



INTERNAL AUDIT AGENCY
(Office of Government Machinery)



Ref: DG/03/2022/29

20th May, 2022

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NOTICE NUMBER: IAA/01/09/2022

**DIRECTIVES ON APPROACH TO VALIDATION OF PAYROLL AND EXPENDITURE
RATIONALISATION MEASURES BY INTERNAL AUDITORS**

Reference is made to Notice Number IAA/01/08/2022 dated 27th April, 2022 issued by the Agency on “**Supplementary Directives on Implementation of Directives and Policy Measures Announced by the Minister for Finance**” and the implementation of **Expenditure Rationalisation Measures**” announced by the Office of the President on 19th April, 2022.

2. The Notices provided directives and solicited the support of Internal Auditors, Heads of Internal Audit Units and Audit Committees to ensure compliance by institutions with the measures announced for improved revenue mobilization, commitment control, expenditure rationalisation and value for money in public spending.
3. As a result, Heads of Internal Audit Units were required to revise their 2022 Risk-Based Audit Plan to take account of the Government policy and expenditure rationalisation measures including monthly validation of personnel on the payroll and consequential advisory services to their institutions.
4. Following the announcement, the Controller and Accountant-General, through a press release titled *Expenditure Rationalisation Measures* dated 12th May, 2022 directed all **Ministries, Departments and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs)** to do the following:
 - i. *Undertake headcount of all the staff in their respective institutions to validate existence of persons on the payroll.*
 - ii. *Use the Electronic Salary Payment Voucher (ESPV) system deployed to them to perform monthly validation of personnel on the payroll.*

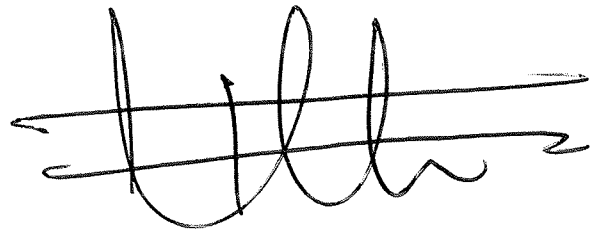
- iii. *Involve their Internal Auditors in the validation exercise and where necessary, use them to carry out specific physical identification of staff by making reference to their personnel records.*
- iv. *Submit a monthly verification report of staff on the payroll together with the feedback from the ESPV system to the Director-General, Internal Audit Agency and the Controller and Accountant-General latest by the 15th day of the ensuing month.*

5. In furtherance of the object and functions of the Agency under the Internal Audit Agency Act, 2003 (Act 658), the Internal Audit Regulations, 2011 (L.I.1994), the Public Financial Management Act, 2016 (Act 921) and the Public Financial Management Regulations, 2019 (L.I.2378), the Agency hereby directs Heads of Internal Audit Units (IAUs) to support as follows:

- i. Revise the 2022 Annual Risk-Based Internal Audit (RBIA) Work Plan as indicated in paragraph 3 above; the revised plan should be assented to and approved by the Principal Spending Officer and the Audit Committee.
- ii. The revised Plan should be submitted to the Principal Spending Officer, the Audit Committee and the Director-General of the Internal Audit Agency.
- iii. Carry out continuous audits on compliance by **Heads of Covered Entities** of Ministries, Departments and Agencies (MDAs), Metropolitan, Municipal and District Assemblies (MMDAs) as well as State Owned Enterprises (SOEs) and all Public Entities that subsist on Public Funds, with the **Expenditure Rationalisation Measures** announced by Government.
- iv. Support the exercise of validation of personnel on the payroll of the institution;
- v. **Review and certify** the monthly payroll verification report of staff on the payroll generated by the institution together with the feedback from the ESPV system.
- vi. Support the submission **of the monthly payroll verification report** to the Director-General of the Internal Audit Agency and a copy to the Controller and Accountant-General not later than the 15th of the ensuing month.
- vii. Submit a copy of the certified report to the Audit Committee.

6. Internal Auditors are to ensure that, the payroll verification report is submitted separately from the required statutory quarterly internal Audit report.

7. Whilst thanking you for your support, please accept the continued assurances of our highest consideration.



E.O. OSAE (Ph. D, CA)

DIRECTOR-GENERAL

DISTRIBUTION

HEADS OF INTERNAL AUDIT UNITS

Cc:

HEADS OF COVERED ENTITIES

AUDIT COMMITTEE CHAIRPERSONS

