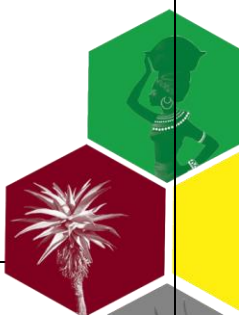




INTERNAL AUDIT CHARTER

2023-2024



INTERNAL AUDIT CHARTER

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Abbreviations and definitions.

Abbreviations

AO / MM	Accounting Officer or Municipal Manager
APC	Audit & Performance Committee
CAE	Chief Audit Executive /Internal Audit Manager
IIA	Institute Of Internal Auditors
MFMA	Municipal Finance Management Act, No. 56 of 2003
NTR/ TR	National Treasury Regulations
ULM	Umzimvubu Local Municipality
MSA	Municipal Systems Act

Definitions

Audit & Performance Committee (Also referred to as the "Committee")	An independent advisory body that is established by the Council in terms of section 166 of the MFMA.
Accounting Officer	The Accounting Officer is the Accounting Officer, also sometimes referred to as the Accounting Officer
COUNCIL	Council of a municipality as referred to in Section 18 of the Municipal Structures Act, as defined in Section 1 of the MFMA
Executive Committee	Council members who are appointed to the Executive Committee inclusive of the mayor, and Portfolio Heads
Terms of Reference	Should be read as same as Audit Committee Charter
IIA Standards	Standards for the Professional Practice of Internal Auditing, by the Institute of Internal Audit
External Auditor	The Auditor General of South Africa. This may include the representatives of the Office of the Auditor General, public audit firms appointed by the Auditor General to conduct audits on their behalf.

1. INTRODUCTION

The Internal Audit Activity shall provide Umzimvubu Local Municipality's Management and Council with an independent and objective evaluation of the effectiveness, efficiency, and application of the accounting, financial, and other internal controls necessary to accomplish Municipal objectives in compliance with Municipal Finance related practices and other policies and procedures, regulatory requirements, and sound business practices.

Umzimvubu Local Municipality Audit was set up as an assurance and consulting function, under the administration of the Municipal Manager, direction of the Internal Audit Manager (Chief Audit Executive) and functional oversight of the Audit & Performance Committee, in terms of the MFMA, as further espoused by the International Standards for the Professional Practice of Internal Auditing (Standards).

The following is the definition of internal audit:

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

The Council is ultimately responsible for overseeing the establishment of effective systems of internal control to provide reasonable assurance that the Municipality's financial and non-financial objectives are achieved. Executing this responsibility includes the establishment of an internal audit function in accordance with the requirements of Municipal Finance Management Act (MFMA) No.56 of 2003, The Municipal Systems Act No 32 of 2000, and the King IV Report on Corporate Governance.

Internal audit's approach and methodology is risk-based and internal auditors should furnish a written assessment to the Audit Committee on the adequacy of internal financial controls, general and IT controls, and compliance with laws and regulations and effectiveness of operations. The Audit Committee needs to report fully to Council regarding its conclusion arising from the internal audit assessment. This assessment provides comfort to the Audit Committee and endorsement by Executive Management of the adequacy of internal controls in the organization. Internal control is understood to mean the processes aimed at achieving reasonable assurance about the realization of the following control objectives:

- The accomplishment of established objectives and goals.
- The economical and efficient use of resources.
- The reliability and integrity of financial and non-financial information.
- Compliance with relevant policies, procedures, laws, and regulations.
- Safeguarding of assets.
- Giving effect to sec.217 of the Constitution regarding transparent, fair, competitive, and equitable procurement in line with MFMA prescripts and strictures; and
- Giving effect to performance management outcome validation in line with performance regulations.

This document defines the mandate, authority, and scope of engagement for Internal Audit. It also includes the principles enshrined in MFMA as further espoused in King IV and the Standards.

2. PURPOSE OF INTERNAL AUDIT CHARTER

The purpose of the Internal Audit Charter is to set out the statement of purpose, authority, and responsibility of Internal Audit within Umzimvubu Local Municipality and to outline the scope of the Internal Audit work. The internal audit charter establishes the internal audit activity's position within the municipality, including the nature of the internal audit functional reporting and relationship with the audit committee and management, authorizes access to record, personnel, and physical properties relevant to the performance of engagements.

