

Questions Which The Audit Committee May Ask

This list of questions is not intended to be exhaustive or restrictive. It is intended to act as a "prompt" to help an Audit Committee ensure that their work is comprehensive.

On the accounting policies, the accounts, and the annual report of the organisation:

- Do the accounting policies in place comply with relevant requirements, particularly legislation and accounting policies and practices?
- Has there been due process in preparing the accounts and annual report and is that process robust?
- Have the accounts and annual report been subjected to sufficient review by management and by the Accounting Officer?
- When new or novel accounting issues arise how is appropriate advice on accounting treatment gained?
- Is there an appropriate anti-fraud policy in place and are losses suitably recorded?
- Are suitable processes in place to ensure accurate financial records are kept?
- Are suitable processes in place to ensure fraud is guarded against and regularity and propriety is achieved?
- Does financial control, including the structure of delegations, enable the organisation to achieve its objectives with good value for money?
- Are there any issues likely to lead to qualification of the accounts?
- If the accounts have been qualified, is appropriate action being taken to deal with the reason for qualification?
- Are issues raised by the External Auditors given appropriate attention?

On the adequacy of management response to issues identified by audit activity:

- Are agreed procedures in place for monitoring progress with the implementation of recom-

mendations?

- If management rejects audit recommendations which the auditors stand by, are suitable resolution procedures in place?

On assurances relating to the corporate governance requirements for the organisation:

- Is the range of assurances available sufficient to facilitate the drafting of a meaningful Statement on Internal Control?
- Do those producing the assurances understand fully the scope of the assurance they are being asked to provide and the purpose to which it will be put?
- What mechanisms are in place to ensure the assurances are reliable?
- Are the assurances 'positively' stated (i.e. - premised on sufficient relevant evidence to support them)?
- Do the assurances draw out material weaknesses or losses which should be addressed?
- Does the Statement on Internal Control realistically reflect the assurances?



Ministry of Finance & Planning

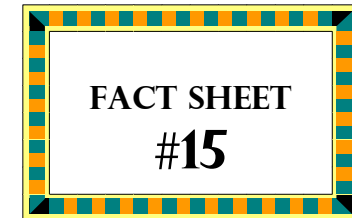
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*Prepared by the
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Government of Jamaica Internal Auditors Symposium 2005

The Internal Audit Directorate of the Public Expenditure Policy Coordination (PXPC) Division of the Ministry of Finance & Planning, hosted a symposium entitled “Responding to the Changing Environment,” at the Jamaica Conference Centre on September 14th, 2005.

The workshop began with the welcome from the Deputy Financial Secretary of PXPC Division, Mr. Robert Martin. Mr. Collin Bullock—the Financial Secretary gave the opening remarks. Mr. Bullock in his address to an audience consisting chiefly of internal auditors from ministries, departments and executive agencies, noted that as the country sought to overcome the challenges that would inevitably emerge in a changing environment and tried to strengthen public sector management and accountability, there were certain basic indicators that internal auditors should treat as priorities at all times.



The Financial Secretary—
Mr. Collin Bullock

These, he said, should include ensuring that there is strict compliance with the Financial Administration and Audit Act, the Public Bodies Management and Accountability Act and other relevant Jamaican laws, regulations and guidelines, as well as adoption of International Public Sector Accounting Standards and internationally accepted audited standards.

The session leaders consisted of well acclaimed professionals from both the private and public sector. Among the session leaders were Dr. Headley

Morgan, Management Consultant of Caribbean Applied Technology Centre; Ms. Cynthia Lawrence—Partner, KPMG; Mr. Collin Greenland, Executive Chairman of Kaizen Management Consulting & Investment Company; and Ms. Lois Parkes—Deputy Chief Personnel Officer at the Office of the Services Commission.

Topics discussed included; -

- Agents of Change which dealt with developing and bettering the complete YOU, the individual at the workplace;
- GOJ Accountability Initiatives which historically showed how the reform of the public sector impacts upon the performance of the auditors.
- Renewed Focus on Auditors’ Independence which revisited the essential Internal Audit Standard of Independence;
- The Companies Act 2004—a historical and present day view of the framework of the bill;
- Internal Audit Code of Ethics and Standards which highlighted the history and purpose of this professional code of performance;
- Auditing Investments looked at various investments and the risks attached and the types of audits to administer in this area; and
- Professional Development that showed the auditor’s role in the whole vision of the public service



TENURE OF AUDIT COMMITTEES

The Financial Instructions to Executive Agencies, Section 14.1.4 states that committee members shall be appointed for a maximum of three (3) years in the first instance. It also states that no member shall be appointed to the committee for a period exceeding five years with the exception of the Chairman who may be appointed for an additional year but not as Chairman”. This is a critical period for members of audit committees that have been in operation for a period exceeding three years. Members should resign their position in compliance with the instructions.

The Government of Jamaica Audit Committee Policy document also provides guidelines for members of audit committees who wish to resign from the committee upon expiration of their tenure. They should tender a letter of resignation to the Accounting Officer, that is, the Chief Executive Officer of the entity, and to the Audit Commission. The Chairman of the committee upon his departure should ensure that all records are handed over to the Audit Commission as these will be made available to the incoming committee. Members who are willing and are eligible to serve for another term must communicate this in writing to the Accounting Officer and the Audit Commission.

Chairpersons should note that in the interest of continuity, they may be invited to serve for two consecutive terms. Also they can be invited to serve for an additional third term but not as the Chairperson. In addition to an outgoing Chairman, one other committee member drawn by lot could be invited to serve for an additional term.

