



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS**

**NOTICE TO LISTED COMPANIES AND PUBLIC SECTOR ORGANISATIONS ON:  
APPOINTMENT OF ACCOUNTANTS TO THE AUDIT COMMITTEES AND THE  
WORK OF INTERNAL AUDITORS**

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**1.0 APPOINTMENTS TO THE AUDIT COMMITTEES**

The Zambia Institute of Chartered Accountants have been represented by its members on various corporate boards in the country. In most cases, the corporate entities and government have requested the Institute to nominate members for appointment to the Audit Committee or Board of Directors. It has been observed that some organisations have continued to establish Corporate Boards and/or Audit Committees without including appointing Chartered Accountants to their Boards/Audit Committees.

In line with good corporate governance principles, listed Companies, Public Sector organisations and government agencies should appoint Fellow or Associate Members of the Zambia Institute of Chartered Accountants to serve on the corporate boards/Audit Committees in order to have appropriate advisory services. It is in the interest of the corporate bodies involved to appoint people of high standing professionally to ensure that they have both an in-house advisors and non-executive directors on financial matters of the organisation. This is also in line with guidance from the International Federation of Accountants (IFAC).

Further, in compliance with good corporate governance practices, it is now mandatory that all listed corporate bodies and public or statutory bodies and other public interest entities should establish audit committees to protect public interest. We wish to commend government for leading the way by establishing audit committees at all government ministries and statutory bodies. In this regard, we recommend that the Chairperson of the Audit Committee shall be a Chartered Accountant registered with the Institute.

**2.0 WORK OF INTERNAL AUDITORS**

We have noted that internal auditors in government, statutory bodies and some private sectors are being involved in pre-audit work, which raises serious questions on the independence of the internal auditor, as an agent of good corporate governance practices in organisations. We have noticed recently that some of the people who were picked up in the recently publicised misapplication of funds at the Ministry of Health included internal auditors. This is because, such officers are involved in pre-audit which makes them to be part of management when they are supposed to provide checks and monitoring on behalf of Audit Committees in organisations and protecting the interests of the public by ensuring that control systems are adhered to. Internal auditors should focus their energies in systems audit and quality assurance.

Internal auditors are therefore advised to avoid getting involved in pre-audit work but focus on post audit. By so doing they will be more objective in their work and protect public interest. Internal auditors are the first line of defence as they are close to the area of activity; they can raise a red flag way before external auditors carry out their work.

For any further clarifications consult:

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