

**Internal auditors and audit
committees
in the public sector**

**A partnership to build
sustainable audit
outcomes**

*Presentation to the Internal Combined Forum
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The AGSA believes there are three drivers for achieving and sustaining a clean audit

Leadership should:

- ensure credibility of information
- ensure a system of performance management is implemented
- ensure ethical conduct and behaviour
- ensure adequate resources for service delivery
- ensure regular reliable monthly management information



The AGSA believes there are three drivers for achieving and sustaining a clean audit

Financial and performance management should:

- confirm credible information
- confirm robust and reliable structures and systems



The AGSA believes there are three drivers for achieving and sustaining a clean audit



Governance structures should:

- validate key controls and provide assurance on management information (internal auditors)
- validate information provided to executive/ councils (SCOPAs / MPACs / audit committees)



***You, as an internal auditor,
play a vital role in monitoring the
achievement of these objectives***



To ensure you perform your responsibilities excellently, your internal audit unit should demonstrate these attributes

Monitoring of operations

Interaction with the executive and other oversight bodies

Focus on credibility of information



Clearly prescribed responsibilities

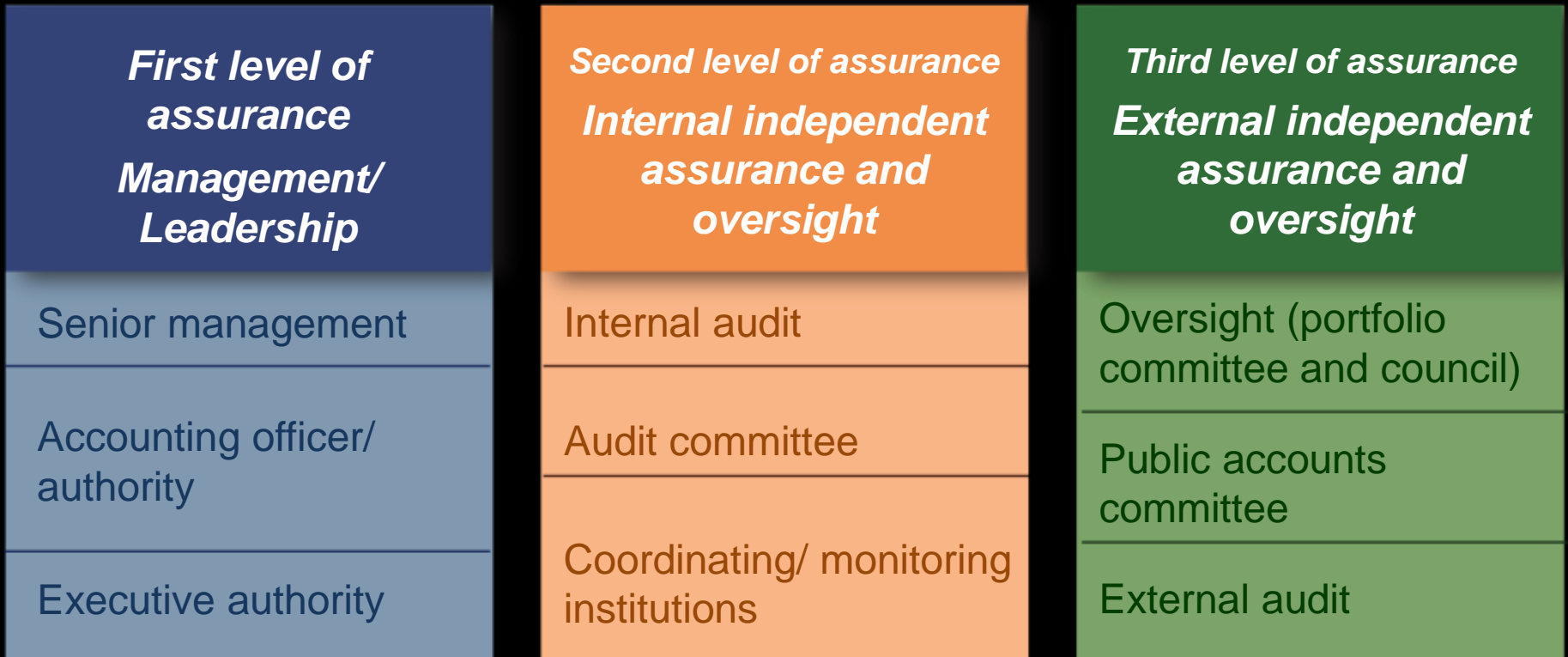
Knowledge of operations

Be independent and experienced





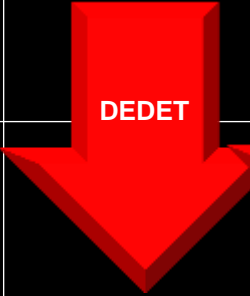
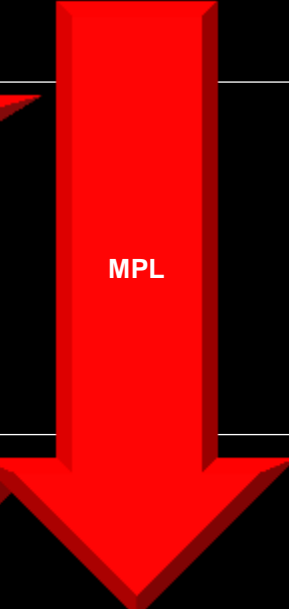


An audit plan responsive to risks



But the internal auditor is not alone in the quest for improved audit outcomes as there are a number of assurance providers in the South African public sector