3. AUTHORITY AND MANDATE

The Municipal Finance Management Act, 2003 specifically requires that every Municipality shall have an Internal Audit Function. This is further emphasized by the King IV Report on Corporate Governance.

3.1 The Municipal Finance Management Act (MFMA), no 56 of 2003, section 165, provides that:

“(1) each municipality and each municipal entity must have an Internal Audit Unit, subject to subsection (3).

(2) The internal audit unit of a municipality or municipal entity must:

- (a) prepare a risk-based audit plan and an internal audit program for each financial year;*
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—*
 - (i) internal audit;*
 - (ii) internal controls;*
 - (iii) accounting procedures and practices;*
 - (iv) risk and risk management;*
 - (v) performance management;*
 - (vi) loss control; and*
 - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and (c) perform such other duties as may be assigned to it by the Accounting Officer.*

(3) The Internal Audit function referred to in subsection (2) may be outsourced if the Municipality or Municipal Entity requires assistance to develop its internal capacity and the Council of the Municipality or the Board of Directors of the entity has determined that this is feasible or cost-effective.”

3.2 Furthermore, Section 62(1) (c), provides that:

"The Accounting Officer of a Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of-

- (i) financial and risk management and internal control; and*
- (ii) internal audit operating in accordance with any prescribed norms and standards"*

3.3 This Internal Audit Charter represents the general authorization from the Audit Committee of Umzimvubu Local Municipality to conduct internal audit activities based on approved scope of work. The Charter confers the authority upon the Internal Audit Manager (CAE) to review and determine any change to the approved scope of work coverage to the emergence of Business Risk or developments, any change to the approved scope of work by the Internal Audit Manager must be communicated to the Audit Committee at its next quarterly meeting.

3.4 The specific authorization and the scope of work is the Strategic Three Year Rolling Internal Audit Plan approved by the Audit Committee, concurred by management; executed annually and broken down into quarterly quarter.

3.5 The Internal Audit Manager, as Chief Audit Executive is authorized to review all areas of the Municipality's financial, operating; governance, risk management and information systems, and have access to required resources and staff, free and unrestricted access to all Umzimvubu Local municipality's activities, records, property, personnel, officials, and any other determined requirements by the Internal Audit Manager(CAE) for effective functioning of Internal Audit in line with The Standards. Internal Audit is responsible for the overall preparation and execution of all audits and serve as one port of call on internal auditing within the municipality.

3.6 Audit of Performance Management System / predetermined objectives: Section 45 of the Local Government Municipal Systems Act, No 32 of 2000 states that the results of performance measurements in terms of the Performance Management System (PMS) must be audited as part of the Municipality's internal auditing process. Further provision is made in Regulations.

3.6.1 Local Government Municipal Planning and Performance Management Regulations 2001 14 (1):

(a) *A Municipality must develop and implement mechanisms, systems, and processes for auditing the result of performance measurements as part of its internal auditing processes.*

(b) *Any Audit in terms of paragraph (a) must include assessment of the following:*

- (i) The functionality of the Municipality's Performance Management System.*
- (ii) Whether the performance management system complies with the MSA; and*
- (iii) The extent to which the Municipality's Performance measurements are reliable in measuring performance of the Municipality.*

(c) *A Municipality's Internal Auditors must:*

- (i) On a continuous basis, audit the performance measurements of the Municipality; and*
- (ii) Submit quarterly reports on their audits to the Municipal Manager and the Performance Audit Committee.*

3.7 The Internal Audit Manager is authorized to:

3.7.1 Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives.

3.7.2 Have free and unrestricted access to the Municipal Manager and Audit Committee.

3.7.3 Full and unrestricted access to all municipal records, physical properties and personnel relevant to any function under review or audit.

3.7.4 Obtain the necessary assistance of personnel in Functions and Departments where they perform audits.

3.8 The Internal Audit Manager (CAE) and Internal Audit staff **do not** have any authority or responsibility for implementation of activities and / or decision making of the entities that they audit, i.e.

