

INTERNAL AUDIT AGENCY (EST, ETC) BILL, 2020

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AUDIT AGENCY

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# A BILL

## FOR

AN ACT TO PROVIDE FOR THE ESTABLISHMENT THE INTERNAL AUDIT AGENCY TO CO-ORDINATE, FACILITATE, MONITOR AND SUPERVISE INTERNAL AUDIT ACTIVITIES WITHIN MINISTRIES, DEPARTMENTS AND AGENCIES TO SECURE QUALITY ASSURANCE OF INTERNAL AUDIT WITHIN THESE INSTITUTIONS AND FOR OTHER CONNECTED MATTERS THEREWITH, 2020

*Sponsored by Senator Bomai, Ibrahim Mohammed*

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

### PART I - ESTABLISHMENT AND FUNCTIONS OF THE INTERNAL AUDIT AGENCY

1. There is hereby established the Internal Audit Agency (herein after referred to as the "Agency").

Establishment of Internal Audit Agency

2. The object of the Agency is to co-ordinate, facilitate and provide quality assurance for internal audit activities within the Ministries, Departments and Agencies.

Object of the Agency

3.-(1) The Agency shall set standards and procedures for the conduct of internal audit activities in the MDAs.

Functions of the Agency

(2) The Agency shall ensure that:

(a) financial, managerial and operating information reported internally and externally is accurate, reliable and timely;

(b) the financial activities of MDAs are in compliance with laws, policies, plans, standards and procedures;

(c) national resources are adequately safeguarded;

(d) national resources are used economically, effectively and efficiently;

17

- 1 (e) plans, goals and objectives of MDAs are achieved; and  
2 (f) risks are adequately managed in the MDAs.
- 3 (3) Without limiting subsections (1) and (2), the Agency shall:
- 4 (a) promote economy, efficiency and effectiveness in the  
5 administration of government programmes and operations;
- 6 (b) prepare plans to be approved by the Board for the development  
7 and maintenance of an efficient internal audit for the MDAs;
- 8 (c) facilitate the prevention and detection of fraud; and
- 9 (d) provide a means for keeping the MDAs and MMDAs fully and  
10 currently informed about problems and deficiencies related to the  
11 administration of their programmes and operations and the necessity for  
12 appropriate corrective action.
- 13 (4) The Agency shall monitor, undertake inspections and evaluate the  
14 internal auditing of the MDAs.

Governing  
board of the  
Agency

15 4. There is established To reduced frequent petroleum trucks accident  
16 on Nigeria road, the Department of Petroleum Resources (DPR) has scheduled  
17 a stakeholders forum in ensuring a effective collaboration with all stakeholders  
18 towards safe petroleum products transportation system across the country for  
19 the Agency a governing Board known as the Internal Audit Board.

Membership  
of the Board

20 5.-(1) The Board shall consist of the following members appointed by  
21 the President subject to confirmation by the Senate:

22 (a) a chairman;

23 (b) representative of the ministry of Finance;

24 (c) representative of the ministry of Justice;

25 (d) representative of the Federal Civil Service Agency;

26 (e) the Executive secretary of the Agency appointed under section 10  
27 of this Act;

28 (f) two other members appointed from the private sector; and

29 (g) two professional accountants each with not less than ten years'  
30 experience in the profession nominated by ICAN and ANAN.

1 (2) The President shall in appointing members of the Board have  
2 regard to the integrity, knowledge, expertise and experience of the persons  
3 and in particular their knowledge in matters relevant to the functions of the  
4 Agency.

5 (3) The supplementary provisions set out in the Schedule to this  
6 Act shall have effect with respect to the proceedings of the Board and the  
7 other matters contained therein

8 6. The Board shall formulate policies for the Agency and shall:

Functions of  
the Board

9 (a) establish appropriate structures for the effective and efficient  
10 execution of the object of the Agency;

11 (b) secure the achievement of the object of the Agency;

12 (c) approve plans for the development and maintenance of an  
13 efficient internal audit for bodies and institutions to whom this Act applies;  
14 and

15 (d) take reasonable and timely action on the reports submitted to it  
16 by the Executive secretary.

17 7.-(1) A member other than ex-officio-

Tenure of  
Members

18 (a) shall hold office for a term four years and no more; or

19 (b) may hold office on terms and conditions as may be specified in  
20 his letter of appointment.

21 (2) A member may at any time be removed from office by the  
22 President for inability to discharge the functions of his office (whether  
23 arising from infirmity of mind or body) or if the President considers that it is  
24 not in the interest of the Fund or the Public for such member to continue in  
25 office.

