SWELLENDAM MUNICIPALITY

INTERNAL AUDIT CHARTER

2026/27

REVIEW HISTORY AND APPROVAL OF INTERNAL AUDIT CHARTER

Author of Document:

Version	Author	Date Compiled
1	CAE: Mr. JP Rossouw	Feb 2014

Reviewer of Document:

Version	Reviewed By:	Comments	Date Reviewed
2	CAE: Mr. JP Rossouw	Internal Auditor reviewed the Charter and recommended the inclusion of the responsibilities of Internal Audit in terms of Combined Assurance	30 April 2015
3	CAE: Mr. JP Rossouw	The Internal Auditor reviewed the Charter and amended the Authority section (Section 5)	02 June 2016
4	CAE: Mr. JP Rossouw	The Internal Auditor reviewed the Charter in terms of the Quality Assurance Review	16 November 2016
5	CAE: Mr. JP Rossouw	Included the Revised Internal Audit Standards and the Mandatory Recognition requirements	05 April 2017
6	CAE: Mr. JP Rossouw	Annual Review for 2018/19	21 May 2018
7	CAE: Mr. JP Rossouw	Annual Review for 2019/20	13 June 2019
8	CAE: Mr. JP Rossouw	Annual Review for 2020/21	26 May 2020
9	CAE: Mr. JP Rossouw	Annual Review for 2021/22	27 May 2021
10	CAE: Mr. JP Rossouw	Annual Review for 2022/23	3 June 2022
11	SIA: Mr. A Petersen	Annual Review for 2023/24	3 June 2023
12	SIA: Mr. A Petersen	Annual Review for 2024/25, and includes the revised Internal Audit Standards	23 May 2024
13	SIA: Mr. A. Petersen	Annual Review for 2025/26, which includes the revised Global Internal Auditing Standards	29 May 2025
14	SIA: Mr. A. Petersen	Annual Review for 2026/27	22 May 2026

Document Approved By:

Version	Approved By:	Date Approved
1	Audit and Performance Audit Committee	29 May 2014
2	Audit and Performance Audit Committee	24 June 2015
3	Audit and Performance Audit Committee	7 June 2016
4	Audit and Performance Audit Committee	7 December 2016
5	Audit and Performance Audit Committee	9 June 2017
6	Audit and Performance Audit Committee	6 June 2018
7	Audit and Performance Audit Committee	25 June 2019
8	Audit and Performance Audit Committee	4 June 2020
9	Audi and Performance Audit Committee	4 June 2021
10	Audit and Performance Audit Committee	17 June 2022
11	Audit and Performance Audit Committee	27 June 2023
12	Audit and Performance Audit Committee	26 June 2024
13	Audit and Performance Audit Committee	25 June 2025
14	Audit and Performance Audit Committee	25 June 2026

TABLE OF CONTENTS

1. INTRODUCTION

The purpose of this charter is to set out the nature, role, responsibility, status, and authority of Internal Auditing within the Swellendam Municipality and to outline the scope and responsibilities of the Internal Audit function. The Audit and Performance Audit Committee (APAC) play an important role in providing oversight to the Swellendam Municipality`s governance, risk management, and internal control processes. This oversight mechanism also serves to provide oversight to the Council, and therefore the Audit and Performance Audit Committee operate as an independent committee of the Municipal Council.

The charter establishes the Internal Audit Function`s position within Swellendam Municipality, including the nature of the Chief Audit Executive`s (CAE) functional reporting relationship with the Audit and Performance Audit Committee; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

The Internal Audit Function governs itself by adhering to the Institute of Internal Auditors' International Professional Practices Framework's mandatory guidance, which includes the Global Internal Audit Standards, Topical Requirements, and Global Guidance. The mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the IIA's performance.

The Council and the Audit and Performance Audit Committee are responsible for overseeing the establishment of effective systems of internal control to provide reasonable assurance that Swellendam Municipality`s financial and non-financial objectives are achieved.

