SWELLENDAM MUNICIPALITY

2025/26 CHIEF AUDIT EXECUTIVE (CAE) STATUS UPDATE REPORT:

3RD QUARTER INTERNAL AUDIT PROGRESS REPORT

Prepared by: Mr. A. Petersen

SWELLENDAM MUNICIPALITY
Municipal Manager: A Vorster, Directors: E. Wasserman, J. Van Niekerk, W. Treurnicht

1. EXECUTIVE SUMMARY

The purpose of this report is to inform the Municipal Manager and Audit and Performance Audit Committee of the status of the Internal Audit activities for the 3rd quarter of the 2025/26 financial year. The report covers the period 01 January 2026 to 31 March 2026. The report provides information to the Audit and Performance Audit Committee on the progress made in line with the approved 2025/26 Internal Audit Three-year Rolling Strategic Plan. Additionally, it addresses various administrative and governance matters pertaining to the Internal Audit function, intending to aid the Audit and Performance Audit Committee in fulfilling its mandated responsibilities as stipulated in the approved charter. The Internal Audit Function continues to deliver assurance services in alignment with the approved 2025/26 Internal Audit Three-Year Rolling Strategic Plan and Annual Risk-Based Operational Plan.

The report is in line with the approved Internal Audit Charter and the Global Internal Audit Standards (GIAS).

2. WORKFORCE CAPACITY

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
Mr. Xola Mahlaba	Internal Audit Intern

3. GLOBAL INTERNAL AUDIT STANDARDS

The Internal Audit function 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, Ethics and Professionalism domain, the Global Internal Audit Standards, and the Purpose of Internal Auditing.

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

4. INDEPENDENCE AND OBJECTIVITY

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

In addition, individual declaration of interest forms are signed by audit staff for each audit engagement. It covers the individual objectivity required by Internal Auditors and reports on any possible conflicts of interest per engagement.

5. SCOPE LIMITATIONS

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

6. INTERNAL AUDIT RESOURCE ALLOCATION

The structure of the Internal Audit function makes provision for the following posts, namely: Chief Audit Executive (1 post), Senior Internal Auditor (1 post), and Internal Auditor (1 post). There is currently 1 vacant post, namely the Chief Audit Executive, in the Internal Audit function.

The impact of the resource limitations means that the Internal Audit function 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 Operational Plan due to capacity constraints are communicated to Management and the Audit and Performance Audit Committee every quarter.

7. 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: 01 July 2025 – 30 September 2025		
17 July 2025	MFMA AFS Consistency Workshop Modernising Internal Audit with Technology and Data	SIA/IA
18 July 2025	Artificial Intelligence Prompts, Critical Thinking, and Expertness	SIA
24 July 2025	Public Sector Internal Audit: Risk in Procurement	SIA/IA
Ongoing	The Implementation of the New Municipal Bank Account	SIA
11 September 2025	Fraud and Risk Management Committee Meeting	SIA
09 & 10 September 2025	Workshop to Strengthen Oversight Accountability and Consequence Management	SIA/IA/IAI
2nd Quarter: 01 October 2025 – 31 December 2025		
30 & 31 October 2025	Institute of Internal Auditors South Africa Regional Western Cape Conference	SIA
03 November 2025	Support for Customising the Municipal Governance of the ICT Policy Framework	SIA/IA/IAI
06 November 2025	Financial Misconduct Disciplinary Board Meeting	SIA
10 November 2025	Audit Steercom Meeting: AGSA	SIA
13 November 2025	Chief Audit Executive Forum	SIA
28 November 2025	Special MPAC Meeting	SIA
03 December 2025	How to pass an EQA Workshop	SIA/IA/IAI
08 December 2025	Fraud and Risk Management Committee Meeting	SIA
09 December 2025	MPAC Meeting	SIA
3rd Quarter: 01 January 2026 – 31 March 2026		
19 January 2026	Induction Meeting with the appointed Travel Agency	SIA
20 January 2026	Special MPAC Meeting	SIA
26 January 2026	Support for Customising the Municipal Governance of the ICT Policy Framework	SIA
28 January 2026	2024-25 Performance Evaluation of Snr Management	SIA
03 February 2026	MFMA Debriefing Session and Clean Audit Trophy Handover	SIA
04 February 2026	ICT Steercom Meeting	SIA
24 February 2026	Financial Misconduct Disciplinary Board Meeting	SIA
03 March 2026	Insurance Risk Committee Meeting	SIA
10 March 2026	Fraud and Risk Management Committee Meeting	SIA

