



**INTERNAL AUDIT AGENCY**  
**(Office of Government Machinery)**



Ref: DG/50/21/01

21<sup>ST</sup> JANUARY, 2021

**NOTICE NUMBER: IAA/01/01/2021**

**MEETINGS OF AUDIT COMMITTEES IN THE ABSENCE OF REPRESENTATIVES  
OF GOVERNING BOARDS/COUNCILS/COMMISSIONS OF COVERED ENTITIES**

Reference is made to the recent directive by the Hon. Chief of Staff dated 12<sup>th</sup> January, 2021 on the ***Reconstitution of Statutory Boards and Corporations*** in compliance with the Presidential (Transition) Act, 2012 (Act 845).

2. It has come to the notice of the Internal Audit Agency (IAA) that pursuant to the above directive certain Covered Entities have put on hold meetings and activities of their Audit Committees until their Governing Boards/Councils/Commissions are reconstituted.

3. Covered Entities are reminded that putting on hold meetings and activities of the Audit Committees will amount to a breakdown in the governance structures and processes of the Covered Entities with the potential of affecting efforts towards achieving good corporate governance and effective Financial Management in the Public Sector.

4. Regulation 227 (2) of the Public Financial Management Regulations (PFMR), 2019 (L.I.2378) and Paragraph 10.2 of the Guidelines for Effective Functioning of Audit Committees (Guidelines) issued by the Minister for Finance provide for a quorum of **three (3) members** at a meeting of an **Audit Committee including the Chairperson and one (1) independent member**.

5. The absence of a member who represents a Governing Board/Council/Commission on the Audit Committee of a Covered Entity **does not**

change the quorum if all the **three (3)** independent members are present at the meeting.

6. Heads of Covered Entities are further reminded of the provisions in the PFM Act, 2016 (Act 921) and Regulations that place emphasis on the requirement for the **continuity of the functions of Audit Committees of their Covered Entities.**

7. Section 83 (2) of the PFM Act, 2016 (Act 921) and Regulation 221 of the Public Financial Management Regulations (PFMR), 2019 (L.I.2378) requires the head of the Internal Audit Unit to report administratively to the Principal Spending Officer and functionally to the Audit Committee of a Covered Entity.

8. Section 83 (6) of the PFM Act states, *“The Internal Auditor of a covered entity shall, within thirty days after the beginning of the financial year, submit:*

*(a) the annual audit work plan to the Principal Spending Officer of that covered entity and the Audit Committee established under section 86; and*

*(b) a copy of the annual audit work plan to the Internal Audit Agency”.*

9. Further, Section 83 (7) of the PFM Act states, *“The Internal Auditor of a covered entity shall submit quarterly reports on the execution of the annual audit work plan to the Principal Spending Officer of the covered entity concerned, the Audit Committee, the Auditor-General and the Director-General of the Internal Audit Agency”.*

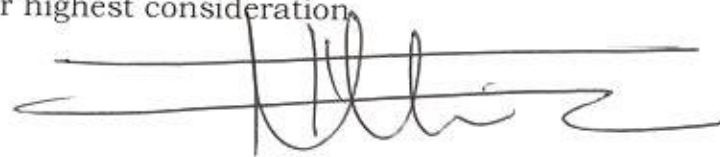
10. To avoid breakdown of corporate governance in the absence of the Board, the Internal Audit Agency, pursuant to its authority under Paragraph 16 of the Guidelines hereby advises Covered Entities to ensure the smooth operations of their Audit Committees pending the reconstitution of their Governing Boards/Councils/Commissions.

11. The absence of representatives of Governing Boards/Councils/Commissions of Covered Entities should not affect the work of Audit Committees.

12. Affected Heads of Covered Entities should therefore ensure that their Audit Committees meet **and approve the 2021 Annual Internal Audit Work Plan** which should reach the Agency not later than **31<sup>st</sup> January, 2021**.

13. The Agency shall take steps to publish names of Covered Entities which fail to submit their 2021 Annual Internal Audit Work Plans by the said date.

13. Please accept the assurances of our highest consideration.



**E.O. OSAE (Ph. D)**

**DIRECTOR-GENERAL**

**TO ALL HEADS OF COVERED ENTITIES**

cc: The Hon. Minister  
Ministry of Finance

The Director-General  
State Interest and Governance Authority (SIGA)

The Head of Service  
Office of the Head of Civil Service

The Head of Service  
Office of the Head of Local Government Service

Chairpersons, Audit Committees

Heads of Internal Audit Units