# SWELLENDAM MUNICIPALITY

EXTERNAL QUALITY ASSESSMENT: **FINAL**

INTERNAL AUDIT FUNCTION

01 JUNE 2026

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01 June 2026

**SWELLENDAM MUNICIPALITY**
49 Voortrek Street
Swellendam
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Dear Senior Internal Auditor

**EXTERNAL QUALITY ASSESSMENT: Global Internal Audit Standards**

We are pleased to present our External Quality Assessment report on the Global Internal Audit Standards for the Internal Audit Function (IAF) of the Swellendam Municipality. The External Quality Assessment included the below:

- A benchmark assessment of the current IAF's IA Methodologies, Charters, Frameworks, Performance Assessment Tools, Working Papers and any supporting Templates/Checklists/Tools against the requirements as prescribed by the Global Internal Audit Standards ("Standards") which are effective the 1st of January 2025.
- Interviews of the CAE, IA staff, and Key Stakeholders where required.
- A review of the Working Paper Files for a sample of completed audits.
- Observations that highlight internal audit practices that are in conformance with the Standards and noteworthy strengths that are in place.
- Recommendations and Performance Improvements that provide clear, actionable steps and opportunities to bridge the gap between the internal audit functions current state and its future state as required by the "Standards".

We would like to express our appreciation to all the staff members for their assistance and co-operation during our assessment.

Please do not hesitate to contact us with any queries that you may have.

Yours faithfully

| | |
|---|---|
| **Ms Zulpha** | **Ms Desiree Siphiwe Nage** |
| **Director** | **Lead QAR Consultant** |

**Audit. Tax. Advisory.**



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## DISTRIBUTION LIST

This External Quality Assessment report will be distributed to the following officials:

| SWELLENDAM Official | For Information | To Secure Action | For Implementation |
|---|---|---|---|
| Audit and Performance Audit Committee | X | | |
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| Senior Internal Auditor | | X | |

## DISCLAIMER

This report is intended solely for the Internal Audit Function, Management and the Audit and Performance Audit Committee for internal use and benefit and is not intended to, nor may it be relied upon by any other party (Third Party).

All matters raised within this report and conclusions reached are based on the sample of transactions tested and matters which came to our attention during the execution of the assessment.

Neither this deliverable nor its contents may be distributed to, discussed with, or otherwise disclosed to any Third Party without the prior written consent of the Internal Audit Department and the Audit Committee. The Internal Audit Department accepts no liability or responsibility to any Third Party who gains access to this deliverable.

In terms of the Protection of Personal Information Act, 4 of 2013 (POPIA) the personal information contained in this report was obtained and processed for the sole purpose of executing our obligations in terms of the mandate that we have received from you, as our client. All the information submitted herein shall be used solely for the aforementioned purpose and/or as mandated by law. clear SAB&T will not be held liable for any disclosures or the distribution of such personal information where it may result in a contravention of the relevant provisions of POPIA.

# Section A: Executive Summary



## 1. BACKGROUND

The Institute of Internal Auditors (IIA) has published the revised 2024 Global Internal Audit Standards, effective 01 January 2025, to be implemented by chief audit executives and their internal audit functions. The IIA encourages internal audit functions to conduct an External Quality assessment which will include a comparison between the internal audit function's current practices and the revised Global Internal Audit Standards requirements to evaluate and remedy gaps in non-conformance.

The **Swellendam** Internal Audit Function (IAF) has appointed Nexia SAB&T to conduct this External Quality Assessment in accordance with the IIA's Quality Gap Assessment Manual which has been aligned to the newly revised Global Internal Audit Standards.

This assessment will include key observations and findings noted, as well as provide suggested recommendations to be implemented and improvement opportunities to be considered where gaps in conformance are noted.

Future changes in environmental factors and actions by personnel, including actions taken to address recommendations, may have an impact upon the operation of the IAF in a manner that this report did not and cannot anticipate.

## 2. ASSESSMENT OBJECTIVES

The objectives the External Quality assessment include the below:

- A benchmark assessment of the current Swellendam IAF's IA Methodologies, Charters, Frameworks, Performance Assessment Tools, Working Papers and any supporting Templates/Checklists/Tools against the requirements as prescribed by the Global Internal Audit Standards ("Standards") which are effective the 1st of January 2025.
- Interviews of the CAE, IA staff, and Key Stakeholders where required.
- A review of the Working Paper Files for a sample of completed audits.
- Observations and Findings that highlight internal audit practices that are in conformance/nonconformance with the Standards.
- Recommendations that provide clear, actionable steps to bridge the gap between the internal audit functions current state and its future state as required by the "Standards".
- Performance Improvements that have identified opportunities to enhance the IAF's management of resources and work processes

## 3. ASSESSMENT SCOPE

The period of this External Quality Assessment was limited to current internal audit documents produced and utilised during the calendar period commencing on the 1st of July 2024 and ending on the 31st of December 2025.



# 4. OVERVIEW OF THE "STANDARDS" FRAMEWORK

## DOMAINS, PRINCIPLES AND STANDARDS

The "Standards" include 5 Domains which include the 15 core principles as set out below:

- **Domain I: Purpose of Internal Auditing**
- **Domain II: Ethics and Professionalism**
  - Principle 1 Demonstrate integrity
  - Principle 2 Maintain Objectivity
  - Principle 3 Demonstrate Competency
  - Principle 4 Exercise Due Professional Care
  - Principle 5 Maintain Confidentiality
- **Domain III: Governing the Internal Audit Function**
  - Principle 6 Authorised by the Board
  - Principle 7 Positioned Independently
  - Principle 8 Overseen by the Board
- **Domain IV: Managing the Internal Audit Function**
  - Principle 9 Plan Strategically
  - Principle 10 Manage Resources
  - Principle 11 Communicate Effectively
  - Principle 12 Enhance Quality
- **Domain V: Performing Internal Audit Services**
  - Principle 13 Plan Engagements Effectively
  - Principle 14 Conduct Engagement Work
  - Principle 15 Communicate Engagement Results and Monitor Action Plans

The "Standards" have revised the code of ethics as per below:

- **Integrity: Principle 1**

Internal auditors are required to report any actual or potential conflicts of interest, and to disclose any personal or professional relationships that may impair their objectivity.

- **Objectivity: Principle 2**

Internal auditors are required to avoid any undue influence or pressure from management or other parties, and to exercise professional scepticism and judgment in their work.

- **Competency: Principle 3**

Internal auditors are required to maintain and enhance their knowledge and skills, and to seek feedback and coaching to improve their performance.

- **Due Professional Care: Principle 4**

Internal auditors should plan and perform internal audit services in accordance with the Global Internal Audit Standards.

- **Confidentiality: Principle 5**

Internal auditors are required to protect the information they obtain or create during their engagements, and to comply with the applicable laws and regulations on data privacy and security.

## 5. SUMMARY OF FINDINGS

The results of our review have found that the Swellendam Municipality's Internal Audit Function "**Fully Conforms"** to the revised Standards for the Professional Practice of Internal Auditing (IIA Standards).

The extent of conformance with the relevant Standards is indicated in the table below.

* Detailed observations are presented in Section B and E of this report.

| # | Requirements | Ratings |
|---|---|---|
| 1 | **Domain I: Purpose of Internal Auditing** | FC |
| 2 | **Domain II: Ethics and Professionalism** | FC |
| 3 | Principle 1 Demonstrate integrity | FC |
| 4 | Principle 2 Maintain Objectivity | FC |
| 5 | Principle 3 Demonstrate Competency | FC |
| 6 | Principle 4 Exercise Due Professional Care | FC |
| 7 | Principle 5 Maintain Confidentiality | FC |
| 8 | **Domain III: Governing the Internal Audit Function** | FC |
| 9 | Principle 6 Authorised by the Board | FC |
| 10 | Principle 7 Positioned Independently | GC |
| 11 | Principle 8 Overseen by the Board | FC |
| 12 | **Domain IV: Managing the Internal Audit Function** | FC |
| 13 | Principle 9 Plan Strategically | FC |
| 14 | Principle 10 Manage Resources | FC |
| 15 | Principle 11 Communicate Effectively | FC |
| 16 | Principle 12 Enhance Quality | FC |
| 17 | **Domain V: Performing Internal Audit Services** | FC |
| 18 | Principle 13 Plan Engagements Effectively | FC |
| 19 | Principle 14 Conduct Engagement Work | FC |
| 20 | Principle 15 Communicate Engagement Results and Monitor Action Plans | FC |

### WORKING PAPER FILE OBSERVATIONS

The respective Ratings for each Individual Working Paper File reviewed are as per below:

* Detailed observations are presented in Section C of this report.

| Engagement Required Aspects | FILE 1 | FILE 2 | FILE 3 |
|---|---|---|---|
| Individual Objectivity Declarations | FC | FC | FC |
| Quality Assurance and Improvement Program | FC | FC | FC |
| Engagement Planning Considerations | FC | FC | FC |
| Engagement Resource Allocation | FC | FC | FC |
| Engagement Work Program | FC | FC | FC |
| Performing the Engagement | FC | FC | FC |
| Engagement Supervision | FC | FC | FC |
| Communicating Engagement Results | FC | FC | FC |

## 6. RATING CRITERIA

These Rating Criteria definitions are taken from the Institute of Internal Auditor's Quality Assessment Manual which has been aligned to the newly revised "Standards".

| Rating | Criteria |
|---|---|
| **FC "Fully Conforms"** | Fully Conforms expresses that the IAF is fully conforming to all 15 Principles and the Purpose of Internal Auditing. |
| **GC "Generally Conforms"** | Generally Conforms expresses that the IAF is not fully conforming to **one** aspect of the Principles or Domains but is conforming to the Purpose of Internal Auditing. |
| **PC "Partially Conforms"** | Partially Conforms expresses that the IAF is not fully conforming to **one** aspect of the Principles or Domains and the impact is significant enough to rate the functions achievement as partially conforms. |
| **DNC "Does Not Conform"** | Does Not Conform indicates that IAF is not fully conforming to **one** aspect of the Principles or Domains and the impact is significant enough to rate the functions achievement as does not conform. |

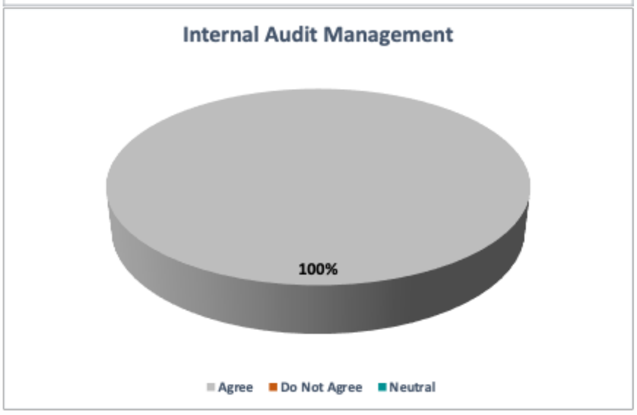
## 7. SURVEY RESULTS

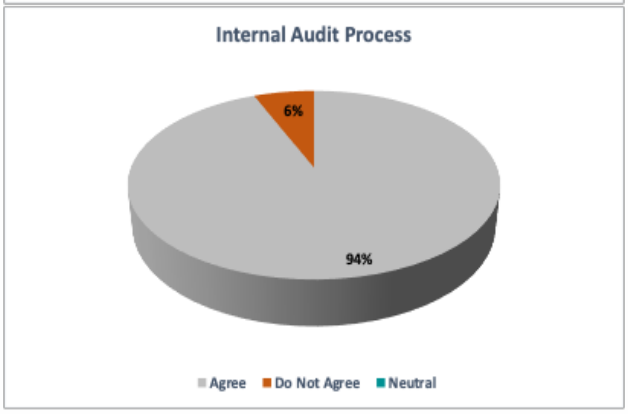
The survey sent to the internal audit staff relates to the governance, management, staff, and processes of the IAF. The survey had three response requirements namely listed as "Agree", "Do Not Agree" and "Neutral" with commentary spaces provided.

A response rate of 100% was achieved which is considered a good response rate. The completion of the survey was anonymous. The overall consolidated results are depicted below.

* Survey questions are presented in Section D of this report.






