

**AN ACT TO ESTABLISH THE INTERNAL AUDIT AGENCY TO STRENGTHEN
INTERNAL AUDIT AND INTERNAL CONTROLS WITHIN THE INSTITUTIONS
OF THE GOVERNMENT OF THE REPUBLIC OF LIBERIA**

PREAMBLE

WHEREAS, the Government of Liberia has enacted into law the Public Finance Management Act for the purpose of regulating, managing, controlling, facilitating, and coordinating activities regarding public finances in the Republic of Liberia; and,

RECOGNIZING the need for a comprehensive internal audit function to strengthen the risk management, governance and control systems within the public sector so as to achieve continuous performance improvement and effective service delivery in Government; and,

NOTING THE COMPELLING NEED for the Republic of Liberia to adopt the best in internal auditing practicable in Liberia and in line with international best practices to assure that the goals and objectives of Government are achieved; and,

COGNIZANT of the absence of a regulating, managing, controlling, facilitating and coordinating body to assure the adherence to standards, professionalism, ethics and discipline; and

FURTHER COGNIZANT that internal auditing systems have been left vulnerable to abuses thereby necessitating the need for an internal audit agency within Government as an independent body to further strengthen the governance, risk management, and control processes of Government;

NOW THEREFORE, It is enacted by the Senate and House of Representatives of the Republic of Liberia in Legislature Assembled:

PART 1:

PRELIMINARY PROVISIONS

Section 1.1: Title of the Act. This Act is titled the Internal Audit Agency Act and may be cited as the IAA Act.

Section 1.2: Establishment. There is established an autonomous agency of the Government of Liberia to be known and styled the Internal Audit Agency.

Section 1.3. Definitions. Except as otherwise provided in this Act, the following terms shall have the meanings respectively ascribed to them in this section.

- a. "Agency" shall mean the Internal Audit Agency.
- b. "ARIC" shall mean Audit Recommendation Implementation Committee.
- c. "Deputy Director-General" shall mean the Deputy Chief Executive Officer of the Agency.

- d. "Director-General" shall mean the Chief Executive Officer of the Agency.
- e. "IAA" shall mean Internal Audit Agency.
- f. "Ministry" shall mean Government Ministry

PART 2: EXISTENCE AND MANDATE

Section 2.1: Existence. The IAA shall have perpetual existence.

Section 2.2. Mandate. The mandate of the IAA shall be the following:

- a. Establish and direct internal audit functions within all branches of Government including the Executive, Legislative and Judiciary; and all public sector entities such as, public corporations, autonomous agencies, autonomous commissions, Government ministries and the Central Bank of Liberia.
- b. Promulgate and ensure that common internal audit standards and systems in keeping with best practices are established and maintained.
- c. Provide oversight, including managerial, administrative and supervisory expertise at each of the established audit functions within each entity listed in section 2.2(a).
- d. Ensure that the ethics of internal audit according to internationally accepted standards are strictly adhered to and followed. These shall be, but not limited to competence, integrity, confidentiality, and professionalism.

PART 3: OBJECTIVES

Section 3.1. The objectives for the establishment of the IAA shall be the following:

- a. To manage the activities of internal audit functions in all entities listed in section 2.2(a) to ensure a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- b. To provide for such entities professional, objective, assurance and consulting activities designed to add value and improve their operations.
- c. To ensure coordination, harmonization and standardization of internal audit activities and facilitate internal audit functions for effective results.
- d. To incorporate internal audit results into the priority-setting, planning, and decision-making processes of all ministries and agencies.

PART 4:

FUNCTIONS OF THE AGENCY

Section 4.1. The functions of the IAA shall be the following and such others as shall be deemed necessary from time to time consistent with this Act of the Legislature.

