards of behavior (e.g. perform their duty honestly, carefully and responsibly) in the course of their work and in their relationships with the staff of their organization. In order to sustain public confidence, the conduct of Internal Auditors should be above suspicion and reproach.
- ◆ Integrity can be measured in terms of what is right and just. Integrity requires Internal Auditors to observe both the form and the spirit of auditing and ethical standards. Integrity also requires Internal Auditors to observe the principles of independence and objectivity, make decisions with the organization's interest in mind, and apply honesty and objectivity in carrying out their work and in handling the resources of the organization.
- ◆ The conduct of Internal Auditors should be beyond reproach at all times and in all circumstances. Any deficiency in their professional conduct or any improper conduct in their personal life places the integrity of Internal Auditors and the quality and validity of their audit work in an unfavourable light, and may raise doubts about the reliability and competence of Internal Auditors.

### 2. Independence

- ◆ Independence from the audited entity and other outside interest groups is required for Internal Auditors. This implies that Internal Auditors should behave in a way that increases, or in no way diminishes their independence.
- ◆ It is essential that Internal Auditors are independent and impartial, not only in fact, but also in appearance.
- ◆ In all matters relating to the audit work, the independence of Internal Auditors should not be impaired by personal or external interests. Independence may be impaired, for example, by external pressure or influence on auditors; prejudices held by auditors about individuals, audited entities, projects or programmes; or personal or financial dealings which might cause conflict of loyalties or of interests. Internal Auditors have an obligation to refrain from becoming involved in matters which will impair their independence.
- ◆ Internal Auditors should protect their independence and avoid any possible conflict of interest by refusing gifts or gratuities which could influence or be perceived as influencing their independence and integrity.

## BizCom: An Effective way of Building Business Relationships. By: Sandra Tei-Dornoo

Communication is the heartbeat of all relationships, be they business or personal. In the past decade or so, technology has transformed the way we communicate in so many ways. Gone are the days when the Post Office reigned supreme in the delivery of written mails; gone are the days when one could easily rattle the six digit landline phone numbers of friends, relations or business partners.

Today, we run around with gadgets in our ears, armpits and on our waists, listening to music and phone calls, taking notes, sharing breaking news, making videos, taking photos, sleeping with our smart phones, posting our intimate thoughts, feelings, fears, and triumphs in sometimes less than 140 characters. We have very busy fingers. Indeed, we are at the mercy of our high-speed digital communication.

In spite of the changing trends in our methods of communication, one thing still remains – the fundamentals of communication. Here are a few tips to improve effective communication in our business:

- ◆ Always bear in mind that although you may not always know those you communicate with, you need to give them the attention a good relationship deserves.
- ◆ All mail that lands in your inbox (except spam) and on your desk, needs attention. Yes, those you do business with; those that can refer business to you; those who were referred to you by someone else; anyone writing to you, anyone seeking your attention, all of them need a response. Some of us are fond of not responding to mails inviting us to a function. It is only fair to let the person (institution) inviting you to a program know whether or not you intend to honour their invitation. The idea that people need to have feedback, is a good basis for understanding how and why excellent business communication is important and compelling for success.
- ◆ Always make a conscious effort to return phone calls. You need to pay attention to how the other party who called might feel if you do not return the call. It could be that they are waiting for information from you to enable them complete an assignment; it could be that they may be waiting to hear from you to offer you information which could be useful to your own self. People who return calls are respected and trusted.
- ◆ If you are to make strides in your business then you will need to listen intently to those you partner with. This new trend in communication requires you to (mentally) slow down and stop the noisy, unrelenting negative soundtrack playing in your head. Silent listening means you are free of distractions, judgments, and response planning. It requires you to be fully present and in the moment. During discussions with them, write down the things they request you to do for them, assure them that you will grant their request if you can, and give them the necessary feedback on expedited action.
- ◆ Rapport is crucial. It is essential to know how to connect and engage with all types of people and personalities. This is especially true if you want to resolve a conflict and build consensus. Rapport is the bond that brings us together.
- ◆ To build effective business relationships, you need to develop charisma; appeal; charm. It is a quality we all need to possess to enhance the value of our business relationships. You need to look and act like a winner. Being kind, empathetic, having a good sense of humour, are qualities you need to possess to promote effective business communication.