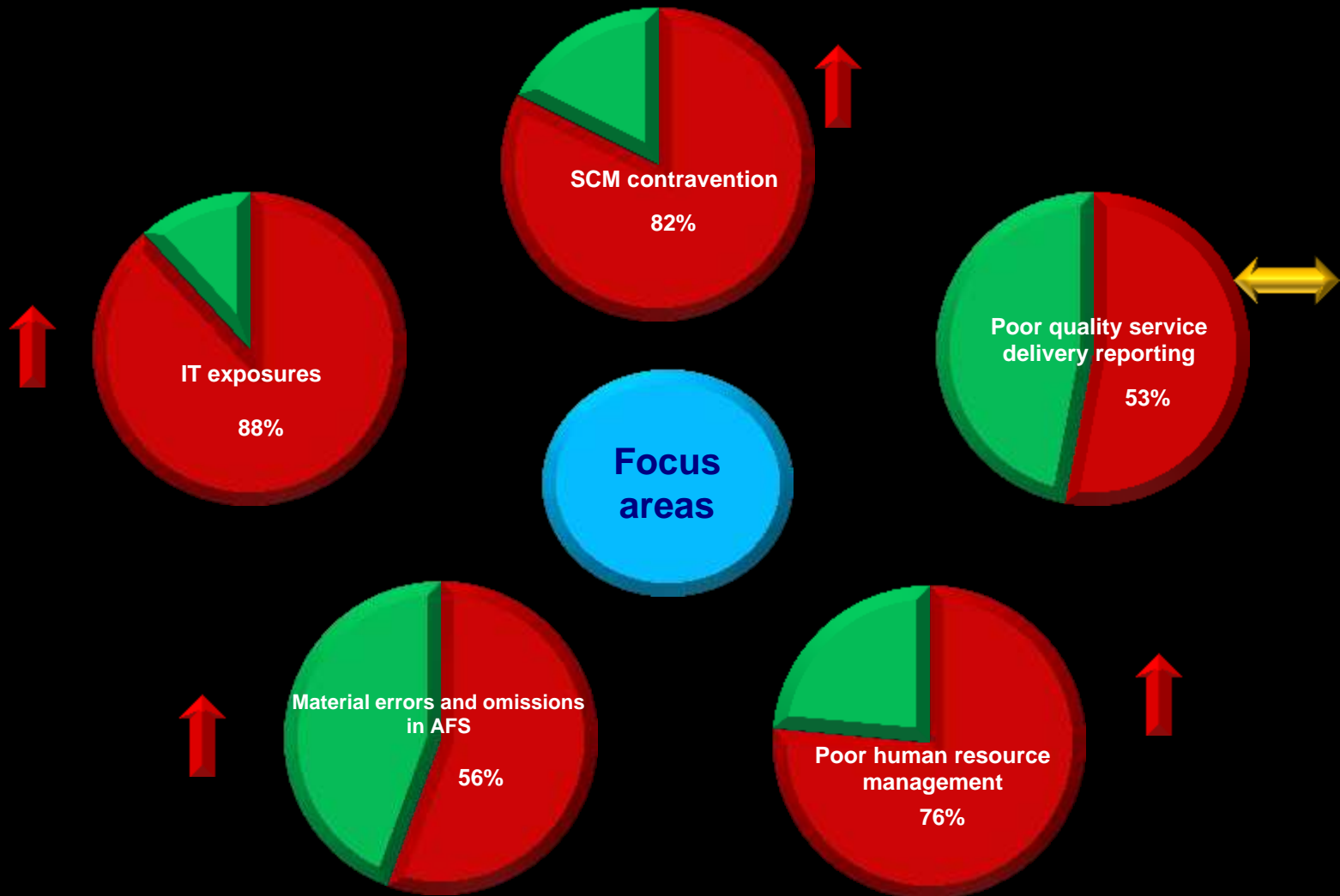


PFMA Movement in audit outcomes from 2010-11

Audit opinion	Improvement	Unchanged	Regressed
Financially unqualified with no findings			
Financially unqualified with findings			 
Qualified			
Disclaimer/ Adverse			
Total	1	14	3



To improve the outcomes, the AGSA identified five focus areas for auditees. Below the 2011-12 PFMA assessment of the areas...

