

# COUNTY GOVERNMENT OF NYERI



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## **DEPARTMENT OF FINANCE, ECONOMIC PLANNING & ICT DIRECTORATE OF INTERNAL AUDIT**

# **INTERNAL AUDIT** **CUSTOMER SERVICE DELIVERY CHARTER**

**Revised June, 2024**

### **INTRODUCTION**

This customer service delivery charter is a declaration of our commitment to provide quality services to our customers. It outlines the services rendered, requirements to obtain the services, costs and timelines within which the Directorate of Internal Audit provides its services.

### **VISION:**

“A professional Internal Audit service provider to strengthen good governance in the County Government of Nyeri”.

### **MISSION:**

“Enhance and protect organizational value by providing risk-based and independent objective assurance, advice, and insight through professional practices to cope with emerging challenges”

### **PURPOSE**

The purpose of the Directorate 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, controls and governance processes.

## **CORE VALUES**

Core principles and values are essential for effective internal auditing. To accomplish our mission and provision of quality assurance, the directorate shall be guided by the following core values:-

- Integrity
- Objectivity
- Independence
- Confidentiality.
- Competence.
- Efficiency and Effectiveness.
- Team work
- Creativity and Innovativeness
- Quality and Continuous Improvement
- Quality customer service
- Insight, Proactivity, and Future Focus

## **BACKGROUND**

Before Kenya gained independence from British colonial rule in 1963, internal auditing practices were relatively rudimentary. The focus was primarily on financial controls and ensuring compliance with colonial regulations. Following independence, Kenya experienced rapid economic growth and industrialization. During this period, internal audit functions started to emerge within government ministries, parastatals (state-owned enterprises), and private companies. The emphasis was still largely on financial auditing and compliance.

The 1980s saw increased attention to corporate governance issues globally, driven by scandals such as those in the United States (e.g. Enron). In Kenya, this period witnessed a growing recognition of the need for stronger internal controls and risk management. The Institute of Internal Auditors Kenya (IIA Kenya) was established during this time to promote the internal audit profession and professional standards.

The global financial crisis of 2008 prompted further scrutiny of risk management practices and internal controls in financial institutions worldwide. In Kenya, the crisis led to increased regulatory oversight and a greater emphasis on risk-based auditing and compliance with international

standards such as the International Standards for the Professional Practice of Internal Auditing (IPPF) issued by the Institute of Internal Auditors (IIA).

In recent years, Kenya has continued to strengthen its regulatory framework and corporate governance practices. The Central Bank of Kenya (CBK) and other regulatory bodies have issued guidelines and directives aimed at enhancing risk management, internal controls, and governance in financial institutions and other sectors of the economy.

With the enactment of the 2010 Constitution of Kenya, the country transitioned to a devolved system of government, leading to the establishment of 47 county governments. This decentralization brought about the need for effective governance structures, including robust internal audit functions, at the county level.

County governments established audit departments or units in accordance with section 155(1) of Public Financial Management Act, (No 18 of 2012) which are responsible for conducting internal audits of county operations, finances, and compliance with legal and regulatory requirements.

Internal audit functions are integrated into county financial management systems to strengthen internal controls, risk management, and accountability mechanisms. This integration involved aligning audit processes with budgeting, accounting, and reporting systems to facilitate effective oversight and monitoring of county resources.

Likewise, there has been a shift towards a more risk-based approach to internal auditing in county governments, where internal audit activities are aligned with the identification and assessment of key risks facing the county government. This enables internal auditors to focus their efforts on areas of highest risk and significance.

In the County Government of Nyeri, internal audit is a directorate in the department of Finance, Economic Planning and ICT. The internal audit functionally reports to the audit committee through the Director of Audit who is the secretary to the committee as per the PFM Act and administratively to the Chief Officer, finance and accounting services.

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## **OUR MANDATE**

The Directorate of Internal Audit (DIA) draws its mandate from Section 153 the Public Finance Management Act Regulations of 2015 which is to; -

- a) Review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in the County Government of Nyeri.
- b) Give reasonable assurance through the Audit committee on the state of risk management, control and governance within the County Government of Nyeri and
- c) Review the effectiveness of financial and non-financial performance management systems of the County Government of Nyeri.

