

Ministry of Financial Services and Good Governance



**AUDIT COMMITTEE
HANDBOOK**

A guide for the effective operation of Audit Committees

in Ministries and Departments

May 2023

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List of Acronyms

Acronyms	Full Terms
AC	Audit Committee
AO	Accounting Officer
AP	Action Plan
ACC	Audit Committee Charter
OPSG	Office of Public Sector Governance
ICU	Internal Control Unit
MFSGG	Ministry of Financial Services and Good Governance
NAO	National Audit Office
NCCG	National Code of Corporate Governance
PAC	Public Accounts Committee
PA	Performance Agreement

FOREWORD

Audit Committees (ACs) play an important role in the governance framework of public sector organisations. With greater emphasis on accountability in government, the role of the Audit Committee (AC) in the public sector has become increasingly important.

ACs provide an independent source of assurance and advice to those responsible for governance in Ministries/Departments on key aspects of their operations. The AC’s principal role is to provide an oversight of financial reporting, risk management, internal control and governance processes. Establishment and operation of ACs in the public sector mark a major milestone in Government’s endeavour to improve and strengthen public financial management and governance process.

This AC Handbook sets out the fundamental principles relating to the roles, membership and operation of ACs in Ministries/Departments. For the preparation of this handbook, the Office of Public Sector Governance (OPSG) has consulted and extracted relevant information from the Handbook of the Audit Committee Institute, Global Public Sector Insight, the Institute of Internal Auditors and the National Code of Corporate Governance (NCCG) for Mauritius (2016).

The Handbook is divided into 5 chapters for ease of reference.

CHAPTER	CONTENTS
Chapter 1:	provides background information relating to the establishment and mandate of the OPSG for monitoring of ACs.
Chapter 2:	outlines the components of an effective AC that, <i>inter-alia</i> , includes size of the Committee, competencies of the Chairperson, Members and Secretary.
Chapter 3:	provides an overview of the Roles and Responsibilities of the AC with regard to areas falling under its purview.
Chapter 4:	provides an insight into the operation of the AC and deals with the assessment of the performance of ACs.
Chapter 5:	Conclusion

It is expected that this Handbook shall help Ministries/Departments to have an effective AC. The ACs are required to adhere to the guidelines as contained in this Handbook.

EXECUTIVE SUMMARY

Audit Committees (ACs) in Ministries/Departments are set up to assist the Accounting Officer (AO) in the monitoring and reviewing of both the control mechanisms and governance processes.

The Audit Committee Charter (ACC) and the Performance Agreement (PA) entered between the AC and the AO provides guidance for the successful operation of ACs. AC members are expected to conduct their work in a diligent and professional manner, demonstrate inquisitiveness and outspokenness as well as be collectively knowledgeable in finance and accounting, business, auditing, risk management, compliance, governance and information technology.

For an AC to be effective, it needs to be constituted with a mix of skills and have clearly defined responsibilities, close working relationship with management and auditors as well as a proper system of assessment and progress reporting.

The Chairperson, Members and the Secretary are all bound to play their respective roles, that are essential for the success of the AC. It is also important that AC members are trained, as and when required, for them to discharge their responsibilities effectively.

Further, AC members need to have a good understanding of their roles in the ACs and the stance that needs to be considered with regard to values & ethics in the organisation, governance areas, risk management and control framework. They also have important responsibilities towards internal and external audit functions.

The responsibility for assessing the effectiveness of the AC is viewed with great importance as part of good governance. The monitoring of ACs falls under the responsibility of the OPSG, a Unit of the Ministry of Financial Services and Good Governance. The performance and effectiveness of the AC is evaluated through an assessment process set by the OPSG.

1.0 INTRODUCTION

The AC is an integral element of public accountability and governance. It introduces an independent perspective and a constructive process which will assist the AO in ensuring that the most efficient, effective and economic control systems and governance processes are in place.

1.1 Mandate of Audit Committee

The Finance and Audit Act, through the Financial Management Kit (Volume I -Paragraph I.2.29), provides for the mandate of the Audit Committee.

The Financial Management Kit forms part of the Financial Instructions issued pursuant to section 22 of the Finance and Audit Act. Paragraph I.2.29 of the Financial Management Manual Volume I (which forms part of the Financial Management Kit) sets out the objective of an AC and describes its role. There is, thus, not only an obligation as part of good governance but also a legal responsibility for Ministries and Departments to establish and operate an AC effectively.

1.2 Objectives of Audit Committee

The objectives of the Audit Committee are, *inter alia*, to:

- (a) review and monitor the Ministry/Department's internal control and risk management systems and promote good governance;
- (b) oversee compliance with administrative, financial and procurement regulations;
- (c) ensure that the criticisms and weaknesses levelled against the Ministry/Department by the National Audit Office (NAO), the Public Accounts Committee (PAC) and the Internal Control Unit (ICU) are being addressed by way of an Action Plan approved by the Accounting Officer of the Ministry/Department;
- (d) review arrangements so that officers of the Ministry/Department may, in confidence, raise concerns about possible improprieties (irregularities); and
- (e) review the risk management systems in the Ministry/Department, with a view to ensuring that the main risks (including non-compliance with existing legislations and regulations) are properly identified, managed and disclosed.

1.3 Setting up of Audit Committee

The setting up of ACs in Ministries/Departments was approved by Government in July 2012, following recommendations made by the NAO in one of its earlier reports. The main idea behind the institution of such a Committee was to address the number of audit queries and support the AO in the monitoring and reviewing of both risk control and governance processes.

In view thereof, the AC focuses on the implementation of the recommendations of the report of the NAO, the PAC and the ICU.

1.4 The Audit Committee Charter

The OPSG has developed an Audit Committee Charter (ACC) which governs the functioning of the Committee. The authority of the AC, to perform its work, is established within the scope of the Charter.

The Charter is reviewed as and when the need arises. The first review was carried out by the OPSG in 2017 in the light of the principles enunciated in the National Code of Corporate Governance (NCCG) 2016. The OPSG further reviewed the Charter based upon the recommendations made by the NAO in its Performance Audit Report (2019) on the “*Effectiveness of Internal Control and ACs in Ministries and Departments*”. Government took note of the new Charter on 12 August 2022.

The new Charter:

- sets out the AC’s purpose, objectives and mandate;
- outlines the roles and responsibilities of the AC and its members; and
- lays out guidance on operational procedures and responsibilities of the Committee with regard to internal control, compliance, values & ethics, governance processes, risk management, and assurance providers (internal audit, external audit, report from PAC, ICAC, Departmental Enquiry, etc.)

Following consultation with the NAO, the Charter has been further amended in March 2023 and a revised version is at [Appendix 1](#).

1.5 Performance Agreement

The ACC requires that the AO of a Ministry/Department enters into a Performance Agreement (PA) with the Chairperson, Members and Secretary of the AC of their respective Ministries and Departments. This document outlines the following:

- objectives, roles and responsibilities of the AC;
- terms of office;
- reporting relationships with the AO and OPSG;
- performance indicators (as agreed in the Charter); and
- fees payable.

A copy of the PA is at [Appendix 2](#).

2.0 CHARACTERISTICS OF EFFECTIVE AUDIT COMMITTEES

ACs are constituted to assist the AO to discharge his/her responsibilities for adequate and effective risk management, control and governance. The effectiveness of an AC greatly depends on the competencies of its members.