The most successful are those who can connect with the public on an intimate level. You cannot underestimate the power of good communication in business. Let's get going.

# Getting to know Internal Auditing. Part 1



Ishmael Amponsah  
Head, Training . IAA

Internal Auditing has gained so much importance that conducting it, is almost mandatory for all organisations. In Ghana, the Internal Audit Agency Act, 2003 (Act 658), made it mandatory for all public sector entities to have internal audit units (departments). Act 658 also established the Internal Audit Agency to coordinate, facilitate and

provide quality assurance for internal auditing in all Ministries, Departments and Agencies (MDAs) as well as Metropolitan, Municipal and District Assemblies (MMDAs).

## What is internal auditing?

The Institute of Internal Auditors - the professional body for internal auditors - defines Internal Auditing as follows:

“an **independent, objective assurance** and consulting activity designed to **add value** and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a **systematic, disciplined approach** to evaluate and improve the effectiveness of risk management, control and governance processes.”

An Internal Auditor can:

- ◆ Make an objective assessment of operations and share ideas for best practices.
- ◆ provide guidance for improving controls, processes and procedures, performance, and risk management.

*“It is worth remembering that internal audit works in partnership with management to provides the board, the audit committee/ARIC and executive management with assurance that risks are properly managed and the organization’s corporate governance is strong and effective”*

Thus, internal audit activity can play an important role and support the board and management in fulfilling an essential component of their governance requirement. The internal auditor through analysis, appraisals, counsel and information concerning the activities reviewed, furnishes management with recommendations, for reducing costs, enhancing revenues, and improving profits.

It is worth remembering that internal audit works in *partnership* with management to provide the board, the audit committee/ARIC and executive management with assurance that risks are properly managed and the organization’s corporate governance is strong and effective.

## Purpose of Internal Auditing

It’s the responsibility of the Board to ensure that risks are managed and controlled. This task is delegated to the executive management which

- ◆ Determines the risk appetite of the organisation
- ◆ Establishes the risk management framework
- ◆ Identifies potential threats and assesses risks
- ◆ Decides on response to risks like implementation of control
- ◆ Monitors and coordinates the risk management processes and the outcomes,
- ◆ Provides assurance on the effectiveness of risk management processes

This assurance from the management is fundamental. There is a need for additional assurance from a different source. Internal audit can be the key source providing objective assurance that all the significant risks have been identified, risk management process is working effectively and efficiently, risks are being reported and controlled effectively. As part of this work, the internal audit activity will provide advice, coaching and facilitation services to assist executive management in carrying out their responsibilities.

To be Continued

# Training! Training !! Training!!!

*The Internal Audit Agency announces for the information of all Internal Auditors, Heads of Entities and the general public that by popular request, the Agency is repeating the Fundamental Audit Process training scheduled as follows:*

## “The Fundamental Audit Process”



**Course Code:** TFAP/IAA/12/002  
**Course Title:** The Fundamental Audit Process

### Course Overview:

To become a successful auditor, a strong base of knowledge and an understanding of basic audit skills are essential. With this program, participants can learn the ins-and-outs of an audit from beginning to end.

Through team exercises, group discussion, and facilitator presentations, attendees will gain a foundation of knowledge that will allow them to prepare properly for and conduct a successful audit, using preliminary surveys and evidence-gathering techniques. A basic understanding of how to develop risk-based audit plans will also be stressed, along with working paper development and filing skills.

**Course Dates:** 18 - 21 December, 2012 (4 days)  
**Venue:** IAA Conference Room, Roman Ridge, Accra.  
**Course Fees:** GH¢150.00 per participant. Course fees include course materials (both print & electronic copies), Certificate of Attendance, lunch and refreshments.

