SWELLENDAM MUNICIPALITY

2023/24 CHIEF AUDIT EXECUTIVE (CAE) STATUS UPDATE REPORT:

3rd QUARTER INTERNAL AUDIT PROGRESS

Prepared by: Mr. A Petersen

SWELLENDAM MUNICIPALITY
Municipal Manager: A Vorster, Directors: E. Wasserman, K. Stuurman, W. Treurnicht

1. INTRODUCTION

The purpose of this report is to inform the Municipal Manager and Audit and Performance Audit Committee (APAC) on the status of Internal Audit Activities for the 3rd quarter of the 2023/24 financial year. The report covers the period 01 January to 31 March 2024. The report provides information to the Audit and Performance Audit Committee (APAC) on the progress made in line with the approved 2023/24 internal audit three year rolling plan. Additionally, it addresses various administrative and governance matters pertaining to the internal audit function, with the aim of aiding the Audit and Performance Audit Committee in fulfilling its mandated responsibilities.

The report is in line with the Internal Audit Charter and the Institute of the International Professional Practise Framework (standards) of Internal Auditing.

2. STAFFING

The operational capability of the internal audit function during the reviewed period is outlined as follows:

Name and Surname	Position
Vacant	Chief Audit Executive (CAE)
Mr. Ashwin Petersen	Senior Internal Auditor
Mr. Herschelle Swart	Internal Auditor
Ms. Mariska Vermeulen	Internal Audit Intern

Currently, the Senior Internal Auditor is performing strategic functions and assisting with operational aspects within the internal audit activity. The Senior Internal Auditor plays a pivotal role in both the Audit and Performance Audit Committee (APAC) Meetings and the Fraud and Risk Management Committee (FARMCO) Meetings. In addition, the Senior Internal Auditor contribute immensely to the functioning of the Risk Management processes of Swellendam Municipality.

3. PROFESSIONAL STANDARDS

The Internal Audit Activity (IAA) of Swellendam Municipality will govern itself by adherence to the Municipal Financial Management Act (MFMA) 56 of 2003, section 165 and the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Definition of Internal Auditing.

Annual Declarations are also signed by Internal Audit Staff to ensure conformance with the abovementioned.

3. INDEPENDENCE AND OBJECTIVITY

The IAA is independent in all material aspects and the Internal Auditors are objective in performing their work responsibilities. To strengthen the organizational independence of the IAA, the IAA is situated in the Office of the Municipal Manager; reporting functionally to the Audit and Performance Audit Committee and administratively to the Municipal Manager.

The Senior Internal Auditor (SIA) hereby confirms that the Internal Audit Activity of Swellendam Municipality is organizationally independent, as required by the IIA Standards.

In addition, individual declaration of Interest forms is also signed by audit staff for each individual audit engagement. This declaration is signed for every engagement by all internal audit staff. It covers the individually objectivity required by internal auditors and reports on any possible conflicts of interest per engagement.

4. SCOPE LIMITATIONS

We are pleased to report that no material scope limitations were experienced for the period under review. Scope limitations noted during reviews are reported as part of the individual audit reports.

5. INTERNAL AUDIT STAFFING/ RESOURCE REQUIREMENTS

The structure of the IAA makes provision for the following posts, namely: Chief Audit Executive (1 post) and Senior Internal Auditor (1 post) and Internal Auditor (1 Post). There are currently 1 vacant post (Chief Audit Executive) on the internal audit structure. Furthermore, the IAA appointed an internal audit intern to assist the department in meeting its objectives.

There is also a need for certain specialized audit skills, such as ICT auditing; environmental auditing; forensic auditing; etc. However, provision should made on the budget for outsourcing and/or shared services if deemed necessary.

The impact of the resource limitations, mean that Internal Audit Activity might not be able to cover the full risk and audit universe of the municipality. However, the high-risk areas that are not included in the Annual Risk-Based Audit Plan due to capacity constraints, will be communicated to Management and the Audit and Performance Audit Committee on a quarterly basis.

6. STAFF TRAINING/ MEETINGS/ FORUMS/ OTHER ENGAGEMENTS

The following engagements were attended by the internal audit staff:

Date of Engagement	Engagement Details	Attended by
1st Quarter: July 2023 – September 2023		
24 July 2023	Internal Audit Strategic Meetings	SIA
31 July 2023	Risk Management Workshop	All IA Staff
02 August 2023	Fraud and Risk Management Committee Meeting	SIA/IA
2nd Quarter: October 2023 – 31 December 2023		
16 – 20 October 2023	Strategic Leadership and Management Specialisation *(Online Course)*	SIA
01 – 07 November 2023	Leading Diverse Teams and Organisations *(Online Course)*	SIA
03 November 2023	District Audit and Risk Management Forum	SIA
20 – 24 November 2023	Minimum Municipal Competency (MMC) Training	SIA/IAI
3rd Quarter: January 2024 – 31 March 2024		
24 January 2024	Get to Know the New Global Internal Audit Standards	All IA Staff
05 – 09 February 2024	Minimum Municipal Competency (MMC) Training	SIA/IAI
09 – 10 February 2024	Risk Management Workshop	All IA Staff
13 February 2024	Fraud and Risk Management Committee Meeting	SIA/IAI
01 March 2024	District Internal Audit & Risk Management Forum	SIA