## **STANDARDS**

In discharging its work, the directorate will ensure adherence to The Certified Public Accountants of Kenya (ICPAK) and The Institute of Internal Auditors' (IIA) mandatory guidance including: the IIA's Definition of Internal Auditing; the Code of Ethics; and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance defines fundamental principles of professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity.

## **OUR INDEPENDENCE AND OBJECTIVITY**

The Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Independence is an essential condition for ensuring that the work of the Head of Internal Audit (HIA) and the Internal Audit Unit (IAU) are both free from any form of bias or influence and are in fact impartial.

## **AUTHORITY**

DIA personnel shall have full, free and unrestricted access as specified below in the performance of internal audit activities; -

- i. Access to all books, documents, accounts, policies, procedures, manuals, auditors reports, properties, vouchers, records, correspondence and other data, which are necessary for the performance of the internal audit function; and
- ii. Right to enter any premises and to request relevant personnel to furnish all information and explanations deemed necessary to form an opinion on the adequacy of systems and controls.

All activities shall be carried out in strict confidence and DIA personnel shall be responsible for the safeguard of records and information, whilst in their custody.

It is incumbent on all employees to render every assistance to the DIA in carrying out their duties.

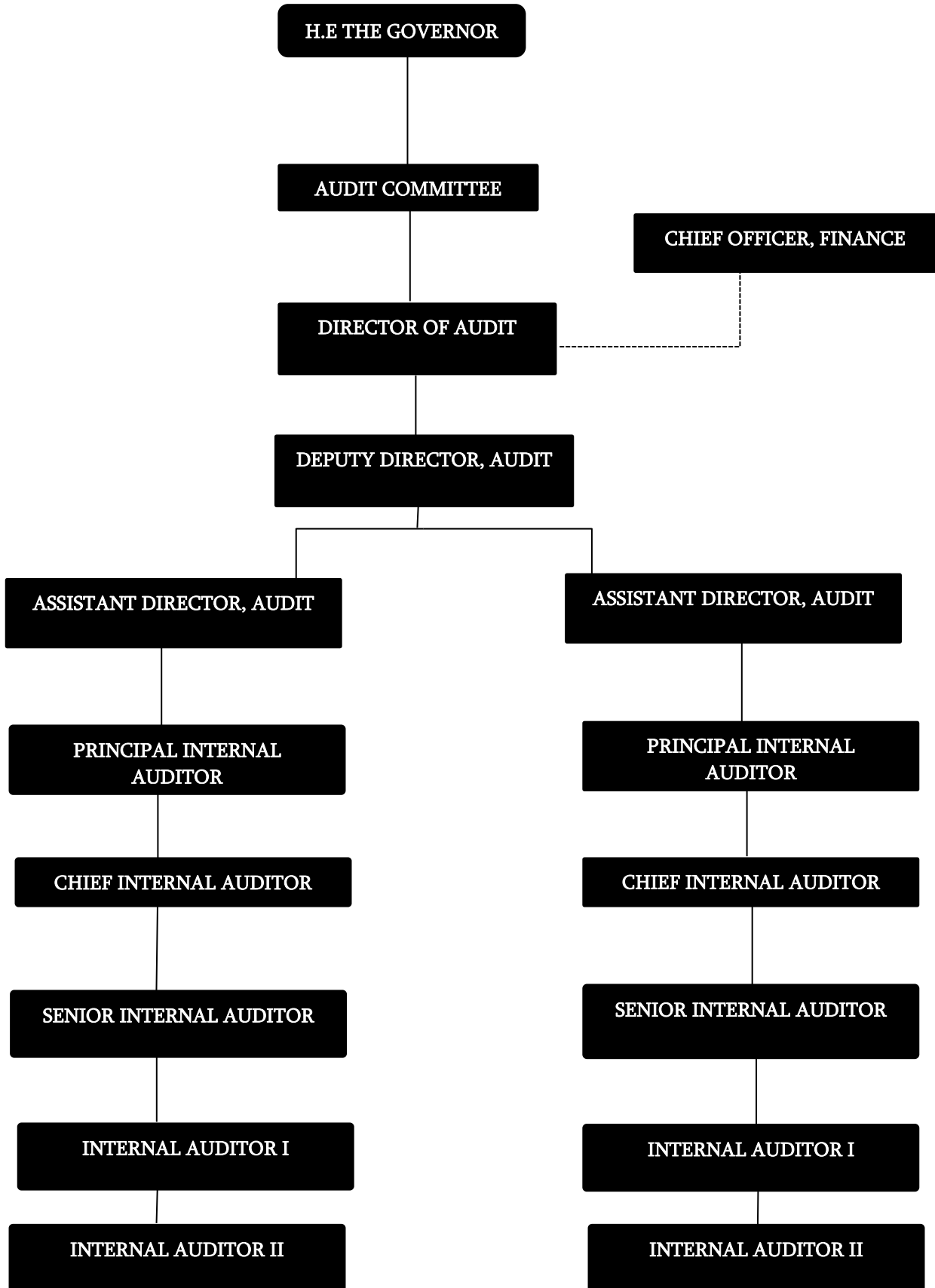
### **AUTHORIZATION AND REPORTING LINES**