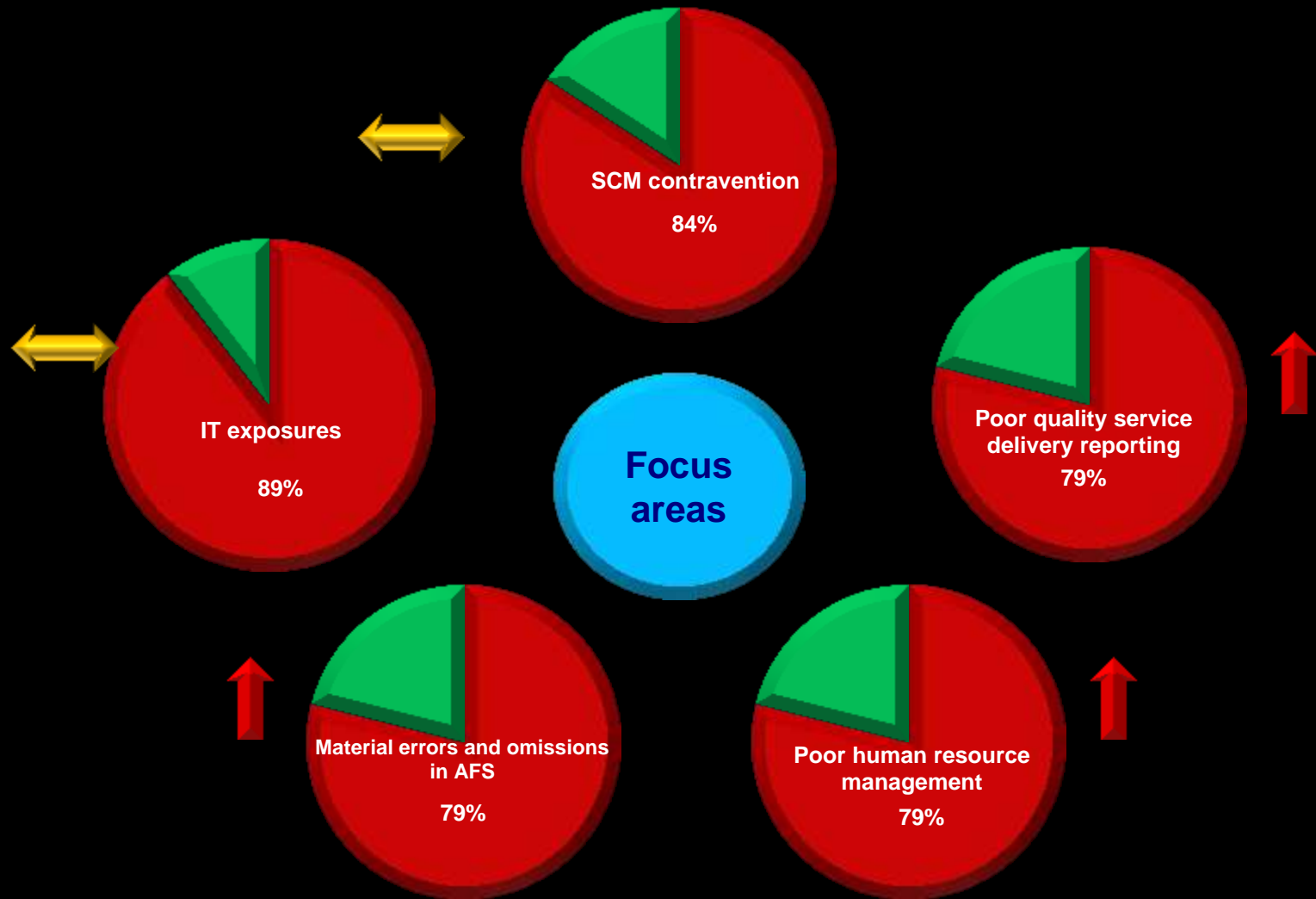


MFMA Movement in audit outcomes from 2010-11

Audit opinion	Improvement	Unchanged	Regressed
Financially unqualified with no findings		Ehlanzeni, Steve Tshwete	Gert Sibande Victor Khanye
Financially unqualified with findings	Dipaliseng	Nkangala, Mbombela	Emakhazeni Govan Mbeki
Qualified	Albert Luthuli Dr. JS Moroka Pixley Ka Seme Umjindi	Thembisile Hani	Bushbuckridge Msukaligwa Nkomazi
Disclaimer/Adverse		Lekwa, Thaba Chweu	
Total	5	7	7



