



REVISED RISK BASED OPERATIONAL INTERNAL AUDIT PLAN

1 JULY 2017 – 30 JUNE 2018

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1.1 BACKGROUND

During the 2016/2017 statutory audit, the Auditor General highlighted various internal control deficiencies in the Management Report that needs to be addressed by Management.

Discussions were held between Auditor General and Internal Audit to highlight the root causes of the external findings and high risk areas the municipality is facing based on the internal control deficiencies identified.

Internal Audit then considered revising their risk based audit plan based on these discussions and findings in the municipality's Management Report to ensure that Management has implemented adequate and effective internal controls to address these root causes.

1.2 ASSURANCE PROVIDERS AND LIMITATION

Internal Audit is a Management tool that forms part of the municipality's assurance framework. Council will have other sources of assurances on which it can rely, such as: the Risk Management Framework; policies and procedures; financial regulations and the Code of Conduct, as well as other independent sources of assurance, for example External Audit.

As would be consistent for any Internal Audit Service, given the finite Internal Audit resources available, it would not be possible to provide audit coverage of all aspects of the Council's activities within a given year.

The annual plan will primarily be focused on the more significant (high) inherent risks. The revised annual risk based plan is outlined on pages 4 to 6.

2. Operational Plan 2017/18					
REF	AUDITABLE AREA	HOURS	HIGH LEVEL OVERVIEW OF SCOPE	REPLACED WITH	HIGH LEVEL OVERVIEW OF SCOPE
COMPLIANCE					
	Corporate Governance	288	The municipalities governance process as well as principles of King IV will be used to evaluate compliance.	SCM	Tender evaluation process, procurement process, Supplier database, Deviations, etc.
	Risk Management	248	Evaluation of the municipalities risk assessment process, policy and implementation plan.		
	Financial Statements review	1 464	AFS review, stock counts and financial key controls, Internal and external follow-up audits will be evaluated.	Increased the hours/scope to include Mscoa classification testing.	
	Performance Management (quarterly per annum)	1 392	Evaluation of the municipality's performance management system and key performance indicators as well as performance reporting.		
	DORA(Division of Revenue Act)	192	Evaluation of conditional grants spending as gazetted in DORA.		
	Compliance with applicable legislation(Compliance Assist)	760	Evaluating adherence to key legislation, e.g. Municipal Finance Management Act.		

	Review the municipalities Municipal Governance Review and Outlook (MGRO) quarterly per annum.	440	Evaluating Self Assessments relating to Financial Statements, Audit Committee, Human Resources, Municipal websites, etc.		
CROSS-CUTTING					
	Supply Chain Management	1 328	Tender evaluation process, procurement process, Supplier database, etc.	Scope increased to test deviations, specific supplier appointments.	
	Asset Management	248	Safeguarding and control of assets will be evaluated,	SCM	Tender evaluation process, procurement process, Supplier database, Deviations, etc.
	Information Technology	220	General IT Control Environment	Management is considering appointing external service provider to audit this function as internal audit lack skills and expertise in this field.	
	Human Resources	304	TASK evaluation process.		
SOCIAL WELLBEING					
	Disaster Management	100	Implementation of Business Continuity Plan	Management is considering appointing external service provider to audit this function as internal audit lack skills and expertise in this field.	
ESSENTIAL BULK SERVICES					
	Bulk Potable Water Services	264	Implementation of Bulk water master plan, Drought Management plan.	SCM	Tender evaluation process, procurement process, Supplier database, Deviations, etc.

	Roads Infrastructure	160	Evaluating the implementation of annual plan for roads as part of predetermined objectives.		
	Project Management	496	Project monitoring and implementation	SCM	Tender evaluation process, procurement process, Supplier database, Deviations, etc.
ADHOC					
	Assisting AG	376	Assisting AG in collating Request for Information.		
	Total Hours	6 664			

3. RESOURCE MANAGEMENT

Human Resources

Internal audit unit comprises of five (5) officials:

Officials	Job Title	Qualifications	Audit Experience
A Adams	Chief Executive Audit	B Comm: (Accounting) degree Completed articles	9 years
K Frans	Internal Auditor	ND: Internal Auditing	4 years
N Mlambo	Internal Auditor	B Comm: Internal Auditing	3 years
S Nondo	Intern:Internal Auditor	ND: Financial Information Systems	4 Months
I Vilankulu	Intern:Internal Auditor	ND: Accounting	2 Months

4. TIME AVAILABLE

Year 2017/2018:

	Total hours Per annum	Chief Audit Executive	Internal Auditor	Internal Auditor	Intern: Internal Auditor	Intern: Internal Auditor
Work hours avail	9 880	1 976	1 976	1 976	1 976	1 976
#Leave	1 664	408	272	368	368	248
*Meetings	1 008	580	111	111	103	103
!Training	544	0	72	72	240	160
Available hours	6 664	988	1 521	1 425	1 265	1 465

*Meeting hours include internal audit team meetings, Council, Executive Mayoral, Greater Extended Management, Risk Management, KPI Monitoring, MPAC, Audit Committee and IT Steering Committee Meetings.

Leave hours include study leave, annual leave, family responsibility leave and sick leave

! Training hours include, Municipal Minimum Competency Training and Institute of Internal Auditors (IIA) Training.