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PROVINCIAL TREASURY CIRCULAR 1(A) OF 2012

TO:

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR JM RABODILA)

THE ACCOUNTING OFFICER (ACTING): VOTE 2: PROVINCIAL LEGISLATURE
(MR LB TSHABALALA)

THE ACCOUNTING OFFICER (ACTING): VOTE 3: FINANCE (MR JB MBATHA)

THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL
AFFAIRS (MR D MAHLOBO)

THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND
ADMINISTRATION (MS NL SITHOLE)

THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND
TOURISM (DR DV DLAMINI)

THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)

THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT
(MR KM MOHLASEDI)

THE ACCOUNTING OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR ST SIBUYI)

THE ACCOUNTING OFFICER (ACTING): VOTE 10: HEALTH (MR R MNISI)

THE ACCOUNTING OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MS SP MJWARA)

THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI)

THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENTS (MR D DUBE)

THE GENERAL MANAGER: SUSTAINABLE RESOURCE MANAGEMENT (PT) (MS N NKAMBA)

THE GENERAL MANAGER (ACTING): ASSETS AND LIABILITIES MANAGEMENT (PT)
(MR R MASAMBO)

THE GENERAL MANAGER: FINANCIAL GOVERNANCE (PT) (MS J BEZUIDENHOUT)

1. INTERNAL AUDIT MANUAL AND AUDIT COMMITTEE TOOLKIT

The concept of Internal Audit has drastically changed from a system of mere checking the arithmetical accuracy of accounting data as in former days to a system of appraisal of the effectiveness of accounting, financial and other operations and controls as an aid to Management to achieve its goals and improve service delivery.

It is meant to be an effective means for the rapid and simultaneous observation of multiple events and transient situations which, properly assembled, can give a reliable guide to the well-being of an organization, an advance warning of undesirable trends and an indication of corrective action.

This circular is intended to introduce an Internal Audit Manual and the Audit Committee Toolkit that summarize the operations of the internal audit function and the audit committee in the provincial departments and delineate the policies, standards, and procedures which will generally govern the internal audit function.

1.1 LEGISLATIVE MANDATE

In terms of sec 38(I)(II) of the Public Finance Management Act, No.1 of 1999, the accounting officer for a department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control. A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77.

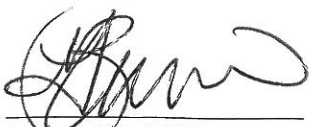
Treasury Regulations 3.2.6 states that internal audit must be conducted in accordance with the standards set by the Institute of Internal Auditors.

1.2 SCOPE OF THE INTERNAL AUDIT MANUAL AND THE AUDIT COMMITTEE TOOLKIT

- Governments of today are involved with a variety of functions and roles. Each function and role brings with its peculiarities; as a result while they have commonality in some respects, there is a great deal of divergence at another level.
- Although an internal auditor and the audit committee are generally expected to understand such complexities presented by the organisations, both the manual and the toolkit address only what is common across all the departments, that is; it contains guidance of a generic nature.
- The Audit Committee Toolkit is intended to provide detailed advice, provide examples and good practices. The document was approved by the Provincial Management Committee on 25 July 2011 for utilisation by Audit Committees in the Province.

It is recommended that The Audit Committee Toolkit and The Internal Audit Manual be incorporated into the Internal Audit Function for standardisation of Internal Audit Methodology within the Mpumalanga Province.

Regards,



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MR J.B. MBATHA
ACTING HEAD OF DEPARTMENT
DATE: 20/01/2012