...And the 2011-12 MFMA assessment of the areas

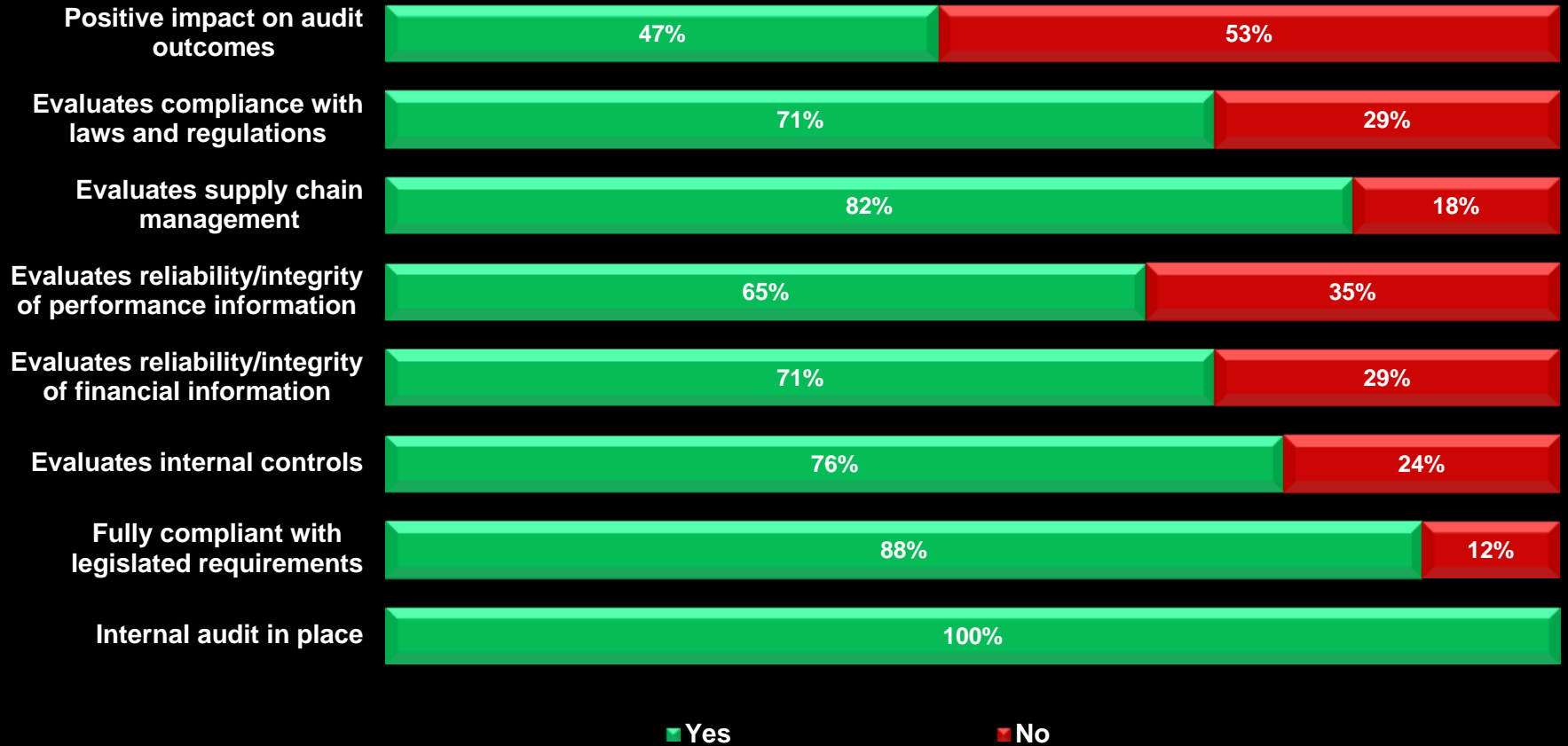


The AGSA's 2011-12 PFMA and MFMA assessments of internal audit effectiveness showed the following...



