



Ref: DG/03/2022/33

20th June, 2022

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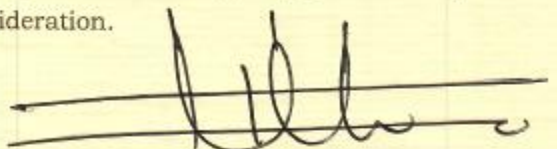
NOTICE NUMBER: IAA/01/10/2022

**CLARIFICATION ON DIRECTIVES ON ESPV VALIDATION BY INTERNAL
AUDITORS**

Reference is made to Notices Numbers *IAA/01/08/2022* dated 27th April, 2022 and *IAA/01/09/2022* dated 20th May, 2022 issued by the Agency on "**Implementation of Directives and Policy Measures Announced by the Minister for Finance**" and "**Expenditure Rationalisation Measures**" announced by the Office of the President on 19th April, 2022 for **compliance by all Heads of Covered Entities, i.e., 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.**

2. Heads of public institutions were directed to submit monthly payroll verification report to the Director-General of the Internal Audit Agency (IAA) by the 15th day of the ensuing month (with copy to the Controller and Accountant-General).
3. However, the Notices provided directives and solicited the support of Internal Auditors, Heads of Internal Audit Units (IAUs) and Audit Committees to ensure compliance.
4. The measures were aimed at improving revenue mobilization, commitment control, expenditure rationalisation and value for money in public spending including payroll cleaning through validation of personnel on the payroll of public institutions.
5. As a result, Heads of IAUs were required to revise their 2022 Risk-Based Audit Plan to take account of the Directives as well as supporting the payroll cleanup exercise.
6. The Agency is by this Notice clarifying the process for the validation exercise leading to submission of the required Electronic Salary Payment Voucher (ESPV) report to the IAA by Internal Auditors in the public sector as follows:

- i. Human Resource Departments of public institutions are to undertake a full ESPV validation report and print them out as validated.
 - ii. The HR Departments are to make the validated reports available through the Principal Spending Officer (PSO) to the Director of Internal Audit for auditing.
 - iii. Internal Audit Units/Directorates are then required to audit the validated ESPV report including headcount and content verification for unknown and missing persons .
 - iv. Internal Audit Unit/Directorate then puts an audit report on the verified ESPV report and submit same together with the validated ESPV report received from the PSO to IAA not later than the 15th of the ensuing month.
7. Once IAA receives the consolidated reports of the IAUs, a team from the Special Investigations Unit (SIU) of the Agency will follow up to undertake a further vetting and validation before submitting a consolidated report to the Office of the President and Minister for Finance.
8. The aims of this exercise are:
- i. To eliminate ghost names, missing and unknown persons from the public sector payroll .
 - ii. Prevent people from receiving unearned salaries.
 - iii. Clean government payroll system.
 - iv. Expose and reduce payroll fraud ;
 - v. Ensure that those who are separated from the public service, i.e., Deceased, Posted, Transferred, Retired, persons who have vacated post, or on study leave with or without pay but does not submit any progress report and those on study leave and/or completed their programme of study but failed to return to work for Government; are not paid salaries unearned.
9. The support of all Heads of Covered Entities, PSOs, Audit Committee Chairpersons and Members are required for the success of this exercise.
10. Whilst thanking you for your compliance and support, please accept the continued assurances of our highest consideration.



E.O. OSAE (PhD, FCA)
DIRECTOR-GENERAL

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HEADS OF COVERED ENTITIES

Cc:

**HEADS OF INTERNAL AUDIT UNITS/DIRECTORATES
AUDIT COMMITTEE CHAIRPERSONS**