- They will not initiate or approve accounting transactions external to the internal auditing function.
- They will not direct the activities of any department or employee not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal audit.
- They will not directly participate in the design, development, and implementation of new financial or other controls and systems or policies within the organization other than in advisory and consulting capacity.
- They will not perform line function operational duties for the organisation they serve or its entities

3.9 The Internal Audit Manager (CAE) and Internal Audit Unit will, however, review the new systems or policy and comment on the adequacy of control measures and the efficiency of the said systems and policy before they are implemented to enhance pro-activeness.

3.10 The Internal Audit Manager (CAE) is ultimately responsible for the work performed by the audit team in Internal Audit. This includes, but not limited to:

3.10.1 The establishment of the scope of activities to be carried out in the different Units and / or Departments.

3.10.2 The tools and methodologies to be followed, procedures and standards.

3.10.3 Resource requirements (manpower requirements including headcount of the function).

3.10.4 Determination of the required skills, educational levels, experience for recruitment into the function, decisions on the possible temporary contract, co-sourcing and outsourcing of capacity required, to achieve the objectives of the Internal Audit. (Where **outsourcing** of a function (e.g., ICT Audit Unit) is required, specific approval is required from the Audit & Performance Committee).

3.10.5 The authorization of all communication from ULM Internal Audit.

4. FUNCTION

Internal audit is an independent objective assurance established within the Municipality to independently examine and evaluate the internal controls, risk management and governance processes of the Municipality and report to management and the Audit & Performance committee.

It is a control function which functions by examining and evaluating the adequacy and effectiveness of internal controls. To this end, the Unit will furnish the audit committee and Management with analyses, appraisals and recommendations concerning the activities reviewed.

Internal audit is functionally reporting to the Audit Committee and for administrative purposes will report to the Municipal Manager.

Internal audit shall have an independent status within the Municipality and will not be involved in the day-to-day internal operations of systems within the Municipality.

5. INDEPENDENCE AND OBJECTIVITY

Internal Audit will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will not initiate or approve accounting transactions external to the scope and will always avoid conflict of interest.

Internal auditors will exhibit highest level of professional objectivity and competence in gathering evaluating and communication information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstance and not be duly influenced by their own interest or by others in forming judgment.

Each internal auditor will have an objective attitude and shall be in a sufficiently independent position to be able to exercise judgment, express opinions, and present recommendations with impartiality.

An internal auditor shall be free from any conflict of interest arising from professional or personal relationships or other interests which he/she may be subjected to audit.

The Internal Audit Manager will confirm to the Audit & Performance Committee, at least annually, the independence of the Internal Audit Activity, further comply with ISA 610 for AGSA reliance purpose.

The Internal Audit Manager shall have direct communication with the accounting officer, Audit & Performance Committee, and other appropriate governing authorities.

5.1 Reporting

5.1.1 The Internal Audit Manager (CAE) reports functionally to the Audit & Performance Committee and administratively to the Municipal Manager (MM).

5.1.2 The Internal Audit Manager has a standing invitation to attend meetings of the Executive Committee or other committees made up of most senior executives but may not be a member of these committees to protect independence.

5.1.3 The internal audit coverage plan should be submitted to the Audit & Performance Committee for approval and reporting in line with the work plan should take place at each quarterly meeting of the Audit Committee.

5.1.4 The Audit & Performance Committee should ensure that the internal audit function is subjected to an independent external quality assurance review in terms of Internal Audit Standards every five years or shorter period as the Committee determines it appropriate as a measure to ensure that the function remains effective.

5.2 Limitation of scope

5.2.1 Any attempted scope limitation by management must be reported, preferably in writing, to the Municipal Manager and to the Audit & Performance Committee. The question of whether an action by management in fact constitutes a scope limitation is at the judgment of the Internal Audit Manager.