## 8. INTERVIEW RESULTS – EXECUTIVES AND GOVERNING BODY STAKEHOLDERS

The results of the interviews conducted with the Executives and Stakeholders yielded amongst others the below matters as noted.

| INTERVIEW COMMENTS | |
|---|---|
| **Positive Responses** | |
| 1 | The Internal Audit Function (IAF) safeguards their Independence by ensuring compliance to the Functional and Administrative reporting lines to the APAC. |
| 2 | The IAF respect the information they receive in compliance with their IA Charter and are always cautious when using the information. |
| 3 | The IAF has delivered assurance services with the highest professionalism and competency skills. |
| 4 | The IA Staff are extremely professional and objective and never show bias, they audit without fear or favour. |
| 5 | The Internal Auditor's (IA's) have good clear communication skills, they are eloquent and have been able to handle conflict. |
| 6 | Budget has been allocated to enhance IT tools utilised by the IAF and Risk Management |
| 7 | The IAF and have a "Seat at the table" at the Municipality and participates in all key platforms – EXCO, FARMCO and Provincial Governance Forums |
| 8 | The IAF have a Skills and Continuous Development Matrix which they present to APAC to ensure that they are developed with core skills required at the Municipality. |



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| INTERVIEW COMMENTS | |
|---|---|
| 9 | The IAF demonstrate effective negotiations skills and are reasonable and try to understand time pressures impacting us. |
| 10 | The IAF have a clear understanding of the Municipality business. |
| 11 | The IAF Staff have conducted themselves in a professional manner, exhibited professional objectivity and have the right knowledge and skills required. |
| 12 | The IAF present the RBIAP's to Management and discuss them thoroughly before being presented at APAC for adoption and approval. |
| 13 | Their Project Planning and Implementation skills are excellent, keep it up. |
| 14 | The IAF prioritise client relationships and are always available to discuss issues. |
| 15 | In-committee Meetings are held 30 minutes before the quarterly APAC for safeguarding of the IAF Independence/Objectivity. |
| 16 | They continuously follow-up and ensure actions agreed on are implemented. |
| 17 | Internal Auditors are the eyes of the IAF and work toward a common goal. |
| **Potential Improvement Responses** | |
| 1 | They should consider having a dedicated IT Auditor on the Team to concentrate on the System Infrastructure and Software audits. |
| 2 | The IAF could take on more Consulting type of services for value added services and to ensure efficiency and effectiveness if capacity is permitting. |
| 3 | The IAF could improve on the use of Computer Auditing/Data-Analytics Tools on automated systems and processes at the Municipality |
| 4 | Their capacity could be increased to reflect the volume of work they deliver and include one of an IT Auditor with IT Infrastructure and Systems knowledge. |
| | The CAE position is vacant but the Snr Internal Auditor has taken on the role very well and he carries the weight properly until the District can second somebody to work as CAE. |

## 9. OBSERVATION CATEGORIES

- **Observations & Findings** – Areas where internal audit is operating in an effective/ineffective and efficient/inefficient manner in conformance/non-conformance with the mandatory elements of Global Internal Audit Standards and the Topical Requirements.
- **Recommendations** – Areas identified where internal audit is operating in a manner that falls short of achieving one or more major objective and attains an opinion of "partially conforms" or "does not conform" with the mandatory elements of Global Internal Audit Standards and the Topical Requirements.
  These recommendations include actions needed to be "generally in conformance," and will include an internal audit response and an action plan to address the gap.
- **Process Improvements** – Areas of opportunities to enhance the efficiency or effectiveness of internal audit's infrastructure of processes. These improvements do not indicate a lack of conformance with the mandatory elements of Global Internal Audit Standards and the Topical Requirements but rather offer suggestions on how to better align with the defined criteria. They may also be operational ideas based on the experiences obtained while working with other internal audit activities.

## 10. ACKNOWLEDGEMENT



We have provided Recommendations to address each Finding raised as well as Process Improvements, which don't impact the conformance but can be implemented to enhance the IAF's Quality. Also included are Internal Audit responses provided to us that include commitments to action and timeframes for meeting those actions.

The Audit and Performance Audit Committee should monitor the status of committed action until all committed actions have been completed and the Internal Audit Function should draw up an Implementation Plan that is reported quarterly to the Audit and Performance Audit Committee.

We would like to extend our appreciation to the Swellendam Municipality and all its staff for their assistance and co-operation during the conduct of our External Quality assessment.

## 11. APPROVAL

We hereby confirm that we have read, understood, and agree with the content of this Report.

| | |
|---|---|
| **Senior Internal Auditor** | 09 June 2026<br>**Date** |
| **Municipal Manager** | 09 June 2026<br>**Date** |
| **Chairperson: APAC** | 10 June 2026<br>**Date** |

# Section B:
# Detailed Observations

# DOMAIN II: ETHICS AND PROFESSIONALISM

## PRINCIPLE 1 Demonstrate Integrity

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 1 Demonstrate Integrity: Internal auditors demonstrate integrity in their work and behaviour.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 1.1 Honesty and Professional Courage** | | | | | |
| 1 | Internal auditors must perform their work with honesty and professional courage. | 1.1.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026 as per below:<br>- Senior Internal Auditor – Mr. A Peterson 01 July 2025<br>- Internal Auditor – Mr. H Swarts 01 July 2025<br>- Internal Audit: Intern: Mr. X Mahlaba 01 July 2025<br><br>The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | FC | **None.** |
| 2 | Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing skepticism or offering an opposing viewpoint. | 1.1.b | | FC | |
| 3 | Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. | 1.1.c | | FC | |
| 4 | Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions. | 1.1.d | | FC | |
| 5 | Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations. | 1.1.e | | FC | |
| 6 | The chief audit executive must maintain a work environment where internal auditors feel supported | 1.1.f | | FC | |

| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 1 Demonstrate Integrity: Internal auditors demonstrate integrity in their work and behaviour.** | | | **FC** | |
| | when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable. | | | | |
| **Standard 1.2 Organization's Ethical Expectations** | | | | | |
| 1 | Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations. | 1.2.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- <u>Principle 1 Demonstrate integrity</u><br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | **FC** | **None.** |
| 2 | Internal auditors must encourage and promote an ethics-based culture in the organization. | 1.2.b | | **FC** | |
| 3 | If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures. | 1.2.c | | **FC** | |
| **Standard 1.3 Legal and Ethical Behaviour** | | | | | |
| 1 | Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees. | 1.3.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- <u>Principle 1 Demonstrate integrity</u><br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care | **FC** | **None.** |
| 2 | Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organization operates, including making disclosures as required. | 1.3.b | | **FC** | |
| 3 | If internal auditors identify legal or regulatory violations, they must report such incidents to | 1.3.c | | **FC** | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 1 Demonstrate Integrity: Internal auditors demonstrate integrity in their work and behaviour.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures. | | Principle 5 Maintain Confidentiality | | |

## PRINCIPLE 2 Maintain Objectivity

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 2.1 Individual Objectivity** | | | | | |
| 1 | Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. | 2.1.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | **FC** | **None.** |
| 2 | Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases. | 2.1.b | | **FC** | |

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 2.2 Safeguarding Objectivity** | | | | | |
| 1 | Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity. | 2.2.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>Internal Auditors did not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity.<br><br>Internal Audits were not responsible for activities in the organisation within the previous 12 months.<br><br>The Internal Audit Methodology includes Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity | FC | **IAF Action Plan**<br>As part of the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan, provision was made for advisory services. APAC will approve the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan during the scheduled 4th quarter APAC meeting which will commence on 25 June 2026.<br><br>**Deadline Date**<br>25 June 2026<br><br>**Responsible**<br>Senior Internal Auditor (presenting the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan).<br><br>APAC for approving the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan. |
| 2 | Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favor, that may impair or be presumed to impair objectivity. | 2.2.b | | FC | |
| 3 | Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings. | 2.2.c | | FC | |
| 4 | When performing internal audit services: • Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months. | 2.2.d | | FC | |
| 5 | If the internal audit function is to provide assurance services where it had previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. | 2.2.e | | FC | |



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.** | | | **FC** | |
| 6 | Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function. | 2.2.f | - Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>**Findings**<br>The IAF did not include Advisory Services as part of their RBIAP because of capacity issues, as a result Assurance Engagements were prioritised.<br><br>**Recommendations**<br>The IAF in conjunction with the APAC should include Advisory Services as part of the RBIAP. The required standard is 30% Advisory and 70% Assurance but the APAC can approve an appropriate split based on the capacity issues. | **FC** | |
| 7 | If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement. | 2.2.g | | **PC** | |
| 8 | The chief audit executive must establish methodologies to address impairments to objectivity. | 2.2.h | | **FC** | |
| 9 | Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies. | 2.2.i | | **FC** | |
| **Standard 2.3 Disclosing Impairments to Objectivity** | | | | | |
| 1 | If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties. | 2.3.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care | **FC** | **None.** |
| 2 | If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. | 2.3.b | | **FC** | |
| 3 | If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit | 2.3.c | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| | executive must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation. | | - Principle 5 Maintain Confidentiality | | |

## PRINCIPLE 3 Demonstrate Competency

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 3 Demonstrate Competency: Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 3.1 Competency** | | | | | |
| 1 | Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. | 3.1.a | **Observations**<br>The Competencies of the Internal Auditors are as per below:<br>- Mr. A Peterson – Senior Internal Auditor – National Diploma Internal Auditing, Bachelor's Degree Internal Auditing and Master's Degree Internal Auditing<br>- Mr. H Swart – Internal Auditor – BAdmin: Certificate in Public Sector Risk Management | FC | **None.** |
| 2 | Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards. | 3.1.b | | FC | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 3 Demonstrate Competency: Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 3 | Internal auditors must engage only in those services for which they have or can attain the necessary competencies. | 3.1.c | - Mr. X Mahlaba – Internal Audit: Intern – Diploma: Human Resources Management. | **FC** | |
| 4 | Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities. | 3.1.d | The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | **FC** | |
| 5 | Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies. | 3.1.e | | **FC** | |
| **Standard 3.2 Continuing Professional Development** | | | | | |
| 1 | Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. | 3.2.a | **Observations**<br>The Internal Auditors attended the below CDP, including education and training:<br>- Unpacking GIAS Workshop – 08 Aug 2024<br>- Public Service Commission: Thought Leadership Webinar – 15 Oct 2024<br>- CAE Forum – 24 Oct 2024<br>- CRO Forum – 25 Oct 2024<br>- Transforming Municipal Admin Through coaching and mentoring – 05/07 Feb 2025<br>- Capacity Building Support – 05 May 2025<br>- CAE Forum – 29 May 2026<br>- CRO Forum – 30 May 2025 | **FC** | **None.** |
| 2 | Internal auditors must pursue continuing professional development, including education and training. | 3.2.b | | **FC** | |
| 3 | Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications. | 3.2.c | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 3 Demonstrate Competency: Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | | | CPD Hours earned by the IAF as per below are in conformance with the IIA's CPD policy of 40/30 hours per annum:<br>- Mr. A Peterson – Senior Internal Auditor – 75 hours<br>- Mr. H Swart – Internal Auditor – 53 hours<br>- Mr. X Mahlaba – Internal Audit: Intern – 36 Hours | | |

## PRINCIPLE 4 Exercise Due Professional Care

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 4 Exercise Due Professional Care: IA's apply due professional care in planning and performing internal audit services.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 4.1 Conformance with the Global Internal Audit Standards** | | | | | |
| 1 | Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. | 4.1.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below: | **FC** | **None.** |
| 2 | The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. | 4.1.b | | **FC** | |



<table>
<tr><th rowspan="3">#</th><th colspan="3">Detailed Observations & Findings</th><th></th><th rowspan="3">Action Plans, Deadline Dates & Responsible</th></tr>
<tr><th colspan="3">Principle 4 Exercise Due Professional Care: IA’s apply due professional care in planning and performing internal audit services.</th><th>FC</th></tr>
<tr><th>Document</th><th>Std</th><th>Observations & Findings</th><th>Rating</th></tr>
<tr><td>3</td><td>Internal auditors must follow the Standards and the internal audit function’s methodologies when planning and performing internal audit services and communicating results.</td><td>4.1.c</td><td rowspan="4">- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>The Internal Audit Methodology includes Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>The Internal Audit Quarterly Progress Report submitted to Quarterly APAC includes the below sections:<br>- Professional Standards Conformance<br>- Independence and Objectivity<br>- Scope Limitations<br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours</td><td>FC</td><td></td></tr>
<tr><td>4</td><td>If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate.</td><td>4.1.d</td><td>FC</td><td></td></tr>
<tr><td>5</td><td>If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.</td><td>4.1.e</td><td>FC</td><td></td></tr>
<tr><td>6</td><td>When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</td><td>4.1.f</td><td>FC</td><td></td></tr>
</table>



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 4 Exercise Due Professional Care: IA's apply due professional care in planning and performing internal audit services.** | | | **FC** | |
| **Standard 4.2 Due Professional Care** | | | | | |
| 1 | Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:<br>•The organization's strategy and objectives.<br>•The interests of those for whom internal audit services are provided and the interests of other stakeholders.<br>•Adequacy and effectiveness of governance, risk management, and control processes.<br>•Cost relative to potential benefits of the internal audit services to be performed.<br>•Extent and timeliness of work needed to achieve the engagement's objectives.<br>•Relative complexity, materiality, or significance of risks to the activity under review.<br>•Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources.<br>•Use of appropriate techniques, tools, and technology. | 4.2.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>The Risk Based Plan that is presented to APAC to be adopted and approved on an annual basis includes the below:<br>- Co-ordination of Internal Audit/Resource Planning<br>- Organisational Audit Universe<br>- Risk Profile of Swellendam Municipality<br>- Performance Scorecard, SDIP of the Municipality for 2025/2026<br>- IA 3 year rolling Strategic Plan for 2025.2026<br>- Annual RBIAP for 2025/2026<br>- Timeline for approved projects<br>- Reporting and Communication<br>- Approval of the Annual RBIAP | **FC** | **None.** |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 4 Exercise Due Professional Care: IA's apply due professional care in planning and performing internal audit services. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 4.3 Professional Skepticism** | | | | | |
| 1 | Internal auditors must exercise professional skepticism when planning and performing internal audit services. | 4.3.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | FC | **None.** |
| 2 | To exercise professional skepticism, internal auditors must:<br>• Maintain an attitude that includes inquisitiveness.<br>• Critically assess the reliability of information.<br>• Be straightforward and honest when raising concerns and asking questions about inconsistent information.<br>• Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading. | 4.3.b | | FC | |

