



STATE INTERNAL AUDIT COMMITTEE CHARTER

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MINISTRY OF FINANCE

27 May 2019 - Version 1.0

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STATE INTERNAL AUDIT COMMITTEE (SIAC) CHARTER

MINISTRY OF FINANCE

I. INTRODUCTION

1. The State Internal Audit Committee established under Clause 16.03 (d) of Public Finance regulation (2017/d-20) assists the Minister of Finance in the discharge of legal legislative responsibilities related to oversight and governance of the Internal Audit of all Government Accountable Offices, Public Offices, State Owned Enterprises and others as may be mandated by the Minister of Finance under any existing statute or regulation.
2. The role supports the Minister of Finance in advocating and fostering an ethical culture of transparency and accountability, and an environment in which management utilizes internal audit to provide independent assurance to the management, including the development and application of appropriate risk management strategies and actions.
3. The State Internal Audit Committee shall provide a strategic and functional direction to the State Internal Audit and an effective oversight on the internal audit activities in all Government Accountable Offices, Public Offices, State Owned Enterprises and others as may be mandated by the Minister of Finance from time to time.

II. AUTHORITY

4. The State Internal Audit Committee derives its authority to perform its role and discharge its responsibilities from the endorsement and approval of this charter by the Minister of Finance pursuant to Clause 16.03 (d) of Public Finance Regulation.
5. The activities of the State Internal Audit Committee relate to the activities of the Government of Maldives. The Committee may provide advice to any Government Accountable Offices, Public Offices, and Other Government Agencies to the extent they relate to their governance, risk management and controls.
6. The State Internal Audit Committee has a right to gain unrestricted access to information related to the work of State Internal Audit Committee from Government Accountable Offices, Public Offices and other Government Agencies; and obtain information from employees of the same for the purpose of providing assurance to the Minister of Finance on compliance with provisions of the public finance legislation subject to adherence with privacy provisions.
7. The Committee also has the authority to review adequacy and appropriateness of resources of the Government Accountable Offices, Public Offices and other Government Agencies, obtain, review and endorse the annual audit plans of internal audit functions at the Government Accountable Offices, Public Offices, and other Government Agencies.
8. The State Internal Audit Committee also has the authority to review and endorse annual audit plans, and obtain internal audit reports issued by internal audit functions at State Owned Enterprises.

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9. State Internal Audit Committee members shall respect the confidentiality and sensitivity of all the information accessed by members in their role as committee member at all times.
10. The State Internal Audit Committee may obtain independent and professional advice to assist in the discharge of its responsibilities. The Minister of Finance will be advised in writing before the State Internal Audit Committee commissions such an advice.
11. Review the grievances made by the staff members of any internal audit functions of the Government Accountable Offices, Public Offices, and other Government Agencies and instruct appropriate course of actions.
12. The appointment and removal of the members of the subcommittees of internal audit functions at the Government Accountable Offices, Public Offices, and other Government Agencies shall be made in consultation with the State Internal Audit Committee, including the criteria for selection.
13. Review the effectiveness of the work of “*Maaliyyathuge Massalabalaa Committee*” and “*Beelamuge Massalabalaa Musthagillu Review Committee*” pursuant to Public Finance Regulation.
14. Establish a mechanism to report alleged fraud and irregularities at the Accountable Government Agencies, Public Offices and State Owned Enterprises to the State Internal Audit Function.

III. ROLES AND RESPONSIBILITIES

Financial Reporting

15. The Committee shall ensure that the State’s Annual Consolidated Financial Statements are prepared and presented to the Auditor General in a timely manner for audit.
16. The committee shall assist in reviewing the Consolidated Financial Statements upon request of the Minister.
17. The Committee shall ensure that Annual Financial Statements of the State owned Enterprises are audited and submitted to the relevant authorities in a timely manner.
18. Review the accounting standards applied by the Accountable Government Agencies, Public Offices and State Owned Enterprises to ensure that the standards are being applied appropriately.
19. Receive reports from management on all cases of suspected or actual fraud and review action(s) taken or proposed to ensure that appropriate levels of control are maintained.
20. Monitor compliance with applicable laws, regulations, and standards, such as the Public Finance Act, Audit Act, Public Finance Regulations and Fiscal Responsibility Act as they apply to the Accountable Government Agencies and Public Offices

Oversight of Risk Management Function

21. Monitor and review the effectiveness of the risk management strategy and internal control structures, including the processes supporting reporting mechanisms as deployed in the Accountable Government Agencies, Public Offices and Other Government Agencies to obtain reasonable assurance that the assets are safeguarded and that reliable financial and non-financial records are maintained.

