

# COUNTY GOVERNMENT OF NYERI



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## DIRECTORATE OF INTERNAL AUDIT

### INTERNAL AUDIT

### SERVICE DELIVERY CHARTER

#### **VISION:**

To be a valuable resource by providing independent, objective and quality audit services.

#### **MISSION:**

To provide an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The directorate aims to help the County Government of Nyeri accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## **BRIEF BACKGROUND**

The Internal Audit Directorate was established in accordance with section 155(1) of Public Financial Management Act, (No 18 of 2012) of the Laws of Kenya. Section 155 (1) of the PFM Act states, “A County Government entity shall ensure that it complies with this act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the accounting standards board.”

The purpose of internal audit is to assist the County Government of Nyeri in accomplishing its objectives by bringing a systematic, disciplined approach, to evaluate and improve the effectiveness of risk management, control and governance processes.

## **CORE FUNCTIONS**

- Reviewing the governance mechanisms of the County Government and mechanisms for transparency and accountability with regard to the finances and assets of the County Government
- Conducting risk –based, value for money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the County Government.
- Verifying the existence of assets administered by the County Government 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 County Government.
- Evaluating the adequacy and reliability of information available to management for making decisions with regard to the County and its operations.

## **CORE VALUES**

- Independence
- Confidentiality

- Timeliness
- People
- Innovativeness and Creativity
- Good Corporate Governance
- Control Environment
- Team Spirit and Team work
- Professionalism
- Quality Customer Service

## **OUR STAKEHOLDERS**

- The Government of the Republic of Kenya
- The Audit Committee- County Government of Nyeri
- The County Government of Nyeri Executive Members
- The County Government of Nyeri- Chief Officers
- County Assembly of Nyeri
- External auditors and regulators
- Citizens and tax payers
- Employees

## **OUR MANDATE**

We draw our mandate from Public Finance Management Act Regulations of 2015(section 155) which encompasses on:

- a) **Review and evaluation of budgetary performance, financial management, transparency and accountability mechanisms and processes in the County Government of Nyeri specifically:**
  - the internal control environment within the county and present recommendations on how to improve these controls

- Review policies and procedures and ensure they are adequate and completely addresses the processes within the County Government.
- Review the culture that is embedded within the County Government and ensure it is committed to ethical and lawful behavior.
- Review performance against budget. Review the planning and execution the budget in line with the County Government priorities, and whether the budget contributes to implementation of the County Governments objectives
- Review the use of budgeted resources to ensure they contribute to efficient service delivery and value for money to the county residence: and
- Carry out audit of internal controls and issue reports with recommendation on improvement of identified gaps.

**b) A duty to give reasonable assurance through the Audit committee on the state of risk management, control and governance with the County Government of Nyeri, specifically**

- Review enterprise risk management framework and associated procedures in order to identify and manage financial and business risks facing the County Government of Nyeri
- Improve managements awareness of the need to identify and manage risks
- Validate risks with management across the processes and functions within the ministries :and
- Establish a basis for a risk-based internal audit work plan aligned with the risk framework.

**c) Reviewing the effectiveness of financial and non-financial performance management systems on the County Government of Nyeri.**

- **Non-Financial Performance Management:** review of ratio-based performance measures, excluding the monetary value; such as customer satisfaction, employee engagement and satisfaction, quality of service provision, improving

the way the public view of the operations of the County Government, etc. Non-financial performance measures are considered to be leading indicators of future financial performance.

- **Financial performance Management:** Measures of how well the County Government utilizes the assets and available resources/facilities to generate revenue, and how well it manages costs in the execution of its mandate.

## **INDEPENDENCE AND OBJECTIVITY**

Public Finance Management Act Regulations of 2015 gives the Internal Audit Operational Independence through reporting, i.e. The Head of Internal Audit should report to the accounting officer administratively and functionally to the Audit Committee. All Internal Audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors shall have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair internal auditor's judgement.