## PRINCIPLE 5 Maintain Confidentiality

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 5 Maintain Confidentiality: Internal auditors use and protect information appropriately. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 5.1 Use of Information** | | | | | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 5 Maintain Confidentiality: Internal auditors use and protect information appropriately.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 1 | Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. | 5.1.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality | **FC** | **None.** |
| 2 | The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives. | 5.1.b | | **FC** | |
| **Standard 5.2 Protection of Information** | | | | | |
| 1 | Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. | 5.2.a | **Observations**<br>The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026. The Declarations included conformance statements for the Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity<br>- Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>The Internal Audit Methodology includes Domain II Principles as per below:<br>- Principle 1 Demonstrate integrity | **FC** | **None.** |
| 2 | "Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization and internal audit function. Considerations specifically relevant to the internal audit function include:<br>•Custody, retention, and disposal of engagement records. | 5.2.b | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 5 Maintain Confidentiality: Internal auditors use and protect information appropriately.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | •Release of engagement records to internal and external parties.<br>•Handling of, access to, or copies of confidential information when it is no longer needed. | | - Principle 2 Maintain Objectivity<br>- Principle 3 Demonstrate Competency<br>- Principle 4 Exercise Due Professional Care<br>- Principle 5 Maintain Confidentiality<br><br>The Internal Audit Methodology includes Section 17 Retention of IA Engagement Records and Section 16 Administration of Handling Correspondence/Inquiries.<br><br>All working papers are prepared on MS Excel and MS Word and saved on the IAF's group share, of which only the Internal Audit staff has access.<br><br>The Municipality is currently procuring an integrated Internal Audit, Risk Management and Performance Management software.<br><br>The Internal Audit Report includes the below information non-disclosure paragraphs:<br>- Section 5 Distribution List<br>- Section 6 Disclaimer | | |
| 3 | Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so. | 5.2.c | | **FC** | |
| 4 | Internal auditors must manage the risk of exposing or disclosing information inadvertently. | 5.2.d | | **FC** | |
| 5 | The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements. | 5.2.e | | **FC** | |

# DOMAIN III: GOVERNING THE INTERNAL AUDIT FUNCTION

## Principle 6 Authorised by the Board

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 6 Authorised by the Board: The board establishes, approves, and supports the mandate of the internal audit function. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 6.1 Internal Audit Mandate** | | | | | |
| 1 | The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. | 6.1.a | **Observations**<br>The APAC Charter includes Section 2.5 Audit which includes provisions outlining the Internal Audit Mandate.<br><br>The APAC Charter includes Section 1 Introduction that outlines the Municipal Laws and Regulations governing Internal Audit and the APAC.<br><br>The Internal Audit Charter includes Section 2 Mandate which includes provisions outlining the Internal Audit Mandate.<br><br>The Internal Audit Charter includes Section 2.1 Municipal Finance Management Act and Section 2.2 Global Internal Audit Standards which outlines the Municipal Laws and Regulations and | FC | **None.** |
| 2 | In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate. | 6.1.b | | FC | |
| 3 | To help the board and senior management determine the scope and types of internal audit services, the chief audit executive must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities. | 6.1.c | | FC | |
| 4 | The chief audit executive must document or reference the mandate in the internal audit charter, which is approved by the board. | 6.1.d | | FC | |
| 5 | Periodically, the chief audit executive must assess whether changes in circumstances justify a | 6.1.e | | FC | |



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 6 Authorised by the Board: The board establishes, approves, and supports the mandate of the internal audit function.** | | | **FC** | |
| | discussion with the board and senior management about the internal audit mandate. | | Internal Audit Framework governing Internal Audit and the APAC.<br><br>The Internal Audit Charter and APAC Charter are reviewed on an annual basis.<br><br>**Process Improvement**<br>The IAF must ensure that the Internal Audit Charter Section 2 Mandate is aligned with the APAC Charter Section 2.5 Audit (Mandate). | | |
| 6 | If so, the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives. | | | FC | |
| **Standard 6.2 Internal Audit Charter** | | | | | |
| 1 | The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:<br>•Purpose of Internal Auditing.<br>•Commitment to adhering to the Global Internal Audit Standards.<br>•Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. (See also Standard 6.1 Internal Audit Mandate.)<br>•Organizational position and reporting relationships. (See also Standard 7.1 Organizational Independence.)" | 6.2.a | **Observations**<br>The Internal Audit Charter includes the below:<br>1. Introduction<br>2. Mandate<br>• 2.1 Municipal Finance Management Act<br>• 2.2 Global Internal Audit Standards<br>3. Purpose of internal audit<br>4. Mandatory principles<br>5. Core principles<br>6. Ethics and professionalism<br>7. Scope of internal auditing<br>8. Accountability<br>9. Authority<br>10. Independence<br>11. Nature of assurance services<br>12. Nature of consulting/advisory services | FC | **None** |
| 2 | The chief audit executive must discuss the proposed charter with the board and senior | 6.2.b | | FC | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 6 Authorised by the Board: The board establishes, approves, and supports the mandate of the internal audit function.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | management to confirm that it accurately reflects their understanding and expectations of the internal audit function. | | 13. Combined assurance<br>14. Quality assurance and improvement plan<br>15. Review of charter<br>16. Approval of the Internal Audit Charter<br><br>The APAC Minutes 25 June 2025 included Section 7.5 2025/26 Internal Audit Charter. The IAF presented the charter to Members and Management and the APAC adopted and approved the Charter. | | |
| **Standard 6.3 Board and Senior Management Support** | | | | | |
| 1 | The chief audit executive must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization. | 6.3.a | **Observations**<br>The Internal Audit Quarterly Progress Report submitted to Quarterly APAC includes the below sections:<br>- Professional Standards Conformance<br>- Independence and Objectivity<br>- Scope Limitations<br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours<br>- Final Internal Audit Reports | **FC** | **None.** |
| 2 | The chief audit executive must coordinate the internal audit function's board communications with senior management to support the board's ability to fulfill its requirements. | 6.3.b | | **FC** | |



## Principle 7 Positioned Independently

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 7 Position Independently: The board establishes, approves, and supports the mandate of the internal audit function.** | | | **GC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 7.1 Organizational Independence** | | | | | |
| 1 | The chief audit executive must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment. | 7.1.a | **Observations**<br>The Internal Audit Quarterly Progress Report submitted to Quarterly APAC includes a section "Independence and Objectivity" to confirm the organizational independence of the IAF.<br><br>The Internal Audit Charter includes a section "10 Independence" documenting the functional and administrative reporting relationships and organizational positioning of the IAF, to APAC and the Municipal Manager, as determined by Council and APAC.<br><br>The Internal Audit Charter includes the below in section "10 Independence". The IAF:<br>- Will not be responsible for any of the activities, which they audit.<br>- Will not assume responsibility for the development, operation, or control of any systems and procedures.<br>- Put safeguards in place to limit impairments to independence where the CAE is expected to | **FC** | **None.** |
| 2 | The chief audit executive must document in the internal audit charter the reporting relationships and organizational positioning of the internal audit function, as determined by the board. | 7.1.b | | **FC** | |
| 3 | The chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance. | 7.1.c | | **FC** | |
| 4 | The chief audit executive must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments. | 7.1.d | | **FC** | |
| 5 | When the chief audit executive has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established | 7.1.e | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 7 Position Independently: The board establishes, approves, and supports the mandate of the internal audit function.** | | | **GC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | safeguards must be documented in the internal audit charter. | | have roles and/or responsibilities that fall outside of Internal Auditing. | | |
| **Standard 7.2 Chief Audit Executive Qualifications** | | | | | |
| 1 | The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are necessary to manage the internal audit function. The chief audit executive facilitates this understanding by providing information and examples of common and leading qualifications and competencies. | 7.2.a | **Findings**<br>It was noted that IAF Structure includes the CAE position. The shared CAE resigned effective the 30 June 2025 and the position of the CAE is currently vacant.<br><br>The Senior Internal Auditor has taken over the CAE's responsibilities.<br><br>It was noted in the Minutes dated 25 June 2025 the APAC Chairperson raised a concern with regards to the CAE's Vacant Position. The Municipality is considering a Shared Services with the CAE at the Western Cape Winelands District Municipality.<br><br>**Recommendations**<br>- The APAC needs to priorities IAF's vacancy issues and recruit and fill the CAE Position.<br>- The APAC should consider an acting CAE appointment until the position is filled.<br>- The CAE appointed must have the required qualifications/competencies necessary to manage the internal audit function. | PC | **IAF Action Plan**<br>The Municipality will be using the CAE position of the Overberg District Municipality on a shared service basis.<br><br>**Deadline Date**<br>30 July 2026<br><br>**Responsible**<br>Municipal Manager |
| 2 | The chief audit executive must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board. | 7.2.b | | N/A | |



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## Principle 8 Overseen by the Board

<table>
<tr><th rowspan="3">#</th><th colspan="4">Detailed Observations & Findings</th><th rowspan="3">Action Plans, Deadline Dates & Responsible</th></tr>
<tr><th colspan="3">Principle 8 Overseen by the Board: The board oversees the internal audit function to ensure the function’s effectiveness.</th><th></th></tr>
<tr><th>Document</th><th>Std</th><th>Observations & Findings</th><th>Rating</th></tr>
<tr><td colspan="6">Standard 8.1 Board Interaction</td></tr>
<tr><td>1</td><td>The chief audit executive must provide the board with the information needed to conduct its oversight responsibilities. This information may be specifically requested by the board or may be, in the judgment of the chief audit executive, valuable for the board to exercise its oversight responsibilities.</td><td>8.1.a</td><td rowspan="3">Observations<br>The Internal Audit Quarterly Progress Report submitted to Quarterly APAC includes the below sections:<br>- <u>Professional Standards Conformance</u><br>- <u>Independence and Objectivity</u><br>- <u>Scope Limitations</u><br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours<br>- Final Internal Audit Reports<br><br>It was noted that the Internal Audit Quarterly Progress Report was included in the below APAC Minutes:<br>09 October 2024<br>23 March 2025<br>25 June 2025<br>17 September 2025<br>10 December 2025</td><td>FC</td><td rowspan="3">None.</td></tr>
<tr><td>2</td><td>"The chief audit executive must report to the board and senior management:<br>•The internal audit plan and budget and subsequent significant revisions to them.<br>•Changes potentially affecting the mandate or charter.<br>•Potential impairments to independence.<br>•Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.<br>•Results from the quality assurance and improvement program.</td><td>8.1.b</td><td>FC</td></tr>
<tr><td>3</td><td>There may be instances when the chief audit executive disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the</td><td>8.1.c</td><td>FC</td></tr>
</table>



| # | Detailed Observations & Findings<br>Principle 8 Overseen by the Board: The board oversees the internal audit function to ensure the function's effectiveness.<br>Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | ability of the internal audit function to execute its responsibilities. In such cases, the chief audit executive must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders. | | The APAC have in-committee sessions with the IAF every quarter, 30 minutes before the scheduled APAC quarterly meetings. These in-committee sessions are to discuss facts and circumstances to allow the APAC to consider whether, in its oversight role, it should intervene with senior management or other stakeholders. | | |
| **Standard 8.2 Resources** | | | | | |
| 1 | The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. | 8.2.a | **Findings**<br>The approved Risk Based Internal Audit Plan includes a section "6 Co-ordination of Internal Audit/Resource Planning" that evaluates whether resources are sufficient to fulfil the internal audit mandate and achieve the internal audit plan.<br><br>The IAF resources are as per below with the CAE's position vacant:<br>- Senior Internal Auditor – Mr. A Peterson<br>- Internal Auditor – Mr. H Swarts<br>- Internal Audit: Intern: Mr. X Mahlaba<br><br>In the APAC Minutes 25 June 2025 the APAC Chairperson raised a concern with regards to the CAE's Vacant Position. The Municipality is considering a Shared Services with the CAE at the Western Cape Winelands District Municipality. | **FC** | **None.** |
| 2 | If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed. | 8.2.b | | **FC** | |



