

<b>D7: COMPLIANCE WITH LAWS AND REGULATIONS</b>	
<b>Purpose: The tool is used to assess Internal Audit Function compliance with laws and regulations for the assessment report.</b>	
Assessor's notes: Complete this form for a full external assessment and a self-assessment with independent external validation. This form may be completed as a component of a periodic internal assessment.	
Entity Name:	[enter entity name]
Date Prepared:	[enter your date]
Prepared By:	[enter your preparer]
Reviewed By:	[enter your reviewer]

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
1.	Public Finance Management (PFM) ACT, 2012	Sec. 73 (1)	National government entity to have Internal Audit function	1.Has the entity established an internal audit function	
		Sec. 73(3)	Conducting various types of Audits	2. Does the IAF conduct various types of audits	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Sec. 73(4)	Internal audits to be conducted in accordance with international best practices for internal auditing.	3.Are audits conducted in accordance with international best practices	
		Sec. 73(5)	Establish Internal audit Committee as per PFM Regulations	4.Has the entity appointed an audit committee	
2.	National Government PFM Regulations, 2015	Reg. 161	Internal auditors comply with the IPPF as issued by the Institute of Internal Auditors and conducts audits in accordance with policies and guidelines issued by the PSASB	5.Does the internal auditors comply with IPPF and in accordance with PSASB policies and guidelines	
		Reg. 162(1)	HIA reports administratively to the Accounting Officer and	6.Does the HIA report administratively to the Accounting Officer and	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			functionally to the Audit Committee	functionally to the Audit Committee	
		Reg. 162(3)	Unrestricted, direct and prompt access to all records, officials or personnel holding any contractual status and to all the premises and properties of the entity	7.Does the IAF have unrestricted access	
		Reg. 161	Compliance with professional standards and code of ethics	8. Does the IAF comply with the professional standards and code of Ethics	
		Reg. 162(4)	Internal auditors respect the confidential nature of information and shall use such information with discretion and only in so far as it is relevant to reach an audit opinion	9.Do the internal auditors use the confidential nature of information accessed prudently	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		162(5)	All internal audit activities are free of influence by any element in the entity, including matters of audit selection, scope, procedures, frequency, timing, or report content	10. Are the internal audit activities free from influence by any elements in the Organisation.	
		Reg. 162(6)	Internal Auditors have no direct operational responsibility or authority over any of the activities they review	11. Do the internal auditors have roles and responsibilities	
		Reg. 163	Internal Auditor General Department	-	
		Reg. 164	Internal Auditor General undertakes the following functions;  a) Advising the Cabinet Secretary and the	-	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			Principal Secretary on emerging issues in internal auditing b) Developing and implementing the use of innovative approaches in performing independent assessment of systems, controls and efficiencies guided by professional standards c) Supporting the entities efforts to achieve their objectives d) Promoting national government-wide risk management and provide the management with consulting services to improve the overall national government operations e) Providing capacity building for both levels of governments including developing curriculum, training materials and		