5.2.2 Except in cases of suspected fraud, the Municipal Manager and the Audit & Performance Committee may decide to accept a limitation of scope. In such instances, the Internal Audit Manager (CAE) should evaluate from time to time whether the circumstances surrounding the scope limitation are still valid and whether the scope limitation needs to be reported again to the Municipal Manager and the Audit & Performance Committee for their renewed consideration.

5.3 Organizational Structure

5.3.1 The organizational structure must promote the independence of the Internal Audit Function as a whole and allow internal audit to perform its work objectively and independently.

5.3.2 Internal audit has free and unrestricted access to management, employees, activities, physical locations and to all information considered necessary for the proper execution of internal audit's work, as determined by the Internal Audit Manager (CAE).

5.3.3 The Internal Audit Manager/CAE is ultimately responsible for the work performed by all internal audit staff throughout Umzimvubu Local Municipality and their appraisal. To deliver the maximum added value to Umzimvubu Local Municipality, operational management must be able to provide support and assistance without organizational influence on the deployment of audit resources.

5.3.4 Internal Audit remuneration, bonuses, and benefits to be considered appropriately based on Umzimvubu Local Municipality Human Resource/ Recruitment policies.

6. CODE OF ETHICS

Internal Auditors are expected to apply and uphold the following principles:

6.1 Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

6.2 Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

6.3 Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

6.4 Competency

Internal auditors apply the knowledge; skills and experience needed in the performance of internal audit services.

7. SCOPE OF WORK

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal control process.

Internal Audit also evaluates the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Reviewing the reliability and integrity of financial (testing the internal financial control environment) and operational information and the means used to identify, measure, classify and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Department.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating information and communication technology processes.
- Monitoring and evaluating the effectiveness of the municipal risk management processes.
- Coordinating the relationship between the management and other assurance providers; and
- Performing consulting and advisory services related to governance, risk management and control processes as appropriate for the organization.

Consulting services will include:

Providing consulting and related client service activities, the nature and scope of which are agreed with Management, and which are intended to add value and improve Umzimvubu Local Municipality's governance, risk management, and control processes without the internal auditor assuming management responsibility. These activities include, amongst others, training, advice, awareness campaigns and facilitation. With respect to the nature of consulting activities, the following is examples:

1. Business Continuity Management, in the absence of capacity in the organisation for this specialist area, facilitation of the establishment of the policy and framework. Further engagement with line in the formation of impact assessment and business continuity plans. It is widely communicated that management remain the custodian and owners of the process and Internal Audit provides an advisory role to assist management in this area. In addition, an outsourced service provider will be engaged to review the effectiveness of the Business Continuity Management process.
2. Internal Audit provides advisory service to management in Project Assurance and input into the establishment of policies and procedures with management remaining ultimately responsible for these documents.
3. Formal consulting agreement – those that are planned and subject to written agreements.
4. Information consulting engagements – routine activities such as participation on standing committees, ad-hoc meetings, limited life audits and routine information exchange.
5. Special consulting engagements- participation on dedicated teams such as system conversion teams.
6. Emergency consulting engagements – participation on a team established for recovery or maintenance of operations after a disaster or other extraordinary business events.
7. Support provided to management in the design and development of effective control measures
8. Facilitation of risk assessment

The Internal Audit staff is not authorized to:

1. Perform any operational duties for the Municipality or its affiliates without approval of the Municipal Manager and/or the Audit & Performance Committee.
2. Initiate or approve accounting transactions external to Internal Audit.

3. Assume direct operational responsibility or authority over any of the activities under review or audit.
4. Develop or install systems or procedures, prepare records, or engage in any other activity that would normally be audited.

Subject to the approval by the Audit Committee, Internal audit is authorized to:

5. Decide on the nature, scope, and timing of audits.
6. Enter all premises of the Municipality and have access to and inspect all documents and records.
7. Require any officer of the Municipality to supply such information and explanations as may be needed; and
8. Have discussions with Heads of Departments and employees of the Municipality at any reasonable time.