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 8 Overseen by the Board: The board oversees the internal audit function to ensure the function's effectiveness.** | | | | |
| **Standard 8.3 Quality** | | | | | |
| 1 | The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:<br>•External assessments.<br>•Internal assessments. | 8.3.a | **Observations**<br>The Quality Assurance and Improvement Program Methodology includes provisions of Quality Assurance as per below for implementation by the IAF:<br>• Principle 12 Enhance Quality<br>- Standards Internal Quality Assessment<br>- Standard 12.2 Performance Measurement<br>- Standard 12.3 Oversee and Improve Engagement Performance<br>• Principle 8 Overseen by the Board<br>- Standard 8.3 Quality<br>- Standard 8.4 External Quality Assessment<br><br>The IAF had an External Quality Assessment conducted by a QA Company "IA Professionals" in February 2020 and were awarded an overall "General Conforms" rating. | FC | **None.** |
| 2 | At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. | 8.3.b | | FC | |
| 3 | The results of external quality assessments must be reported when completed. | 8.3.c | | FC | |
| 4 | "In both cases, such communications include:<br>•The internal audit function's conformance with the Standards and achievement of performance objectives.<br>•If applicable, compliance with laws and/or regulations relevant to internal auditing.<br>•If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement. " | 8.3.d | | FC | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 8 Overseen by the Board: The board oversees the internal audit function to ensure the function's effectiveness.** | | | | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 8.4 External Quality Assessment** | | | | | |
| 1 | The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. | 8.4.a | **Observations**<br>The IAF had an External Quality Assessment conducted by a QA Company "IA Professionals" in February 2020 and were awarded an overall "General Conforms" rating.<br><br>The External Quality Assessment was conducted by Mr Martin Grobler who has the respective qualifications: CIA, PEQA and is an official appointed internal audit trainer for the Institute of Internal Audit.<br><br>It was noted in the APAC Minutes dated 10 December 2025, Section 7.4 2nd Quarter CAE Progress Report, that the IAF reported that the IAF was due for their External Quality Assessment and a formal EQA letter will be circulated to APAC for approval. | FC | **None.** |
| 2 | The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation. | 8.4.b | | FC | |
| 3 | When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor designation. | 8.4.c | | FC | |



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# DOMAIN IV: MANAGING THE INTERNAL AUDIT FUNCTION

## Principle 9 Plan Strategically

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 9.1 Understanding Governance, Risk Management, and Control Processes** | | | | | |
| 1 | To develop an effective internal audit strategy and plan, the chief audit executive must understand the organization's governance, risk management, and control processes. | 9.1.a | **Observations**<br>The IAF has included the below Internal Audit Strategy requirements as part of the Risk Based Plan that is presented to APAC to be adopted and approved on an annual basis:<br>- Internal Audit Mandate<br>- Strategic Approach<br>- SWOT Analysis<br>- Co-ordination of Internal Audit/Resource Planning<br>- Organisational Audit Universe<br>- Risk Profile of Swellendam Municipality<br>- Performance Scorecard, SDIP for 2025/2026<br><br>The RBIAP including the IA Strategy requirements was presented to the APAC at their meeting dated 25 June 2025.<br><br>The IAF conducted a review on the Risk Management Plan of the Municipality as prepared | FC | **IAF Action Plan**<br>As part of the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan, provision was made for an audit engagement on the Risk Management processes of the municipality. APAC will approve the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan during the scheduled 4th quarter APAC meeting which will commence on 25 June 2026.<br><br>**Deadline Date**<br>25 June 2026<br><br>**Responsible**<br>Senior Internal Auditor (presenting the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan). |
| 2 | "To understand governance processes, the chief audit executive must consider how the organization:<br>•Establishes strategic objectives and makes strategic and operational decisions.<br>•Oversees risk management and control.<br>•Promotes an ethical culture.<br>•Delivers effective performance management and accountability.<br>•Structures its management and operating functions.<br>•Communicates risk and control information throughout the organization.<br>•Coordinates activities and communications among the board, internal and external providers of assurance services, and management." | 9.1.b | | FC | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| 3 | "To understand risk management and control processes, the chief audit executive must consider how the organization identifies and assesses significant risks and selects appropriate control processes. This includes understanding how the organization identifies and manages the following key risk areas:<br>•Reliability and integrity of financial and operational information.<br>•Effectiveness and efficiency of operations and programs.<br>•Safeguarding of assets.<br>•Compliance with laws and/or regulations." | 9.1.c | by the Risk Management Function on the 28th of May 2025.<br><br>The Risk Management department through the FARMCO has adopted the below 2024-2025 documents to govern and operate the department:<br>- Risk Management Strategy<br>- Risk Management Policy<br>- Risk Management Implementation Plan<br>- FARMCO Charter<br>- Anti-Corruption and fraud Prevention Plan, policy and strategy<br><br>**Findings**<br>The review on the Risk Management Function conducted on the 28th of May 2025 did not include the below risk management scope:<br>- Risk Management Strategy<br>- Risk Management Policy<br>- FARMCO Charter<br>- Anti-Corruption and fraud Prevention Plan, policy and strategy<br><br>**Recommendations**<br>The IAF should include an review on the below expanded risk management scope: | PC | APAC for approving the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan. |

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| | | | - Risk Management Strategy<br>- Risk Management Policy<br>- FARMCO Charter<br>- Anti-Corruption and fraud Prevention Plan, policy and strategy | | |
| **Standard 9.2 Internal Audit Strategy** | | | | | |
| 1 | The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders. | 9.2.a | **Observations**<br>The IAF has included the below Internal Audit Strategy requirements as part of the Risk Based Plan that is presented to APAC to be adopted and approved on an annual basis:<br>- Internal Audit Mandate | **FC** | **None.** |
| 2 | An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate. | 9.2.b | - Strategic Approach<br>- SWOT Analysis<br>- Co-ordination of Internal Audit/Resource Planning<br>- Organisational Audit Universe<br>- Risk Profile of Swellendam Municipality<br>- Performance Scorecard SDBIP 2025/2026 | **FC** | |
| 3 | The chief audit executive must review the internal audit strategy with the board and senior management periodically. | 9.2.c | The RBIAP including the IA Strategy requirements was presented to the APAC at their meeting dated 25 June 2025. | **FC** | |
| **Standard 9.3 Methodologies** | | | | | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 1 | The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards. | 9.3.a | **Observations**<br>The Internal Audit Methodology has been updated to be in conformance with the Global Internal Audit Standards effective January 2025.<br><br>The Internal Audit Methodology was presented to the APAC 17 September 2025 for adoption and approval for implementation by the IAF.<br><br>The Internal Audit Methodology was prepared by the Senior Internal Auditor and the Internal Auditor and IA Intern were in attendance at the APAC meeting dated the 17th September 2025 when the methodology was presented for review. | **FC** | **None.** |
| 2 | The chief audit executive must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function. | 9.3.b | | **FC** | |
| 3 | The chief audit executive must provide internal auditors with training on the methodologies. | 9.3.c | | **FC** | |
| **Standard 9.4 Internal Audit Plan** | | | | | |
| 1 | The chief audit executive must create an internal audit plan that supports the achievement of the organization’s objectives. | 9.4.a | **Observations**<br>The Risk Based Plan that is presented to APAC to be adopted and approved on an annual basis includes the below:<br>- <u>Internal Audit Mandate</u><br>- Strategic Approach<br>- SWOT Analysis<br>- Co-ordination of Internal Audit/Resource Planning | **FC** | **IAF Action Plan**<br>As part of the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan, provision was made for an audit engagement on Ethic Management. APAC will approve the 2026/27 Internal Audit Three-year Rolling Strategic Plan and Annual Operational Plan during the scheduled 4th |
| 2 | The chief audit executive must base the internal audit plan on a documented assessment of the organization’s strategies, objectives, and risks. | 9.4.b | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 3 | This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. | 9.4.c | - Organisational Audit Universe<br>- Risk Profile of Swellendam Municipality<br>- Performance Scorecard, SDIP of the Municipality for 2025/2026<br>- IA 3 year rolling Strategic Plan for 2025.2026<br>- Annual RBIAP for 2025/2026<br>- Timeline for approved projects<br>- Reporting and Communication<br>- Approval of the Annual RBIAP<br><br>An ICT Security and General Controls Review was conducted by the IAF on the 30th of June 2025.<br><br>A Compliance Review was conducted by the IAF on the 19th of August 2025.<br><br>The APAC Minutes 25 June 2025 included Section 7.7 Internal Audit Three-Year Rolling Strategic Plan and Annual Plan. The IAF presented the RBIAP to Members and Management and the APAC adopted and approved the RBIAP.<br><br>**Findings** | FC | quarter APAC meeting which will commence on 25 June 2026.<br><br>The IAF submitted a business proposal to the Financial Management Grant (FMG) for grant funding to procure IA automated software. During the new financial year, 2026/27, the IAF will submit another business proposal for additional grant funding for the RM module. RM and IA must work collectively in order for the automated IA software to work effectively and efficiently within the IAF.<br><br>**Deadline Date**<br>30 June 2027<br><br>**Responsible**<br>Senior Internal Auditor |
| 4 | The assessment must be performed at least annually. | 9.4.d | | FC | |
| 5 | "The internal audit plan must:<br>• Consider the internal audit mandate and the full range of agreed-to internal audit services.<br>• Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management, and control processes.<br>• Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas.<br>• Identify the necessary human, financial, and technological resources necessary to complete the plan.<br>• Be dynamic and updated timely in response to changes in the organization's business, risks, operations, programs, systems, controls, and organizational culture. " | 9.4.e | | GC | |

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | "The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:<br>• The impact of any resource limitations on internal audit coverage.<br>• The rationale for not including an assurance engagement in a high-risk area or activity in the plan.<br>• Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.<br>• Limitations on scope or restrictions on access to information. | 9.4.f | The IAF has not conducted a review on the effectiveness of the organization's ethics programs yet.<br><br>The IAF have not adopted data-analytics tools as part of the auditing tools as the Municipality is still adopting automation to deliver services.<br><br>**Recommendations**<br>The IAF must conduct a review on the effectiveness of the organization's ethics programs.<br><br>The IAF must enhance their technological resources to include data-analytics testing to be applied to processes in the Municipality that have been automated.<br><br>The APAC should consider extending the IAF's structure by including an IT Auditor position with the respective qualifications and experience. | **FC** | |
| 6 | The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. | 9.4.g | | **FC** | |
| 7 | The plan and significant changes to the plan must be approved by the board. | 9.4.h | | **FC** | |
| **Standard 9.5 Coordination and Reliance** | | | | | |
| 1 | The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. Coordination of services minimizes duplication of | 9.5.a | **Observations**<br>The Annual Audit and Performance APAC Chairpersons Report included the Combined | **FC** | **None.** |

<table>
<tr><th rowspan="3">#</th><th colspan="4">Detailed Observations & Findings</th><th rowspan="3">Action Plans, Deadline Dates & Responsible</th></tr>
<tr><th colspan="3">Principle 9 Plan Strategically: The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.</th><th>FC</th></tr>
<tr><th>Document</th><th>Std</th><th>Observations & Findings</th><th>Rating</th></tr>
<tr><td></td><td>efforts, highlights gaps in coverage of key risks, and enhances the overall value added by providers.</td><td></td><td rowspan="3">Assurance Report: Levels of Assurance as per below:<br>- 1st Line Assurance: Governance, Internal Control, Financial Information & ICT Services<br>- 2nd Line Assurance: Performance, Compliance and Risk Management<br>- 3rd Line Assurance: External and Internal Audit<br><br>The IAF collaborate with the AGSA on an annual basis to provide assistance on some of their engagements. The IAF and APAC approves the letter obtained from AGSA to acknowledge and confirm assistance from IAF.<br><br>Combined Assurance is co-ordinated by the Risk Management Department and the Combined Assurance Model is presented quarterly to the FARMCO and APAC.</td><td></td><td rowspan="3"></td></tr>
<tr><td>2</td><td>If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board.</td><td>9.5.b</td><td>FC</td></tr>
<tr><td>3</td><td>When the internal audit function relies on the work of other assurance service providers, the chief audit executive must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.</td><td>9.5.c</td><td>FC</td></tr>
</table>



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## Principle 10 Manage Resources

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 10 Manage Resources: The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 10.1 Financial Resource Management** | | | | | |
| 1 | The chief audit executive must manage the internal audit function's financial resources. | 10.1.a | **Observations**<br>The IAF is structured to be included as part of the budget of the Municipal Managers Office in conformance with the Municipal Structures Act.<br><br>As a result the CAE would not have a separate budget of the IAF that is presented to APAC or Council for approval.<br><br>The IAF has not encountered budget issue that impact the successful implementation of the internal audit strategy and achievement of the plan and has reported funding requests for key resources to APAC. | **FC** | **None.** |
| 2 | The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools. | 10.1.b | | **FC** | |
| 3 | The chief audit executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget. | 10.1.c | | **FC** | |
| 4 | The chief audit executive must seek budget approval from the board. | 10.1.d | | **FC** | |
| 5 | The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management. | 10.1.e | | **FC** | |
| **Standard 10.2 Human Resources Management** | | | | | |
| 1 | The chief audit executive must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully | 10.2.a | **Observations** | **FC** | **None.** |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 10 Manage Resources: The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | implement the internal audit strategy and achieve the internal audit plan. | | The IAF is currently short staffed with the CAE Position vacant. The Internal Audit Staff and the qualifications are as per below:<br><br>- Mr. A Peterson – Senior Internal Auditor – National Diploma Internal Auditing, Bachelor's Degree Internal Auditing, Master's Degree Internal Auditing and Municipal Minimum Competency (MMC) – 7 Years experience.<br>- Mr. H Swart – Internal Auditor – BAdmin: Certificate in Public Sector Risk Management and Municipal Minimum Competency (MMC) – 8 Years experience.<br>- Mr. X Mahlaba – Internal Audit: Intern – Diploma: Human Resources Management – 1 Year experience.<br><br>It was noted in the Minutes dated 25 June 2025 the APAC Chairperson raised a concern with regards to the CAE Vacant Position. The Municipality is considering a Shared Services with the CAE at the Western Cape Winelands District Municipality. | | |
| 2 | The chief audit executive must strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. Appropriate refers to the mix of knowledge, skills, and abilities; sufficient refers to the quantity of resources; and effective deployment refers to assigning resources in a way that optimizes the achievement of the internal audit plan. | 10.2.b | | FC | |
| 3 | The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. | 10.2.c | | FC | |
| 4 | If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations. | 10.2.d | | FC | |
| 5 | The chief audit executive must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development. | 10.2.e | | FC | |



