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PROVINCIAL TREASURY CIRCULAR 41 OF 2012

TO: DISTRICT MUNICIPALITIES

THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MR AG ZIMBWA)
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (ADV. H MBATHA)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR. CA HABILE)

TO: MUNICIPAL MANAGERS

THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (DR MF MAHLANGU)
THE MUNICIPAL MANAGER: PIXLEY KA SEME LOCAL MUNICIPALITY (MR PB MALEBYE)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR T.B.W DLAMINI)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR A.N MAHLANGU)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR L.B TSHABALALA)
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR DV NGCOBO)
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR V MPILA)
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR W.D FOUCHE)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR O.N NKOSI)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR J SINDANE)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MR R.M MAREDI)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MS N.P BUSANE)
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR G.T MTHIMUNYE)
THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR L.D SHABANGU)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR M.R MKHATSHWA)
THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY (MS M.D MGWENYA)
THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR B KOMA)
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR X.C MZOBE)

1. GUIDELINE ON EFFECTIVE INTERNAL AUDIT REPORT WRITING

Communicating audit results effectively requires both knowledge of the subject and knowledge of the audience. Not only is it important to employ a direct writing style, it is equally important to persuade the readers to take action and implement changes.

The internal audit report is the principal means by which audit findings are communicated to management and the audit committee for the purpose of reporting on the scope of the audit performed and the audit results.

Writing an audit report is the final stage of performing an audit. Generally speaking, the audit report should present random samples of findings and communicate these findings in a clear, concise manner to the person, or entity, which is undergoing the audit. The audit report is a way of giving the client an idea of whether or not they are operating in an acceptable manner

This circular is intended to introduce the basic elements of effective internal audit report writing that summarize the scope of the audit performed.

1.1 LEGISLATIVE MANDATE

Section 165 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 requires that:

Each municipality and each municipal entity must have an internal audit unit. The internal audit unit 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 implementation of the internal audit plan.

1.2 SCOPE OF THE GUIDELINE ON EFFECTIVE INTERNAL AUDIT REPORT WRITING

- The guideline provides a basis to assist municipalities in developing value adding internal audit reports.
- Present ways to improve the quality of internal audit reports and ensure audit effectiveness.

It is recommended that the guideline on effective report writing be incorporated into the Internal Audit Function for standardisation of Internal Audit Methodology in preparation of Internal Audit Quality Assurance Review.

Regards,



MRS J BEZUIDENHOUT
ACTING HEAD OF DEPARTMENT
DATE: 19/12/2012