8. RESPONSIBILITIES RELATING TO THE AUDIT & PERFORMANCE COMMITTEE

The head of the Internal Audit Unit's responsibility to the Audit Committee and Management:

The head of Internal Audit unit and the Internal Audit staff have a responsibility to:

1. Develop an Annual Audit Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit & Performance Committee for review and approval.
2. Submit a signed copy to the Municipal Manager for record keeping.
3. Report significant changes to the approved plan shall be to the Municipal Manager and to the Audit & Performance Committee for approval.
4. Implement the approved Annual Audit Plan and any special tasks or projects requested by the Municipal Manager, Audit & Performance Committee, or Management.
5. Maintain sufficient knowledge, skills, expertise, and professional certifications to meet the requirements of this Charter.
6. Apply the care and skill expected of a reasonably prudent and competent internal auditor.
7. Safeguard the documents and information given to Internal Audit during a periodic review or audit in the same prudent manner employed by those employees normally accountable for the documents and information.
8. Evaluate and assess new or changing services, processes, and operations coincident with their development, implementation, and/or expansion.
9. Issue periodic reports to the Municipal Manager, Audit & Performance Committee, and management summarizing results of audit activities.
10. Keep the Municipal Manager, Audit & Performance Committee, and management informed of emerging trends and successful practices in internal auditing.

9. RESPONSIBILITIES OF INTERNAL AUDIT

The head of the Internal Audit Unit's responsibility to the Audit & Performance Committee and Management:

The Head of Internal Audit unit and the Internal Audit staff have a responsibility to:

1. Develop an Annual Audit Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit & Performance Committee for review and approval.
2. Evaluate the Municipality's governance processes including ethics, especially the "tone at the top".

3. Performing an objective assessment of the effectiveness of risk management and the internal control framework.
4. Assist Umzimvubu Local Municipality in maintaining efficient and effective controls by evaluating these controls to determine their adequacy and effectiveness and provide recommendations to mitigate risk. The controls subject to evaluation should, amongst others, encompass the following:
 - The information systems, environment, including the electronic information system and electronic banking services,
 - The reliability, integrity, accuracy, completeness, and timeliness of financial and management information,
 - The effectiveness, efficiency, and economy of operations,
 - The application and effectiveness of Umzimvubu Local Municipality's risk management procedures and risk assessment methodologies,
 - Safeguarding of assets, and
 - Compliance with applicable laws, rules, regulations, policies, and procedures.
5. Report on the implementation and results of the annual audit plan including special tasks requested by management and the Audit & Performance Committee.
6. Meet periodically with the chairperson of the Audit & Performance Committee to discuss whether the material and information furnished meets the requirements of the Audit & Performance Committee.
7. Submit a signed copy to the Municipal Manager for record keeping.
8. Report significant changes to the approved plan shall be to the Municipal Manager and to the Audit & Performance Committee for approval.
9. Implement the approved Annual Audit Plan and any special tasks or projects requested by the Municipal Manager, Audit & Performance Committee, or Management.
10. Maintain sufficient knowledge, skills, expertise, and professional certifications to meet the requirements of this Charter.
11. Apply the care and skill expected of a reasonably prudent and competent internal auditor.
12. Safeguard the documents and information given to Internal Audit during a periodic review or audit in the same prudent manner employed by those employees normally accountable for the documents and information.
13. Evaluate and assess new or changing services, processes, and operations coincident with their development, implementation, and/or expansion.
14. Issue periodic reports to the Municipal Manager, Audit & Performance Committee, and management summarizing results of audit activities.
15. Keep the Municipal Manager, Audit & Performance Committee, and management informed of emerging trends and successful practices in internal auditing.
16. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Municipality at a reasonable overall cost.

10. RESPONSIBILITIES RELATING TO RISK MANAGEMENT

Internal Audit 's core assurance roles in terms of risk management include:

- Evaluating whether risk management processes are effective in identifying significant risks; and
- Evaluating the reporting of key risks and reviewing management of key risks.