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 10 Manage Resources: The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 6 | The chief audit executive must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring. | 10.2.f | Minutes of the below APAC meetings had the Internal Audit Quarterly Progress Report tabled which included a report on Human Resources Management:<br>09 October 2024<br>23 March 2025<br>25 June 2025<br>17 September 2025<br>10 December 2025 | **FC** | |
| **Standard 10.3 Technological Resources** | | | | | |
| 1 | The chief audit executive must strive to ensure that the internal audit function has technology to support the internal audit process. | 10.3.a | **Observations**<br>The IAF rely on the below technological resources to support the internal audit process:<br>1. MS Word<br>2. MS Excel<br>3. ChatGPT<br>4. MS Copilot<br>5. MS Teams (for virtual meetings)<br><br>The IAF in conjunction with the APAC have obtained approval to procure an integrated software system that will integrate Internal Audit, Risk Management and Performance Management as well as CAATS tools. | **FC** | **None.** |
| 2 | The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. | 10.3.b | | **FC** | |
| 3 | When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. | 10.3.c | | **FC** | |
| 4 | The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly. | 10.3.d | | **FC** | |
| 5 | The chief audit executive must communicate the impact of technology limitations on the | 10.3.e | | **FC** | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 10 Manage Resources: The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| | effectiveness or efficiency of the internal audit function to the board and senior management. | | | | |

## Principle 11 Communicate Effectively

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 11 Communicate Effectively: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders. | | | PC | |
| | Document | Std | Observations & Findings | Rating | |
| **Standard 11.1 Building Relationships and Communicating with Stakeholders** | | | | | |
| 1 | The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants. | 11.1.a | **Observations**<br>The Annual Audit and Performance Audit Committee Chairpersons Report included the Combined Assurance Report: Levels of Assurance as per below:<br>- 1st Line Assurance: Governance, Internal Control, Financial Information & ICT Services<br>- 2nd Line Assurance: Performance, Compliance and Risk Management<br>- 3rd Line Assurance: External and Internal Audit<br><br>The IAF collaborate with the AGSA on an annual basis to provide assistance on some of their | FC | **None.** |
| 2 | The chief audit executive must promote formal and informal communication between the internal audit function and stakeholders, contributing to the mutual understanding of:<br>•Organizational interests and concerns. | 11.1.b | | FC | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 11 Communicate Effectively: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.** | | | **PC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | •Approaches for identifying and managing risks and providing assurance.<br>•Roles and responsibilities of relevant parties and opportunities for collaboration.<br>•Relevant regulatory requirements.<br>•Significant organizational processes, including financial reporting." | | engagements. The IAF and APAC approves the letter obtained from AGSA to acknowledge and confirm assistance from IAF.<br><br>Combined Assurance is co-ordinated by the Risk Management Department and the Combined Assurance Model is presented quarterly to the FARMCO and APAC. | | |
| **Standard 11.2 Effective Communication** | | | | | |
| 1 | The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. | 10.2.c | **Observations**<br>It was noted that the below ongoing monitoring reporting to the Quarterly APAC occurs with the CAE's Quarterly Progress Report :<br>- Professional Standards Conformance<br>- Independence and Objectivity<br>- Scope Limitations<br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours | **FC** | **None.** |
| **Standard 11.3 Communicating Results** | | | | | |
| 1 | The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. | 11.3.a | **Observations**<br>The Final Internal Audit Reports include the below Engagement Conclusion paragraphs:<br>Executive Summary | **FC** | **None.** |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 11 Communicate Effectively: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.** | | | **PC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 2 | "The chief audit executive must understand the expectations of the board and senior management regarding the nature and timing of communications.<br>The results of internal audit services can include:<br>•Engagement conclusions.<br>•Themes such as effective practices or root causes.<br>•Conclusions at the level of the business unit or organization. | 11.3.b | - Internal Audit Opinion: Governance, Risk Management and Controls<br>- Reporting Framework: Critical, Significant, Housekeeping, Positive Finding<br>- Objectives and Summary of Results: Finding Rating for each Finding raised<br><br>It was noted that the below ongoing monitoring reporting to the Quarterly APAC occurs with the CAE's Quarterly Progress Report :<br>- Professional Standards Conformance<br>- Independence and Objectivity<br>- Scope Limitations<br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours<br><br>The Final Internal Audit Report include Section 5: Distribution List and Section 6: Disclaimer which limits the releasing of final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations. | **FC** | |
| 3 | "Engagement Conclusions: The chief audit executive must review and approve final engagement communications, which include engagement conclusions, and decide to whom and how they will be disseminated before they are issued. If these duties are delegated to other internal auditors, the chief audit executive retains overall responsibility." | 11.3.c | | **FC** | |
| 4 | "Engagement Conclusions (cont.) The chief audit executive must seek the advice of legal counsel and/or senior management as required before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations." | 11.3.d | | **FC** | |
| 5 | "Themes: The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the chief audit executive identifies themes | 11.3.e | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 11 Communicate Effectively: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.** | | | **PC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | related to the organization's governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management. " | | | | |
| **Standard 11.4 Errors and Omissions** | | | | | |
| 1 | "If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication.<br><br>Significance is determined according to criteria agreed upon with the board. " | 11.4.a | **Observations**<br>The Internal Audit Methodology and Final Report include a section for "Managements Acceptance of the Finding".<br><br>**Working Paper Files**<br>The 3 Working Paper Files reviewed included Final Reports which did not contain significant errors or omissions and Management Accepted and Agreed with the Findings and Recommendations. | **FC** | **None.** |
| **Standard 11.5 Communicating the Acceptance of Risks** | | | | | |
| 1 | The chief audit executive must communicate unacceptable levels of risk. | 11.5.a | **Observations**<br>The Internal Audit Methodology and Final Report include a section for "Managements Acceptance of the Finding".<br><br>**Working Paper Files** | **FC** | **None.** |
| 2 | When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. | 11.5.b | | **FC** | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 11 Communicate Effectively: The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.** | | | **PC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 3 | If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board. It is not the responsibility of the chief audit executive to resolve the risk. | 11.5.c | The 3 Working Paper Files reviewed included Final Reports and Management Accepted and Agreed with the Findings and Recommendations. | **FC** | |

## Principle 12 Enhance Quality

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 12.1 Internal Quality Assessment** | | | | | |
| 1 | The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives. | 12.1.a | **Observations**<br>The Quality Assurance and Improvement Program Methodology includes provisions of Quality Assurance as per below for implementation by the IAF:<br>• Principle 12 Enhance Quality<br>- Standards Internal Quality Assessment<br>- Standard 12.2 Performance Measurement | **FC** | **None.** |
| 2 | "The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes: | 12.1.b | | **FC** | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | • Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives.<br>• Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.<br>• Communication with the board and senior management about the results of internal assessments." | | - Standard 12.3 Oversee and Improve Engagement Performance<br>• Principle 8 Overseen by the Board<br>- Standard 8.3 Quality<br>- Standard 8.4 External Quality Assessment<br><br>It was noted that the below ongoing monitoring reporting to the Quarterly APAC occurs with the CAE's Quarterly Progress Report :<br>- Professional Standards Conformance<br>- Independence and Objectivity<br>- Scope Limitations<br>- Internal Audit Staffing/Resource Requirements<br>- Staff Training/Forums<br>- Staff Certificates, Experience & CPD<br>- Progress on the RBIAP Implementation<br>- Completion Rate of the RBIAP<br>- Budgeted Hours<br><br>The IAF included the below Periodic Self-Assessment reports in the Annual Audit and Performance Audit Committee Chairpersons Report:<br>• Combined Assurance Report: Levels of Assurance | | |
| 3 | Based on the results of periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. | 12.1.c | | FC | |
| 4 | The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management. | 12.1.d | | FC | |
| 5 | Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organization's external quality assessment. | 12.1.e | | FC | |
| 6 | If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact. | 12.1.f | | FC | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | | | • Governance, Risk Management and Controls Assessment<br>• RBIAP Engagement Completed for the Year – Assurance, Ad-Hoc and IA Support<br>• Engagements Follow-up and Monitoring<br>• APAC Assessment of the IAF<br>- Charter, Structure and Positioning<br>- Internal Audit Staff<br>- Relationship with Management and APAC<br>- RBIAP Performance<br>- Management IAF<br>- IAF Strengths<br>- IAF Concerns/Challenges | | |
| **Standard 12.2 Performance Measurement** | | | | | |
| 1 | The chief audit executive must develop objectives to evaluate the internal audit function's performance. | 12.2.a | **Observations**<br>Performance Agreements 2025/26 with defined Competencies for assessment were completed for the 3 Internal Auditors as per below:<br>- Senior Internal Auditor – Mr. A Peterson<br>- Internal Auditor – Mr. H Swarts<br>- Internal Audit: Intern: Mr. X Mahlaba<br><br>The Performance Agreements include the below:<br>- Key Performance Indicators<br>- Key Performance Area<br>- Performance Standards | FC | **IAF Action Plan**<br>The IAF will add all the Key Performance Indicators to the quarterly Chief Audit Executive Progress Report which is tabled to APAC and SMT during quarterly scheduled APAC meetings so that the performance of each KPI is clearly and independently monitored as well as the progress in achieving the KPI. |
| 2 | The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives. | 12.2.b | | FC | |
| 3 | The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function. | 12.2.c | | FC | |



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| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.** | | | **FC** | |
| 5 | When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate. | 12.2.d | - Targets<br><br>The IAF present their Function's Performance, including the assessment/achievement of Key Performance Indicators to APAC for feedback on a quarterly basis. The Performance Report includes:<br>- RBIAP approval date achievement<br>- % Completion of the RBIAP<br><br>**Process Improvement**<br>The IAF should enhance the Performance Report presented to APAC to include the below assessment/achievement of Key Performance Indicators:<br>- % Client Satisfaction Favourable Ratings<br>- % Actual time spent on engagements versus budgeted time<br>- 100% implementation of recommendations or action plans on deadline dates<br>- Ageing of recommendations/action plans not implemented per quarter<br>- Number of actual audit days as a % of budgeted audit days<br>- Quality Assurance ratings awarded for selected areas for assessment for the quarter | FC | **Deadline Date**<br>30 July 2026<br><br>**Responsible**<br>Senior Internal Auditor |
| 6 | The chief audit executive must develop an action plan to address issues and opportunities for improvement. | 12.2.e | | FC | |

<table>
<tr><th rowspan="3">#</th><th colspan="4">Detailed Observations & Findings</th><th rowspan="3">Action Plans, Deadline Dates & Responsible</th></tr>
<tr><th colspan="3">Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function’s conformance with the Global Internal Audit Standards and continuous performance improvement.</th><th>FC</th></tr>
<tr><th>Document</th><th>Std</th><th>Observations & Findings</th><th>Rating</th></tr>
<tr><td colspan="6">Standard 12.3 Oversee and Improve Engagement Performance</td></tr>
<tr><td>1</td><td>The chief audit executive must establish and implement methodologies for <u>engagement supervision</u>, quality assurance, and the development of competencies.</td><td>12.3.a</td><td rowspan="5">Observations<br>The Internal Audit Methodology includes a section for the below:<br>- Section 14 (v) Engagement Supervision<br>- Section 12 (j) Quality Assurance & Governance Auditing<br>- Section 6 Ethics and Professionalism Principle 3 Demonstrate Competency<br><br>Performance Agreements 2025/26 with defined Competencies for assessment and First Quarter Assessments (1 July – 30 Sep 2025) were completed for the 3 Internal Auditors as per below:<br>- Senior Internal Auditor – Mr. A Peterson<br>- Internal Auditor – Mr. H Swarts<br>- Internal Audit: Intern: Mr. X Mahlaba<br><br>Working Paper Files<br>There was consistent evidence of Supervision throughout for the 3 Working Paper File’s assessed with the below Working Papers completed for the reviews:<br>- Audit Notification Letter</td><td>FC</td><td rowspan="5">None.</td></tr>
<tr><td>2</td><td>The chief audit executive or an <u>engagement supervisor</u> must provide internal auditors with guidance throughout the engagement, verify work programs are complete, and confirm engagement workpapers adequately support findings, conclusions, and recommendations.</td><td>12.3.b</td><td>FC</td></tr>
<tr><td>3</td><td>To assure quality, the chief audit executive must verify whether engagements are performed in conformance with the Standards and the internal audit function’s methodologies.</td><td>12.3.c</td><td>FC</td></tr>
<tr><td>4</td><td>To develop competencies, the chief audit executive must provide internal auditors with feedback about their performance and opportunities for improvement.</td><td>12.3.d</td><td>FC</td></tr>
<tr><td>5</td><td>The chief audit executive must establish and implement methodologies for <u>engagement supervision,</u> quality assurance, and the development of competencies.<br>The extent of supervision required depends on the maturity of the internal audit function, the</td><td>12.3.e</td><td>FC</td></tr>
</table>