26 8.-(1) A member may cease to hold office if-

Cessation of  
Membership

27 (a) he is without permission of the Board absent for more than three  
28 consecutive meetings of the Board or without such permission is absent  
29 from the country for a period exceeding one year;

30 (b) in case of a professional who is disqualified or suspended (other

...with his own request) from practicing his profession in any part of Nigeria by  
2 the order of any competent authority.

3 (c) A person shall cease to be a member if he-

4 (i) becomes bankrupt; or

5 (ii) is guilty of serious misconduct in relation to his duties; or

6 (iii) is convicted of a felony or any offence involving dishonesty.

7 (2) A member may at any time resign his membership-

8 (a) by giving notice in writing through the Minister to the President  
9 and the resignation becomes effective from the date specified in the notice; and

10 (b) if no date is specified, from the date of the receipt of the notice by  
11 the President.

12 (3) Where a member ceases to hold office for any reason whatsoever  
13 before the expiration of his term of office, the President after consulting the  
14 Minister may appoint another person for the unexpired term.

15 9. Member shall be paid such allowances as the Federal Government  
16 may from time to time direct.

17 10.-(1) there shall be appointed by the President, an officer who shall  
18 be the chief executive of the Agency and be designated the Executive secretary.

19 (2) The Executive secretary shall not, while holding office, occupy  
20 any other office or employment which is likely to conflict with the duties of the  
21 Executive secretary whether or not there is remuneration attached to it.

22 (3) Notwithstanding subsection (3), the Executive secretary may with  
23 the approval of the Board act as a member of a Agency appointed by the  
24 Government, to enquire into any matter affecting accountability, management  
25 and governance.

26 (4) Subject to the provisions of this section, the Executive secretary  
27 shall be appointed on terms and conditions specified in the Executive  
28 secretary's letter of appointment.

29 11.-(1) The Executive secretary shall, subject to directions of the  
30 Board on matters of policy and subject to this Act, be responsible for the day-to

Allowances  
of Member

Executive  
Secretary

Functions of the  
Executive  
Secretary

1 -day management and administration of the Agency, and may make such  
2 decisions and exercise powers that are necessary for the attainment of the  
3 object and functions of the Agency.

4 (2) Without limiting subsection (1), the Executive secretary shall:

5 (a) secure the execution of the policies of the Board;

6 (b) make regular reports to the Board on the management and  
7 operations of the Agency;

8 (c) provide the data, statistics and advice necessary for the  
9 formulation of policies for the attainment of the object of the Agency; and

10 (d) perform such other duties as the Board may direct.

11 12.-(1) Subject to the Constitution and this Act the Executive  
12 secretary, in the performance of the functions as Executive secretary is not  
13 subject to the direction and control of any other person or authority but a  
14 public body, organ or the head of MDA may request the Executive secretary  
15 to carry out such specific investigations as may be considered reasonable by  
16 the Executive secretary.

Independence  
and powers of  
the Executive  
Secretary

17 (2) The Executive secretary or a person authorized by the  
18 Executive secretary is entitled:

19 (a) to be given such information and explanations as the Executive  
20 secretary may request in the performance of duties under this Act; and

21 (b) to inspect books, records and offices in the performance of  
22 duties under this Act or any other enactment and shall be given access to the  
23 books, records and offices on demand.

24 (3) Where there is any critical financial or economic crisis or  
25 exigency which requires immediate action and there is insufficient time to  
26 call a meeting of the Board, the Executive secretary may with the  
27 concurrence of the chairperson of the Board exercise the powers of the  
28 Board and take such action as may be necessary.

29 (4) Where any action has been taken by the Executive secretary  
30 under subsection (3), the Executive secretary shall as soon as practicable

1 call a meeting of the Board to report the action taken for ratification or review  
2 by the Board.

3 13.-(1) Subject to this Act the Executive secretary, in the performance  
4 of the functions as Executive secretary is not subject to the direction and  
5 control of any other person or authority but a public body, organ or the head of  
6 an MDA may request the Executive secretary to carry out such specific  
7 investigations as may be considered reasonable by the Executive secretary.

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9 secretary is entitled:

10 (a) to be given such information and explanations as the Executive  
11 secretary may request in the performance of duties under this Act; and

12 (b) to inspect books, records and offices in the performance of duties  
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14 records and offices on demand.

15 (3) Where there is any critical financial or economic crisis or exigency  
16 which requires immediate action and there is insufficient time to call a meeting  
17 of the Board, the Executive secretary may with the concurrence of the  
18 chairman of the Board exercise the powers of the Board and take such action as  
19 may be necessary.