Certain characteristics and practices mark a strong and effective AC. ACs should view these characteristics, not as elements carved in stone but as components in a process that should be continually improved to enhance the Committee's effectiveness.

The essential features of an effective AC are as follows:

- (a) Composition;
- (b) Competency;
- (c) Eligibility for Membership;
- (d) The role of the Chairperson;
- (e) The role of the Secretary;
- (f) Conflicts of interest;
- (g) Officers in Attendance; and
- (h) Training.

2.1 Composition

The ideal composition of the AC and attributes of its members depend on several factors such as the Ministry/Department's size, complexity, responsibilities and specificity. As a general rule, the minimum number of members for an effective AC is three with 1 Chairperson, 2 Members and 1 Secretary.

2.2 Competencies

2.2.1 Personal Attributes

In determining the composition of the AC, consideration of the personal attributes of members is critical. The valued characteristics include:

- objectivity and integrity;
- high level of ethics;
- sound judgment;
- constructive skepticism; and
- strong communication skills.

2.2.3 Expertise and Skills

2.2.3.1 To effectively discharge their responsibilities, AC members should collectively possess public sector experience and have general knowledge of:

- internal control and risk management;
- project management;
- IT systems and controls, including information security;
- internal and external auditing;
- legal and regulatory compliance; and
- finance and accounting.

2.2.3.2 In addition, where the entity's operations are specialized in nature, skills and experience of a member(s) in the specific operation will facilitate the AC to meet its responsibilities.

(i) Members should also have sufficient knowledge of the risks to which the Ministry/Department is exposed and the relevant controls put in place to mitigate those risks.

(ii) An AC should include one member having knowledge of:

- the financial reporting system in the Government of Mauritius and the Finance and Audit Act, the Procurement Act, the Financial Management Manual and Financial Instructions; and
- internal controls and procedures for reporting.

(iii) Members should keep themselves informed of relevant changes in Human Resources, Financial and Procurement policies and regulations as well as latest corporate governance practices.

2.2.3.3 If AC members are to be effective, it is important that they have sufficient knowledge about the Ministry/Department, such as:

- mission, vision and objectives;
- current significant issues;
- any relevant legislations or other governing rules;
- risks factors affecting the Ministry/Department; and
- challenges/constraints in meeting its objectives.

2.3 Membership, Appointment and Replacement

2.3.1 Membership

The AO shall appoint an AC that has sufficient and relevant expertise to fulfill its role effectively, taking into consideration the size and complexity of the Ministry or Department. AOs, Officers of Human Resource/Finance/Procurement and Internal Control Unit shall not be eligible to be appointed as Chairperson or member of the Committee. These officers may be called upon to attend, provide information and participate in discussions, either for the whole duration of a meeting or for particular items.

2.3.2 Appointment

The Chairperson/Members/Secretary of the AC shall enter into a PA with the AO of the Ministry/Department. Appointments to the Committee shall be on a two-year basis and may be renewed. The duly signed PA should be submitted to the OPSG at the beginning of the financial year under consideration.

2.3.3 Replacement

Any change in membership arising during the year shall be notified to the OPSG. The AO shall fill in any vacancy as soon as possible but not later than one month. In case of transfer of a member to another Ministry/Department, the AO may allow the outgoing member to serve the Committee until the completion of his term of office.

2.4 The Chairperson

The Chairperson is the focal point of communication and the key to an effective and independent AC. The Chairperson has also a pivotal role in ensuring the overall effectiveness of the AC and the efficient planning and conduct of meetings. The Chairperson should possess good leadership and communication skills and should commit the necessary time to the Committee.

When appointing the Chairperson, the officer's personal competencies/skills are of paramount importance. In addition to leadership skills, the Chairperson must:

- have the courage to raise and tackle difficult issues, and encourage others to do the same;
- have interpersonal skills; and
- build and maintain effective working relationships.

The role of the Chairperson is detailed at [Appendix 3](#).

2.5 The Secretary

The Secretary plays an important role in assisting the Chairperson to deliver his/her responsibilities effectively before, during and after the meetings. The Secretary should be an officer from the Ministry/Department where the AC is set up. The latter should ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

The Secretary should facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit. More information on the role of the Secretary is set out at [Appendix 4](#).

2.6 Conflicts of Interest

Each member of the Committee should take personal responsibility to declare proactively any potential situation of conflict of interest arising out of issues on the Committee's agenda or from changes in the member's personal circumstances. The Chairperson should then determine an appropriate course of action, which might even require replacement of the member.

If the Chairperson has a conflict of interest, the AO of the concerned Ministry/Department should appoint another Chairperson. A key factor in determining the course of action would be the likely duration of the conflict of interest: a conflict likely to endure for a long time is more likely to suggest that the Chairperson should be replaced.

The Secretary should maintain a Register of Conflict of Interest for the AC and record any potential conflict of interest. This is to prevent any situation in which an officer's personal interest or loyalty could affect his ability to decide in the best interest of the organisation.

2.7 Officers in Attendance

The Manager of the ICU (and/or a representative), responsible for the Ministry/Department, is normally required to attend all AC meetings and provide necessary advice, support and assistance.

The AC may also invite the Manager Financial Operations, Manager Procurement and Supply, Manager Human Resource and the representatives of the NAO to attend committee meetings as and when required.

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The AC may also choose to invite specific members of other committees (e.g. Departmental Tender Committee, Bid Evaluation Committee, Finance Committee, etc.) and officers of the Ministry/Department in view of their knowledge on the issue being discussed.

2.8 Training

The Ministry/Department should make necessary arrangements for the Chairperson, the Members and the Secretary of its AC to be provided with appropriate and timely training, including an induction programme to be conducted by the OPSG.

At the start of each year of operation, the OPSG shall brief the AC on the effective operation of ACs.

3.0 ROLES & RESPONSIBILITIES

For an AC to be effective, it is essential that it fully understands its responsibilities.

3.1 Audit Activity

It is the responsibility of the Audit Committee to provide the AO with independent and objective advice on the following aspects:

3.1.1 Internal Control

The Internal Control Cadre (ICC) falls under the aegis of the Ministry of Finance, Economic Planning and Development, and is responsible for the internal audit function in all Ministries/Departments. Internal Audit is an independent and objective appraisal service to Accounting Officers, which aims at providing reasonable assurance on governance, risk management and control processes.

The Committee shall keep under review the adequacy and effectiveness of the Ministry's/Department's systems of internal control.

The Committee shall:

- request a report on the results of the works of the Internal Control Unit at least on a quarterly basis;
- review and monitor management's responsiveness to the findings and recommendations of the Internal Control Unit;
- monitor and review the effectiveness of the Ministry's/Department's Internal Control Unit;
- review the policies and procedures for safeguarding the Ministry's/Department's assets against unauthorized use or disposal; and
- initiate and oversee special investigations as needed.

An indicative check list that the AC can use for Internal Audit Assessment is at [Appendix 5](#).

3.1.2 External Audit

The NAO is the external auditor of Government. The NAO is established under section 110 of the Constitution and has the statutory responsibility to audit the accounts of all Ministries, Government Departments, Local Authorities, a wide range of Statutory/Non-Statutory Bodies, and Special

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Funds. The NAO provides independent assurance to the National Assembly on the proper accounting and use of public resources.