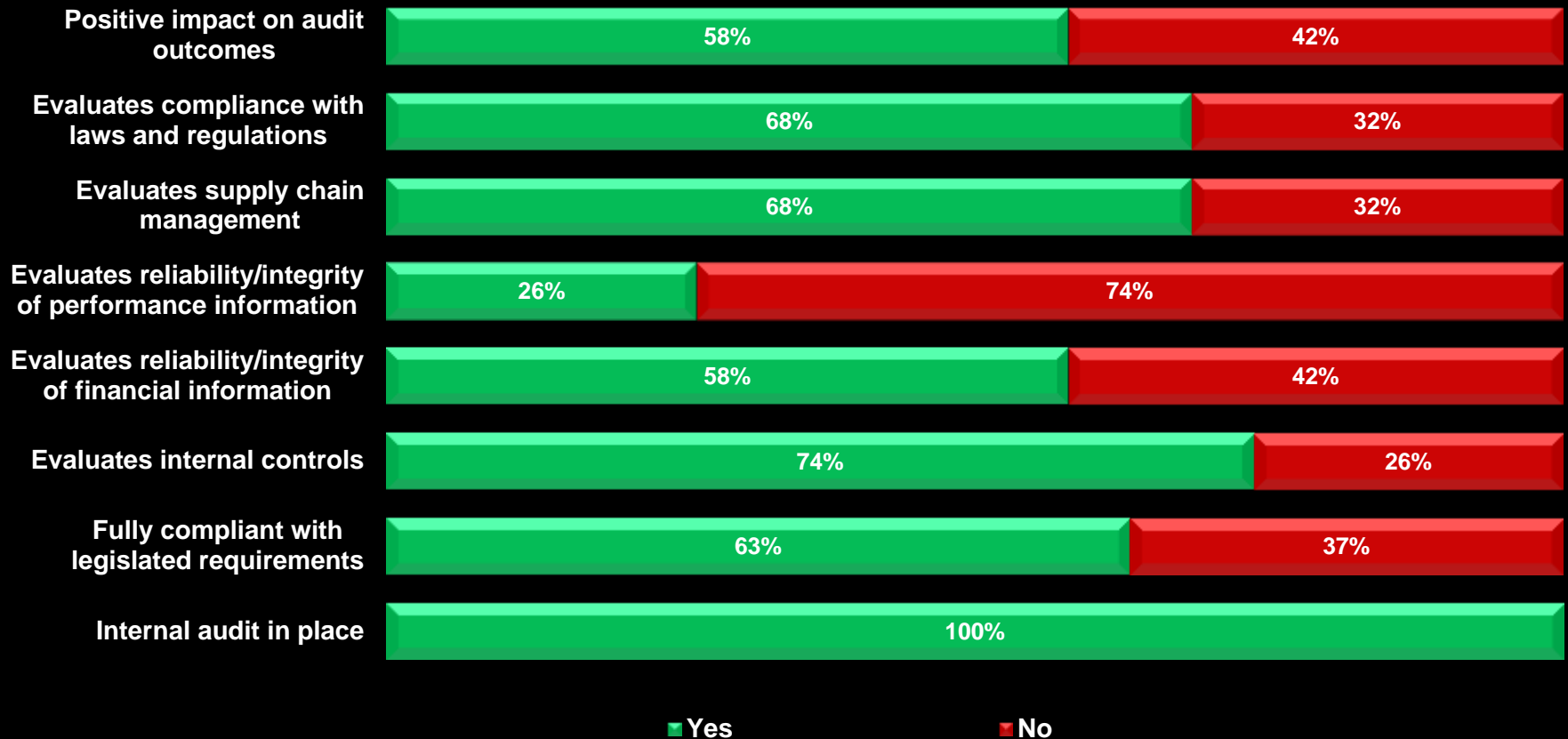
2011-12 PFMA

Aspect assessed Assessment Internal Audit



2011-12 MFMA

Aspect assessed Assessment Internal Audit