8. INTERNAL AUDIT STAFF QUALIFICATIONS, EXPERIENCE & CONTINUOUS PROFESSIONAL DEVELOPMENT

Name(s)	Designation(s)	Qualification(s)	Experience(s)
Mr. Ashwin Petersen	Senior Internal Auditor	Magister of Technologiae degree: Internal Auditing; Baccalaureus Technologiae Degree: Internal Auditing; National Diploma: Internal Auditing Municipal Minimum Competency	Internal Auditing experience in both the *private* and *public sectors*. Knowledge and experience in Risk Management, Compliance, and Performance Management. No membership by the Institute of Internal Auditors South Africa (IIASA)
Mr. Herschelle Swart	Internal Auditor	Bachelor of Administration; Municipal Minimum Competency; Certificate in Public Sector for Risk Management	Internal Auditing experience in the public sector. Knowledge and experience in Risk Management, Compliance, and Performance Management. No membership by the Institute of Internal Auditors South Africa (IIASA)
Mr. Xola Mahlaba	Internal Audit Intern	Diploma: Human Resources Management	No Experience No membership by the Institute of Internal Auditors South Africa (IIASA)

9. APPROVED 2025/26 RISK-BASED INTERNAL AUDIT STRATEGIC PLAN

The 2025/26 Internal Audit Three-year Rolling Strategic Plan was presented to the Audit and Performance Audit Committee on 25 June 2025. The approved 2025/26 Internal Audit Three-year Rolling Strategic Plan and Annual Risk-Based Internal Audit Operational Plan are outlined below:

Audit Projects		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		July - Sept	Oct - Dec	Jan - Mar	Apr - June
Statutory Audits					
1.	2024/2025 Compliance Reviews: MFMA; MSA & DORA	180			
2.	Performance Management and SDBIP (Quarterly)	160	80	80	80
Risk-Based Audits					
3.	SCM Compliance and Procurement Review				180
4.	Fleet and Specialised Management Review		160		
5.	Overtime Management Review			160	
6.	Water and Wastewater Networks Review		40	40	40

7.	Recruitment and Selection Review				160
8.	Recovery of Traffic Infringements Review			160	
9.	High-Level AFS Review	80			
Other Scheduled Audits					
10.	Internal Quality Assurance Review				80
11.	Employee Verification	80			
12.	Asset Verification	100			
13.	Annual Stock Count (Year-end)				50
14.	Follow-up audits	20	20	20	20

10. PROGRESS REPORT ON THE 2025/26 RISK-BASED INTERNAL AUDIT PLAN

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 2025/26 financial year is presented below:

Audit Engagement	Status	Comments	Planned Hours	Actual Hours
1st Quarter: 01 July 2025 – 30 September 2025				
2024/2025 Compliance Reviews: MFMA; MSA & DORA	Completed	The Final Report was issued in the 1st quarter and will be tabled to APAC in September 2025.	180	180
Performance Management and SDBIP (Quarterly)	Completed	The Final Report was issued in the 1st quarter and will be tabled to APAC in September 2025.	160	160
High-Level AFS Review	Completed	The Final Report was issued in the 1st quarter and will be tabled to APAC in September 2025.	80	8
Employee Verification	Completed	The Final Report was issued in the 2nd quarter due to the correspondence received from the Auditor-General South Africa (AGSA) on the commencement date. Internal Audit commences in November 2025.	80	80
Asset Verification	Completed	The Final Report was issued in the 2nd quarter due to the correspondence received from the Auditor-General South Africa (AGSA) on the commencement date. Internal Audit commences in November 2025.	100	100
Follow-up Audit Engagement	Completed	The Final Report was issued in the 2nd quarter due to the correspondence received from the Auditor-General South Africa (AGSA) on the	20	20