The Director of Internal Audit is the head of the directory and will functionally report to the Chair of the Audit Committee and administratively to the Chief Officer, Finance and Accounting.

The Audit Committee will:

- i. Review and approve annual internal audit work plans based on assessments of risk.
- ii. Provide oversight of the DIA ensuring that there are no unjustified restrictions or limitations placed on the internal audit function.
- iii. Review of the scope and extent of internal audit and ensure that the internal audit function has adequate resources and is appropriately placed within the entity.
- iv. Facilitate discussions on major observations emanating from audits and investigations and other matters of concerns raised by DIA with remedial and corrective measures adopted by management.
- v. Support the accounting officers with regard to their responsibilities for issues of risk, control and governance and associated assurance:
- vi. Conduct the annual performance appraisal of the Director of Internal Audit.

## **THE COUNTY GOVERNMENT INTERNAL AUDIT ORGANOGRAM**



## **OUR CORE FUNCTIONS**

1. Giving assurance on the effectiveness of internal controls, risk management and overall governance at national and county government;
2. Undertaking audit activities in the county departments to confirm whether or not public money has been applied lawfully and in an effective way;
3. Ascertaining whether all public money has been used and applied to the purposes intended and that the expenditure conforms to the authority for such expenditure;
4. Confirming that all reasonable precautions have been taken to safeguard the collection of revenue and the acquisition, receipt, issuance and proper use of assets and liabilities; and
5. Confirming the existence of assets administered by the County Government and ensuring that there are proper safeguards for their protection.
6. Issuing audit reports in accordance with Article 229 of the Constitution;
7. Providing any other reports as may be required under Article 254 of the Constitution; and
8. Performing any other function as may be prescribed by any other written legislation.

## **OUR RANGE OF SERVICES**

1. Verifying that all revenues due are collected, properly recorded and accounted for.
2. Conducting Risk-based Operational, Financial, Compliance and Information Technology audits in order to provide reasonable assurance on operating efficiencies, reliability of financial and operational systems, adequacy of controls, procedures and risk mitigating measures and compliance with government regulations.
3. Recommending effective control and risk management measures after performing various audits.
4. Ascertaining that there are robust systems that continuously and completely captures, accounts for and safeguards fixed assets.
5. Regarding expenditure, checking for compliance with budgetary provisions and procurement rules and regulations.
6. Ascertaining if there are robust systems to ensure assets are put to optimal use.
7. Reviewing and appraising the soundness, adequacy and application of accounting, financial and other operating controls, recommending effective control measures and risk areas have been addressed.

8. Undertaking special investigations on behalf of the County to evaluate allegations of fraudulent practices, financial and operational misconduct in order to determine if allegations are substantiated and to prevent future occurrences.
9. Reviewing specific operations at the request of Audit Committee or management.
10. Offering consulting services, including; advice, process design and training, with the objective of adding value in the development or modification of processes, procedures and controls to minimize risk and achieve objectives.
11. Follow-up engagements to evaluate plans and actions taken to correct previously reported issues.
12. Liaisons with external Auditors to ensure internal and external efforts are not duplicated.