The AC shall ensure that the criticisms and weaknesses levelled against the Ministry/Department by the NAO are being addressed by way of an Action Plan approved by the Accounting Officer of the Ministry/Department. The AC shall also consider Management Letters and management's response to the auditor's findings and recommendations, and shall monitor on a quarterly basis the implementations of the recommendations of the assurance providers.

An indicative checklist that the AC can use for the purpose is at [Appendix 6](#).

3.2 Public Accounts Committee

The PAC is a committee of the National Assembly which examines the audited accounts showing the appropriation of the sums granted by the Assembly to meet public expenditure and such other accounts laid before the Assembly, as the Assembly may refer to the Committee, together with the Director of Audit's report thereon.

AOs are answerable to the PAC for the formal regularity and propriety of the expenditure in respect of the programmes, sub-programmes and the delivery of outputs for which the AOs are responsible.

In particular, the AO must satisfy the PAC that –

- (a) the monies shown in the accounts, as having been disbursed, were legally available for and applicable to the services or purpose to which they have been applied or charged;
- (b) the expenditure has conformed to the authority which governed it;
- (c) every re-allocation or virement has been made in accordance with rules governing virements and provision for contingencies; and
- (d) revenue has been properly collected and paid into public funds.

The AC needs to examine the Report of the PAC and ensure that its recommendations are implemented.

3.3 Risk Management and Control

The management of risk requires the establishment and maintenance of effective systems of internal controls. Internal control comprises all policies and processes set in place to ensure the orderly and efficient running of the Ministry/Department. This includes adherence to management

policies, compliance with applicable laws and regulations, safeguarding of assets, detection of error; and accuracy and completeness of accounting records.

The AC is generally responsible for reviewing the effectiveness of internal control and risk management systems, with a view to ensuring that the main risks (including non-compliance with existing legislations and regulations) are properly identified, managed and disclosed.

In determining its policies with regard to risk management and internal control, and thereby assessing what constitutes a sound system, the following should be considered in respect of each Ministry/Department:

- nature and extent of the risks;
- categories of risk considered as acceptable to bear;
- likelihood of risks occurring;
- ability to reduce the incidence and impact of materialized risk;
- cost of control relative to the benefit obtained in managing the related risks; and
- need to examine external events and/or changes within.

Circular No. 8 of 2021 issued by the Ministry of Finance, Economic Planning and Development (Ref: CF/40/30/0/50/A) provides detailed guidance on the setting up and monitoring of the Risk Management Framework (RMF) at the level of the Ministry/Department.

An indicative checklist that the AC can use for the purpose is at [Appendix 7](#).

3.4 Annual Report

While an AC might be fulfilling its obligations under the approved Charter and members might be participating in a diligent manner, the true worth of the AC is reflected in the outcomes achieved. The AC should provide a report to the AO for inclusion in the Annual Report of the Ministry/Department. The report should include:

- a summary of the work performed by the AC in discharging its responsibilities during the year;
- a summary of the AC's progress in addressing the findings and recommendations made in internal and external audit reports; and
- details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member.

3.5 Governance Structure

An AC needs to provide advice to the AO on the governance structure established within the organisation and the procedures put in place to ensure that the organisation is operating as intended.

An indicative checklist that the AC can use for the purpose is at [Appendix 8](#).

3.6 Values and Ethics

To obtain reasonable assurance with respect to the Code of Ethics for Public Officers, the AC shall review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct.

An indicative checklist that the AC can use for the purpose is at [Appendix 9](#).

3.7 Other responsibilities

The Audit Committee shall:

- oversee the implementation of recommendations of any investigation which are within its terms of reference; and
- perform any other activities related to this Charter.

4.0 OPERATION GUIDELINES

4.1 Performance Agreement

Once the Chairperson, Members and Secretary have been appointed, a Performance Agreement (PA) needs to be signed between them and the AO to show their commitment towards the effective functioning of the Committee. A copy of the PA shall be submitted to the OPSG upon setting up of the AC.

4.2 Briefing Session with Audit Committee

Upon receipt of the PA, the OPSG shall request a meeting with the AC to brief the Chairperson/Members/Secretary on the functions, roles and responsibilities of the Committee. The OPSG shall brief the AC on the preparation of the action plan, status reports, filling of Check lists and submission of notes of meetings on site audit, feedback report from AO and assessment report of the Committee.

4.3 Action Plan

An Action Plan (AP) for the duration of the financial year needs to be prepared after the setting up of the AC. It usually accounts for issues raised by the NAO, PAC, ICU, Risk Management and/or other matters and/or reports of particular interest to the AC and Ministry/Department. A template of the Action Plan is at [Appendix 10](#).

The AP is central to the effective functioning of the AC. It entails the following:

- The submission of the AP to the OPSG at the beginning of the financial year.
- Review of the AP by the OPSG and informing the AC of any amendment required.
- The Ministry/Department to ensure that a revised AP is submitted within 15 days after receipt of OPSG's request for any amendments to the AP.
- In case of non-submission of the AP within the delay required, a reminder is issued by the OPSG to the Chairperson of the AC with copy to the AO of the Ministry/Department concerned and follow-up is carried out.
- In case of non-commitment from the AC, a final reminder is issued by the OPSG and the AO of the MFSGG is apprised, who may subsequently report the matter to the Secretary to Cabinet and Head of the Civil Service.

4.4 Frequency of Meetings

The AC shall hold a minimum of six (6) meetings annually, with at least one meeting per quarter.

4.5 Notes of Meeting

Notes of meeting should be submitted to the OPSG within 15 working days of the holding of a meeting.

4.6 Status Reports

A Status Report shows the extent of progress of the AP. The OPSG shall monitor the performance of the AC through quarterly Status Reports submitted by the AC.

The AC should submit Status Reports within 15 working days after the end of each quarter. The Status Report should indicate actions taken and progress made on the implementation of the recommendations made in the reports of the NAO, PAC, and ICU and on other issues included in the AP.

In case of non-submission of the Status Report by the due date, the OPSG would issue a reminder to the AC with copy to the AO of the Ministry/Department concerned and follow-up by the OPSG would be carried out.

A template of the Status Report is at [Appendix 11](#).

4.7 On Site Audit & Progress Report

The OPSG may also inspect and scrutinize relevant documents and records of the Ministry/Department on sites, in collaboration with the AC and senior officers, as part of the monitoring process.

4.8 Chairperson Assessment Report

An important aspect for evaluating the effectiveness of the AC is an internal assessment conducted by the Chairperson at the end of the financial year on the performance of the members of the AC.

An indicative questionnaire that the Chairperson can use for assessment of the AC is at [Appendix 12](#).

4.9 Report from Accounting Officer

At the end of the financial year, the AO of each Ministry/Department would have to, for the purpose of assessing the effectiveness of ACs, complete the Report as per [Appendix 13](#) and submit same to the OPSG for final assessment and evaluation of the effectiveness of the AC at latest by 30th July of the ensuing financial year.

4.10 Final Status Report

The final Status Report (as at 30 June) indicating the percentage of implementation of each issue, duly filled in Check Lists, the Report of the AO and Chairperson's Assessment should be submitted to the OPSG to enable the latter to assess the effectiveness of the AC. A meeting would be held by the OPSG with the AC to discuss and agree on the degree of implementation.

The OPSG would carry out an assessment of the effectiveness of the AC upon receipt of all the relevant documents. The OPSG would also inspect and scrutinize relevant documents and records of the Ministry/Department on sites, in collaboration with the AC and senior officers, while assessing the effectiveness of the AC.