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 12 Enhance Quality: The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | proficiency and experience of internal auditors, and the complexity of engagements.<br><br>The chief audit executive is responsible for supervising engagements, whether the engagement work is performed by the internal audit staff or by other service providers. Supervisory responsibilities may be delegated to appropriate and qualified individuals, but the chief audit executive retains ultimate responsibility." | | - Request for Information<br>- Audit Planning Memorandum<br>- Risk and Control Matrix<br>- Testing Schedules<br>- Final IA Reports<br>- Client Satisfaction Survey<br>- Quality Completion Checklist<br>- Declarations: Ethics and Professionalism<br>- Opening and Closing Minutes<br><br>**Refer to Section C: Internal Audit File Reviews below for detailed findings.* | | |
| 6 | The chief audit executive must ensure that evidence of supervision is documented and retained, according to the internal audit function's established methodologies. | 12.3.f | | FC | |



# DOMAIN V: PERFORMING INTERNAL AUDIT SERVICES

## Principle 13 Plan Engagements Effectively

| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| **Standard 13.1 Engagement Communication** | | | | | |
| 1 | Internal auditors must communicate effectively throughout the engagement. | 13.1.a | **Findings**<br>Final Reports including the engagement results for the 3 Engagements reviewed included management agreed actions as evidence that there were no disagreements.<br><br>The Internal Audit Methodology includes the below section to ensure discussions of the final engagement findings:<br>- Principle 14 Conducting Engagement Work<br>- Principles 15 Communicate Engagement Results<br><br>**Working Paper Files**<br>Audit Planning Memorandums which include process/audit objectives, risks, scope, and timing of the engagement were completed for the 3 Engagements reviewed. | FC | None. |
| 2 | Internal auditors must communicate the objectives, scope, and timing of the engagement with management. | 13.1.b | | FC | |
| 3 | Subsequent changes must be communicated with management timely. | 13.1.c | | FC | |
| 4 | At the end of an engagement, if internal auditors and management do not agree on the engagement results, internal auditors must discuss and try to reach a mutual understanding of the issue with the management of the activity under review. | 13.1.d | | FC | |
| 5 | If a mutual understanding cannot be reached, internal auditors must not be obligated to change any portion of the engagement results unless there is a valid reason to do so. | 13.1.e | | FC | |
| 6 | Internal auditors must follow an established methodology to allow both parties to express their positions regarding the content of the | 13.1.f | | FC | |



| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | final engagement communication and the reasons for any differences of opinion regarding the engagement results. | | Opening and closing meeting minutes for the 3 Engagements reviewed were completed as evidence of discussions held with management throughout the review. | | |
| **Standard 13.2 Engagement Risk Assessment** | | | | | |
| 1 | Internal auditors must develop an understanding of the activity under review to assess the relevant risks. For advisory services, a formal, documented risk assessment may not be necessary, depending on the agreement with relevant stakeholders. | 13.2.a | **Observations**<br>The Internal Audit Function prepares a Risk and Control Matrix (RACM) and Audit Planning Memorandums (APM) which includes:<br>- Audit Objectives – Linked to the strategies and objectives under review.<br>- Business Process – System Description of controls under review.<br>- Associated Risks – List of risks under review.<br><br>**Working Paper Files**<br>RACM's and APM's which include process/audit objectives, associated risks, audit scope and timing of the engagement were completed for the 3 Engagements reviewed. | **FC** | **None.** |
| 2 | "To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding:<br>•The organization's strategies, objectives, and risks relevant to the activity under review.<br>•The organization's risk tolerance, if established.<br>•The risk assessment supporting the internal audit plan.<br>•The governance, risk management, and control processes of the activity under review.<br>•Applicable frameworks, guidance, and other criteria that can be used to evaluate the effectiveness of those processes." | 13.2.b | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 3 | Internal auditors must review the gathered information to understand how processes are intended to operate. | 13.2.c | | **FC** | |
| 4 | "Internal auditors must identify the risks to review by:<br>•Identifying the potentially significant risks to the objectives of the activity under review.<br>•Considering specific risks related to fraud.<br>•Evaluating the significance of the risks and prioritizing them for review." | 13.2.d | | **FC** | |
| **Standard 13.3 Engagement Objectives and Scope** | | | | | |
| 1 | Internal auditors must establish and document the objectives and scope for each engagement. | 13.3.a | **Observations**<br>Engagement Audit Planning Memorandums were completed for the 3 working paper files reviewed as per below:<br>- SCM and Contract Management Review 03 April 2025<br>- ICT Security and General Controls Review 30 June 2025<br>- Fleet and Specialised Management Review 26 November 2025<br><br>The Audit Planning Memorandum includes IA Mandate, Standards & Guidance, Background Information, Engagement Type, Strategic | **FC** | **None.** |
| 2 | The engagement objectives must articulate the purpose of the engagement and describe the specific goals to be achieved, including those mandated by laws and/or regulations. | 13.3.b | | **FC** | |
| 3 | The scope must establish the engagement's focus and boundaries by specifying the activities, locations, processes, systems, components, time period to be covered in the engagement, and other elements to be reviewed, and be sufficient to achieve the engagement objectives. | 13.3.c | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 4 | Internal auditors must consider whether the engagement is intended to provide assurance or advisory services because stakeholder expectations and the requirements of the Standards differ depending on the type of engagement. | 13.3.d | Objectives, Operational Risks, Mitigation Controls, Legislation, Auditor Evaluation, Approach, Scope, Engagement Objectives, Timing, Engagement Team, Reporting and Communication, Service Quality, Acceptance | **FC** | |
| 5 | Scope limitations must be discussed with management when identified, with a goal of achieving resolution. Scope limitations are assurance engagement conditions, such as resource constraints or restrictions on access to personnel, facilities, data, and information, that prevent internal auditors from performing the work as expected in the audit work program. | 13.3.e, f,g | Opening and closing meeting minutes for the 3 Engagements reviewed were completed as evidence of discussions held with management throughout the review. | **FC** | |
| 6 | The chief audit executive must approve the engagement objectives and scope and any changes that occur during the engagement. | 13.3.h | | **FC** | |
| **Standard 13.4 Evaluation Criteria** | | | | | |
| 1 | Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, | 13.4.a | **Observations**<br>The IAF have identified and utilised the below evaluation criteria:<br>- <u>Internal Audit Opinion:</u> Governance, Risk Management and Controls Assessment | **FC** | **None.** |



| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| | depending on the agreement with relevant stakeholders. | | - Reporting Framework: Critical, Significant, Housekeeping, Positive Finding<br><br>**Working Paper Files**<br>The 3 Final Reports reviewed included the Evaluation Criteria as per below to evaluate the aspects of the activity under review defined in the engagement objectives and scope.:<br>- Internal Audit Opinion: Governance, Risk Management and Controls Assessment<br>- Reporting Framework: Critical, Significant, Housekeeping, Positive Finding | | |
| 2 | Internal auditors must assess the extent to which the board and senior management have established adequate criteria to determine whether the activity under review has accomplished its objectives and goals. | 13.4.b | | FC | |
| 3 | If such criteria are adequate, internal auditors must use them for the evaluation. | 13.4.c | | FC | |
| 4 | If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management. | 13.4.d | | FC | |
| **Standard 13.5 Engagement Resources** | | | | | |
| 1 | When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives. | 13.5.a | **Observations**<br>Engagement Audit Planning Memorandums completed for the 3 working paper files reviewed as per below included a section for Engagement Team:<br>- SCM and Contract Management Review 03 April 2025<br>- ICT Security and General Controls Review 30 June 2025<br>- Fleet and Specialised Management Review 26 November 2025 | FC | **None.** |
| 2 | Internal auditors must consider:<br>•The nature and complexity of the engagement.<br>•The time frame within which the engagement is to be completed.<br>•Whether the available financial, human, and technological resources are appropriate and sufficient to achieve the engagement objectives." | 13.5.b | | FC | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 13 Plan Engagements Effectively: Internal auditors plan each engagement using a systematic, disciplined approach.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 3 | If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the chief audit executive to obtain the resources. | 13.5.c | | **FC** | |
| **Standard 13.6 Work Program** | | | | | |
| 1 | Internal auditors must develop and document an engagement work program to achieve the engagement objectives. | 13.6.a | **Observations**<br>**Working Paper Files**<br>An Audit Program or Risk and Control Matrix including the section for the Audit Program was completed and reviewed by the Reviewer for the below WP files:<br>- Audit Program: SCM and Contract Management Review 03 April 2025<br>- RACM: ICT Security and General Controls Review 30 June 2025<br>- RACM: Fleet and Specialised Management Review 26 November 2025 | **FC** | **None.** |
| 2 | The engagement work program must be based on the information obtained during engagement planning, including, when applicable, the results of the engagement risk assessment. | 13.6.b | | **FC** | |
| 3 | The engagement work program must identify:<br>•Criteria to be used to evaluate each objective.<br>•Tasks to achieve the engagement objectives.<br>•Methodologies, including the analytical procedures to be used, and tools to perform the tasks.<br>•Internal auditors assigned to perform each task. | 13.6.c | | **FC** | |
| 4 | The chief audit executive must review and approve the engagement work program before it is implemented and promptly when any subsequent changes are made. | 13.6.d | | **FC** | |



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# Principle 14 Conduct Engagement Work

| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives.** | | | **FC** | |
| **Standard 14.1 Gathering Information for Analyses and Evaluation** | | | | | |
| 1 | To perform analyses and evaluations, internal auditors must gather information that is:<br>•Relevant<br>•Reliable<br>•Sufficient | 14.1.a | **Observations**<br>Testing Sheets were completed for the Engagements and included relevant, reliable and sufficient information. | FC | None. |
| 2 | Internal auditors must evaluate whether the information is relevant and reliable and whether it is sufficient such that analyses provide a reasonable basis upon which to formulate potential engagement findings and conclusions. | 14.1.b | **Working Paper Files**<br>Testing Schedules completed for the working paper files reviewed showed that internal auditors must gather information that is:<br>•Relevant<br>•Reliable<br>•Sufficient | FC | |
| 3 | Internal auditors must determine whether to gather additional information for analyses and evaluation when evidence is not relevant, reliable, or sufficient to support engagement findings. | 14.1.c | | FC | |
| 4 | If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding. | 14.1.d | | FC | |
| **Standard 14.2 Analyses and Potential Engagement Findings** | | | | | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 1 | Internal auditors must analyze relevant, reliable, and sufficient information to develop potential engagement findings. For advisory services, gathering evidence to develop findings may not be necessary, depending on the agreement with relevant stakeholders. | 14.2.a | **Observations**<br>Testing Sheets were completed for the Engagements and included relevant, reliable and sufficient information.<br><br>The Testing Schedules included the below:<br>- Audit Objectives<br>- Associated Risks<br>- Business process<br>- Audit Procedures<br>- Audit Results – Testing Results<br>- Finding/Condition<br>- Recommendation<br><br>**Working Paper Files**<br>Testing Schedules completed for the working paper files reviewed showed that:<br>- Internal auditors analysed relevant, reliable, and sufficient information to develop potential engagement findings<br>- Included differences between the criteria and the condition as engagement findings. | **FC** | **None.** |
| 2 | Internal auditors must analyze information to determine whether there is a difference between the evaluation criteria and the existing state of the activity under review, known as the "condition." | 14.2.b | | **FC** | |
| 3 | Internal auditors must determine the condition by using information and evidence gathered during the engagement. | 14.2.c | | **FC** | |
| 4 | A difference between the criteria and the condition indicates a potential engagement finding that must be noted and further evaluated. | 14.2.d | | **FC** | |
| 5 | If initial analyses do not provide sufficient evidence to support a potential engagement finding, internal auditors must exercise due professional care to determine whether additional analyses are required. | 14.2.e | | **FC** | |
| 6 | If additional analyses are required, the work program must be adjusted accordingly and approved by the chief audit executive. | 14.2.f | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 14.3 Evaluation of Findings** | | | | | |
| 1 | Internal auditors must evaluate each potential engagement finding to determine its significance. | 14.3.a | **Observations**<br>The Final Internal Audit Reports include the below:<br>Executive Summary<br>- Introduction<br>- Background Information<br>- Purpose, Scope and Approach<br>- Internal Audit Team<br>- Managements Responsibility – Internal Controls<br>- Internal Audit Opinion: Governance, Risk Management and Controls<br>- Reporting Framework<br>- Objectives and Summary of Results<br>Detailed Findings<br>- Finding Name<br>- Criteria<br>- Condition<br>- Root Cause<br>- Impact<br>- Recommendations<br>- Agreed Actions<br>- Responsibility & Status<br>- Room for Improvement<br>- Re-Assessment of Key Risks | **FC** | **None** |
| 2 | When evaluating potential engagement findings, internal auditors must collaborate with management to identify the root causes when possible, determine the potential effects, and evaluate the significance of the issue. | 14.3.b | | **FC** | |
| 3 | To determine the significance of the risk, internal auditors must consider the likelihood of the risk occurring and the impact the risk may have on the organization's governance, risk management, or control processes. | 14.3.c | | **FC** | |
| 4 | If internal auditors determine that the organization is exposed to a significant risk, it must be documented and communicated as a finding. | 14.3.d | | **FC** | |
| 5 | Internal auditors must determine whether to report other risks as findings, based on the circumstances and established methodologies. | 14.3.e | | **FC** | |
| 6 | Internal auditors must prioritize each engagement finding based on its significance, using methodologies established by the chief audit executive. | 14.3.f | | **FC** | |