10.1 The consulting roles that internal audit may undertake in relation to ERM, and the safeguards that are required to ensure that its independence and objectivity are maintained; include amongst others, the following consulting roles that Internal Audit Activity undertakes:

- Making available to management tools and techniques used by internal audit to analyse risks and controls.
- Being a champion for introducing ERM into the organization, leveraging its expertise in risk management and control and its overall knowledge of the organization.
- Providing advice, facilitating workshops, coaching the organization on risk and control, and promoting the development of a common language, framework and understanding.
- Acting as the central point for coordinating, monitoring, and reporting on risks.
- Supporting managers as they work to identify the best way to mitigate a risk; and
- Recommending best practice models in risk management processes.

10.2 Whilst assisting management in establishing and improving risk management processes, Internal Audit shall apply the following safeguards i.e.,

- Internal Audit shall refrain from assuming management responsibilities for risk management.
- Internal Audit shall not give assurance on any part of the ERM framework for which it is responsible for.

11. RESPONSIBILITIES WITH REGARD TO FRAUD AND CORRUPTION

11.1 Internal Audit should consider where fraud risk is present within the business and respond appropriately by auditing the controls of that area, evaluating the potential for the occurrence of fraud and how the organization manages fraud risk (Standard 2120.A2) through risk assessment, and audit planning. It is not internal audit's direct responsibility to prevent fraud happening within the business. This is the responsibility of management as the first line of defence. The Internal Auditor should not be expected to have the expertise of a person whose primary responsibility is to investigate fraud. Such investigations are best carried out by those experienced to undertake such assignments.

11.2 When an Internal Auditor suspect's wrongdoing, he or she shall apply the standards and determine the extent; report concerns to the Audit & Performance Committee and recommend any investigation that may be considered necessary in the circumstances to the Municipal Manager who shall in turn engage the relevant Executive.

12. COMPLIANCE WITH PROFESSIONAL PRACTICE FRAMEWORK

12.1 All Internal Audit staff will conduct themselves in accordance with the Internal Audit Standards set by IIA Inc.

as adopted by IIASA. Internal Audit shall comply with the following professional standards issued:

- The Code of Ethics of the IIASA.
- Code of Ethics of Umzimvubu Local Municipality.
- Values of Umzimvubu Local Municipality.
- Various codes as applicable; and
- Membership of professional Institute must be in good standing.

12.2 The Internal Auditors shall be members of professional bodies relevant to Internal Audit professional remit (i.e., IIASA, ISACA, SAICA, CFE, IRMSA, AGA), to keep up to date with the professional developments and requirements of continuous professional development. Internal Audit shall actively participate in IIA activities to ensure the maintenance of professional proficiency and competencies.

12.3 Internal Audit shall in addition comply with any regulations or instructions issued by National Treasury concerning internal audit components and their functioning.

13. REVIEW OF COMPLIANCE MANAGEMENT FRAMEWORK

13.1 The internal audit activity will maintain a quality assurance and improvement program that covers all the aspects of the internal audit activity (including both periodic internal and external assessment).

13.2 The Internal Audit Manager/Chief Audit Executive (CAE) of Internal Audit Unit will communicate to senior management and Audit & Performance Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessment and external assessments.

Internal Assessment:

13.3 The Internal Audit Manager must ensure that internal assessments are performed. Internal assessments shall include ongoing reviews of the performance of the internal audit activity.

13.4 The Internal Audit Manager, at least annually, must report on the results of internal assessments.

13.5 The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

13.6 Annual Evaluations using questionnaires will be performed by the Audit Committee to assess the efficiency and effectiveness of Internal Audit in meeting the needs of its various stakeholders.

External Assessment:

13.7 External Quality Assurance reviews will be conducted at least once every five years by a qualified, independent reviewer or a qualified independent review team from the Institute of Internal Auditors South Africa/other appropriate consultant.

13.8 The Chief Audit Executive in consultation with the Accounting Officer should prepare a written action plan in response to comments and recommendations in the report.

14. APPROVAL

This document must be updated at least once a year but more frequently as circumstances may necessitate. It must be approved by the Audit Committee, to formally establish the authority of the Internal Audit function.

Compiled by:

Ms. T. Novukela,
Manager: Internal Audit

Date

Endorsed by:

Mr. G.P.T Nota
Municipal Manager

Date

Approved by:

Mr. P. Buthelezi

Audit & Performance Committee Chairperson

Date