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			undertake training for audit committees; and f) reporting annually to the National Treasury on the internal audit function performance.		
		Reg. 166(1)	HIA assesses the effectiveness of the internal audit function through an internal performance appraisal and carries out annual review of the performance of the internal audit function commenting on its effectiveness in the annual report to National Treasury.	Is an assessment of the IAF conducted annually	
		Reg. 166(2)	Audit Committee carries out annual review of the independence,	Does the Audit Committee carry out an annual review	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			performance and competency of the internal audit unit and comments on its effectiveness in the annual report	of the independence of the IAF	
		Reg. 166(3)	At least once every three years, but not more than five years, internal audit unit undergoes a professional assessment of its effectiveness undertaken by a professionally recognized body or institution.	Is a professional assessment of the effectiveness of IAF undertaken by a professional body.	
		167(1)	When indications of fraud, material breaches and wasteful expenditure have been identified the head of	Is the Cabinet Secretary notified of indications of fraud, material breaches and wasteful expenditure	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			the internal audit unit immediately notifies the Cabinet secretary.		
		Reg. 168	An internal auditors do not perform audit assignments for providing assurance relating to activities and structures on which he or she has provided consulting services or in which he or she had been employed over in the last twenty four months.	Do internal auditors who previously held management roles cool off for a period of 24 months from reviewing processes which they were responsible for	
		Reg. 174	Formation of Audit committee as per the guidelines	-	
		Reg. 170(1)	Three-year Strategic Plan	Has the IAF developed a 3 year strategic plan	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 170(1)	Risk-Based Annual Audit Plan	Does the IAF prepare a Risk-Based Annual Plan	
		Reg. 170(2(a))	The annual work plan is submitted to the audit committee by 15 <sup>th</sup> February each financial year	Is the Annual work plan submitted to the Audit committee by 15 <sup>th</sup> February each financial year	
		Reg. 170(2(b))	The annual audit work plan is approved by the audit committee and shared with the Accounting Officer of that entity, in sufficient time for inclusion in the budget of that entity.	Is the annual audit work plan is approved by the audit committee and shared with the Accounting Officer of that entity	
		Reg. 171(1)	Prompt communication of Audit Results	Are engagement results communicated promptly	
		Reg. 171(2)	The final audit report, including the actions taken by the accounting officer is	Is the final audit report reported in the format to be	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			reported to the audit committee in a format to be gazetted by the Cabinet Secretary	gazetted by the Cabinet Secretary	
		Reg. 171(3(b))	The internal auditor discusses the findings, conclusions and recommendations with the auditee.	Does the HIA discuss the findings, conclusions and recommendations with the auditee.	
		Reg. 171(3(c))	The internal auditor issues a signed written report after each internal audit assignment that is objective, clear, concise and timely	Does the HIA issue a signed written report after each internal audit assignment	
		Reg. 171(3(d))	The signed engagement report clearly presents the purpose, scope and results of the audit	Does the signed engagement report clearly presents the purpose, scope and results of the audit	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 171(3(e))	The internal auditor gives reports with recommendations for potential improvement, suggestions of corrective actions and acknowledgement of satisfactory performance	Does the audit reports give recommendations and corrective actions	
		Reg. 172(1)	The Accounting Officer develops response and action plan which is submitted to the chairperson of the audit committee within fourteen days after a final internal audit report is issued	Are responses and action plan developed	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 172(2)	Follow-up of the Action Plan is made to ensure its implementation	Are follow ups of action plans done	
		Reg. 173(1)	HIA prepares a quarterly internal audit report which covers areas provided for in guidelines and is in a format issued by the Cabinet Secretary.	Are quarterly internal audit reports prepared	
		Reg. 173(2)	The quarterly report is submitted within 14 days of the end of the quarter to the Accounting Officer of the concerned entity, the Audit Committee and the National Treasury.	Are quarterly reports submitted to the Accounting Officer and the Audit Committee	
		Reg. 173(3)	Internal Auditor General prepares for National	Are internal audit reports shared with the Auditor	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			Government the annual report that consolidates the quarterly audit assurance reports prepared by all internal audit unit in National Government entities, in accordance with formats prescribed by PSASB	General in accordance formats prescribed by PSASB	
3.	Public Audit Act, 2015	Sec. 33(2)	Provision of Internal Audit reports to the Auditor General	Are internal audit reports shared with the Auditor General	

## County Government Entity

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
1.	Public Finance Management (PFM) ACT, 2012	Sec. 155	County to have Internal Auditing function	1.Has the entity established an internal audit function	
		Sec. 155(3)	Conducting various types of Audits	2. Does the IAF conduct various types of audits	
		Sec. 155(4)	Internal audits to be conducted in accordance with international best practices for internal auditing.	3.Are audits conducted in accordance with international best practices	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Sec. 155(5)	Establish Internal audit Committee as per PFM Regulations	4.Has the entity appointed an audit committee	
2.	County Government PFM Regulations, 2015	Reg. 154	Internal auditors comply with the IPPF as issued by the Institute of Internal Auditors and conducts audits in accordance with policies and guidelines issued by the PSASB	5.Does the internal auditors comply with IPPF and in accordance with PSASB policies and guidelines	
		Reg. 155(1)	HIA reports administratively to the Accounting Officer and functionally to the Audit Committee	6.Does the HIA report administratively to the Accounting Officer and functionally to the Audit Committee	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 155(3)	Unrestricted, direct and prompt access to all records, officials or personnel holding any contractual status and to all the premises and properties of the entity	7.Does the IAF have unrestricted access	
		Reg. 154	Compliance with professional standards and code of ethics	8.Does the IAF comply with the professional standards and code of Ethics	
		Reg. 155(4)	Internal auditors respect the confidential nature of information and shall use such information with discretion and only in so far as it is relevant to reach an audit opinion	9.Do the internal auditors use the confidential nature of information accessed prudently	
		155(5)	All internal audit activities are free of influence by any	10.Are the internal audit activities free from influence	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			element in the entity, including matters of audit selection, scope, procedures, frequency, timing, or report content	by any elements in the Organisation.	
		Reg. 155(6)	Internal Auditors have no direct operational responsibility or authority over any of the activities they review	11. Do the internal auditors have operational roles or responsibilities	
		Reg. 156	Internal audit is a Unit at the County Treasury	-	
		Reg. 157	HIA undertakes the following functions;  a) Advising the County Executive Committee Member and the Chief	--	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			<p>Officer on emerging issues in internal auditing</p> <p>b) Developing and implementing the use of innovative approaches in performing independent assessment of systems, controls and efficiencies guided by professional standards;</p> <p>c) Promoting county government-wide risk management and provide the management with consulting services to improve the overall county government operations</p>		