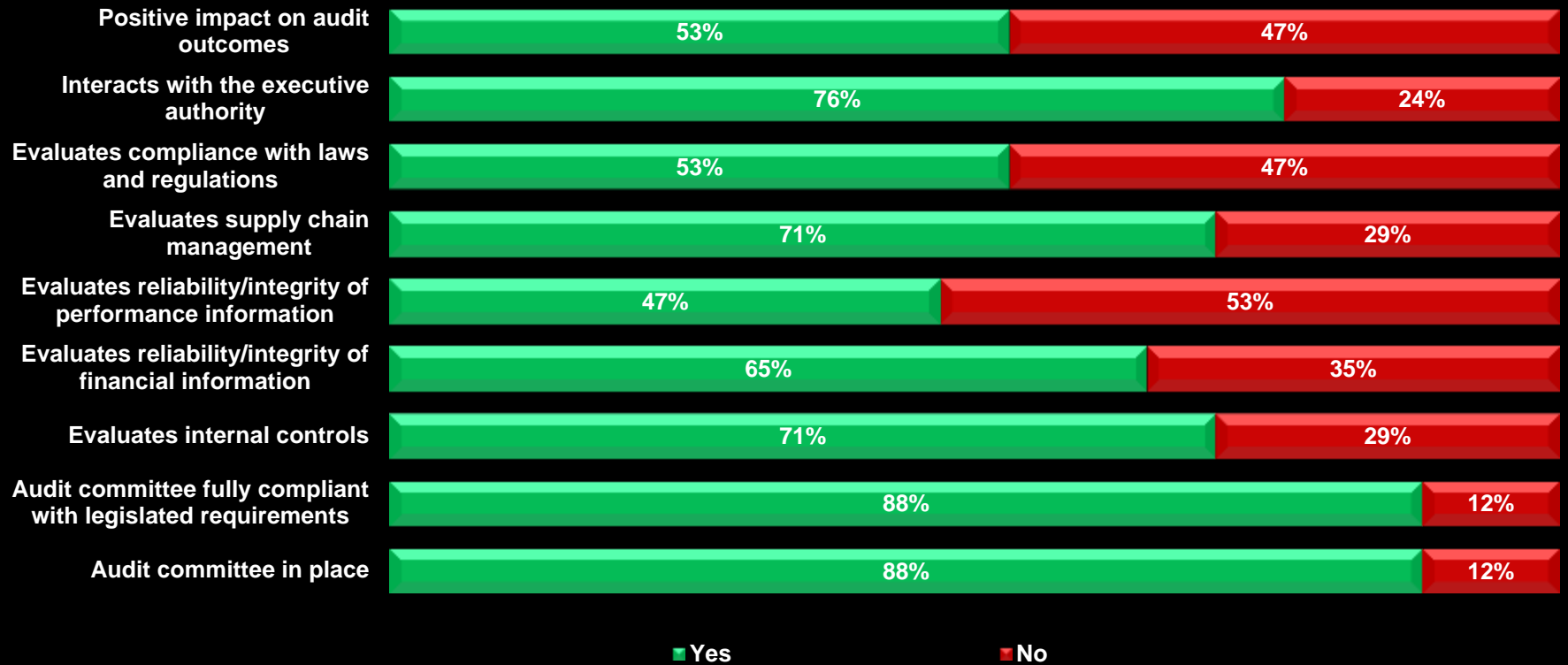


The AGSA's 2011-12 PFMA and MFMA assessments of audit committee effectiveness showed the following...