22. Review, evaluate and advise the Accountable Government Agencies, Public Offices and Other Government Agencies on the adequacy of their approach to the identification of significant risks including internal controls, IT system controls, and security and exposures, and the steps taken to minimize those risks.
23. Ensure that the Accountable Government Agencies, Public Offices and Other Government Agencies update the profile of the strategic, operational and financial risks to which they are exposed and assess the appropriateness of the steps taken to manage these risks.
24. Encourage the promotion of risk management to become a more systematic process for integration into business planning and reporting process.
25. Identify and direct any special audits deemed necessary in the opinion of the State Internal Audit Committee.
26. Verify the risk attestation made by the head of the Accountable Government Agencies, Public Offices and Other Government Agencies etc. annually.

Oversight of Internal Audit Functions

27. Review and approve the Charters, Mandates, the strategic and annual work plans, staffing, and organizational structures of the internal audit functions of the Accountable Government Agencies and Public Offices
28. Ensure any disciplinary actions which could impact the effectiveness of the internal audit functions of the Accountable Government Agencies, Public Offices and Other Government Agencies including demotions and transfers of the members of the staff should be in consultation with the State Internal Audit Committee.
29. Review and report annually on the performance and effectiveness of the internal audit functions to the Minister of Finance.
30. Obtain a formal written statement from the head of internal audit functions on their independence. Additionally, discuss with the head of internal audit functions of any relationship or non-audit services that may affect their objectivity or independence.
31. Question and challenge internal audit reports to ensure their validity and assess their implications on the Ministry and other public institutions' risks and control framework.
32. Ensure significant findings and recommendations made by the internal audit functions are received, discussed, with courses of action agreed and that this is implemented on a timely basis.
33. Review and approve requests for any consultancy services to be performed by the internal auditors and be advised of any other study undertaken at the request of management that is beyond the scope of the internal audit engagement letter.
34. Review with the internal auditors and management if necessary, the results of audits and related comments, including any difficulties or disputes with management, significant changes in accounting principles and accounting estimates requiring significant judgments or any other matters raised in the internal auditor's reports.
35. Monitor and evaluate the self-assessment of the internal audit functions at the Accountable Government Agencies, Public Offices and Other Government Agencies.
36. Conduct External Quality Assessment (EQA) of the Internal Audit Function once in three years.

Annual Governance Review

37. Review and update the State Internal Audit Committee's charter annually, taking into account any changes to the legislation, reporting requirements and International Professional Practices Framework (IPPF) for internal auditing.
38. Minister of Finance may, without prior notice, bring changes to this charter as deemed necessary.

Self-assessment

39. The Committee shall review, discuss and assess its own performance biennially as well as its role and responsibilities, seeking input from relevant stakeholders.
40. Changes in its role and responsibilities, if any, shall be put to the Minister of Finance for approval.

IV. MEMBERSHIP AND TERMS

Composition

41. The composition of the Committee shall be determined by the Minister of Finance. It will comprise of 7 members, including 3 senior executives from the Ministry of Finance (MoF); 1 representing the Auditor General; 1 representing the Anti-Corruption Commission and 2 from audit and/or accountancy profession.

Appointment and Removal of Members

42. Members will be appointed for a term of 3 years and half of the members be rotated once in 3 years.
43. The consideration for retaining members include the need to retain expertise and continuity and the availability of current members and candidates for membership. Where a member retires before the date of reappointment, a new member will be appointed promptly to fulfil the casual vacancy and the remainder of the term of appointment.
44. Members cease to act as one if he/she loses the capacity in which he/she is appointed to the committee.
45. Minister must ensure the composition of the committee is always in good standing and carries integrity in the eyes of the public.
46. Members reserve the right to voluntarily resign from their position.
47. Ensure that the members sign disclosure agreements upon appointment.