An internal auditor shall not perform audit assignments for providing assurance relating to activities and structures on which he or she has provided consulting services or in which he or she had been employed over in the past twelve (12) months.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must also make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

## **AUDIT COMMITTEE**

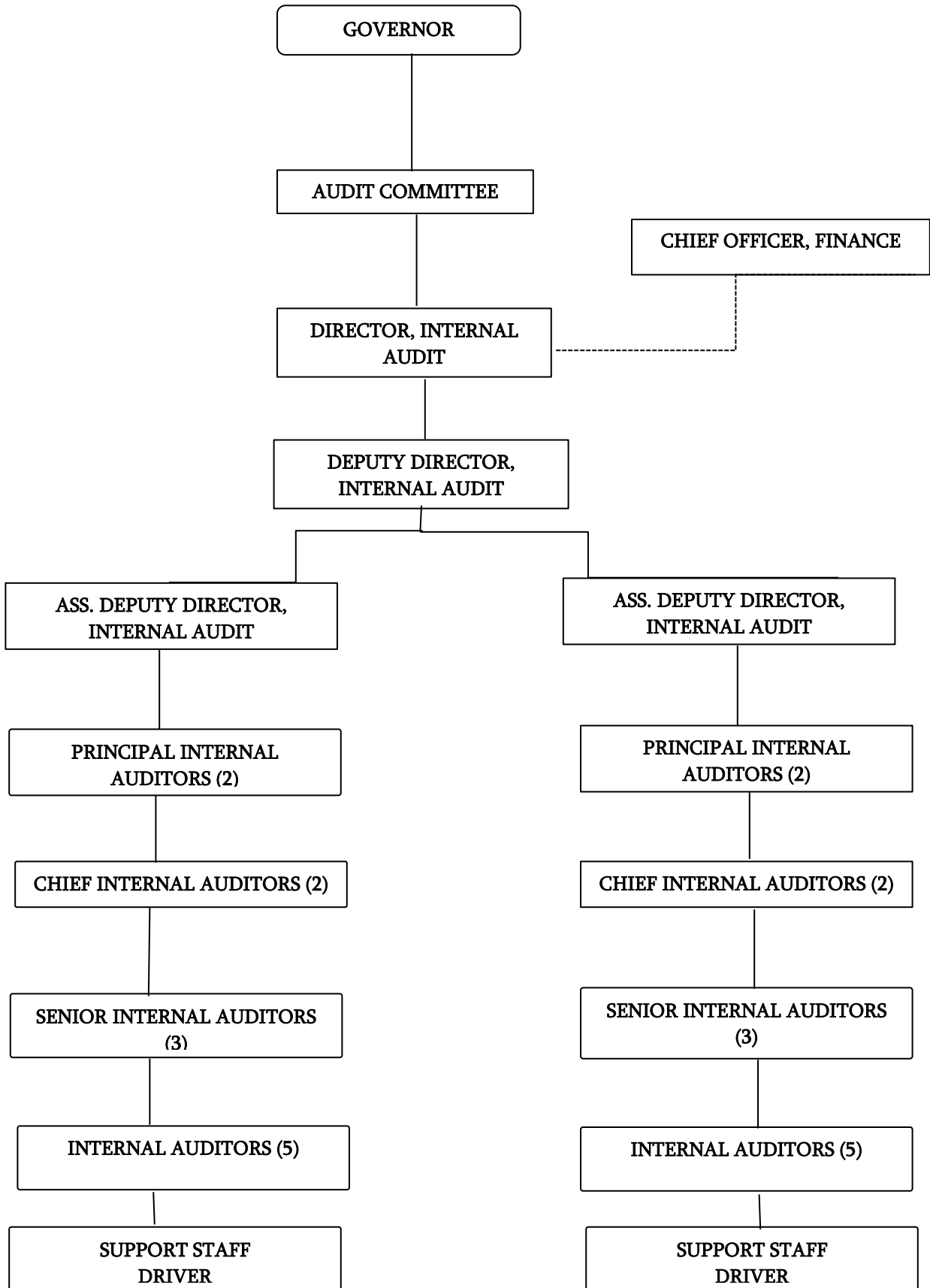
The treasury Gazette Notice dated 15/4/2016 No. 2690 outlines on the appointment of Audit Committees. Treasury Cabinet Secretary circular No. NT/IAG/GEN/055/ (164) requires that all Counties to establish an Audit Committee by 1/7/2016.