Internal Auditing strengthens the municipality`s ability to create, protect, and sustain value by providing the Audit and Performance Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

2. MANDATE

The Internal Audit Function receives its mandate from the Audit and Performance Audit Committee. The mandate specifies the authority, role, scope, and responsibility of the Internal Audit Function and is documented in the Internal Audit Charter, which is granted by the Audit and Performance Audit Committee and/or laws and regulations. The mandate empowers the Internal Audit Function to provide the Audit and Performance Audit Committee and Senior Management with independent, risk-based and objective assurance, advice, insight, and foresight. The Internal Audit Function of Swellendam Municipality conforms to the:

2.1 Municipal Finance Management Act

In terms of Section 165 (1) of the Municipal Finance Management Act (MFMA) 56 of 2003, each municipality must have an Internal Audit Function. Section 165 (2) of the MFMA gives guidance on what is expected of the Internal Audit Function with regard to responsibility, functions, and reporting requirements.

Section 165 (1) of the Municipal Finance Management Act (MFMA) of 2003 states that:
"*(1) Each municipality and each municipal entity must have an Internal Audit Function,*

(2) The Internal Audit Function of a municipality or municipal entity must:

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

2.2 Commitment to adhering to the Global Internal Audit Standards

The Global Internal Audit Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the Internal Auditing Function. The Swellendam Municipality`s Internal Audit Function adhere to the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework.

The Chief Audit Executive will report periodically to the Audit and Performance Audit Committee and Senior Management regarding the Internal Audit Function`s conformance to the Global Internal Audit Standards, which will be assessed through a quality assurance and improvement program.

3. VISION AND PURPOSE OF INTERNAL AUDIT

The vision of the Swellendam Municipal Internal Audit Function is:

To be a high-performing Internal Audit Function that meets the expectations of our stakeholders and assists the municipality in achieving its vision and strategic objectives.

The vision is to adhere to the Global Internal Audit Standards and the attributes of high performance recognised by leading internal audit activities.

The purpose of the Swellendam Municipal Internal Audit function is to:

Strengthens the municipality's ability to create, protect, and sustain value by providing the Audit and Performance Audit Committee and Senior Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The purpose is to provide independent, objective assurance and advisory services designed to add value and improve the operations of the Swellendam municipality. The Internal Auditing Function of Swellendam Municipality aims to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of internal control, risk management, and governance processes. Internal Auditing enhances the municipality`s:

- Successful achievement of its objectives;
- Governance, risk management, and control processes;
- Decision-making and oversight;
- Reputation and credibility with its stakeholders; and
- Ability to serve the public interest.

Swellendam Municipality`s Internal Audit Function is most effective when:

- Internal Auditing is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit Function is independently positioned with direct accountability to the Audit and Performance Audit Committee.
- Internal Auditors are free from undue influence and committed to making objective assessments.

Internal Auditing plays a critical role in enhancing a municipality`s ability to serve the public interest. While the primary function of internal auditing is to strengthen governance, risk management, and control processes, its effects extend beyond the municipality. Internal Auditing contributes to a municipality`s overall stability and sustainability by providing assurance on its operational efficiency, reliability of reporting, compliance with laws and/or regulations, safeguarding of assets, and ethical culture.

4. MANDATORY PRINCIPLES

The Global Internal Audit Standards (GIAS) guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the Internal Auditing Function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance. These elements help internal auditors achieve the principles and fulfil the Purpose of Internal Auditing.

5. CORE PRINCIPLES

The Global Internal Audit Standards are built on fifteen core principles that articulate the effectiveness of internal auditing. These principles are categorised within five domains, providing a comprehensive framework for the professional practice of internal auditors, and are encapsulated as follows:

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

6. CHIEF AUDIT EXECUTIVE ROLES AND RESPONSIBILITIES

6.1 ETHICS AND PROFESSIONALISM

Ethics and Professionalism outline the behavioural expectations for professional Internal Auditors, including the Chief Audit Executive, other individuals, and any entities that provide Internal Audit services.

For the Internal Audit Function of Swellendam Municipality to be effective, Internal Auditors must conform with the following:

- Demonstrate integrity in their work and behaviour;
- Maintain an impartial and unbiased attitude when performing internal audit services and making decisions;
- Apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully;
- Apply due professional care in planning and performing internal audit services; and
- Use and protect information appropriately;
- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism;
- Understand, respect, meet and contribute to the legitimate and ethical expectations of the municipality and be able to recognise conduct that is contrary to those expectations;
- Encourage and promote an ethics-based culture in the municipality and

- Report organisational behaviour that is inconsistent with the municipality's ethical expectations, as described in applicable policies and procedures.
- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