- a. To manage, direct, control, coordinate and set standards and procedures for the conduct of internal audit activities in Government, including Ministries, Agencies, Commissions, Public Corporations, Central Bank of Liberia and other Public Sector Autonomous Agencies.
- b. Advise and/or provide assurance that financial, managerial, and operating information reported internally and externally is accurate.
- c. Advise and/or provide assurance that financial and operational activities of Government are in compliance with laws, policies, plans, standards and procedures that are applicable.
- d. Advise on, and/or provide assurance that established control and reporting systems on the management of national resources are adequate.
- e. Advise and/or provide assurance that plans, goals, and objectives of Government are achieved.
- f. Advise and/or provide assurance that risks are adequately managed in Government.
- g. Promote economy, efficiency and effectiveness in the administration of Government programs and operations.
- h. Implement programs to uncover and prevent fraud.
- i. Support the establishment of processes by which Government is fully and regularly informed about problems and deficiencies related to the administration of programs and operations and the necessity for appropriate corrective action.
- j. Monitor, inspect, and evaluate the internal auditing of Government.
- k. Perform all other duties in furtherance of the provisions of this Act and the mandate of the IAA, consistent with the laws of the Republic of Liberia, principles, functions and ethics of internal auditing.

**PART 5: STRUCTURE OF THE AGENCY, QUALIFICATION, TENURE, POWERS AND
FUNCTIONS OF THE DIRECTORS**

Section 5.1. Director-General and Deputy Directors-General. The Agency shall be headed by a Director-General who shall be assisted by at least one, but not more than three Deputy Directors-General. The Director-General and Deputies shall be appointed by the President with

the consent of the Senate. Where there is more than one Deputy, the Deputy Director-General for Internal Audit shall serve as principal Deputy to the Director-General. The Director-General and the Deputy Directors-General shall be recruited through a competitive process.

Section 5.2. Other Personnel. The Director-General shall determine, with the approval of the President, the remaining structure of the IAA and together with the Deputies, shall recruit on a competitive basis, personnel to fill in positions so approved. Recruitment of all division and section heads shall be done with the participation of the Civil Service Agency, and all non-presidential appointees shall be subject to the rules of the Civil Service Agency.

Section 5.3. Qualifications.

- a. **Director-General.** The Director-General shall be a professionally qualified accountant, and a member of a national accountancy body that is a member of the International Federation of Accountants (IFAC).
- b. **Deputy Director-General.** A Deputy Director-General shall be a qualified accountant with at least 10 years of accounting or auditing experience.
- c. **Other Personnel:** The qualification requirements and description of the duties under all other positions shall be determined at the time the positions are created and shall constitute parts of the proposal of the structure of the IAA submitted to the President for approval.

Section 5.4. Tenure. The Director-General and Deputy Directors-General shall serve a tenure of four (4) years each and may be reappointed for not more than two additional terms.

Section 5.5. Removal. The Director-General and Deputy Directors-General shall be removed by the President for gross malfeasance in office, incapacity or incompetence. In the event of a vacancy in the position of the Director-General, the President shall appoint one of the deputies to act in the capacity of Director-General.

Section 5.6. Office of the Director-General.

- a. The Director-General shall be the Chief Executive Officer of the Agency.
- b. The Director-General shall not, while holding office, occupy any office or employment that is likely to conflict with the duties of the Director-General whether or not remuneration is attached to it.
- c. Notwithstanding Section 5.5(b), the Director-General shall serve as a member of a body or entity appointed by the Government, to enquire into any matter affecting accountability, management and governance.

Section 5.7. Functions, Powers and Independence of the Director-General. In furtherance of Section 5.5 of this Act, the function, powers and independence of the Director-General are specified as follow:

- a. Be responsible for the day-to-day management and administration of the IAA;
- b. Prescribe regulations necessary for the effective implementation of this Act;
- c. Secure the execution of the policies and programs of the IAA;
- d. Make regular reports to the President of the Republic of Liberia on the management and operation of the Agency; and,
- e. Provide data, statistics and advice necessary for the formulation of policies for the attainment of the objectives of the IAA.

PART 6: ESTABLISHMENT OF INTERNAL AUDIT FUNCTIONS

Section 6.1.

a. Establishment.

- i. To effectively and efficiently coordinate, supervise, control and monitor internal audits in Government, the IAA shall establish internal audit functions and/or bring under its mandate existing audit functions which shall constitute a part of the public sector entity concerned.
- ii. Constitutional bodies such as the Legislature, Executive, Judiciary, and the Elections, Civil Service and General Auditing Commissions shall be subject to the standards and procedures of the IAA and shall have internal audit functions.