7. STAFF CERTIFICATIONS, EXPERIENCE & CONTINUED PROFESSIONAL DEVELOPMENT

Name	Designation	Certification/ Qualification	Experience
Mr. Ashwin Petersen	Senior Internal Auditor	Master degree: Internal Auditing; BTech Degree: Internal Auditing; National Diploma: Internal Auditing	Overall, 5 years internal auditing experience which consist of 3 years in private sector and 2 years in the public sector. Knowledge and experience in risk management and

			compliance, performance management.
Mr. Herschelle Swart	Internal Auditor	Bachelor of Administration; Diploma - Municipal Minimum Competency; Certificate in Public Sector Risk Management	4+ years internal audit, risk, compliance & performance management.
Ms. Mariska Vermeulen	Internal Audit: intern	National Diploma: Management BCom Hons (Business Management) BCom Hons (Financial Management) – In progress	1+ year internal audit, risk, compliance & performance management.

8. PROGRESS REPORT ON THE 2023/2024 RBIAP

The 2023/24 revised risk-based internal audit plan was presented to the Audit and Performance Audit Committee on 27 June 2023. After taking the comments and recommendations of the Audit and Performance Committee members into account, the 2023/24 risk-based internal audit plan was approved on 26 July 2023. An overview of the status of the internal audit work performed in terms of the approved internal audit plan for the 3rd quarter of the 2023/24 financial year is presented below:

Audit Ref	Audit Activity Planned	Status	Comments	Budgeted Hours	Actual Hours	Reason for Deviation
1st Quarter Audit Activities (July 2023 – September 2023)						
2022/23 – 001	2022/2023 Annual Stock count Review	Completed	The Final Report Issued in the 1st Quarter and will be tabled to APAC in August 2023.	50	50	N/A
2023/24 - 002	2022/2023 Compliance review	Completed	The Final Report Issued in the 1st Quarter and will be tabled to APAC in August 2023	200	200	N/A
2022/23 – 003	2022/2023 Annual Performance Management (SDBIP) Review	Completed	The Final Report Issued in the 1st Quarter and will be tabled to APAC in August 2023	160	160	N/A
2023/24 - 004	2022/2023 Annual Financial Statements (AFS) High Level Review	Completed	The Final Report Issued in the 1st Quarter and will be tabled to APAC in August 2023	80	80	N/A

2022/23 – 005	Internal Audit Follow-Up Review	Completed	The Final Report Issued in the 1st Quarter and will be tabled to APAC in August 2023.	40	40	N/A
2nd Quarter Audit Activities (October 2023 – December 2023)						
2023/24 - 006	2023/2 1st Quarter SDBIP Performance Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in December 2023.	80	80	N/A
2023/24 - 007	Governance Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in December 2023.	180	180	N/A
2023/24 - 008	Internal Audit Follow-Up Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in December 2023.	50	50	N/A
3rd Quarter Audit Activities (January 2024 – March 2024)						
2023/24 - 009	2023/24 2nd Quarter SDBIP Performance Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in April 2024.	80	80	N/A
2023/24 - 010	2023/2024 Ageing and Inadequate Roads and Stormwater Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in April 2024.	180	180	N/A
2023/24 - 011	SCM Compliance and Procurement Review	In Progress	Internal Audit is finalising the audit report with management. The final SCM report will be table to APAC at the next APAC Meeting.	180	180	N/A
2023/24 - 012	Risk Management Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in April 2024.	160	160	N/A
2023/24 - 013	Internal Audit Follow-Up Review	Completed	The Final Report Issued in the 2nd Quarter and will be tabled to APAC in April 2024.	50	50	N/A
4th Quarter Audit Activities (April 2024 – June 2024)						

2023/24 - 014	2023/24 3rd Quarter SDBIP Performance Review	Not yet started		80	80	-
2023/24 - 015	Land Evasions & Erection of Illegal Structures Review	Not yet started		180	180	-
2023/24 - 016	Internal Quality Assurance Review	Not yet started		40	40	-
2023/24 - 017	Internal Audit Follow-Up Review	Not yet started		50	50	-

PERFORMANCE: 71% of the 2023/24 RBIAP (12/17 Completed/ 17 Planned)

9. ADDITIONAL AD HOC ACTIVITIES PERFORMANCE

The following audit activities were performed during the quarter under review, that were not included in the 2023/24 approved risk-based internal audit plan. The ad hoc/ special requests were received from management and the scope of the audit activities have been discussed and agreed to by management:

Activities	Activity Type	Requested by	Hours Available	Approved	Progress	Hours Spent
1st Quarter: July – September 2023						
Ongoing Risk Management	Formal & Informal	Municipal Manager	Yes	Yes	Completed	50
Adhoc: Electrical Metering Investigation	Formal	Municipal Manager	Yes	Yes	Completed	50
2nd Quarter: October – December 2023						
AGSA Assistance: Asset Verification	Formal	AGSA	Yes	Yes	Completed	80
Ongoing Risk Management	Formal & Informal	Municipal Manager	Yes	Yes	Completed	50
3rd Quarter: January – March 2024						
Ongoing Risk Management	Formal & Informal	Municipal Manager	Yes	Yes	Completed	50
Adhoc: Duplication of Order Collected at Supplier	Formal	Municipal Manager	Yes	Yes	Completed	50

Budgeted Hours	**400**
Hours Spent for Period	**330**
Available Hours	**70**

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Senior Internal Auditor
Mr. Ashwin Petersen

31 March 2024
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Date