The indicators, amongst others, by which the performance of the AC would be assessed include:

- number of recommendations of the NAO, PAC and ICU implemented within time frame;
- number of AC's recommendations implemented;
- number of recommendations of OPSG implemented within time frame. (This indicator will be applicable where OPSG has submitted a final report on a Review carried out at the request of Cabinet or the Ministry/Department.)
- number of Risk Management aspects/issues reviewed that could have an impact on the operations of the Ministry/Department;
- number of AC meetings held during the year and in each quarter;
- attendance of members in AC meetings;
- AO's feedback and comments on the performance of the AC; and
- an evaluation report by the Chairperson on the performance and contribution of AC Members and Secretary in terms of level of participation, commitment and quality of deliberations and decisions.

4.11 Remuneration of the AC

The fees payable to the Chairperson, Members and Secretary of ACs are determined by the Standing Committee for the categorization of Boards and Committees.

The payment of the fees as a one-off allowance should be made only after the OPSG is satisfied that the AC has performed according to the standards set. The fees should be met out of the Ministry's/Department's Budget, where the Committee is in operation.

4.12 Report by OPSG on effectiveness of AC

A Report should be compiled by the OPSG on the effective of the ACs and submitted to the parent Ministry of the OPSG, for consideration. The report would look at the causes of failures in operational effectiveness and provide recommendations for improvement and where necessary, seek explanations from the AO of the concerned Ministries/Departments.

4.13 Reporting of AC Activities in Annual Report

The Audit Committee should submit a report on its activities. A summary should be included as a statement in the Governance Section of the Ministry's/Department's Annual Report. The statement should include an explanation of how the Committee had addressed issues having regards to matters contained in the report of the NAO, ICU, PAC and other issues pertaining to the Ministry/Department. The statement should provide details on pending issues carried forward to next financial year.

5.0 CONCLUSION

Ministries/Departments' governance structures are set out with the underlying principles of accountability. This guide for establishing and maintaining effective ACs should be adapted to the organisation's unique circumstances while respecting the principles of accountability and transparency.

The two basic principles that govern the duties and responsibilities of ACs are as follows:

- As an oversight mechanism, the AC is responsible for enhancing accountability for the use of public resources by the public sector organisation.
- An AC exists to add value and assist a public sector organisation in achieving its objectives.

The AC Handbook provides valuable support in overviewing the setup, functioning, monitoring, and assessment of ACs. However, the key areas include, *inter alia*:

- an Audit Committee, of the right size and comprising qualified and experienced members, which is set up at the start of the financial year;
- a duly signed Performance Agreement which is submitted to the OPSG at the setting up of the AC.
- the Action Plan which is prepared and submitted to the OPSG at the beginning of the financial year; and
- ensuring that six (6) meetings are held annually with a minimum of one meeting per quarter.
- The notes of meetings are submitted to the OPSG within 15 working days and the Quarterly Status Reports or other management reports are submitted to the OPSG within 15 working days of the end of each quarter.
- At the end of the financial year, the Report of the Accounting Officer and final Status Report, duly signed Check List and Chairperson's Assessment of the AC are submitted to the OPSG to assess the effectiveness of the AC.

Appendix 1: Audit Committee Charter

AUDIT COMMITTEE CHARTER

A. ORGANISATIONAL PRINCIPLES

1. Introduction

The Audit Committee is an integral element of public accountability and governance. It plays a key role in providing independent oversight over a Ministry's/Department's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

2. Background

Following the issue of a Circular letter on 10 January 2013 by the Secretary to Cabinet and Head of the Civil Service, Audit Committees were set up in Ministries/Departments and an Audit Committee Charter was circulated for the guidance and operation of the Committees.

The Office of Public Sector Governance (OPSG) reviewed the Audit Committee Charter in light of the principles enunciated in the National Code of Corporate Governance 2016. The OPSG further reviewed the Charter in light of the recommendations made by the National Audit Office on the "*Effectiveness of Internal Control and Audit Committees in Ministries and Departments*".

3. Purpose

The Audit Committee performs its role by providing independent oversight, advice and guidance to Accounting Officers over each of the following:

- Internal, external audit process and other providers of assurance;
- Risk Management and Control;
- Governance Process;
- Values and ethics; and
- System of internal control.

4. Objectives

The objectives of the Audit Committee are, *inter alia*, to:

- (a) review and monitor the Ministry/Department's internal control and risk management systems and promote good governance;
- (b) oversee compliance with financial, administrative and procurement regulations;
- (c) ensure that the criticisms and weaknesses levelled against the Ministry/Department by the National Audit Office (NAO), the Public Accounts Committee (PAC) and the Internal Control Unit (ICU) are being addressed by way of an Action Plan, approved by the Accounting Officer of the Ministry/Department;
- (d) review arrangements so that officers of the Ministry/Department may, in confidence, raise concerns about possible improprieties (irregularities) relating to finance and other matters; and
- (e) review the risk management systems in the Ministry/Department, with a view to ensuring that the main risks (including non-compliance with existing legislations and regulations) are properly identified, managed and disclosed.

5. Mandate

The Finance and Audit Act, through the Financial Management Kit (Volume 1 - Paragraph I.2.29), provides for the mandate for the Audit Committee. The main object of the Audit Committee is to support the Accounting Officer in maintaining sound control systems and in promoting good governance.

The Audit Committee Charter sets out the authority of the Audit Committee in discharging its responsibilities as follows:

- (i) The Committee will have unrestricted access to records, data, and reports.
- (ii) The Committee may convene any officer of the Ministry/ Department at a meeting of the committee as and when required for any explanation and clarification.

6. Composition of the Audit Committee

The Committee shall comprise a Chairperson, at least two members and a Secretary based on the size and complexity of the Ministry/Department.

7. The Chairperson and Membership of the Audit Committee

Selection and Appointment

- (i) The Accounting Officer shall appoint an Audit Committee that has sufficient and relevant expertise to fulfill its role effectively, taking into consideration the size and complexity of the relevant Ministry or Department.
- (ii) Accounting Officers, Officers of Human Resource/Finance/Procurement and Internal Control Unit shall not be eligible to be appointed as Chairperson or member of the Committee.
- (iii) The Chairperson has a pivotal role in ensuring the overall effectiveness of the Audit Committee and the efficient planning and conduct of meetings. The Chairperson should possess good leadership and communication skills and should commit the necessary time to the Committee.

Skills and Expertise

- (iv) To effectively discharge its responsibilities, the AC should collectively possess public sector experience and have general knowledge of:
 - internal control and risk management;
 - project management;
 - IT systems and controls, including information security;
 - internal and external auditing;
 - legal and regulatory compliance; and
 - finance and accounting.

In addition, where the entity's operations are specialized in nature, skills and experience of a member(s) in the specific operation will facilitate the AC to meet its responsibilities.

- (v) Members should also have a good knowledge of the risks to which the Ministry/ Department is exposed and the relevant controls put in place to mitigate those risks.
- (vi) A member of the Committee having financial experience would constitute an advantage.
- (vii) Members should keep themselves informed of relevant changes in Human Resources, Financial and Procurement policies and regulations as well as latest corporate governance practices.