6.2 OBJECTIVITY

- The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.
- Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment,
  including:
  - Assessing specific operations for which they had responsibility within the previous year.
  - Performing operational duties for Swellendam Municipality or its affiliates.
  - Initiating or approving transactions external to the Internal Audit Function.
  - Directing the activities of any Swellendam Municipality employee not employed in the Internal Audit Function, except to the extent that such employees have been appropriately assigned to auditing teams or to assist internal auditors

- Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.
- Internal auditors will:
  - Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the CAE, APAC, management, or others.
  - Exhibit professional objectivity in gathering, evaluating, and communicating information.
  - Make balanced assessments of all available and relevant facts and circumstances.
  - Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

7. SCOPE OF INTERNAL AUDITING

The Internal Auditing Function of Swellendam Municipality has unrestricted scope and access, as issued by the Institute of Internal Auditors, which encompasses the examination and evaluation of the adequacy and effectiveness of the internal control systems and processes of the municipality. In addition, the scope of internal audit services covers the entire breadth of the municipality for which the Internal Audit Function is responsible for providing independent assessments.

The Internal Audit Function of Swellendam Municipality plays a vital role in ensuring the municipality achieves its objectives by independently and objectively evaluating and improving the effectiveness of its governance, risk management, and control processes. This encompasses assessing how the municipality is directed and controlled, how it identifies and manages potential risks, and the systems and procedures in place to safeguard assets, ensure compliance, and promote efficient operations across all departments and functions.

Guided by the Global Internal Audit Standards, Swellendam Municipality's Internal Audit scope extends to providing both assurance on the effectiveness of these processes to management and the Municipal Council, as well as offering advisory services to help improve them. This includes:

Financial Auditing

- Reviewing the procurement systems and contracts (compliance, irregularities, audit concerns, etc.) to provide audit assurance;
- Reviewing the formal procurement policies of the municipality to ensure that they comply with Supply Chain regulations;

- Examining and evaluating the income systems and related business units of the municipality;
- Assuring that the municipality complies with appropriate legislation relevant to Human Resources and Payroll Administration to ensure completeness, accuracy, and disclosure;
- Identifying key risk areas within the expenditure of the municipality in terms of completeness, validity, accuracy, authorisation, and disclosure and addressing areas of deficiency; and
- Review the reliability and integrity of financial and operating information, including the Annual Financial Statements.

Information System Auditing

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information; and
- Examining and evaluating of information system projects in terms of defined objectives and given terms of reference.

Forensic Auditing/Fraud Limitation

- Internal Audit is not responsible for fraud Investigations, but the Internal Audit function should be alert to fraud red flags whilst conducting their audit work.
- Internal Audit function, after consultation with the Chief Audit Executive and management, may assist in the initial investigation of significant suspected fraudulent activities (with the consent of the Audit and Performance Audit Committee) within the Municipality, and notify management and the Audit and Performance Audit Committee of the preliminary results of the subsequent investigation, which will be referred to relevant consultancies.
- Assisting with the development and implementation of adequate/appropriate preventative strategies to combat fraud, economic crime, corruption, and maladministration; and
- Identifying and preventing of fraud is a management responsibility, and the Internal Audit function will report to management any red flags that might have come to their attention during the normal process of engagement activities.

Risk Management:

- Focusing on the significant risks, as identified by management, and auditing the risk management processes across the Municipality;
- Providing assurance on the management of risk (independently and not operationally);
- Providing active support and involvement in the risk management process;
- Evaluating the efficiency and effectiveness of the Internal Audit function with respect to risk management, assessing risk management matters of significant importance reported

by the Internal Auditor; and

- Assessing and confirming the policies, strategy, and procedures for identifying areas of risk and the measures implemented to ensure adequate control of and security in such areas.
- To assess the adequacy and effectiveness of governance, risk management, and control processes.

Performance Auditing

- Keeping the Audit and Performance Audit Committee informed on the progress of the performance measures;
- Reviewing the performance management systems of the municipality; and
- Submitting of quarterly reports on the performance management processes to the Audit and Performance Audit Committee.