In accordance with Public Finance Management Acts (2012) regulations (Section 165), the main purpose of the Audit Committee of the County Government of Nyeri shall be to provide oversight over issues of risk management, system of internal control and governance and associated assurance. The responsibility over the management of risk, control and governance processes remains with the management of the County Government of Nyeri.

The Audit Committee shall also oversee the process of follow up on the implementation of the recommendations proposed by the internal and external auditors respectively.

# INTERNAL AUDIT DIRECTORATE

## THE PROPOSED COUNTY GOVERNMENT INTERNAL AUDIT ORGANOGRAM



## **AUDIT STAFF ESTABLISHMENT**

The Internal Audit Directorate should be well equipped with sharp and energetic team members as it provides services to all County Departments. To uphold professionalism and excellence in service delivery, the County should recruit appropriate staff. The staff should be members of the Institute of Certified Public Accountants of Kenya (ICPAK). The ideal staff establishment for the directorate is 30 persons. However, at the moment there are 4 qualified auditors and 4 officers working in the Internal Audit Directorate but lack requisite qualifications and experience.

## **SERVICE STANDARDS**

1. We shall attend our stakeholders swiftly as follows:
2. Respond to all written communication within 7 days upon receipt
3. Issue reports and follow up to closure within 14 days
4. Attend to complains from the public immediately
5. Have an officer at hand always to attend to any clients visiting our offices
6. Ensure all staff are identified through official staff badges when entering our offices



SERVICES RENDERED	REQUIREMENTS	TIME FRAME
Provide reasonable assurance that risk management control and governance systems are functioning.	Receipt of necessary/relevant information Organization current priority risk framework plans.	21 Days
Conducting core IT internal audits, computer controls, information security, pre & post implementation reviews -Network audits	Policies, procedures, laws and regulations governing. -Total employees, total assets, Scope of operations	14 Days
Reviewing the proposed business continuity and disaster recovery plans for design, completeness contingent plans	Policies, procedures, plans hard drives, templates, offline storage devices /receipt of relevant documentation	14 Days
Conducting compliance audits for independent assessment of compliance with relevant acts/regulations Policies and Procedures Regulator applicable rules and regulations.	-Compliant Information /documentation -statutory and regulatory documents related to the Guidelines, schedules, policies Procedures in place	21 Days
<b>Consulting services</b> -performance metric reviews -strategic initiative reviews -Value for money audits -Benefit realization on implemented projects.	Information handling documents, budgets, plans requested -Organization strategic plan	14 Days
<b>Evaluating effectiveness of fraud management framework</b> -providing ethics training sessions -Monitoring whistle blowing instances -Carrying out suspected fraud investigation -Ascertaining root cause analysis -Proposing control improvements and recommendations	Receipt of notification	21 Days
<b>Governance reports</b> -Risk management issues -Internal control deficiencies identification	Receipt of relevant documentation, control Risk management plans, policies, procedures	14 Days

Recommendations for efficient and effective performance.	sector/departmental budgets, detailed schedules	
<b>Accountability</b> -supporting the county to achieve its objectives -provide capacity building for county entities by developing curriculum, training materials -Advising members of CEC and chief officers on emerging issues in control environment	All accountable documents, statements of accounts, payment vouchers, bank statements	14 Days
Preparation and submission of routine audit reports to other government agencies -special audits	Timely delivery of relevant and clearly requested information	-7 Days -on needs basis
Resolution of public complains	Timely request Provide adequate and accurate information	Personal visits/phone calls immediate on need basis
Respond to general inquiries by the public	Timely request provide adequate and accurate information	Personal visits/phone calls immediate