		commencement date. Internal Audit commences in November 2025.		
2nd Quarter: 01 October 2025 – 31 December 2025				
Performance Management and SDBIP (Quarterly)	Completed	The Final Report was issued in the 2nd quarter and will be tabled to APAC in December 2025.	80	80
Fleet and Specialised Management Review	Completed	The Final Report was issued in the 2nd quarter and will be tabled to APAC in March 2026.	160	160
Water and Wastewater Networks Review	Completed	The Final Report was issued in the 2nd quarter and will be tabled to APAC in March 2026.	40	40
Follow-up Audit Engagement	Competed	The Final Report was issued in the 2nd quarter and will be tabled to APAC in December 2025.	20	20
3rd Quarter: 01 January 2026 – 31 March 2026				
Performance Management and SDBIP (Quarterly)	Competed	The Final Report was issued in the 3rd quarter and will be tabled to APAC in March 2026.	80	80
Overtime Management Review	In Progress	The Final Report will be tabled and presented to APAC during the next scheduled APAC meeting.	160	-
Water and Wastewater Networks Review: Buffelsjagsrivier	Completed	The Final Report was issued in the 3rd quarter and will be tabled to APAC in March 2026.	40	40
Water and Wastewater Networks Review: Suurbraak	Completed	The Final Report was issued in the 3rd quarter and will be tabled to APAC in March 2026.	40	40
Recovery of Traffic Infringements Review	Not Yet Started	Internal Audit did not commence with this audit engagement, as priority attention and resources were allocated to the completion and finalisation of the 2024/25 Internal Audit engagements file in preparation for the External Quality Assurance Review scheduled for mid-March 2026.	-	-
Follow-up Audit Engagement	Completed	The Final Report was issued in the 3rd quarter and will be tabled to APAC in March 2026.	20	20

****Internal Audit allocated approximately 80 hours (equivalent to two weeks) to conduct a readiness assessment of the 2024/25 Internal Audit engagements file in preparation for the External Quality Assurance Review, which is scheduled to commence in mid-March 2026.***

PERFORMANCE: 63% of the 2025/26 RBIAP (14/22 Completed)

Budgeted Hours	**1100**
Hour Spent for the period	**1028**
Hours Available	**72**

11. ADDITIONAL AD HOC ENGAGEMENTS

The following audit engagements were performed during the quarter under review, which were not included in the approved 2025/26 Internal Audit Three-year Rolling Strategic Plan and Annual Risk-Based Internal Audit Operational Plan. The ad hoc engagements were received from management, and the scope of the audit activities has been discussed and agreed to by management:

Engagement(s)	Engagement Type	Requested by	Hours Available	Approved	Status	Hours Spent
1st Quarter: July 2025 – September 2025						
Monthly Municipal Water Accounts Payment	Formal	Municipal Manager	Yes	Yes	Completed	24
2ND Quarter: October 2025 – December 2025						
Leave Management and Medical Disability Processes	Formal	Municipal Manager	Yes	Yes	Completed	24
Library Cash Handling & Revenue Collection Processes	Formal	Chief Financial Officer	Yes	Yes	Completed	24
3RD Quarter: January 2026 – March 2026						
Assessment of partial payment to contractor – erf 175 Cooper Street 77	Formal	Chief Financial Officer	Yes	Yes	Completed	16
Readiness Assessment for the External Quality Assurance Review on the 2024/25 financial year	Informal	Senior Internal Auditor	Yes	Yes	Completed	80

Budgeted Hours	**400**
Hours Spent for the period	**168**
Available Hours (over/under)	**232**

……………………………………….

Mr. A. Petersen
Senior Internal Auditor

03 March 2026
……………………………………….
Date