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- (viii) Given that the responsibilities of the Audit Committee evolve in response to regulatory, economic and reporting developments, it is important to re-evaluate members' competencies and the overall balance of skills of the committee in response to emerging needs.
- (ix) Only members of the Committee have the right to attend committee meetings. The Manager of the Internal Control Unit, responsible for the Ministry/Department (and/or his/her representative) is required to attend all Audit Committee meetings. However, the external auditor, Head of Finance and Procurement and/or other non-members may be convened to attend meetings as and when required.
- (x) Members are required to comply with the fundamental principles of integrity, objectivity, professionalism and confidentiality.
- (xi) AC members should demonstrate attributes such as inquisitiveness, outspokenness, and courageousness. Other basic requirements of members include common sense, wide experience, sound judgment, objectivity, proactivity, healthy skepticism and strong communication skills.

8. Secretary

The Secretary of the Audit Committee shall be an officer from the Ministry/Department where the Committee is set up and be at least of the level of an Office Management Assistant. He/she shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

The Secretary will facilitate and coordinate meetings as well as provide ancillary support to the committee, as time and resources permit.

9. Training to Chairperson and Members of the Audit Committee

The Ministry/Department should make necessary arrangements so that the Chairperson and members of its Audit Committee are provided with appropriate and timely training, including an induction programme to be conducted by the OPSG.

10. Terms of Office

Appointments to the committee shall be on a two-year basis and may be renewed. Any change in membership arising during the year shall be notified to the OPSG. The

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Accounting Officer shall fill any vacancy at the earliest but not later than one month. In case of transfer of a member to another Ministry/Department, the Accounting Officer may allow the outgoing member to serve the Committee until the completion of his term of office.

11. Quorum

The quorum necessary for a meeting shall be the Chairperson and at least half of the number of the Committee members.

B. OPERATIONAL PROCEDURES

12. Frequency of Meetings

The Audit Committee shall hold a **minimum of six (6) meetings annually, with at least one meeting per quarter.**

13. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairperson.

Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, at least three (3) working days before the date of the meeting.

The Secretary must ensure that notice of the meeting be supplemented with an updated Status Report on issues contained in the initially agreed Action Plan.

14. Notes of Meeting

The Secretary shall keep the record of the discussions and decisions of all meetings of the Committee, including attendance.

A copy of each approved notes of meeting should be submitted to the Accounting Officer for his information and shall be circulated within 15 working days to all members of the Committee and the OPSG.

15. Register of Conflict of Interest

The Secretary should maintain a Register of Conflict of Interest and record any potential conflict of interest. This is to prevent any situation in which an officer's personal interest or loyalty could affect his ability to make a decision in the best interest of the organisation.

16. Remuneration of Committee Members

The fees payable to the Chairperson, members and Secretary of Audit Committees are determined by the Standing Committee for the categorization of Boards and Committees.

The payment of the fees as a one-off allowance should be made only after the OPSG is satisfied that the Audit Committee has performed according to the standards set. The fees shall be met out of the Ministry's Budget where the Committee is in operation.

17. Responsibilities of the Committee

It is the responsibility of the Audit Committee to provide management with independent and objective advice to review the adequacy and effectiveness of the Ministry's/Department's systems of internal control.

The Committee shall monitor and assess the Internal Control Unit's performance in accomplishing the approved plan through periodic reports from the Internal Control Unit.

18. Values, Ethics and Conflict of Interest

To obtain reasonable assurance with respect to the Code of Ethics for Public Officers, the Audit Committee shall review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct.

19. Governance Structure

The Audit Committee shall review and provide advice on the governance structure (purpose, mandate, legal structures and authorities, policies, strategic priorities and plans) established and maintained within the organisation and the procedures in place to ensure that the structures are operating as intended.

20. Risk Management

To obtain reasonable assurance with respect to the Ministry's or Department's risk management systems, the Audit Committee shall oversee:

- the risks exposures and control issues as well as governance issues to which the Ministry/Department is exposed; and
- the adequacy of the measures taken and to mitigate risks and ensure that the Ministry/Department is operating as intended.

C. OVERSIGHT OF THE AUDIT ACTIVITIES

The Audit Committee shall assist the Accounting Officer in coordinating the activities of the Internal and External Auditors.

21. Internal Control Activities

The Internal Control Unit operates under the aegis of the Ministry of Finance, Economic Planning and Development and provides internal audit services to Ministries/Departments. The Internal Control Unit examines various systems of operations of a Ministry/Department to ensure that all tasks are performed in compliance with established procedures, rules and regulations.

The Committee shall:

- oversee the annual Internal Control Unit work plan;
- request a report on the results of the works of the Internal Control Unit at least on a quarterly basis;
- review and monitor management's responsiveness to the findings and recommendations of the Internal Control Unit;
- monitor and review the effectiveness of the Ministry's/Department's Internal Control Unit;
- review the policies and procedures for safeguarding the Ministry's/Department's assets against unauthorized use or disposal; and
- initiate and oversee special investigations as needed.

22. External Audit

The National Audit Office is the external auditor of the Central Government. The National Audit Office (NAO) of the Republic of Mauritius is established under Section 110 of the Constitution and has the statutory responsibility to audit the accounts of all Ministries; Government Departments; Local Authorities; a wide range of Statutory/Non-Statutory Bodies; and Special Funds. The NAO provides independent assurance to the National Assembly on the proper accounting and use of public resources.

It also assesses whether value for money is being obtained by Ministries and Departments in their implementation of government policies.

The AC shall ensure that the criticisms and weaknesses levelled against the Ministry/Department by the National Audit Office (NAO) are being addressed by way of an Action Plan approved by the Accounting Officer of the Ministry/Department. The AC shall also consider Management Letters and management's response to the auditor's findings and recommendations and shall monitor on a quarterly basis the implementations of the recommendations of the NAO.

23. Reporting Responsibilities

- (i) The Committee shall submit its Action Plan to the OPSG at the beginning of the financial year under consideration. The Action Plan shall comprise of at least ten issues drawn from reports from the National Audit Office, Public Accounts Committee, Internal Control Unit and Audit Committees own Reviews and from the following areas namely: Values and ethics, Governance Process, Risk management and Internal control framework. The Action Plan should also include issues drawn from the OPSG's Report on Reviews carried at the Ministry/Department. The issues should be of a tactical or strategic nature and fundamental to the strategic objectives of the organisation. Operational issues should be addressed by management, as necessary.
- (ii) The Committee shall make recommendations to the Accounting Officer as deemed appropriate on any area within its remit where action or improvement is needed.
- (iii) The Audit Committee shall submit reports on a quarterly basis to the Accounting Officer of the Ministry/ Department with a copy to the OPSG within 15 working days after the end of the quarter.

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- (iv) Notes of meeting of the Audit Committee should be submitted to the OPSG within 15 working days of holding of the meeting.
- (v) The OPSG will monitor the findings and reporting of each Ministry's/Department's Audit Committee and report to its parent Ministry on an annual basis.
- (vi) The OPSG shall have access to files and records/documents of the Ministry/Department when monitoring and assessing the performance of the Ministry's/Department's Audit Committee. The OPSG may carry out, as and when required, fieldwork to seek substantive evidence of follow up action taken and to validate Status Reports submitted by Management through the Committee.
- (vii) The Committee shall compile a report on its activities. A summary should be included as a statement in the Governance Section of Ministry's/ Department's Annual Report. The statement should include an explanation of how the Committee has addressed issues having regards to matters contained in the report of the National Audit Office, Internal Control Unit, Public Accounts Committee and other issues pertaining to the Ministry/Department. The statement shall provide details on pending issues carried forward to next financial year.