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			<p>d) Providing capacity building for county government entities including developing curriculum, training materials and undertake training for audit committees; and</p> <p>e) Reporting annually to the County Treasury on the internal audit function performance.</p>		
		Reg. 159(1)	HIA assesses the effectiveness of the internal audit function through an internal performance appraisal and carries out annual review of the performance of the internal audit function	Is an assessment of the IAF conducted annually	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			commenting on its effectiveness in the annual report to County Treasury.		
		Reg. 159(2)	Audit Committee carries out annual review of the independence, performance and competency of the internal audit unit and comments on its effectiveness in the annual report	Does the Audit Committee carry out an annual review of the independence of the IAF	
		Reg. 159(3)	At least once every three years, but not more than five years, internal audit unit undergoes a professional assessment of its effectiveness undertaken by	Is a professional assessment of the effectiveness of IAF undertaken by a professional body.	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			a professionally recognized body or institution.		
		160(1)	When indications of fraud, material breaches and wasteful expenditure have been identified the head of the internal audit unit immediately notifies the County Executive Committee Member	Is the CEC member of Finance notified of indications of fraud, material breaches and wasteful expenditure	
		Reg. 161	An internal auditors do not perform audit assignments for providing assurance relating to activities and structures on which he or she has provided consulting services or in which he or she had been	Do internal auditors who previously held management roles cool off for a period of 24 months from reviewing processes which they were responsible for	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			employed over in the last twenty four months		
		Reg. 167	Formation of Audit committee as per the guidelines	-	
		Reg. 163(1)	Three-year Strategic Plan	Has the IAF developed a 3 year strategic plan	
		Reg. 163(1)	Risk-Based Annual Audit Plan	Does the IAF prepare a Risk-Based Annual Plan	
		Reg. 163(2(a))	The annual work plan is submitted to the audit committee by 15 <sup>th</sup> February each financial year	Is the Annual work plan submitted to the Audit committee by 15 <sup>th</sup> February each financial year	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 163(2(b))	The annual audit work plan is approved by the audit committee and shared with the Accounting Officer of that entity, in sufficient time for inclusion in the budget of that entity.	Is the annual audit work plan is approved by the audit committee and shared with the Accounting Officer of that entity	
		Reg. 164(1)	Prompt communication of Audit Results	Are engagement results communicated promptly	
		Reg. 164(2)	The final audit report, including the actions taken by the accounting officer is reported to the audit committee in a format to be gazetted by the Cabinet Secretary	Is the final audit report reported in the format to be gazetted by the Cabinet Secretary	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 164(3(b))	The internal auditor discusses the findings, conclusions and recommendations with the auditee	Does the HIA discuss the findings, conclusions and recommendations with the auditee.	
		Reg. 164(3(c))	The internal auditor issues a signed written report after each internal audit assignment that is objective, clear, concise and timely	Does the HIA issue a signed written report after each internal audit assignment	
		Reg. 164(3(d))	The signed engagement report clearly presents the purpose, scope and results of the audit	Does the signed engagement report clearly presents the purpose, scope and results of the audit	

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No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 164(3(e))	The internal auditor gives reports with recommendations for potential improvement, suggestions of corrective actions and acknowledgement of satisfactory performance	Does the audit reports give recommendations and corrective actions	
		Reg. 165(1)	The Accounting Officer develops response and action plan which is submitted to the chairperson of the audit committee within fourteen days after a final internal audit report is issued		

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
		Reg. 165(2)	Follow-up of the Action Plan is made to ensure its implementation	Are responses and action plan developed	
		Reg. 166(1)	HIA prepares a quarterly internal audit report which covers areas provided for in guidelines and is in a format issued by the Cabinet Secretary	Are follow ups of action plans done	
		Reg. 166(2)	The quarterly report is submitted within 14 days of the end of the quarter to the Accounting Officer of the concerned entity, the Audit Committee and the County Treasury	Are quarterly internal audit reports prepared	
		Reg. 166(3)	HIA prepares for the county government an annual	Are quarterly reports submitted to the Accounting	

Public Sector QAIP Guidelines for the Internal Audit Function

No.	Law/Regulation	Provisions to be complied with		Question	Response
		Sec./ Reg.	Description		
			report that consolidates the quarterly audit assurance reports prepared by all internal audit units in county government entities, in accordance with formats prescribed by PSASB	Officer and the Audit Committee in accordance with formats prescribed by PSASB	
3.	Public Audit Act, 2015	Sec. 33(2)	Provision of Internal Audit reports to the Auditor General	Are internal audit reports shared with the Auditor General	