Quality Assurance and Governance Auditing

- Ensuring that the Internal Audit function operates in terms of directives of the Municipality, policy, procedures, Internal Audit standards, and related professional working papers;
- Reviewing compliance with statutory, common law, and other requirements that cover the ethical behaviour of municipal officials;
- Monitoring and reporting on irregularities;
- Informing the necessary authorities (e.g. Audit and Performance Audit Committee) of the advancements made by the Municipality on ethical standards; and Identification and reporting of ethical conduct violations; and
- Evaluating and improving the processes through which: values and goals are established and recommended; accomplishment of goals is monitored; accountability is ensured; and values are preserved.

The Chief Audit Executive will report periodically to the Senior Management and the Audit and Performance Audit Committee regarding:

- Internal Audit Function`s mandate;
- Internal audit plan and performance relative to its plan;
- Internal Audit budget (if and when necessary);
- Significant revisions to the Internal Audit plan and budget;
- Potential impairments to independence, including relevant disclosures as applicable;
- Results from the quality assurance and improvement program, which include the Internal Audit Function`s conformance with the Global Internal Audit Standards and action plans to address the Internal Audit Function`s deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues and other areas of focus;
- Results of assurance and advisory services;
- Resource requirements and
- Management`s response to risks that the Internal Audit Function determines may be acceptable or unacceptable, of a risk that is above the risk appetite of the municipality.

8. ACCOUNTABILITY

The Chief Audit Executive (CAE), as per the Global Internal Audit Standards, is accountable for:

- Establishing and executing a strategy and risk-based audit plan that aligns with the municipality's strategic objectives and key risks and meets the expectations of the Audit and Performance Audit Committee, Senior Management, and other key stakeholders.
- Ensuring the Internal Audit Function has sufficient and competent resources (both human and financial) to fulfil its responsibilities effectively.
- Establishing methodologies to guide the Internal Audit Function in a systematic and disciplined manner.
- Communicating the results of audit engagements, the status of the audit plan, and other relevant information to the Audit and Performance Audit Committee and Senior Management.
- Providing the Audit and Performance Audit Committee and Senior Management with the information needed to support and promote recognition of the Internal Audit Function throughout the municipality.
- Confirming at least annually to the Audit and Performance Audit Committee the organisational independence.
- Providing the Audit and Performance Audit Committee with the information needed to conduct its oversight responsibilities.
- Establishing and maintaining a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the Internal Audit Function. This includes internal and external assessments to evaluate performance.
- Reporting functionally to the Audit and Performance Audit Committee on the Internal Audit Function's activities and findings.

9. AUTHORITY

The Chief Audit Executive (CAE), as per the Global Internal Audit Standards, has the authority to:

- Develop and implement a risk-based internal audit plan that aligns with the municipality's strategic objectives.
- Discuss with Senior Management the appropriate authority, roles and responsibilities of the Internal Audit Function.
- Participate in discussions with the Audit and Performance Audit Committee and provide input on expectations for the Internal Audit Function that the Audit and Performance Audit Committee should consider when establishing the Internal Audit mandate.
- Discuss with Senior Management other topics that should be included in the Internal Audit charter.
- Review the Internal Audit Charter with the Chief Audit Executive to consider changes affecting the municipality, such as the employment of a new Chief Audit Executive or changes in the type, severity and interdependence of risks to the municipality.
- Establish methodologies to address impairments to objectivity.
- Provide the Audit and Performance Audit Committee and Senior Management with the information necessary to establish the Internal Audit mandate.
- Communicate directly with the Audit and Performance Audit Committee on all matters related to the Internal Audit Function.
- Have unrestricted access to all records, personnel, and physical properties relevant to the performance of engagements.
- Have unrestricted access to the Accounting Officer and the Audit and Performance Audit Committee Chairperson.
- Manage the Internal Audit Function's resources effectively.
- Issue internal audit reports and communicate the results of engagements to the appropriate levels of management and the Audit and Performance Audit Committee.