24. Other Responsibilities

The Audit Committee shall:

- oversee the implementation of recommendations of any investigation which are within its terms of reference; and
- perform any other activities related to this Charter.

25. Other matters

The Audit Committee shall:

- have access to sufficient resources including outside or other independent professional advice which it considers necessary to carry out its duties; and
- give due consideration to laws and regulations, the National Code of Corporate Governance, and any other applicable rules, as appropriate.

26. Performance Agreement

The Accounting Officer of the Ministry/ Department shall enter into a Performance Agreement with the Chairperson and other members of the Audit Committee. The duly signed Performance Agreement shall be submitted to the OPSG at the beginning of the financial year under consideration.

27. Key Performance Indicators

The indicators, amongst others, by which the performance of the Audit Committee and the members will be assessed include the following:

- number of recommendations of the National Audit Office, Public Accounts Committee and Internal Control Unit implemented within time frame;
- number of Audit Committee's recommendations implemented;
- number of recommendations of the OPSG implemented within time frame (this indicator will be applicable where the OPSG has submitted a final report on a Review carried out at the request of Cabinet or the Ministry/Department);
- number of Risk Management aspects/issues reviewed that could have an impact on the operations of the Ministry/Department;
- number of Audit Committee meetings held during the year;
- attendance of members in Audit Committee meetings;
- Accounting Officer's feedback and comments on the performance of the Audit Committee; and
- an evaluation report by the Chairperson on the performance and contribution of Audit Committee members and Secretary in terms of level of participation, commitment and quality of deliberations and decisions.

28. Audit Committee Evaluation and Development

The Chairperson shall undertake an assessment of all the members of the Audit Committee and submit a report on an annual basis to the OPSG and to the Accounting Officer of his Parent Ministry.

29. General Provision

To keep pace with the fast-changing environment, this Charter may be reviewed by the OPSG with the approval of its parent Ministry, as and when the need arises.

30. Summary of Reporting Responsibilities

SN	Document/Action	Timeframe
1.	Performance Agreement	Duly signed Performance Agreement to be submitted to OPSG at the beginning of the Financial Year under consideration
2.	Action Plan	To be submitted to OPSG at the beginning of the Financial Year under consideration
3.	Frequency of Meetings	A minimum of six (6) meetings annually, with at least one meeting per quarter
4.	Notice of Meeting	At least three (3) working days before the date of the meeting
5.	Notes of Meeting	To be circulated to all members and OPSG within 15 working days of holding of the meeting
6.	Status Report	To be submitted on a quarterly basis to the Accounting Officer and to OPSG within 15 working days after the end of each quarter

Office of Public Sector Governance

May 2023

Appendix 2: Performance Agreement

PERFORMANCE AGREEMENT

AUDIT COMMITTEE OF MINISTRY/DEPARTMENT.....

Agreement between the Accounting Officer and the Chairperson, Members and Secretary of the Audit Committee of the Ministry/Department of for the next two consecutive financial years.

1. Introduction

The Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management, and internal control practices, thus providing confidence in the integrity of these practices.

The Audit Committee Charter, introduced in 2013, provides guidance to Audit Committees. The 2022 updated version provides further insights on the functioning of such Committees.

Paragraph 26 of the Audit Committee Charter provides that the Accounting Officer of the Ministry/ Department enters into a Performance Agreement with the Chairperson, Members and Secretary of the AC Committee.

2. Objectives of the Audit Committee

The objectives of the Audit Committee are, inter alia, to:

- (a) review and monitor the Ministry's/Department's internal control and risk management systems;
- (b) oversee compliance with financial, administrative and procurement regulations;
- (c) ensure that the criticisms and weaknesses levelled against Ministries and Departments by the National Audit Office (NAO), the Public Accounts Committee (PAC) and the Internal Control Unit (ICU), are being addressed by way of an Action Plan approved by the Accounting Officer of the Ministry/Department;
- (d) review arrangements whereby officers of the Ministry/Department may, in confidence, raise concerns about possible improprieties/irregularities relating to finance and other matters; and

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- (e) review the risk management systems, with a view to ensuring that the main risks (including non-compliance with existing legislation and regulations) are properly identified, managed and disclosed.

3. Roles and responsibilities

- The Accounting Officer and the Audit Committee should comply with all the requirements of the Audit Committee Charter.
- The Accounting Officer should ensure that the Audit Committee is operational throughout the year.
- The Chairperson and members of the Audit Committee should comply with the fundamental principles of integrity, objectivity, professional competence and confidentiality.
- The Chairperson should ensure that the Committee holds a minimum of six meetings annually, with at least one meeting per quarter.
- The Secretary to the Audit Committee should assist the Committee in convening meetings, preparing agendas and circularizing documents, including an updated Status Report for the meetings and keeping of minutes.
- The Secretary should maintain a Register of Conflict of Interest wherein are recorded all declaration by Committee members pertaining to issues under discussion during the business of the AC.

4. Terms of Office

Appointments to the committee shall be on a two-year basis and may be renewed.

5. Reporting

- The Committee shall submit its Action Plan to the Office of Public Sector Governance (OPSG) at the beginning of the financial year under consideration. The Action Plan shall comprise of a minimum of ten issues drawn from the NAO, PAC, ICU Reports, OPSG and AC own Reviews.
- The Audit Committee shall submit status reports on a quarterly basis to the Accounting Officer of the Ministry/Department with a copy to the OPSG within 15 days after the end of the quarter.

6. Performance Indicators

The effectiveness of the Audit Committees will be assessed by OPSG as per Key Performance Indicators and other terms and conditions as set out in the Audit Committee Charter.

The indicators, amongst others, by which the performance of the Audit Committee and the members will be assessed, are:

- (a) number of recommendations of the NAO, PAC and ICU implemented within time frame;
- (b) number of Audit Committee's recommendations implemented;
- (c) number of recommendations of OPSG implemented within time frame;
(This indicator will be applicable where OPSG has submitted a final report on a Review carried out at the request of Cabinet Office or the Ministry/Department)
- (d) number of Risk Management aspects/issues reviewed that could have an impact on the operations of the Ministry/ Department;
- (e) number of AC meetings held during the year;
- (f) attendance of members in Audit Committee meetings;
- (g) Accounting Officer's feedback and comments on the performance of the Audit Committee; and
- (h) an evaluation report by the Chairperson on the performance and contribution of AC members and Secretary in terms of level of participation, commitment and quality of deliberations and decisions.

The OPSG will assess the effectiveness of the Audit Committee annually.

7. Fees to Audit Committee

The annual fees payable to the Chairperson, Members and Secretary of the Audit Committee as determined by the Standing Committee for the Categorisation of Boards and Committees are as follows:-

(i)	Chairperson	Rs 18,000
(ii)	Members	Rs 9,000
(iii)	Secretary	Rs 5,400

The payment of the fees as a one-off allowance should be made only after the OPSG is satisfied that the Audit Committee has performed according to the standards set. The fees shall be met out of the Ministry's Budget where the Committee is in operation.

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8. Agreement on Performance between the Accounting Officer and Audit Committee.

