

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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 responsibilities related to oversight and governance of the Internal Audit of all Government Accountable Offices and Public Offices as may be mandated by the Minister of Finance under any existing statute or regulation.
2. The State Internal Audit Committee 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 Function and an effective oversight on the internal audit activities in all Government Accountable Offices and Public Offices 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 that it relates 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 and Public Offices; 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.
7. The Committee also has the authority to review adequacy and appropriateness of resources at the Government Accountable Office's and Public Office's internal audit functions.
8. The Committee has the authority to obtain, review and endorse the annual audit plans of internal audit functions at the Government Accountable Offices and Public Offices.



9. 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 informed in writing before the State Internal Audit Committee commissions such advice.
10. Review the grievances made by the staff members of any internal audit function of the Government Accountable Offices and Public Offices and instruct appropriate course of actions.
11. The appointment and removal of the members of the audit committees at the Government Accountable Offices and Public Offices, and shall be made in consultation with the State Internal Audit Committee, including the criteria for selection.
12. Identify and direct any audit deemed necessary in the opinion of the State Internal Audit Committee.

III. ROLES AND RESPONSIBILITIES

Oversight of Financial Reporting Process

13. The committee shall review internal controls over financial reporting process at Accountable Government Agencies and Public Offices and report to the minister on the financial reporting risks.
14. Review the accounting standards applied by the Accountable Government Agencies and Public Offices and assist in interpretation and application of standards.
15. The committee shall assist in reviewing the State's Consolidated Financial Statements upon request of the Minister.

Oversight of Risk Management Function

16. 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 and Public Offices to obtain reasonable assurance that the assets are safeguarded and that reliable financial and non-financial records are maintained.
17. 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.
18. Ensure that the Accountable Government Agencies and Public Offices 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.
19. Encourage the promotion of risk management strategies to become a more systematic process for integration into business planning and reporting process.
20. Monitor and review the effectiveness of the risk management and internal controls to ensure compliance with applicable laws, regulations, and standards as they apply to the Accountable Government Agencies and Public Offices.

Oversight of Internal Audit Functions at Ministry of Finance

21. Review and approve the Charters, Mandates, the strategic and annual work plans, staffing, and organizational structures of the internal audit functions of MOF.
22. Review and approve any special audits requests received by the Internal Audit Function at MOF.
23. Ensure any disciplinary actions which could impact the independence and effectiveness of the Internal Audit functions of MOF including demotions and transfers of the members of the staff should be in consultation with the State Internal Audit Committee.
24. Review and report annually on the performance and effectiveness of the internal audit functions to the Minister of Finance.
25. 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.
26. Question and challenge internal audit reports to ensure their validity and assess their implications on the Ministry of Finance.
27. 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.
28. 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.
29. 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.
30. Monitor and evaluate the self-assessment of the Internal Audit functions at MOF.
31. Conduct External Quality Assessment (EQA) of the Internal Audit Function once in three years.
32. Ensure State Internal Audit Function provides necessary administrative support to “Maaliyyathuge Massalabalaa Committee” pursuant to the Public Finance Regulation.

Oversight of Internal Audit Committees at other Government Offices

33. Review and endorse 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 that have been approved by the audit committees.
34. Ensure any disciplinary actions which could impact the independence and effectiveness of the internal audit functions of the Accountable Government Agencies and Public Offices including demotions and transfers of the members of the staff should be in consultation with the State Internal Audit Committee.

35. Review significant findings and recommendations made by the internal audit functions and report to the Minister of Finance on significant risks.
36. Monitor and evaluate the self-assessment of the internal audit functions at the Accountable Government Agencies and Public Offices.
37. Monitor completion of External Quality Assessment (EQA) of the Internal Audit Function to be conducted once in three years by the audit committee in consultation with SIAC.

Governance Review

38. Develop a five-year Strategic Plan of the State Internal Audit Function.
39. Review the implementation of State Internal Audit Function's Strategic Plan.
40. Review and amend Committee's charter annually, considering any changes to the legislation, reporting requirements and International Professional Practices Framework (IPPF) for internal auditing.
41. Minister of Finance may, without prior notice, bring changes to this charter as deemed necessary.

Self-assessment

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

IV. MEMBERSHIP AND TERMS

Composition

44. The composition of the Committee shall be determined by the Minister of Finance. The composition shall be as follows;

- minimum 2 (two) members from audit/accountancy profession (private sector)

Appointment and Removal of Members

45. Members will be appointed for a term of 3 years and half of the members be rotated once in 3 years.
46. 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.
47. Members cease to act as one if he/she loses the capacity in which he/she is appointed to the committee.
48. Minister shall ensure the composition of the committee is always in good standing and carries integrity in the eyes of the public.

49. Members reserve the right to voluntarily resign from their position by informing in writing to Minister.

Skills and expertise of members

50. Committee members must have the required qualifications commensurate with a person of good standing in the community.
51. 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.
52. At least half of the Committee members should have expert knowledge of International Public Sector Accounting Standards (IPSAS), International Financial Reporting Standards (IFRS), International Professional Practices Framework (IPPF) for internal auditing, International Standards on Auditing (ISAs), and a majority of the members are expected to have a detailed understanding of the public sector.

Chairperson

53. The Chairperson and Vice-chairperson of the Committee shall be appointed by the Minister of Finance.
54. 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.

Code of Ethics of Committee Members

Conflicts of Interest

55. 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. Additionally, where such a conflict may arise due to a specific item of work undertaken by a member in their capacity as an employee of a public institution, a conflict of interest shall be declared by the member, and the Committee shall determine whether the member shall discontinue work undertaken by the Committee. Where the member may discontinue work undertaken at the Public Institution that gives rise to conflict, the Committee shall determine whether the member may continue the work after such discontinuation based on an assessment of potential risk.
56. The Chairperson, in consultation with the remainder of the Committee members, shall determine the appropriate safeguard(s)
57. 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.
58. The Committee shall determine the appropriate course of action.
59. The committee members shall sign disclosure agreements upon appointment.

Confidentiality

60. 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.



Attendance of Others

61. Any officer of the Government Accountable Offices and Public Offices may be invited to attend meetings of the Committee to provide clarifications/advise necessary to discharge committee mandate.

V. MEETINGS

Frequency

62. At the minimum, the Committee is to meet once a month. In addition, ad hoc meetings may be called as decided by the Chairperson.
63. 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.
64. Matters that are proposed as minute and need quicker decisions may be suggested to the Committee by any member, including the Chairperson. And if all other members unanimously agree on the same, a poll on a virtual platform of the Committee, without calling for a Committee meeting, may be taken to decide on such matters for urgency and efficiency. All such decisions must be documented accordingly and included in the minutes of the next meeting.

Meeting Agenda

65. The Secretary of the State Internal Audit Committee, in cooperation with the Chairperson, is responsible for agenda preparation, with supporting documentation; and its circulation.
66. Members of the Committee may suggest agenda items for the meetings to the Chairperson with a sponsor.
67. 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

68. The quorum for a meeting shall be majority of existing members of the committee.
69. 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

70. 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

71. The decisions of the Committee shall be made by the majority of the Committee members in attendance.

Committee Secretariat

72. Secretariat of the State Internal Audit Committee is the State Internal Audit Function.

REPORTING

73. 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.
74. 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.
75. 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 this amended 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: 1st July 2021