- b. **Composition.** The IAA shall appoint for each internal audit function personnel required to ensure an effective and efficient internal auditing of the public sector entity concerned.

c. Duties.

- i. An internal audit function established under this section shall, in accordance with this Act, promulgate Standards and Procedures provided by the IAA, and in consideration of the Government Public Sector Investment Plan (PSIP), carry out internal audits of the entity and shall submit reports on the internal audit it carries out to the Director-General.
- ii. The internal audit function of an entity shall submit a copy of its internal audit report to its management body and such other persons to whom it is required to report.
- iii. The internal audit functions of autonomous bodies shall be subject to the IAA.
- d. The IAA shall, upon examination of an internal audit report, take such action(s) as it considers appropriate including recommendation(s) for prosecution and disciplinary action in respect of any breaches found.



Section 6.2. Establishment and duties of Audit Recommendations Implementation Committee (ARIC): There is hereby established an Audit Recommendations Implementation Committee (ARIC) of public sector bodies which shall be responsible for the implementation of the recommendations of the internal audit reports.

PART 7:

REPORTING

Section 7.1. Reporting Structure. The IAA shall have a dual system of reporting as prescribed below:

a. Internal Reports.

- i. The IAA shall submit audit reports of each entity it audits through the Internal Audit Function or the Agency itself to the head of that entity, as Internal reporting for correction purposes.
- ii. In the case of the Legislative Branch of Government, such report shall be submitted to the Speaker of the House of Representatives if it concerns Representatives; and if it concerns Senators, such report shall be submitted to the President Pro Tempore of the Senate.

b. External/Consolidated Reports. The IAA shall submit periodic consolidated reports on each branch of the Government in the following structure:

- i. The Internal Audit Agency shall report all matters relating to audit of the Legislative Branch of Government to the President with copy to the Speaker of the House of Representatives if it concerns Representatives; and copy to the President Pro Tempore of the Senate if it concerns the House of Senate.
- ii. The Internal Audit Agency shall report all matters relating to audit of the Executive Branch of Government to the President of the Republic of Liberia with oversight from the Legislature.
- iii. The Internal Audit Agency shall report all matters relating to audit of the Judiciary Branch of Government to the President with copy to the Chief Justice of the Supreme Court of Liberia.

Section 7.2. Agency Report. The Director-General shall be answerable to the President of Liberia on matters relating to the administrative affairs of the Internal Audit Agency; and shall submit periodic consolidated reports to the President of Liberia.

PART 8:

FINANCIAL PROVISIONS

Section 8.1. Funding, Budgetary Appropriations and Disbursements

- a. Funding shall be appropriated in the National Budget for the IAA as a separate autonomous Government agency for the discharge of its duties.
- b. The Ministry of Finance or the Government agency responsible for the disbursement of Government funds shall disburse to the IAA its approved budgeted appropriation on a quarterly basis at the beginning of the quarter.
- c. Additional sources of funding shall include grants and donations made to the IAA but at no time shall the IAA engage in borrowing or acquiring loans.

Section 8.2. Books of Account

- a. The IAA shall keep proper books of accounts and other records in relation to accounts and audits in a form determined by the Comptroller and Accountant General.
- b. The financial year of the IAA shall be the same as the financial year of the Government.
- c. The IAA shall submit annual reports as prescribed by law to the President of the Republic of Liberia.

PART 9: PROFESSIONAL CONDUCT AND EXPECTATIONS OF AUDITORS

Section 9.1. General Professional Conduct: Internal Auditors operating by virtue of this Act shall exhibit the highest level of professionalism in gathering, evaluating and communicating information when auditing and shall act only in areas for which they have the necessary knowledge, skills, experience and competence.

Section 9.2. Scope of Conduct and Expectation: The below shall constitute the professional conduct and expectations of Internal Auditors.