By signing this Performance Agreement, the Accounting Officer of the Ministry/Department and the Chairperson, Members and Secretary of the Audit Committee agree to its terms and conditions and to abide by the Audit Committee Charter.

Audit Committee

Name	Designation	Position in Audit Committee	Signature	Date
		Chairperson		
		Member		
		Member		
		Secretary		

Accounting Officer:

Name:

Designation:

Signature:

Date:

Appendix 3: The role of the Chairperson

ROLE OF THE CHAIRPERSON

The role goes beyond Chairing meetings and is key to achieving committee effectiveness. Key activities in addition to committee meetings should include the following:

- Before each meeting, the Chairperson and the Committee Secretary should meet to discuss and agree the agenda for the meeting. The Chairperson should take ownership of, and have final say in the decisions about what will be pursued at any particular meeting.
- Meeting time should be optimized by making sure that all agenda papers are issued in a timely manner and then having each paper summarized outlining the key points, cross referred to the organisational risk agenda and stating what action the committee is required to take.
- The Chairperson should ensure that after each meeting, appropriate reports are prepared by the committee and submitted to the Accounting Officer. An annual report to the Accounting Officer should also be provided.
- The Chairperson should also ensure that all committee members have an appropriate programme of engagement with the Ministry/Department and its activities to help them understand the organisation, its objectives, needs and priorities.
- Encouraging good, open relationships between the committee, Accounting Officer, Manager, Financial Operations and Internal and External Auditors.

The profile of the committee can be raised to support and add weight to the audit work by holding Officers within the Ministry/Department to account for the implementation of audit recommendations and calling appropriate Officers to meetings, for example, to explain how they are delivering their agreed actions on the risks, for which they are responsible.

The Chairperson should ensure that there is an appropriate process between meetings for action points, arising from the Audit Committee, to be appropriately pursued. The Chairperson should also ensure that members who have missed a meeting are appropriately briefed on the matters in their absence. The Chairperson may choose to rely on the Secretariat to take these actions.

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Appraisal

The Chairperson should take the lead in ensuring that committee members are provided with appropriate appraisal of their performance as a committee member and that training needs are identified and addressed.

Resources

The Chairperson is responsible for ensuring that the work of the committee is appropriately resourced.

Appendix 4: The Role of the Secretary

ROLE OF THE SECRETARY

The specific responsibilities of the Audit Committee Secretary should, amongst others, include:

- meeting with the Chairperson to prepare agendas for meetings;
- commissioning papers as necessary to support agenda items;
- circulating meeting documents in a timely manner before each meeting;
- arranging for executives to be available as necessary to discuss specific agenda items with the committee during meetings;
- keeping a record of meetings and providing draft minutes for the Chairperson's approval;
- ensuring action points are being taken forward between meetings;
- providing support to the Chairperson in the preparation of committee reports to be submitted to the Accounting Officer; and
- keeping the Chairperson and members in touch with developments and relevant background information about developments in the Ministry/Department.

Appendix 5: Check list for Internal Audit Assessment

INTERNAL AUDIT ASSESSMENT

SN	Internal Audit Assessment Tool	Yes/No	Remarks
1.	<p>Planning, Risk Assessment and Control</p> <p>(i) Internal audit plan is aligned to key risks of the Ministry/Department.</p> <p>(ii) Follow-up on recommendations to address the risks.</p>		
2.	<p>Waste and Abuse.</p> <p>(i) The Internal audit considers issues related to potential waste and abuse.</p>		
3.	<p>Coordination</p> <p>(i) The Audit Committee has assisted the Accounting Officer in coordinating the activities of the Internal and External Auditors.</p>		
4.	<p>Reporting and Results</p> <p>(i) Internal audit has accomplished its audit plan.</p> <p>(ii) Internal audit has met the expectations of the Audit Committee.</p> <p>(iii) Internal audit contributes to the improvement of the Ministry/Department's operations.</p>		
5.	<p>Monitoring Progress</p> <p>(i) Management takes appropriate actions to internal audit findings and recommendations.</p> <p>(ii) Previous recommendations with respect to internal controls are being implemented.</p>		

Appendix 6: Check List for External Audit Assessment

EXTERNAL AUDIT ASSESSMENT

SN	External Audit Assessment Tool	Yes/No	Remarks
1.	The Committee considered the external audit reports, management letters and management responses to findings and recommendations.		
2.	The activities of internal audit are coordinated with those of external audit.		

Appendix 7: Check List for Risk Management & Control System Assessment

RISK MANAGEMENT & CONTROL SYSTEM ASSESSMENT

SN	Risk Management and Control System Assessment Tool	Yes/No	Remarks
1.	There is a formal risk management framework that aligns with the Ministry/Department vision and strategies.		
2.	The risk management framework includes a suitable risk management policy with clarity over key features including the risk appetite, risk profiling, responsibility and accountability for risk management and periodic formal risk review and reporting arrangements.		
3.	The Ministry/Department provides training to sensitize staff on risk management.		
4.	Risks including operational, financial, legal, and non-compliance are appropriately captured in the risk profile/risk register and reported to the Accounting Officer at least annually.		
5.	The Ministry/Department has adequate internal controls in place and is operating effectively to mitigate risks.		
6.	Steps are taken to evaluate the overall effectiveness of the risk management and internal control framework, including actions undertaken by the internal control unit.		

Appendix 8: Check list for Review of Governance Structure

REVIEW OF GOVERNANCE STRUCTURE

SN	Governance Structure Assessment Tool	Yes/No	Remarks
1.	The purpose and mandate of the Ministry/Department are clearly stated.		
2.	The strategic priorities are set out and supported by a strategic plan.		
3.	The Ministry/Department is appropriately resourced to achieve its strategic priorities and fulfill its mandate.		
4.	Whether the Department is operating as per the legal provisions in its enabling Act (Not applicable for Ministries).		

Appendix 9: Checklist for Values and Ethics Assessment

VALUES AND ETHICS ASSESSMENT

SN	Values and Ethics Assessment Tool	Yes/No	Remarks
1.	The Ministry's/Department's values, ethics and expectations have been communicated to staff.		
2.	Management monitors compliance with the values and Code of Ethics of the Ministry/Department.		
3.	The Ministry/Department has established procedures for communicating any breach of the Ministry's/Department's values and ethics policies to Management and Audit Committee.		

Appendix 10: Action Plan

ACTION PLAN FOR THE FINANCIAL YEAR

AUDIT COMMITTEE OF MINISTRY/DEPARTMENT

SN	Reporting Entity	Activities/ Recommendations	Action Taken/ Improvements made by Min/Dept	% Completion	Actions still required as per Management of Min/ Dept	Recommendations and Remarks by AC	Responsible Officer/ Unit	Expected Completion Date
1.	National Audit Office (NAO)	(i) Review External Audit work plan and scope of audit (ii) Discussions on major issues (iii) Review Management Letter (iv) Follow Up on the status of implementation of prior and current NAO recommendations- (R1, R2, R3 etc...)						
		<i>Note 1</i>						

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SN	Reporting Entity	Activities/ Recommendations	Action Taken/ Improvements made by Min/Dept	% Completion	Actions still required as per Management of Min/ Dept	Recommendations and Remarks by AC	Responsible Officer/ Unit	Expected Completion Date
2.	Internal Control Unit (ICU)	(i) Review Internal Audit work plan and scope of audit (i) Discussions on major issues (iii) Review Draft Report (iv) Follow Up on the status of implementation of prior and current ICU recommendations. (R1, R2, R3 etc...)						
3.	Public Accounts Committee (PAC)	Follow Up on the status of implementation of prior and current PAC recommendations (R1, R2, R3 etc...)						
4.	Risk Management & Control	As per checklist						
5.	Annual Reports	Provide inputs on AC performance						
6.	Governance Structures	As per indicative checklist						
7.	Values & Ethics	As per indicative checklist						

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SN	Reporting Entity	Activities/ Recommendations	Action Taken/ Improvements made by Min/Dept	% Completion	Actions still required as per Management of Min/ Dept	Recommendations and Remarks by AC	Responsible Officer/ Unit	Expected Completion Date
8.	Others* Other reviews/investigations /enquiries approved by the Accounting officer on recommendation of Audit Committee. *Reviews carried out by OPSG to be included under Item 9.	Follow up on status of the implementations of the recommendations subsequent to reviews, investigations or enquiries (R1, R2, R3 etc...)						