| # | Document | Std | Observations & Findings | Rating | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Detailed Observations & Findings** | | | | |
| | **Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives.** | | | **FC** | |
| | | | - Distribution List<br>- Disclaimer<br>- Acceptance of Internal Audit Report | | |
| **Standard 14.4 Recommendations and Action Plans** | | | | | |
| 1 | "Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to:<br>• Resolve the differences between the established criteria and the existing condition.<br>• Mitigate identified risks to an acceptable level.<br>• Address the root cause of the finding.<br>• Enhance or improve the activity under review. " | 14.4.a | **Observations**<br>The Final Internal Audit Reports include the below:<br>Detailed Findings<br>- Finding Name<br>- Criteria<br>- Condition<br>- Root Cause<br>- Impact<br>- Recommendations<br>- Agreed Actions<br>- Responsibility & Status<br><br>**Working Paper Files**<br>There were no disagreements from management with the Findings raised in the Final Reports reviewed.<br><br>Opening and Closing Minutes of meetings held with management to discuss findings and recommendations were completed for all the 3 working paper files reviewed. | FC | **None.** |
| 2 | When developing recommendations, internal auditors must discuss the recommendations with the management of the activity under review. | 14.4.b | | FC | |
| 3 | If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow | 14.4.c | | FC | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives. | | | FC | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| | both parties to express their positions and rationale and to determine a resolution. | | | | |
| **Standard 14.5 Engagement Conclusions** | | | | | |
| 1 | Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. | 14.5.a | **Observations**<br>The Final Internal Audit Reports include the below:<br>Executive Summary<br>- <u>Internal Audit Opinion: Governance, Risk Management and Controls</u><br>- <u>Reporting Framework: Critical, Significant, Housekeeping, Positive Finding</u><br>- <u>Objectives and Summary of Results</u> | FC | **None** |
| 2 | The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings. | 14.5.b | | FC | |
| 3 | Assurance engagement conclusions must include the internal auditors' judgment regarding the effectiveness of the governance, risk management, and/or control processes of the activity under review, including an acknowledgment of when processes are effective. | 14.5.c | | FC | |
| **Standard 14.6 Engagement Documentation** | | | | | |
| 1 | Internal auditors must document information and evidence to support the engagement results. | 14.6.a | **Observations**<br>The Internal Audit Function completes the below Working Papers to document | FC | **None.** |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 14 Conduct Engagement Work: Internal auditors implement the engagement work program to achieve the engagement objectives. | | | FC | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 2 | The analyses, evaluations, and supporting information relevant to an engagement must be documented such that an informed, prudent internal auditor, or similarly informed and competent person, could repeat the work and derive the same engagement results. | 14.6.b | information and evidence to support the engagement results:<br>- Risk and Control Matrix – Business Process, Associated Risks, Audit Procedures<br>- Testing Schedules – Audit Tests & Results, Findings<br>- Final Report<br><br>There was consistent evidence of the engagement supervisor reviewing the completed working papers. | FC | |
| 3 | Internal auditors and the engagement supervisor must review the engagement documentation for accuracy, relevance, and completeness. | 14.6.c | | FC | |
| 4 | The chief audit executive must review and approve the engagement documentation. | 14.6.d | | FC | |
| 5 | Internal auditors must retain engagement documentation according to relevant laws and/or regulations as well as policies and procedures of the internal audit function and the organization. | 14.6.e | The retention, archiving, and storage of engagement records is in accordance with the municipal-approved records management policy and the Provincial archives and records service of the Western Cape Act, 2005 (Act No. 3 of 2005), as well as any directives issued by National or Western Cape Archive Services.<br><br>Electronic copies of the engagement records and paper-based files older than 3 years are stored and locked in the internal audit office for 2 years. Records are kept for 5 years before being handed over to the records services for storage or destruction. | FC | |



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## Principle 15 Communicate Engagement Results and Monitor Action Plans

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 15 Communicate Engagement Results and Monitor Action Plans: Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| **Standard 15.1 Final Engagement Communication** | | | | | |
| 1 | For each engagement, internal auditors must develop a final communication that includes the engagement's objectives, scope, recommendations and/or action plans if applicable, and conclusions. | 15.1.a | **Observations**<br>The Final Internal Audit Reports include the below:<br>**Executive Summary**<br>- Introduction<br>- Background Information<br>- Purpose, Scope and Approach<br>- Internal Audit Team<br>- Managements Responsibility – Internal Controls<br>- Internal Audit Opinion<br>- Reporting Framework<br>- Objectives and Summary of Results<br>**Detailed Findings**<br>- Finding Name<br>- Criteria<br>- Condition<br>- Root Cause<br>- Impact<br>- Recommendations<br>- Agreed Actions<br>- Responsibility & Status | **FC** | **None** |
| 2 | The final communication for assurance engagements also must include:<br>•The findings and their significance and prioritization.<br>•An explanation of scope limitations, if any.<br>•A conclusion regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed. | 15.1.b | | **FC** | |
| 3 | The final communication must specify the individuals responsible for addressing the findings and the planned date by which the actions should be completed. | 15.1.c | | **FC** | |
| 4 | When internal auditors become aware that management has initiated or completed actions to address a finding before the final communication, the actions must be acknowledged in the communication. | 15.1.d | | **FC** | |



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| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | **Principle 15 Communicate Engagement Results and Monitor Action Plans: Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans.** | | | **FC** | |
| | **Document** | **Std** | **Observations & Findings** | **Rating** | |
| 5 | The final communication must be accurate, objective, clear, concise, constructive, complete, and timely, as described in Standard 11.2 Effective Communication. | 15.1.e | - Room for Improvement<br>- Re-Assessment of Key Risks<br>- <u>Distribution List</u><br>- Disclaimer<br>- Acceptance of Internal Audit Report<br><br>The Final IA Report section 1.6 Internal Audit Opinion and section 4 Re-assessment of Key Risks includes conclusions regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed.<br><br>The Final IA Report includes a sign off section by the CAE/SIA Mr. A Petersen.<br><br>The IA Quarterly Progress Report presented by the IAF to APAC includes a section to report on conformance with the Standards. | **FC** | |
| 6 | Internal auditors must ensure the final communication is reviewed and approved by the chief audit executive before it is issued. | 15.1.f | | **FC** | |
| 7 | The chief audit executive must disseminate the final communication to parties who can ensure that the results are given due consideration. | 15.1.g | | **FC** | |
| 8 | If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the following details about the nonconformance:<br>•Standard(s) with which conformance was not achieved.<br>•Reason(s) for nonconformance.<br>•Impact of nonconformance on the engagement findings and conclusions." | 15.1.h | | **FC** | |
| **Standard 15.2 Confirming the Implementation of Recommendations or Action Plans** | | | | | |
| 1 | "Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:<br>•Inquiring about progress on the implementation. | 15.2.a | **Observations**<br>It was noted in the APAC Minutes as per below that the IAF presented the quarterly Follow-Up Report to report progress on Managements implementation on the recommendations and actions according to the established completion dates. | **FC** | **None** |

| # | Detailed Observations & Findings | | | | Action Plans, Deadline Dates & Responsible |
|---|---|---|---|---|---|
| | Principle 15 Communicate Engagement Results and Monitor Action Plans: Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans. | | | FC | |
| | Document | Std | Observations & Findings | Rating | |
| | •Performing follow-up assessments using a risk-based approach.<br>•Updating the status of management's actions in a tracking system. " | | - 23 March 2025<br>- 25 June 2025<br>- 17 September 2025<br>- 10 December 2025<br><br>Progress on the implementation of recommendations/action plans is interrogated by the APAC and management is held accountable if there is no progress in implementation by completion dates. | | |
| 2 | The extent of these procedures must consider the significance of the finding. | 15.2.b | | FC | |
| 3 | If management has not progressed in implementing the actions according to the established completion dates, internal auditors must obtain and document an explanation from management and discuss the issue with the chief audit executive. The chief audit executive is responsible for determining whether senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance. | 15.2.c | | FC | |



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# Section C:
# Internal Audit File Reviews

C

## Internal Audit File Review Observations

Assurance Engagement working paper files from the Internal Audit Plans for the period of review were assessed as per below:

| PROJECT NAME | |
|---|---|
| **ASSURANCE ENGAGEMENTS** | |
| 1 | SCM Compliance and Contract Management Review April 2025 |
| 2 | ICT Security and General Controls Review June 2025 |
| 3 | Fleet and Specialised Management Review November 2025 |

## WORKING PAPER FILE 1

| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| | | **SCM COMPLIANCE & CONTRACT REVIEW** | |
| **1** | Quality Assurance and Improvement Program | The Engagement Checklist was completed for quality management purposes and was signed by the Supervisor and Preparer and included references/cross-references. | **FC** |
| **2** | Individual Independence & Objectivity Declarations | The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026 as per below:<br>- Senior Internal Auditor – Mr. A Peterson 01 July 2025<br>- Internal Auditor – Mr. H Swarts 01 July 2025<br>- Internal Audit: Intern: Mr. X Mahlaba 01 July 2025 | **FC** |
| **3** | Engagement Planning Considerations | - The Audit Notification Letter was completed as part of the RFI and the APM.<br>- The RFI was completed for the review.<br>- The Audit Planning Memorandum was completed for the review.<br>- The Audit Planning Memorandum includes IA Mandate, Standards & Guidance, Background Information, Engagement Type, Strategic Objectives, Operational Risks, Mitigation Controls, | **FC** |



| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| | | Legislation, Auditor Evaluation, Approach, Scope, Engagement Objectives, Timing, Engagement Team, Reporting and Communication, Service Quality, Acceptance<br>- The Engagement Risks were assessed as part of the APM.<br>- The System Description column in the RACM (Business Process) was not completed for the review.<br>- The opening minutes were completed for the review.<br><br>**RECOMMENDATIONS**<br>All the required working papers should be completed for all engagements. | |
| **4** | Engagement Resource Allocation | The Audit Planning Memorandum was completed for the Engagement and included a section for the Engagement Team. | **FC** |
| **5** | Performing the Engagement | - Testing Schedules were completed for the review and included Audit Objectives, Audit Procedures, Audit Results and references/cross-references.<br>- Testing Schedules were signed-off by the preparer and the reviewer. | **FC** |
| **6** | Engagement Work Program | The Audit Program including approved audit procedures was completed by the IA Team.<br>The Audit Program included sign-offs by the preparer and reviewer. | **FC** |
| **7** | Engagement Supervision | - There was overall consistent evidence of Supervision throughout the engagement with Working Papers signed-off by the reviewer and completed, uploaded to the Working Paper File. | **FC** |
| **8** | Communicating Engagement Results | - The Client Satisfaction Survey was completed and signed by the Auditee MSCM – Mr. B Beyers.<br>- The Final Internal Audit Report 03 April 2025 was completed for the review and was signed by the CAE/SIA – Mr. A Petersen.<br>- The Final Internal Audit Report 03 April 2025 was signed by the Auditee (MSCM and MM 08/05) in the section "Acceptance of Internal Audit Report".<br>- The closing minutes were completed for the review as evidence of discussing the Final Report. | **FC** |

## WORKING PAPER FILE 2

| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| **ICT SECURITY & GENERAL CONTROLS REVIEW** | | | |
| **1** | Quality Assurance and Improvement Program | The Engagement Checklist was completed for quality management purposes and was signed by the Supervisor and Preparer and included references/cross-references. | **FC** |
| **2** | Individual Independence & Objectivity Declarations | The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026 as per below:<br>- Senior Internal Auditor – Mr. A Peterson 01 July 2025<br>- Internal Auditor – Mr. H Swarts 01 July 2025<br>- Internal Audit: Intern: Mr. X Mahlaba 01 July 2025 | **FC** |
| **3** | Engagement Planning Considerations | - The Audit Notification Letter was completed as part of the RFI and the APM.<br>- The RFI was completed for the review.<br>- The Audit Planning Memorandum was completed for the review.<br>- The Audit Planning Memorandum includes IA Mandate, Standards & Guidance, Background Information, Engagement Type, Strategic Objectives, Operational Risks, Mitigation Controls, Legislation, Auditor Evaluation, Approach, Scope, Engagement Objectives, Timing, Engagement Team, Reporting and Communication, Service Quality, Acceptance<br>- The System Description column (Business Process) and Pre-liminary Risk Assessment (Associated Risks) were completed as part of the RACM.<br>- The Risk and Control Matrix (RACM) was completed for the review, was signed-off by the preparer and but did not include the reviewers details and sign-off.<br>- The opening minutes were completed for the review. | **FC** |
| **4** | Engagement Resource Allocation | The Audit Planning Memorandum was completed for the Engagement and included a section for the Engagement Team. | **FC** |

| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| **5** | Performing the Engagement | - Testing Schedules were completed for the review as part of the RACM and included Audit Objectives, Risks, Controls, Audit Procedures, Audit Results, prepared by details and did not include cross-references.<br>- Testing Schedules did include Findings and Recommendations<br>- Testing Schedules were signed-off by the preparer and the reviewer. | **FC** |
| **6** | Engagement Work Program | - The Audit Program including approved audit procedures was completed as part of the RACM and included sign-offs by the preparer and reviewer. | **FC** |
| **7** | Engagement Supervision | There was consistent evidence of Supervision throughout the engagement with Working Papers signed-off by the reviewer and completed, uploaded to the Working Paper File. | **FC** |
| **8** | Communicating Engagement Results | - The Client Satisfaction Survey was completed and signed by the Auditee ICTSA – Mr. A Meyer.<br>- The Final Internal Audit Report 30 June 2025 was completed for the review and was signed by the CAE/SIA – Mr. A Petersen.<br>- The Final Internal Audit Report 30 June 2025 was signed by the Auditees (Manager: ICTSA 10/07 and MM 10/07) in the section "Acceptance of Internal Audit Report".<br>- Closing minutes were completed for the review as evidence of discussing the final report. | **FC** |