10. INDEPENDENCE

The Internal Audit Function of Swellendam Municipality is effective when the Internal Audit Function is directly accountable to the Audit and Performance Audit Committee (also known as functional reporting). A direct reporting relationship between the Audit and Performance Audit Committee and the Chief Audit Executive enables the Internal Audit Function to perform internal audit services and communicate engagement results without interference or undue limitations. The Internal Audit Function of Swellendam Municipality:

- Reports administratively to the Municipal Manager and functionally to the Audit and Performance Audit Committee.
- Have unrestricted access to all levels of Management and the Chairperson of the Audit and Performance Audit Committee member(s) and its members.
- Will not be responsible for any of the activities, which they audit.
- Will not assume responsibility for the development, operation, or control of any systems and procedures.
- Have direct access to the Office of the Executive Mayor.
- Have direct access to the Office of the Speaker.
- May issue reports in its name, without third-party editing, to the Audit and Performance Audit Committee, all appropriate officials, standing committees of the Municipality, as well as the Auditor General of South Africa (AGSA).
- Reports issued to parties other than those mentioned above should be under the hand of the Municipal Manager or Chairperson of the Audit and Performance Audit Committee.
- Should be objective and exercise due professional care in its approach, keeping the best interests of the Council in mind at all times.
- May make recommendations or set out its expectations regarding weaknesses identified.
- Should act as an advisory body and avoid trying to develop, install, and maintain systems and controls or engage in other activities that could be construed as compromising its independence and integrity.
- Put safeguards in place to limit impairments to independence where the Chief Audit Executive is expected to have roles and/or responsibilities that fall outside of Internal Auditing.
- Must in all instances comply fully with all relevant legislation, regulations, notices, practice and guidance notes issued by Government, compulsory and recommended practices prescribed by relevant statutory bodies and professional organisations, as well as binding International Standards and international bet practices.
- Maintain in all its activities and conduct the highest levels of ethics and professionalism.

11. NATURE OF INTERNAL AUDIT ENGAGEMENTS

Internal Audit follows an integrated approach, which places emphasis on the identification of risks, the prioritising thereof and testing of controls over key areas. The integrated audit approach combines two types of audit engagements, namely assurance and advisory.

In addition to the responsibilities of the Internal Audit Function, as stated above, the assurance services provided by Internal Audit include, but are not limited to, the following:

- Risk-based audits
- Compliance audits
- Performance audits
- Value for money audits
- Quality assurance audits
- Assistance with Fraud/irregularity investigations *(Not a primary focus area of Internal Audit)*

On the other hand, in advisory engagements, the scope is agreed with the prior written consent of the Audit and Performance Audit Committee, based on the prior submission of a written request for each such instance by the Municipal Manager, addressed to by Chairperson and members of the Audit and Performance Audit Committee. The intention of providing these engagements is to add value and improve the governance, risk management, and control processes of the municipality without the Internal Auditors assuming management responsibilities. The engagements will include advice, facilitation, and training if necessary.

Internal Auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- Cost relative to the potential benefits of the Internal Audit services to be performed.

The Internal Audit Function must develop policies governing the custody and retention of advisory engagement records, as well as their release to internal and external parties.

Types of Advisory Engagements

The Internal Audit Function should obtain an understanding of the nature of the engagement to clearly articulate the terms of reference. Agreed-upon procedures should be documented in the engagement letter and agreed upon with the client and/or stakeholder.

The types of advisory work include the following:

- Formal advisory engagements: those that are planned and subject to a written agreement;
- Informal advisory engagements: routine activities such as participation on standing committees, limited-life audit projects, ad-hoc meetings, and routine information exchange;
- Special advisory engagements: participation on dedicated teams such as the system conversion team; and
- Emergency advisory engagements: participation on a team established for recovery or maintenance of operations after a disaster or other extraordinary event, or a team assembled to supply temporary help to meet a special request or unusual deadline.

- Consult with management to, inter alia, obtain an understanding and appreciation of their concerns such that, where possible, provision could be made for these in the planning, execution and reporting of audits, advisory engagements and fraud investigations.
- Advisory services may be provided to the 1) Municipal Council, 2) Advice, and 3) Forensic investigations.

12. RELATIONSHIP WITH OTHER ASSURANCE PROVIDERS

The Internal Audit Function is responsible for coordinating with the other assurance providers. In addition, Internal Audit forms the third-line assurance provider and provides independent and objective assurance and advice on all risk management related matters. The Swellendam Internal Audit function has access to the work of other internal and external assurance providers.

The Internal Audit function will provide assurance over the entire Municipality, including:

- Assurance on the design and adequacy of the risk management processes;
- Management of the top risks, including the effectiveness of the controls and other responses; and
- Verification of the reliability and appropriateness of the risk assessment and reporting of the risk and control status.