- a. The performance of internal audits in accordance with the International Standards for the Professional Practice of Internal Auditing, the International Professional Practices Framework and other standards, framework or guidance promulgated by the Institute of Internal Auditing (IIA); and the standards, guidelines and Internal Audit Manuals issued by the Agency.
- b. In the performance of their work, Internal Auditors shall make a balanced assessment of all issues of relevance to the work and shall not be influenced by their personal interest or interests of other persons. They shall perform their work with diligence and honesty.

- c. Internal Auditors shall not knowingly be a party to any illegal activities or engage in acts that discredit the work of internal auditing or the Ministry, Agency, Commission, Public Corporation, the Central Bank of Liberia or other Public Sector Autonomous Agencies.
- d. Internal Auditors shall make disclosures required by law and by the standards and procedures established under section 4.1(a) of Part 4 of this Act.
- e. Internal Auditors shall not participate in any activity or relationship that may impair or is likely to impair unbiased assessment, including an activity or a relationship that may be in conflict with the interests of the client Ministry, Agency, Commission, Public Corporation, the Central Bank of Liberia and other Public Sector Autonomous Agencies.
- f. Internal Auditors shall not accept anything or any favor that shall impair and taken to affect their professional judgment and shall disclose all material facts known to them, the non disclosure of which may distort any reporting activity.
- g. Internal Auditors shall respect the value and ownership of information they receive and shall not disclose information without authority unless there is a legal or professional obligation to do so.
- h. Internal Auditors shall be prudent in the use and protection of information acquired in the course of their duties.
- i. Internal Auditors shall not use information for any personal gain or in any manner that shall be contrary to this Act or detrimental to the legitimate and ethical objectives of the IAA, Ministry, Commission, Public Corporation, the Central Bank of Liberia, and other Public Sector Autonomous Agency they audit.

Section 9.3. Immunity for Internal Auditors

In furtherance of ensuring the independence and professionalism of the IAA, the Director-General, Deputies and Internal Auditors shall not be prosecuted, or be subject to any reprimand or penalty for opinions, recommendations and other acts done pursuant to their official duties consistent with the provisions of this Act.

PART 10: LEGISLATIVE OVERSIGHT

The Internal Audit Agency shall be subject to Legislative oversight as provided in this Act and such oversight shall include review of the IAA periodic audit report.

PART 11: OFFENCES

Section 11.1. Offences shall constitute the below under this Act and anyone or employee found to breach any provisions of this Act shall be guilty of committing an offence; and for the purpose of this Section, the Director-General shall include any officer acting under the instruction of the Director-General.

- a. Anyone who gives the Director-General any information or explanation which the person knows to be false or which the person has no reason to believe to be true contrary to section 9.2(g).
- b. Anyone who fails to produce for inspection by the Director-General or otherwise fails to produce for inspection by the Director-General access to any books, records or office when requested by him/her contrary to section 9.2(g).
- c. Anyone who willfully suppresses any information required by the Director-General; or obstructs the Director-General in any way in the performance of functions under this Act.
- d. Any Internal Auditor who acts in breach of any of the provisions of section 9.2 shall be subject to such action(s) as the Director-General shall recommend including criminal prosecution.
- e. Any member of staff or employee of the IAA who demands or takes bribe, gratuity, recompense or reward for the neglect, omission, commission or performance of duty.
- f. Any member of staff or employee of the IAA who willfully fails to report to the Director-General any abuse or irregularity that comes to the notice of the person in the course of the performance of duties.
- g. Any member of staff or employee of the IAA who makes any report to the Director-General which the person knows to be false or which the person has no reason to believe to be true.

PART 12:

TRANSITIONAL PROVISIONS

Section 12.1. Existing Internal Audit Officers. Internal Audit officers and all public officers at the Secretariat, or performing internal audit work in any Ministry, Agency, Commission, Public Corporation, the Central Bank of Liberia and other Public Sector Autonomous Agencies immediately before the coming into force of this Act, shall, upon the coming into force of this Act, be deemed to constitute the public officers of the Agency, or members of the internal audit unit of the Ministry, Agency, Commission, Public Corporation, the Central Bank of Liberia and other Public Sector Autonomous Agencies for the purpose of this Act.