### Who should attend:

- New auditors**
- Auditors who desire to refresh their knowledge in the basic processes**
- Non-auditors with internal control responsibilities.**

### Contact for Registration:

Nana Kesewaa (024-489-3869)  
**Training and Capacity Development**  
**Internal Audit Agency**  
**PMB M31, Ministries, Accra**  
**0302784088 or 0302774158**

E-mail: [training@iaa.gov.gh](mailto:training@iaa.gov.gh)

### IMPORTANT NOTICE:

This programme has room for only 25 participants and will run strictly on first-come-first serve basis. Please confirm your participation early to avoid disappointment.

## *To Takoradi and back A short story- part 1*

The Airport parking was busy for seven o'clock in the morning. I was on my way to Takoradi to participate in the launch of the IIA's Takoradi Chapter. A move designed to bring the IIA closer to its members; and as guest of honour they were flying me in style to Takoradi and back.

The departure hall for domestic flights is nothing to write home about. At this time of the morning the congestion was bearable. Earlier, I heard there was a long line of passengers spilling onto the pavement outside, on account of the early bird (6:00GMT) flight to Kumasi, Tamale, and Takoradi. My flight was scheduled to leave at 09:15GMT.

The Antrak check-in counter was free. There was one guy checking in. Behind him in the queue (or so I thought) was a woman with a toddler and a trolley packed high with some five or six suitcases! I found out she was not going to Takoradi; she was using the spot with the assistance of one of the goro boys to sort out a personal issue.

Since I was early, I checked in and used the time to explore Domestic Departures. My first point of call was the washroom. (It is always a good idea to empty your bladder before boarding a short flight. You never know the availability of the washroom on the plane). Next I looked for a place to sit. The waiting area had been moved since the last time I was here. That was in 2010 when I took a City Link flight to Kumasi.

I remember that flight very well because it was full of drama. First, departure was delayed by an hour or more because Kumasi Airport was covered in fog. Imagine rushing all the way from Tema only to find out it was not necessary. Then, on our way back we got to Accra in the middle of a huge Tropical storm, and had to go all the way back to Kumasi because we didn't have enough fuel to wait out the storm. Then we had to wait several hours as they scrambled to find aviation fuel to put in the plane so we could go back to Accra. That was the day Ghana lost by 3-1 to Cote d'Ivoire in the Africa Cup of Nations.

At lot of changes had taken place at the domestic department since then. Security screening was more elaborate and the waiting area was bigger but yet to be completed.

Boarding for the flight to Takoradi was called on time. (Surprise). And the security screening went smoothly (surprise). There were a lot of expats on the flight thanks to the oil find and the mines. I could as well have been on a flight to London!

As we waited to board the flight I reflected on how far our aviation industry had come. From the days of Ghana Airways (and the Fokker 28) all the way through Air Link, City Link, Antrak and now we have "fly540.com", starbow, etc. We were in boom situation; it just wasn't that easy to tell (especially if you were removed from the airport).

From where I sat I could see a gleaming new jet parked right in front of us. I thought that was what we were going to fly in. I was to be sorely disappointed. That was for another airline. The one we were travelling on was parked out of sight, It was a plane alright; but a strange one. They were loading the cargo and suitcases in the front of the plane, and we the passengers were entering through the rear! As I went up the stairs I wondered: if the luggage is in the front, and we were in the back; where were the pilots?!

Take-off was great. The Plane had a Spanish flag painted on its side. The cabin crew, all male, were Spanish and I assumed the flight crew somewhere in the front were also Spanish. Antrak was leasing a Spanish plane and crew for its domestic operations! Wow!

Accra looked great from 1,000 feet up in the air. It was the second time I was appreciating how beautiful Accra (at least this part of it) was from the air. I never got the same impression driving through Accra. It looked like a well laid out city with houses and trees, etc. And there was the Osu Castle tucked away in a little corner. And then we were over the sea.

At this moment it struck me that if we were to drop into the ocean it was going to be one ....

To be continued