In instances where the Chief Audit Executive is hiring an assurance provider, the Chief Audit Executive will document engagement expectations in a contract or agreement. The following minimum expectations will be set to ensure that work is adequate and reporting requirements are fulfilled:

- The nature and ownership of deliverables;
- Methods/techniques;
- The nature of procedures and data/information to be used; and
- Progress reports/supervision.

The Internal Audit Function will consider the following to conclude whether to rely on the work of the assurance provider:

- Independence and objectivity;
- Competencies and qualifications:
    - Verifying appropriate professional experience and qualifications;
    - Current registration with the relevant professional body or institute;
    - Reputation for competency and integrity in the sector; and
    - Elements of practice to have reasonable assurance that the findings are based on sufficient, reliable, relevant, and useful information; and

- The work of the assurance provider is appropriately planned, supervised, documented, and reviewed.

When management and the Audit and Performance Audit Committee require an overall opinion from the Chief Audit Executive, the Chief Audit Executive should understand the nature, scope, and extent of the integrated assurance map to consider the work of other assurance providers and rely on it before presenting an overall opinion on the municipality's governance, risk, and control processes.

In instances where the municipality and the Audit and Performance Audit Committee do not expect an overall opinion, the Chief Audit Executive can act as the coordinator of the assurance provider(s). The Chief Audit Executive should forthwith report in writing on any lack of input by other assurance providers to the Audit and Performance Audit Committee. If the Chief Audit Executive believes that the assurance is inadequate or ineffective, the Municipal Manager and Audit and Performance Audit Committee will forthwith be advised in writing and informed accordingly.

The Internal Audit function will follow up on recommendations made by other assurance providers and should determine whether management has implemented the recommendations or accepted the risk of not taking action, and report forthwith in writing to the Audit and Performance Audit Committee.

13. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Audit and Performance Audit Committee should annually assess the effectiveness of the Internal Audit function against the following criteria:

- Achievement of the annual Internal Audit Plan;
- Compliance with IIA's professional standards, inclusive of quality assurance assessments on the level of compliance achieved;
- Achievement of reporting protocols through management to the Audit Committee;
- Timeliness of reporting of findings and activities;
- Responsiveness to changing business/operational environment;
- Management's acceptance of the Internal Audit findings;
- Quality and relevance of the annual assessment reports;
- Level of cooperation and interaction with other assurance providers within the agreed combined assurance approach;
- Maintenance of adequate staffing/sourcing levels to achieve the required to meet the requirements of this charter;
- Meeting the budget allocated to Internal Audit; and

- Follow up on audit findings reported requiring action in order to rectify where necessary, and report forthwith in writing to the Audit and Performance Audit Committee.

14. QUALITY ASSURANCE AND IMPROVEMENT PLAN

The Internal Audit Function must develop, implement, and maintain a quality assurance and improvement program that covers all aspects. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. To demonstrate conformance with the Global Internal Auditing Standards, the results of the external and periodic internal assessments are communicated upon their completion to the Audit and Performance Audit Committee and Senior Management. Additionally, the outcomes of ongoing monitoring are reported to the Audit and Performance Audit Committee and the Municipal Manager at least annually.

The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. When selecting the independent assessor or assessment team, the Chief Audit Executive must ensure that at least one person possesses an active Certified Internal Auditor (CIA) designation.

15. REVIEW OF CHARTER

This charter establishes the authority and responsibility conferred by municipal management to the Internal Audit Function. The charter must be reviewed annually and accepted by the Municipal Manager and approved by the Audit and Performance Audit Committee.

16. APPROVAL OF THE REVIEWED INTERNAL AUDIT CHARTER FOR 2026/27 FINANCIAL YEAR

Petersen
………………………………………………….
COMPILED AND RECOMMENDED BY THE SENIOR INTERNAL AUDITOR
MR. A. PETERSEN

………………………………………………….
ACCEPTED AND APPROVED BY THE MUNICIPAL MANAGER
MS. A. VORSTER

A Dippenaar
…………………………………………………..
APPROVED BY THE AUDIT AND PERFORMANCE AUDIT COMMITTEE CHAIRPERSON
MR. A. DIPPENAAR

APPROVED BY THE AUDIT AND PERFORMANCE AUDIT COMMITTEE ON 25 JUNE 2026:

RESOLVED BY THE AUDIT AND PERFORMANCE AUDIT COMMITTEE
1. That the Revised Internal Audit Charter for the 2026/27 financial year be approved as submitted.