Section 12.2. Public Officers. Public officers performing internal audit duties in a Ministry, Agency, Commission, Public Corporation, the Central Bank of Liberia and other Public Sector Autonomous Agencies on the date of the coming into force of this Act shall be reassigned to such internal auditing units as the appointing authority shall determine.

PART 13:

EFFECTIVE DATE

This Act shall take effect immediately upon publication in handbills.

ANY LAW TO THE CONTRARY NOTWITHSTANDING.



-2013-

SECOND SESSION OF THE FIFTY-THIRD LEGISLATURE
OF THE REPUBLIC OF LIBERIA

HOUSE'S ENGROSSED BILL NO. 27

**"AN ACT OF LEGISLATURE TO ESTABLISH THE
INTERNAL AUDIT AGENCY TO STRENGTHEN
INTERNAL AUDIT AND INTERNAL CONTROLS
WITHIN THE INSTITUTIONS OF THE
GOVERNMENT OF THE REPUBLIC OF LIBERIA.**

On Motion, Bill read. On Motion, the Bill was adopted on its first reading and sent to Committee Room on Tuesday, February 5, 2013 @ 12:30 G.M.T.

On Motion, Bill taken from Committee Room for its second reading. On Motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading, and the Bill was adopted, passed into the full force of the law, and ordered engrossed today, Thursday, July 11, 2013 @ 12:43 G.M.T.

Mildred N. Sayon

CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

2013

SECOND SESSION OF THE FIFTY-THIRD
LEGISLATURE OF THE REPUBLIC OF LIBERIA

SENATE'S ENDORSEMENT TO HOUSE'S ENGROSSED
BILL NO. 27. ENTITLED:

**"AN ACT OF LEGISLATURE TO ESTABLISH THE
INTERNAL AUDIT AGENCY TO STRENGTHEN
INTERNAL AUDIT AND INTERNAL CONTROLS
WITHIN THE INSTITUTIONS OF THE GOVERNMENT
OF THE REPUBLIC OF LIBERIA"**

On motion, Bill read. On motion, the Bill was adopted on its first reading and sent to Committee Room on Thursday, July 18, 2013 @ 11:58 G.M.T.

On motion, Bill taken from the Committee Room for its second reading. On motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the law and ordered engrossed today, Thursday, August 8, 2013 @ 11:59 G.M.T.

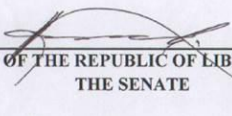
[Signature]

SECRETARY, LIBERIAN SENATE, R.L.

-2013-

ATTESTATION TO:

**AN ACT OF LEGISLATURE TO ESTABLISH THE INTERNAL AUDIT
AGENCY TO STRENGTHEN INTERNAL AUDIT AND INTERNAL
CONTROLS WITHIN THE INSTITUTIONS OF THE GOVERNMENT OF
THE REPUBLIC OF LIBERIA**



**VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/ PRESIDENT OF
THE SENATE**



SECRETARY, LIBERIAN SENATE



SPEAKER, HOUSE OF REPRESENTATIVES, R.L.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.



THE HONORABLE HOUSE OF REPRESENTATIVES

Capitol Building
P. O. Box 9005
Monrovia, Liberia
Website: www.legislature.gov.lr



Office of the Chief Clerk

-2013-

SECOND SESSION OF THE FIFTY-THIRD LEGISLATURE OF THE REPUBLIC OF LIBERIA

SCHEDULE OF HOUSE'S ENROLLED **BILL NO.3** ENTITLED:

"AN ACT OF LEGISLATURE TO ESTABLISH THE INTERNAL AUDIT AGENCY TO STRENGTHEN INTERNAL AUDIT AND INTERNAL CONTROLS WITHIN THE INSTITUTIONS OF THE GOVERNMENT OF THE REPUBLIC OF LIBERIA"

PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR EXECUTIVE APPROVAL.

APPROVED THIS 13th DAY OF September A.D. 2013

AT THE HOUR OF 6:00 P.M.



THE PRESIDENT OF THE REPUBLIC OF LIBERIA