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## WORKING PAPER FILE 3

| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| **FLEET & SPECIALISED MANAGEMENT REVIEW** | | | |
| **1** | Quality Assurance and Improvement Program | The Engagement Checklist was completed for quality management purposes and was signed by the Supervisor and Preparer and included references/cross-references. | **FC** |
| **2** | Individual Independence & Objectivity Declarations | The Internal Auditors have completed their Annual Ethics and Professionalism Declarations for the period 1 July 2025 – 30 June 2026 as per below:<br>- Senior Internal Auditor – Mr. A Peterson 01 July 2025<br>- Internal Auditor – Mr. H Swarts 01 July 2025<br>- Internal Audit: Intern: Mr. X Mahlaba 01 July 2025 | **FC** |
| **3** | Engagement Planning Considerations | - The Audit Notification Letter was completed as part of the RFI and APM.<br>- The RFI was completed for the review.<br>- The Audit Planning Memorandum was completed for the review.<br>- The Audit Planning Memorandum includes IA Mandate, Standards & Guidance, Background Information, Engagement Type, Strategic Objectives, Operational Risks, Mitigation Controls, Legislation, Auditor Evaluation, Approach, Scope, Engagement Objectives, Timing, Engagement Team, Reporting and Communication, Service Quality, Acceptance.<br>- The System Description column (Business Process) and Pre-liminary Risk Assessment (Associated Risks) were completed as part of the RACM.<br>- The Risk and Control Matrix (RACM) was completed for the review did not include sign-offs by the preparer and reviewer.<br>- The opening minutes were completed for the review. | **FC** |
| **4** | Engagement Resource Allocation | The Audit Planning Memorandum was completed for the Engagement and included a section for the Engagement Team. | **FC** |

| | Requirements | Observation & Findings | Rating |
|---|---|---|---|
| **5** | Performing the Engagement | - Testing Schedules were completed for the review and included Audit Objectives, Audit Procedures, Audit Results and references/cross-references.<br>- Testing Schedules were signed-off by the preparer and the reviewer. | **FC** |
| **6** | Engagement Work Program | - The Audit Program including approved audit procedures was completed as part of the RACM.<br>- The Audit Program included sign-offs by the preparer and reviewer. | **FC** |
| **7** | Engagement Supervision | - There was consistent evidence of Supervision throughout the engagement with Working Papers signed-off by the reviewer and completed, uploaded to the Working Paper File. | **FC** |
| **8** | Communicating Engagement Results | - The Client Satisfaction Survey was completed and signed by the Auditee.<br>- The Final Internal Audit Report 26 November 2025 was completed for the review and was signed by the CAE/SIA – Mr. A Petersen.<br>- The Final Internal Audit Report 26 November 2025 was signed by the Auditees (Manager: E&FM and MM) in the section "Acceptance of Internal Audit Report".<br>- The closing minutes were completed for the review as evidence of discussing the Final Report. | **FC** |

# Section D:
# Internal Audit Staff Survey

## Internal Audit Staff Survey: Detailed Results

We circulated an Anonymous Survey to the Internal Audit Staff. They were asked a series of questions.
A total of 2 surveys were sent of which 2 surveys were completed as per the communicated deadline date, which amounts to a response rate of **100%**. The Survey questions were categorised into 4 Sections as per the below list:

- Internal Audit Governance
- Internal Audit Staff
- Internal Audit Management
- Internal Audit Process

The results as shown in the table below show different scoring for the 4 Sections surveyed with an overall average selecting the "Agree" score which translates to a consensus with a majority of the survey questions.

### SURVEY QUESTIONS

| | |
|---|---|
| | **Internal Audit Governance** |
| **1** | Our Internal Audit Function is perceived as adding value and helping our organization accomplish its objectives. |
| **2** | Our Internal Audit Function staff has free and unrestricted access to records, information, locations, and employees during the performance of their engagements. |
| **3** | My CAE effectively promotes the value of our Internal Audit Function within our organization. |
| **4** | Our Internal Audit Function staff is fully aware of and completely conforms to both the Principles and the Rules of Conduct that comprise the Code of Ethics |
| **5** | Our Internal Audit Function staff is fully aware of and completely conforms to The IIA's International Standards for the Professional Practice of Internal Auditing relating to objectivity and due professional care and the Code of Ethics. |
| **6** | Our Internal Audit Function has a conflict of interest policy to report any perceived or actual issues that may have an influence on the independence and objectivity of the auditors. |
| | **Internal Audit Staff** |
| **7** | Our Internal Audit Function management provides us with opportunities to keep up to date with changes in our business, industry, and relevant regulatory issues. |
| **8** | Our audit assignments provide Internal Audit Function staff with opportunities to develop adequate knowledge of key business processes, including critical success factors. |
| **9** | I have sufficient knowledge of key IT risks and controls to perform my audit engagements. |
| **10** | I have sufficient knowledge of fraud to identify "red flags," indicating possible fraud when planning my audit engagements. |

| | |
|---|---|
| | **Internal Audit Governance** |
| **11** | Our Internal Audit Function management provides ample opportunities to develop the skills and knowledge necessary to perform all of my audit engagements. |
| **12** | Our Internal Audit Function management provides ample opportunities to develop skills and knowledge, and acquire experience that enables me to develop professionally and advance my career. |
| **13** | I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars. |
| **14** | My performance is reviewed on a regular and sufficiently frequent basis; the criteria used are adequate and the reviews are meaningful and helpful. |
| **15** | Our Internal Audit Function management encourages and supports the Internal Audit Function staff in demonstrating its proficiency by obtaining appropriate professional certifications, such as designations offered by The IIA or other designations related to internal auditing. |
| **16** | Our Internal Audit Function is viewed as a valuable developmental assignment by individuals from other parts of our organization. |
| | **Internal Audit Management** |
| **17** | Our Internal Audit Function management has established policies and procedures that clearly guide the operation of our Internal Audit Function. |
| **18** | Our Internal Audit Function actively encourages collaborative effort between internal audit management and staff for effective completion of our engagements in a timely manner. |
| **19** | Our Internal Audit Function competently assesses the adequacy and effectiveness of our organization’s system of internal controls. |
| **20** | Our Internal Audit Function adequately assesses the effectiveness of risk management processes employed by management to achieve our organization’s objectives. |
| **21** | Our Internal Audit Function effectively promotes appropriate ethics and values broadly across our total organization. |
| **22** | Our Internal Audit Function adequately assesses the effectiveness of governance processes, including ethics-related programs and activities. |
| | **Internal Audit Process** |
| **23** | Our Internal Audit Function develops and documents a plan for each engagement based on a preliminary assessment of risks relevant to the area being reviewed (including the probability of fraud), and our engagement objectives reflect the result of this risk assessment. |
| **24** | Our Internal Audit Function uses computer-assisted audit techniques, including data mining, to facilitate data collection and analysis during completion of our engagements. |
| **25** | I receive appropriate, timely, and constructive feedback regarding my performance in completing engagements, enabling me to continue developing my knowledge, skills, and competencies. |

| Internal Audit Governance | |
|---|---|
| **26** | Our Internal Audit Function management and staff exhibit proficient project management and organizational skills to assure the timely completion of our audit engagements. |
| **27** | Our Internal Audit Function management and staff demonstrate effective conflict resolution and negotiating skills. |

# Section E:
# Extended Rating Table

## Extended Rating Table

| # | Requirements | Ratings |
|---|---|---|
| **1** | **Domain I: Purpose of Internal Auditing** | **FC** |
| **2** | **Domain II: Ethics and Professionalism** | **FC** |
| 3 | **Principle 1 Demonstrate Integrity** | **FC** |
| 4 | Standard 1.1 Honesty and Professional Courage | **FC** |
| 5 | Standard 1.2 Organization's Ethical Expectations | **FC** |
| 6 | Standard 1.3 Legal and Ethical Behaviour | **FC** |
| 7 | **Principle 2 Maintain Objectivity** | **FC** |
| 8 | Standard 2.1 Individual Objectivity | **FC** |
| 9 | Standard 2.2 Safeguarding Objectivity | **FC** |
| 10 | Standard 2.3 Disclosing Impairments to Objectivity | **FC** |
| 11 | **Principle 3 Demonstrate Competency** | **FC** |
| 12 | Standard 3.1 Competency | **FC** |
| 13 | Standard 3.2 Continuing Professional Development | **FC** |
| 14 | **Principle 4 Exercise Due Professional Care** | **FC** |
| 15 | Standard 4.1 Conformance with the Global Internal Audit Standards | **FC** |
| 16 | Standard 4.2 Due Professional Care | **FC** |
| 17 | Standard 4.3 Professional Skepticism | **FC** |
| 18 | **Principle 5 Maintain Confidentiality** | **FC** |
| 19 | Standard 5.1 Use of Information | **FC** |
| 20 | Standard 5.2 Protection of Information | **FC** |
| **21** | **Domain III: Governing the Internal Audit Function** | **FC** |
| 22 | **Principle 6 Authorized by the Board** | **FC** |
| 23 | Standard 6.1 Internal Audit Mandate | **FC** |
| 24 | Standard 6.2 Internal Audit Charter | **FC** |
| 25 | Standard 6.3 Board and Senior Management Support | **FC** |
| 26 | **Principle 7 Positioned Independently** | **GC** |
| 27 | Standard 7.1 Organizational Independence | **FC** |
| 28 | Standard 7.2 Chief Audit Executive Qualifications | **PC** |
| 29 | **Principle 8 Overseen by the Board** | **FC** |
| 30 | Standard 8.1 Board Interaction | **FC** |
| 31 | Standard 8.2 Resources | **FC** |
| 32 | Standard 8.3 Quality | **FC** |
| 33 | Standard 8.4 External Quality Assessment | **FC** |
| **34** | **Domain IV: Managing the Internal Audit Function** | **FC** |
| 35 | **Principle 9 Plan Strategically** | **FC** |
| 36 | Standard 9.1 Understanding Governance, Risk Management, Control Processes | **GC** |

| | | |
|---|---|---|
| 37 | Standard 9.2 Internal Audit Strategy | FC |
| 38 | Standard 9.3 Methodologies | FC |
| 39 | Standard 9.4 Internal Audit Plan | FC |
| 40 | Standard 9.5 Coordination and Reliance | FC |
| 41 | **Principle 10 Manage Resources** | FC |
| 42 | Standard 10.1 Financial Resource Management | FC |
| 43 | Standard 10.2 Human Resources Management | FC |
| 44 | Standard 10.3 Technological Resources | FC |
| 45 | **Principle 11 Communicate Effectively** | FC |
| 46 | Standard 11.1 Building Relationships & Communicating with Stakeholders | FC |
| 47 | Standard 11.2 Effective Communication | FC |
| 48 | Standard 11.3 Communicating Results | FC |
| 49 | Standard 11.4 Errors and Omissions | FC |
| 50 | Standard 11.5 Communicating the Acceptance of Risks | FC |
| 51 | **Principle 12 Enhance Quality** | FC |
| 52 | Standard 12.1 Internal Quality Assessment | FC |
| 53 | Standard 12.2 Performance Measurement | FC |
| 54 | Standard 12.3 Oversee and Improve Engagement Performance | FC |
| **55** | **Domain V: Performing Internal Audit Services** | FC |
| 56 | **Principle 13 Plan Engagements Effectively** | FC |
| 57 | Standard 13.1 Engagement Communication | FC |
| 58 | Standard 13.2 Engagement Risk Assessment | FC |
| 59 | Standard 13.3 Engagement Objectives and Scope | FC |
| 60 | Standard 13.4 Evaluation Criteria | FC |
| 61 | Standard 13.5 Engagement Resources | FC |
| 62 | Standard 13.6 Work Program | FC |
| 63 | **Principle 14 Conduct Engagement Work** | FC |
| 64 | Standard 14.1 Gathering Information for Analyses and Evaluation | FC |
| 65 | Standard 14.2 Analyses and Potential Engagement Findings | FC |
| 66 | Standard 14.3 Evaluation of Findings | FC |
| 67 | Standard 14.4 Recommendations and Action Plans | FC |
| 68 | Standard 14.5 Engagement Conclusions | FC |
| 69 | Standard 14.6 Engagement Documentation | FC |
| 70 | **Principle 15 Communicate Engagement Results and Monitor Action Plans** | FC |
| 71 | Standard 15.1 Final Engagement Communication | FC |
| 72 | Standard 15.2 Confirming the Implementation of Recommendations or Action Plans | FC |



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