



ANNUAL INTERNAL AUDIT CONFERENCE
15 August 2019, Whitesands Beach Resort, Mombasa

**INTERNAL AUDITOR
AND THE PUBLIC AUDIT ACT, 2015**
Presentation by:

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Presentation agenda



Expectations from Participants

- ☐ Public Audit Act, 2015
- ☐ Expectations on Internal Auditor
- ☐ Key Provisions - PAA
- ☐ Areas of Synergy
- ☐ Way forward

Internal Auditing Experiences



In teams of twos enlist two top challenges in undertaking internal audit in either the public or private sector?

Internal Auditing...



*Internal auditing is...
an independent, objective assurance and consulting
activity designed to add value and improve an
organization's operations. It helps an organization
accomplish its objectives by bringing a systematic,
disciplined approach to evaluate and improve the
effectiveness of:*

- risk management,*
- control, and*
- governance processes.*

PAA, 2015 - Key Provisions



- ☐ Additional Functions (Sect.7& 8)
- ☐ Independence (Sect.10)
- ☐ Appointment (Sect.11)
- ☐ Budgeting (Sect.20)
- ☐ Power to obtain information(Sect.21)
- ☐ Power to examine Bank Accounts (Sect.22)
- ☐ Outsourcing (Sect.23) – Registered AA,2008
- ☐ Use of Internal Audit Adopted Final Report (Sect.33)
- ☐ Government Policy (Sect.42)
- ☐ Code of conduct and Ethics (COK,PAA & POEA,2003)

PAA, 2015....



33.(1) The final report by an internal auditor which has been deliberated on and adopted by an audit committee of a State Organ or public entity, may be copied to the Auditor-General.

(2) The Auditor-General shall have unhindered access to all internal audit reports of a State Organ or any public entity, under subsection (1) above, which is subject to audit by the Auditor-General as provided for under Article 229 (4) of the Constitution.

PFM Act, 2015....



73. (1) Every national government entity shall ensure that it complies with this Act

155. (1) A county government entity shall ensure that it complies with this Act and—

(a) has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board

PFM Act, 2015....



The arrangements for the conduct of internal auditing for a county government entity include;

- Reviewing the governance mechanisms of the entity and mechanisms for transparency and accountability with regard to the finances and assets of the entity;
- Conducting risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact

PFM Act, 2015....



- On achievement of the strategic objectives of the entity;
- Verifying the existence of assets administered by the entity and ensuring that there are proper safeguards for their protection;
- Providing assurance that appropriate institutional policies and procedures and good business practices are followed by the entity; and
- Evaluating the adequacy and reliability of information available to management for making decisions with regard to the entity and its operations.

PFM (NG) Regulations, 2015....



160. (1) Internal auditors shall—

(a) review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in national government entities, including Parliament and Judiciary;

(b) have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization; and (c) review the effectiveness of the financial and non-financial performance management systems of the entities.

Quote



“Without free, self-respecting, and autonomous citizens there can be no free and independent nations. Without internal peace, that is, peace among citizens and between the citizens and the state, there can be no guarantee of external peace.”

Vaclav Havel,
Former President of Czech
Republic

Areas for Synergy



- ☐ Information sharing
- ☐ Consultation
- ☐ Capacity Building
- ☐ Collaboration
- ☐ Audit Committees
- ☐ Assess and Improve Governance
- ☐ Performance Management
- ☐ Promotion of appropriate Ethics and Values
- ☐ Communication of Risk and Control Information
- ☐ Effective Internal Control system



What would make a change for sustainable internal audit?



Automate Internal Audit

Appropriate Legal Reforms

Leverage on Technology

Operate at the Strategic Level

Embrace Collaboration and
Effective Communication

Engage Stakeholders

Way forward



“Marry a woman who can cook. Don’t marry for love or beauty, because love dies and beauty fades, but hunger remains”

Luhya Proverb



Interactive Session