20 (4) Where any action has been taken by the Executive secretary under  
21 subsection (3), the Executive secretary shall as soon as practicable call a  
22 meeting of the Board to report the action taken for ratification or review by the  
23 Board.

24 14.-(1) The Council shall have power to appoint directly, and either on  
25 transfer or on secondment from any public service in the Federation, such  
26 number of employees as may, in the opinion of the Council, be required to  
27 assist the Agency in the discharge of any of its functions under this Act, and  
28 shall have power to pay to persons so employed such remuneration (including  
29 allowances) as the Council may, determine.

30 (2) The terms and conditions of service (including terms and

1 conditions as to remuneration, allowances, pensions, gratuities and other  
2 benefits) of the persons employed by the Agency shall be as determined by  
3 the Council from time to time.

4 (3) The Council may engage such consultants and advisers as it  
5 may require for the proper and efficient discharge of the functions of the  
6 Agency

7 15. The Agency may, subject to the provisions of this Act, make Staff Regulation  
8 staff regulations relating generally to the conditions of service of the  
9 employees of the Agency and without prejudice to the generality of the  
10 foregoing, such regulations may provide for-

11 (a.) the appointment, promotion and disciplinary control  
12 (including dismissal) of employees of the Agency; and

13 (b.) appeals by such employees against dismissal or other  
14 disciplinary measures.

15 PART II - INTERNAL AUDIT UNITS FOR MDAS

16 16.-(1) There shall be established in each MDA an internal audit Establishment  
of internal audit  
units  
17 unit which shall constitute a part of the MDA.

18 (2) There shall be appointed for each internal audit unit, personnel  
19 required to ensure an effective and efficient internal auditing of the MDA  
20 concerned.

21 (3) An internal audit unit established under subsection (1) shall in  
22 accordance with this Act and standards and procedures provided by the  
23 Agency, carry out an internal audit of its MDA and shall submit reports on  
24 the internal audit it carries out to the Executive secretary of the Agency.

25 (4) The internal audit unit of an MDA shall submit a copy of its  
26 internal audit report to its management body and such other persons as it is  
27 required to submit the report.

28 (5) (a) The autonomous bodies of the Constitution shall be subject  
29 to the standards and procedures of the Agency and shall have internal audit  
30 units;

1 (b) The internal audit units of the autonomous bodies shall not be  
2 subject to the Agency but shall be subject to the Auditor-General;

3 (c) A copy of the internal audit report of an autonomous body shall be  
4 submitted to the Auditor-General.

Action by the  
Agency

5 **17.** The Agency may upon examination of an internal audit report,  
6 take such action as it considers appropriate including recommendation of  
7 prosecution and disciplinary action in respect of any breaches found.

Exhibition of  
professionalism  
and competence

8 **18.** Internal auditors operating by virtue of this Act:

9 (a) shall exhibit the highest level of professionalism in the gathering,  
10 evaluation and communication of information when auditing and shall act only  
11 in areas for which they have the necessary knowledge, skills, experience and  
12 competence;

13 (b) shall perform internal auditing in accordance with Generally  
14 Accepted Principles of Internal Auditing and the standard and guidelines of the  
15 Agency as established under section 3(1); and

16 (c) shall in the performance of their work make a balanced assessment  
17 of all issues of relevance to the work and should not be influenced by their  
18 personal interest or the interests of other persons.

Integrity

19 **19.** Internal auditors to whom this Act applies shall:

20 (a) perform their work with honesty and diligence;

21 (b) not knowingly be a party to any illegal activities or engage in acts  
22 that discredit the work of internal auditing or the MDA;

23 (c) make disclosures required by law and the standards and  
24 procedures as established under section 3(1);

25 (d) not participate in any activity or relationship that may impair or is  
26 likely to be taken to impair unbiased assessment, including an activity or a  
27 relationship that may be in conflict with the interests of the MDA

28 (e) not accept anything or any favour that may impair or might be  
29 taken to affect their professional judgment; and

30 (f) disclose all material facts known to them, the non-disclosure of

1 which may distort any reporting activity.

2 20.-(1) Internal auditors shall respect the value and ownership of  
3 information they receive and shall not disclose information without  
4 authority unless there is a legal or professional obligation to do so.

Confidentiality

5 (2) Internal auditors shall be prudent in the use and protection of  
6 information acquired in the course of their duties.

7 PART III - FINANCIAL AND MISCELLANEOUS PROVISIONS

8 21.-(1) The Agency shall keep proper books of account and other  
9 records in relation to these in a form determined by the Controller and  
10 Accountant-General and approved by the Auditor-General.

Accounts and  
audit

11 (2) The Agency shall, not later than three months after the end of  
12 the financial year, submit for audit to the Auditor-General, its books of  
13 account and records.