Skills and expertise of members

48. Committee members must have the required qualifications commensurate with a person of good standing in the community.
49. To perform his or her role, each Committee member will obtain an understanding of the responsibilities of the Committee membership as well as the Government of Maldives and various Ministries' business operations and risks.
50. At least half of the Committee members should have expert knowledge of International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), International Standards on Auditing (ISAs), International Professional Practices

Framework (IPPF) for internal auditing and a majority of the members are expected to have a detailed understanding of the public sector.

Chairperson

51. The Chairperson and Vice-chairperson of the Committee shall be appointed by the Minister of Finance.
52. In the event that the appointed Chairperson and Vice-chairperson are not available to perform the duties of the role at a particular time, the State Internal Audit Committee shall nominate a Committee Chair for the meeting.

Conflicts of Interest

53. Where an actual or perceived conflict of interest arises or may arise from a member or the members discharging Committee duties, declaration of the conflict or potential conflict must be made immediately to the Chairperson and at each State internal Audit Committee meeting.
54. The Chairperson, in consultation with the remainder of the Committee members, shall determine the appropriate safeguard(s)
55. In the event that a conflict of interest may compromise the Chairperson's ability to be impartial in the discharge of his/her duties, a declaration of such a conflict must be made to the Committee and at the beginning of each State Internal Audit Committee meeting.
56. The Committee shall determine the appropriate course of action.

Attendance of Others

57. Any officer of the Government Accountable Offices/Public Offices and State Owned Enterprises may be invited to attend meetings of the Committee to provide advice as required.

V. MEETINGS

Frequency

58. At the minimum, the Committee is to meet once a month. In addition, ad hoc meetings may be called as decided by the Chairperson.
59. The Chairperson shall call for a meeting upon the receipt of a written request from a minimum of three members, and the meeting shall be held within three working days from the date of a valid request.

Meeting Agenda

60. The Secretary of the State Internal Audit Committee, in cooperation with the Chairperson, is responsible for agenda preparation, with supporting documentation; and its circulation.
61. Members of the Committee may suggest agenda items for the meetings to the Chairperson with a sponsor.
62. The Agenda and supporting agenda papers are to be distributed at least 24 hours prior to each meeting. The Chairperson may approve the inclusion of tabled paper.



Quorum

63. The quorum for a meeting is 4 members.
64. However, with the consent of majority of members in a meeting of the Committee, smaller sub committees can be created for specific work/task of the Committee.

Means of communication

65. Generally, the meetings of the committee shall be conducted face-to-face at the Ministry of Finance; however the Committee may, with the approval of the Chairperson, conduct meetings via tele, video/audio conference or any other electronic means provided that all Committee members involved in the meeting are able to participate in the discussion.

Decisions

66. The decisions of the committee shall be made by the majority of the committee members in attendance.

Committee Secretariat

67. Minister of Finance shall provide a secretariat to the State Internal Audit Committee to facilitate meetings and for other administrative purposes.

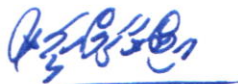
VI. REPORTING

68. The Committee reports directly to the Minister of Finance on all matters within its Charter and provides advice and recommendations to facilitate decision-making by the Minister and the Ministry's executive team.
69. Proceedings of all meetings should be minuted and signed by the Chairperson, Secretary and the members who attended the meetings. Minutes of all Committee meetings are provided to the Minister of Finance by the Chairperson.
70. The Chairperson will report to the Minister of Finance after each Committee meeting or at any other time as required.

ENDORSEMENT, APPROVAL AND EFFECTIVENESS

Auditing assists managers achieve greater levels of efficiency and effectiveness through the strengthening of internal control, governance and risk management and through recommendations which will improve systems, procedures and operations. The charter, and any future amendments, will be effective upon endorsement by the Minister of Finance.

I endorse the STATE INTERNAL AUDIT COMMITTEE CHARTER for application within the Government of Maldives and approve its implementation.

Signature: 
Name: Ibrahim Ameer
Designation: Minister of Finance
Date: 27th May 2019