Note 1: R1, R2, R3 stand for Recommendations

Approved by the Audit Committee on

Name:

Signature:

Date:

Secretary:

Name:

Signature:

Date:

Chairperson:

Appendix 11: Status Report

STATUS REPORT AS AT.....

AUDIT COMMITTEE OF MINISTRY/DEPARTMENT

SN	Activities/ Recommendations	Action taken/ Improvements made by Min/Dept	% Completion	Actions still required as per management of Min/Dept	Recommendations and remarks by AC	Responsible Officer/ Unit	Expected completion date
1.	National Audit Office (NAO)						
	(i) Follow Up on the status of implementation of prior and current NAO recommendations- (R1, R2 R3 etc.) Note 1						
	(ii) As per Indicative Check list						
2.	Internal Control Unit (ICU)						
	(i) Follow Up on the status of implementation of prior and current ICU recommendations- (R1, R2, R3 etc.)						
	(ii) As per Indicative Checklist						

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SN	Activities/ Recommendations	Action taken/ Improvements made by Min/Dept	% Completion	Actions still required as per management of Min/Dept	Recommendations and remarks by AC	Responsible Officer/ Unit	Expected completion date
3.	Public Accounts Committee (PAC)						
	Follow Up on the status of implementation of prior and current PAC recommendations - (R1, R2, R3 etc.)						
4.	Risk Management & Control						
	As per Indicative Checklist						
5.	Annual Report						
	As per indicative checklist						
6.	Governance Structures						
	As per indicative checklist						
7.	Values & Ethics						
	As per indicative checklist						

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SN	Activities/ Recommendations	Action taken/ Improvements made by Min/Dept	% Completion	Actions still required as per management of Min/Dept	Recommendations and remarks by AC	Responsible Officer/ Unit	Expected completion date
8.	<p>Others*</p> <p>Other reviews/ investigations/enquiries approved by the Accounting officer on recommendation of Audit Committee.</p> <p>*Reviews carried out by OPSG to be included under Item 9.</p>						
	<p>Follow up on status of the implementations of the recommendations subsequent to reviews/investigations/ enquiries.</p> <p>(R1, R2, R3 etc...)</p>						

Appendix 12: Checklist for Chairperson’s Assessment of Audit Committee (Indicative)

CHAIRPERSON’S ASSESSMENT OF AUDIT COMMITTEE

Audit Committee Assessment Tool			
SN	Indicative Questions/Checklists	Yes/No	Comments
Membership, Attendance, Appraisal and Training			
1.	Is the level of attendance of AC members satisfactory in line with the AC Charter?		
2.	Are conflicts, if any, recorded and declared at the start of every meeting and is appropriate action taken when relevant matters are discussed?		
3.	Do AC members have clear understanding of terms of appointment, including what is expected, how individual performance is appraised, the duration of appointments, trainings required and how these will be provided?		
Skills			
4.	Is the AC satisfied that, collectively, it has the range of skills needed to ensure that the Accounting Officer and management gain assurance on governance and risk management?		
5.	Does at least one member have recent and relevant financial experience?		
6.	Are there induction and training arrangements for new members?		
Role and Responsibilities			
7.	Do AC members have clear understanding of the role and responsibilities of the committee?		
8.	Does the AC provide insight to the Ministry/Department where required?		
9.	Does the AC draw the attention of the Accounting Officer on major shortcomings?		
10.	Does the AC follow up on audit recommendations (internal and external) and oversee their implementation?		

Audit Committee Handbook

Audit Committee Assessment Tool			
SN	Indicative Questions/Checklists	Yes/No	Comments
11.	Does the AC regularly review its roles and responsibilities to ensure they are consistent with the AC Charter/Performance Agreement?		
Communication and Reporting			
12.	Does the AC effectively and promptly report on its activities through quarterly Status Reports to the Accounting Officer and OPSG?		
13.	Does the AC report its operations undertaken in a financial year in the Annual Report of its Parent Ministry?		

Name of Chairperson of Audit Committee:

Signature:

Date:

Appendix 13: Report from the Accounting Officer

AUDIT COMMITTEE FOR THE YEAR

Ministry/Department:

This report will enable the Accounting Officer/Supervising Officer of your Ministry/Department to evaluate the performance and effectiveness of the Audit Committee set up in your Ministry/Department. Among the topics considered are Audit Committee Charter, Discussions in Audit Committee meetings, and interaction between Management, Audit Committee and Internal Controllers, implementation of recommendations and overall effectiveness of the Audit Committee. You will reasonably assess the Audit Committee based on interaction with and reports received from the Committee during the last twelve months.

Rating:

The extent to which the Audit Committee complies with each statement are rated on a scale where;

5 = Outstanding

4 = Good

3 = Satisfactory

2 = Fair, needs improvement

1 = unsatisfactory

N/A= Not Applicable

Please tick on appropriate rating below:

A. Audit Committee Charter	Rating					
	1	2	3	4	5	N/A
1. The Audit Committee operates in pursuant with the Audit Committee Charter and performance contract.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	N/A
2. The Audit Committee has been able to attain the objectives set in terms of the performance indicators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Discussions in Audit Committee meetings	Rating					
	1	2	3	4	5	N/A
3. Audit Committee members fully discuss issues on the agenda before decisions are reached.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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C. Interaction between Management, Audit Committee and Internal Controllers	Rating					
	1	2	3	4	5	N/A
4. There is a productive relationship between Management, Audit Committee and Internal Controllers with open lines of communication.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	N/A
5. The Audit Committee has covered risk areas and control weaknesses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Implementation of recommendations	Rating					
	1	2	3	4	5	N/A
6. The Audit Committee assisted management in the monitoring of the implementation of the recommendations made by the Internal Control Unit, Director of Audit and Public Accounts Committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Overall Effectiveness of the Audit Committee	Rating					
	1	2	3	4	5	N/A
7. How useful was the Audit Committee in terms of improving controls and adding value to your organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. How do you rate the Audit Committee of the Ministry/Department in terms of overall effectiveness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. The Audit Committee provided the Accounting Officer with adequate assurance that plays a useful oversight and monitoring role regarding internal control risk & governance issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. The Audit Committee held separate session with the Accounting Officer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Any other Comments:

Please indicate here any comments and suggestions you would like to make in respect of the functioning of the Audit Committee.

Signature:

Name:

(Senior Chief Executive /Supervising Officer/Accounting Officer)

Date: