

“COURAGE UNDER FIRE”

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TOPICS TO BE COVER

- Introduction
- Responsibilities of IA per legislative requirements
- Mandate of IA : IIA Standards
- How to test this mandate
- How can IA enhance its independence without any compromise
- Way forward
- Conclusion

INTRODUCTION

“Internal Auditors who can successfully communicate and balance their needs and those of their clients can increase their relevance to the organization” Deniss Drent

COURAGE-means

- **bravery**
- **Daring**
- **Pluck**
- **Nerve**
- **resolution**

RESPONSIBILITIES OF IA PER LEGISLATIVE REQUIREMENTS

2. MFMA 165(2) The internal audit unit of a municipality and municipal entity must-

- a) Prepare a risk based and audit program for each year
- b)(i-vii) Advise the accounting officer and report to audit committee on ...of the plan on matters relating to, internal audit, internal control, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with MFMA, DORA and any other applicable legislation. (eg Water Services Act, Electricity Regulation Act, Municipal Fiscal Powers and Functions, Disaster Management Act etc..)
- c) **Perform such other duties as may be assigned by the accounting officer.**

MANDATE OF INTERNAL AUDIT: IIA STANDARDS

- Internal auditing is an **independent, objective assurance** and **consulting** activity designed to **add value** and **improve** an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to **evaluate and improve the effectiveness** of risk management, control, and governance processes.
- *Assurance = peace of mind*
- *Consulting = make a difference*

HOW TO TEST THE MANDATE

- “The true worth of internal audit is **not measured** in the weight of **after-the-fact recommendations**, but in the ability to provide **just-in-time advice and influence positive change** that adds value to the organization.”

Spencer Stuart, *the Changing Face of Internal Audit: Views*

HOW CAN IA ENHANCE ITS INDEPENDENCE without any.....

"The problem is never how to get new, innovative thoughts into your mind, but how to get the old ones out." —

TIPS TO ENHANCE IA INDEPENDENCE without any

- IA must think and act like a business owners
- Not hide behind independency and objectivity
- Recognize that complacency should not be our enemy
- Agent of change

HOW CAN IA ENHANCE ITS INDEPENDENCE without any.....

Ideal Internal Audit Department

- “help accounting officer and audit committee to sleep at night.” by auditing and reporting the right things
- Where the customer says, “There has not been an audit I would not gladly pay for.”
- Where internal auditing is seen by management as a competitive advantage.

HOW CAN IA ENHANCE ITS INDEPENDENCE without any.....

- The source of projects that are noticed, that will be told to the team's grandchildren.
- The internal consultants of choice.
- At the exit interview, the manager says (sincerely) thank you.
- A source of talent.
- Passion, dedication and commitment

CASE STUDY

- **STORY OF MY LIFE**

RESPONSIBILITY OF ACCOUNTING OFFICER

MFMA Sec.165-(1) “Each municipality must have an internal audit and section 62(1)(c) (ii) The accounting officer is responsible for managing administration of municipality, and must for that take all reasonable steps to ensure-that the municipality has maintains effective, efficient and transparent systems of internal audit operating in accordance with prescribed norms and standards. Read with section 173 of MFMA.

Way forward

Internal Audit

- Determine as to what are the expectations of management, Audit , Performance, Risk Committees, Mayco/EXCO
- Understand the bigger picture eg municipal risk appetite
- Understand the interpretation of legislation and IIA standards
- Audit Committee and Internal Audit to enforce the full implementation approved charters
- Proper evaluation and monitoring on the charters
- Audit the right things and report right things
- Timely and co odinated planning and
- Timely reporting

Way forward cont...

Audit Committee

- Proper evaluation and monitoring on the implementation of IA charter.
- Reporting the right things to Council
- Reporting timely to Council
- Meet with the speaker and EM/Mayor to determine their expectations.

Way forward cont...

Provincial Treasury/NT

- Proper co ordinations and consultations with other stakeholders eg IIA, Audit committees, Risk Management Committees, SALGA, IMFO and IIA to able to develop guiding frameworks .
- Evaluation criteria- maturity levels for IA
- Continuous communication with IA (non compliance eg section 71 and 72 reports , Mid Year, Annual Reports, IDP and SDBIPs

In conclusion

Together

Everyone can

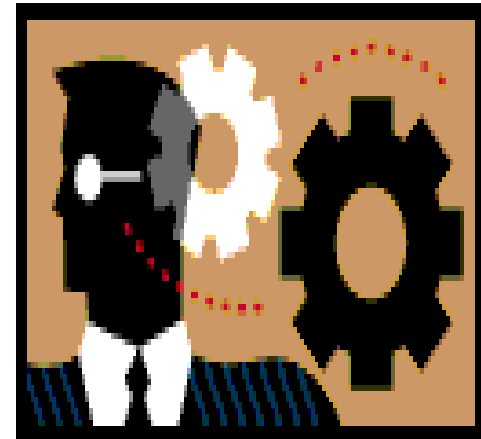
Achieve

More

work is the solution towards achieving the service delivery objectives thus improving the livelihood of our communities.

“If you ask me what I have come to do in this world,, I will reply, *I am here to live my life out loud.*”

Emile Zola



THANK YOU