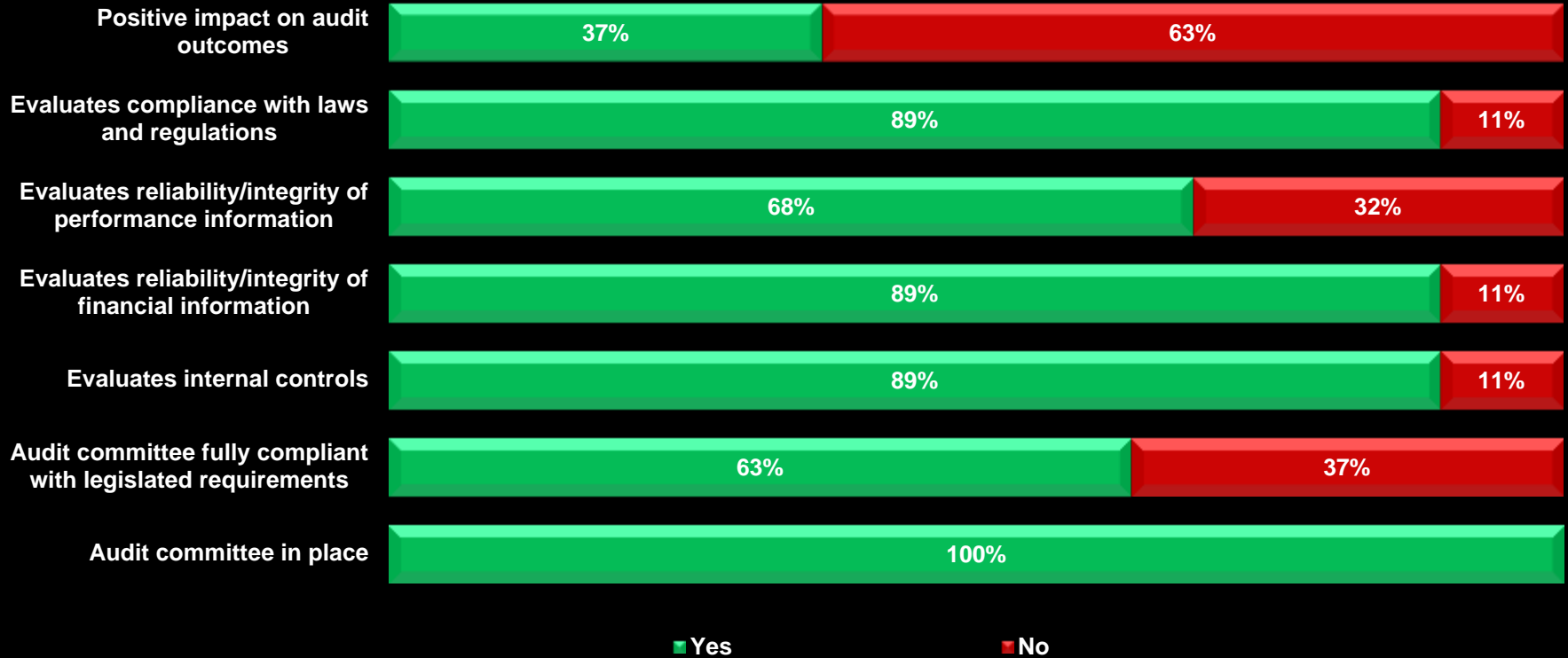
2011-12 PFMA

Aspect assessed Assessment Audit Committee



2011-12 MFMA

Aspect assessed Assessment Audit Committee



Taking personal accountability

Internal audit is a self-regulatory environment and YOU bring credibility to it and yourself when you

- assist in addressing the issues mentioned above
- actively participate in the available forums
- take responsibility for your own credibility and integrity
- take accountability for your actions and work



Taking personal accountability

Audit committee's can bring credibility through:

- Escalating challenges to the executive,
- Using the audit committee forum to escalate transversal concerns to the MEC finance. Who in turn will escalate to executives.
- Review the number of meetings and the issues discussed.
- Follow up on reports, i.e. Quarterly key controls with the AGSA and SCOPA resolutions.



THANK YOU