14 (3) The Auditor-General shall, not later than three months after the  
15 submission under subsection (2), audit the books of account of the Agency.

16 (4) The financial year of the Agency shall be the same as the  
17 financial year of the Government.

18 22. The funds of the Agency are:

Funds of the  
Agency

19 (a) monies provided to the Agency by the National Assembly for  
20 the discharge of its functions; and

21 (b) monies that accrue to the Agency.

22 23.-(1) The Board shall not later than three months after the end of  
23 each financial year submit to the President a report of the activities of the  
24 Agency in respect of the preceding financial year and shall in the report:

Annual report

25 (a) state its findings on activities of the internal audit units of the  
26 MDAs;

27 (b) provide details of its expenditure for the preceding financial  
28 year as compared with its budgeted expenditures for that year.

29 (2) The President shall cause the report with such comments as the  
30 President determines, to be laid before National Assembly by the Minister.

Regulations

1           24.-(1) The President may, on the advice of the Board, by legislative  
2 instrument prescribe Regulations necessary for the effective implementation  
3 of this Act.

4           (2) In furtherance of subsection (1) Regulations may be made in  
5 respect of (a) the persons or bodies to whom reports of the internal audit units  
6 shall be distributed by the Board;

7           (b) the protection of internal auditors; and

8           (c) any other matter in accordance with this Act.

9           (3) Any Regulations made under this section may be signed by a  
10 Minister authorised by the President.

Offences and  
penalties

11           25.-(1) Any person who:

12           (a) gives the Executive secretary any information or explanation  
13 which the person knows to be false or which the person has no reason to believe  
14 to be true contrary to section 12 (2) (a);

15           (b) fails to produce for inspection by the Executive secretary or  
16 otherwise fails to give the Executive secretary access to any book, record or  
17 office when requested by the Executive secretary contrary to section 12 (2) (b);

18           (c) wilfully suppresses any information or explanation required by  
19 the Executive secretary;

20           (d) obstructs the Executive secretary in any way in the performance of  
21 functions under this Act; or

22           (e) provides information which the person knows to be false or which  
23 the person has no reason to believe to be true to an internal auditor, commits an  
24 offence and is liable on summary conviction to a fine not less than Two Million  
25 Naira or to imprisonment for a term not exceeding 5 years or to both.

26           (2) Any internal auditor who acts in breach of any of the provisions of  
27 sections 18, 19 or 20 shall be subject to such action as the Board shall  
28 recommend including criminal prosecution.

29           (3) Any member of staff or employee of the Agency who:

30           (a) demands or takes a bribe, gratuity, recompense or reward for the

1 neglect, omission, Agency or performance of duty under this Act;

2 (b) wilfully fails to report to the Executive secretary any abuse or  
3 irregularity that comes to the notice of the person in the course of the  
4 performance of duties under this Act; or

5 (c) makes any report to the Executive secretary which the person  
6 knows to be false or which the person has no reason to believe to be true  
7 commits an offence and is liable on summary conviction to a fine of not less  
8 than 1,000 penalty units or to imprisonment for a term not exceeding 5 years  
9 or to both.

10 (4) For the purposes of subsection (1), the Executive secretary  
11 includes any officer acting under the instructions of the Executive secretary.

12 26. In this Act unless the context otherwise requires:

13 "Agency" means the Internal Audit Agency established under section 1;

14 "Board" means the Board of the Internal Audit Agency;

15 "Minister" means the Minister responsible for Finance;

16 "MDA" means Ministries, Departments and Agencies and includes all  
17 government bodies and institutions that receive government subvention  
18 wholly or partially.

19 27. This Bill may be cited as the Internal Audit Agency (Est, etc)  
20 Bill, 2020.

Interpretation

Short title

## 21 SCHEDULE

### 22 Section 5 (3).

#### 23 SUPPLEMENTARY PROVISIONS RELATING TO THE COUNCIL, ETC

##### 24 *Proceedings of the Council*

25 1.-(1) Subject to this Act and section 27 of the Interpretation Act,  
26 the Council may make standing orders regulating its proceedings or those of  
27 any of its committees.

28 (2) The quorum of the Council shall be eleven members, including  
29 the Chairman and Co-Chairman or, in their absence, the person elected  
30 under paragraph 2(2) of this Schedule to preside, and nine other members



## EXPLANATORY MEMORANDUM

This Bill seeks to provide for the establishment the Internal Audit Agency to co-ordinate, facilitate, monitor and supervise internal audit activities within Ministries, Departments and Agencies to secure quality assurance of internal audit within these institutions.

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