## **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 CUSTOMERS/CLIENTS**

- The management
- Employees

## **EXPECTATIONS OF CLIENTS**

### **1. Quality Service**

- Timeliness - no delays.
- Communication - transparency and openness.
- Keeping them informed of what is happening or how the issue is being resolved, who is dealing with it, timescales involved, contact name for queries if different from the one dealing.
- That complaints regarding policy will be passed over to the Head of department.

- Understanding- Willing to consider the circumstances. Efforts to know their needs.
- Showing concern and appreciating them.
- Competence - Staff possess the required skills and knowledge to provide the service.
- Courtesy - Politeness, respect, friendliness of contact personnel, identify ourselves by name.
- Taking responsibility/ leadership - Thoroughness in our work.
- If one auditor cannot handle the matter, ensuring it is routed to the one who can help.
- Reliable - no let down.
- Keeping our word in "commitment to service"

## **2. Responsive systems and procedures**

- Problem solving, willing and ready to provide service and to adapt to changes.
- Willing to go out of our way/doing more than they expect instead of the bare minimum.
- Empathizing with their tight schedules and deadlines.

## **3. Credibility**

- Trustworthy, honesty, believable Customers' best interest at heart; that all audit personnel has integrity that is beyond reproach/question.

## **4. Fairness in our work**

- That no one is victimized; no bias, our work and our recommendations are not motivated by malice, or any other negative consideration. Our motivation is strict objectivity and professionalism.

## **CLIENT'S RESPONSIBILITIES**

- ❖ Treat Internal Audit Staff with respect and courtesy.
- ❖ Execute their role faithfully & honestly where applicable
- ❖ Respect the chain of command.
- ❖ Respect the orderly execution of duties including queuing of job tasks in the directorate of internal audit.
- ❖ To submit the requested documents for evaluation in a timely manner.
- ❖ Compliance with the laws and regulations including the operations manual and circulars.

- ❖ Respond faithfully to specific issues raised including audit queries.
- ❖ Timely response to the management letter.
- ❖ Implementation of the audit recommendations.

### COMMITMENTS ON SERVICE

SERVICE		REQUIREMENTS	COST	TIMELINE
1	Consulting Services- to add value and improve the County's governance, risk management, and control processes	<ul style="list-style-type: none"> <li>• Receipt of the request</li> <li>• Receipt of the required documentation</li> </ul>	Nil	5 Minutes
2	Carry out risk-based audits; - including Financial, Operational, Compliance and IT audits as scheduled in the Audit Plan.	Receipt of the required; - <ul style="list-style-type: none"> <li>• Documents</li> <li>• Relevant information</li> <li>• Documents policies</li> <li>• Procedures</li> <li>• Regulations</li> <li>• Professional standards</li> <li>• Access to information systems</li> </ul>	Nil	6 Weeks
3	Issuance of systems audit reports to the Auditee	<ul style="list-style-type: none"> <li>• Completion of an audit</li> </ul>	Nil	6 Weeks
4	Investigations on improper operational activities including misuse of County resources, fraud, financial irregularities, significant control weaknesses and unethical behavior or actions and issuance of report	<ul style="list-style-type: none"> <li>• Receipt of allegations</li> <li>• Receipt of required documentations</li> </ul>	Nil	8 Weeks
5	Presentation of audit reports to Audit Committee	<ul style="list-style-type: none"> <li>• Completed Audit Reports</li> </ul>	Nil	Quarterly
6	Conduct spot checks on County assets	<ul style="list-style-type: none"> <li>• Carry out systems audit on selected units per audit plan.</li> </ul>	Nil	Annually
7	Head of internal audit to deliver an annual audit report to the accounting Officer	<ul style="list-style-type: none"> <li>• Summary of the audit reports</li> </ul>	Nil	Annually

## **HANDLING COMPLAINTS**

Clients/customers are encouraged to make genuine complaints, suggestions and compliments to the Director of Internal Audit in confidence. If need be, the same can be channeled to the Office of the Governor.

The directorate shall accord them due confidentiality. However, where possible customers are encouraged to identify themselves to boost the integrity of the issue raised.

Any service that does not conform to the above standard or any officer who does not live up to commitment to courtesy and excellence in service delivery should be reported to:

The Director of Audit,  
County Government of Nyeri,  
P.O Box 1112-10100  
**NYERI**