NEWCASTLE MUNICIPALITY

INTERNAL AUDIT METHODOLOGY 2023/2024

INDEX

1. Introduction

1.1 Definition of internal audit activity

The Institute of Internal Auditors defines internal auditing activity as:

"An independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The internal audit activity should therefore evaluate and contribute to the improvement of risk management, control and governance systems of the organisation. Typical input/responsibilities of the internal audit activity should include, amongst others:

1.2 Governance

The Internal Audit Activity should assist management in achieving the goals of the Municipality by evaluating the process through which:

- Goals and values are established and communicated.
- The accomplishment of goals is monitored.
- Accountability is ensured and corporate values are preserved.

1.3 Risk management

The Risk and Compliance unit assist the Municipality in identifying, evaluating and assessing significant organisational risks.

1.4 Controls

Internal Audit should evaluate whether the controls, which management relies on to manage the risks down to acceptable levels, are appropriate and functioning as intended (i.e. are they effective yet efficient) and propose recommendations for enhancement or improvement.

The Internal Audit unit will conduct audits in accordance with the "Code of Ethics" and "Standards for the Professional Practice of Internal Auditing- of The Institute of Internal Auditors, as well as other corporate governance regulations.

1.5 Internal Audit Annual Plan

The "Standards for the Professional Practice of Internal Auditing- as issued by the Institute of Internal Auditors requires that: "The internal audit activity's plan of engagements should be based on a risk assessment, undertaken at least annually. The inputs of senior management should be considered in this process."

The critical success factors for an effective Internal Audit Plan are that it:

- Is aligned with strategic objectives of the organisation.
- Is risk based - addresses the key risks areas/concerns of management and risks identified by internal audit based on prior audits conducted.

- Is prepared in consultation with management, the audit committee.

- Matches assurance needs with available resources.

The Internal Audit Plan will be aligned with the strategic risks identified and could encompass risk-based, compliance, financial discipline and cyclical reviews.

The output of the risk assessment process and the assessment of risks by internal audit will, amongst others, be used to develop the Internal Audit plan by:

2. Authority

Internal audit reports via the Accounting Officer to the Municipal Audit Committee and has unrestricted access to the Chairperson of Audit Committee, the Accounting Officer and Senior Management.

Internal Audit is authorised to:

- Have unrestricted access to all relevant functions, records, property and personnel.

- Have full and uninhibited access to the Audit Committee and the Accounting Officer.

- Allocate its own resources; determine frequencies, subjects, scope of work to be performed; and apply the techniques required to accomplish its audit objectives.

- Obtain the necessary assistance of personnel in the various departments, sections and units of the Municipality where they perform internal audit reviews, as well as other specialised services from within or outside the organisation.

Internal Audit is not authorised to:

- Perform any operational duties for the Municipality.
  Initiate or approve accounting transactions external to the Internal Audit Activity.

- Direct the activities of any Municipality employee except to the extent that such employees have been appropriately assigned to the internal auditing teams or to otherwise assist the internal auditors in carrying out investigations.

3. Types of audits

The following types of audits can be conducted by internal audit:

3.1 Cyclical audits

Internal Audit may focus its attention on certain High to Medium risk areas for example to achieve general or specific improvements in the control environment or culture. These cyclical audits are conducted on a yearly basis with the aim of monitoring and maintaining a sound internal control environment. These also include legislated and follow up audits. It is important to note that Internal Audit Activity approach in these instances remain risk based, which ensures that the resources are still applied effectively.

3.2 Risk based audits

In preparing the risk based internal audit plan, internal audit activity will consider high risk areas identified from the latest risk assessment results identified by the risk management unit. Internal audit will also identify their own risks based on audits conducted in the prior 3 years, results of AG audits an, audit universe and internal audit professional judgement.

3.3 Follow up audits

The internal audit plan will include follow up on AG findings audit as well as follow up on some of the internal audit reports identified as a risk area. The objectives of these audits will be to determine the progress made by management /with the implementation of agreed upon action plans.

3.4 Ad Hoc Management Request audits

Internal audit will consider the requests for ad hoc audits requested by management that fall outside the approved annual plan and submit to audit committee for consideration. All adhoc audits must be approved by the audit committee. The audit committee must assess the request against the planned audits and consider how much value can be added before approving the adhoc projects.

3.5 Performance Audits

Performance information audits will be conducted quarterly, and a Performance Systems audit yearly. Internal audit will evaluate the usefulness and reliability of reported performance information to determine whether performance was consistent with the planned performance areas. Internal audit will perform further audit procedures to determine whether the indicators and targets were measurable and relevant, and will assess the reliability is valid, accurate and complete. The audit conclusions will be based on information submitted for auditing in the Portfolio of evidence file as well as the auditors knowledge of the municipality and prior audits conducted.

Criteria to be considered when auditing performance information:

Consistency: Objectives, performance measures/ indicators and targets are consistent between the planned and reporting documents.
Measurability: Performance measures/indicators are well defined and verifiable, are specific, measurable and time bound.
Relevance: Performance measures/indicators relate logically to an aspect of the municipality's mandate and the realisation of its strategic goals and objectives.
Presentation and disclosure: Performance information is presented and disclosed in accordance with the requirements contained in the legislation, frameworks, circulars and guidance.
Reliability: Recording, measuring, collating, preparing and presenting information on actual performance/target achievements is valid, accurate and complete.

3.6   IT audits

IT audit include the evaluation of risks and internal controls within the computer information system environment to ensure the validity, reliability and security of information. Furthermore, it includes the assessment of the efficiency and effectiveness of the computer information system environment. IT audits are outsourced where necessary.

4. IIA Professional Standards

The internal audits are conducted in accordance with the International Standards for the Professional Practice of Internal auditing and the code of Ethics.

5. Audit process

The audit process

5.1 Developing an internal audit plan (including 3 year rolling plan)
5.2 Audit planning
5.3 Audit Execution
5.4 Communicating results
5.5 Closing conference meeting
5.6 Project close out meeting

5.1   Preparing an internal audit plan (including 3 year rolling plan)

- The Chief Audit Executive is responsible for the preparation of the internal audit plan with the audit managers. The audit plan is prepared in May of the start of the financial year and is based on the risk ratings identified on the risk register as well as internal audits professional judgement, results of prior audits, Ag findings and the audit universe. Determining whether risk processes were effective is a judgement resulting from the internal auditors assessment.
- The number of projects depends on number of audits hours available.
- The Chief Audit Executive will discuss the audit plan with internal audit staff for discussion and input.
- The internal audit plan is tabled at Manco for comments and recommendations.
- The plan is then tabled to the audit committee in May.
- The Chief Audit Executive is responsible for allocating audit projects to his/her managers for the year based on the approved audit plan.
- The staff allocation to projects is also discussed with management. The allocation of staff and responsibility can be changed during the year at the approval of the CAE due to change in risks, circumstances etc.
- Complex audit assignments are assigned more time and more resources
- The audit plan is revised and resubmitted to audit committee if risks/circumstances change.

5.2 Audit planning

Steps to be followed:

The Manager/senior develops and records a plan for each engagement he/she is assigned to, which includes the following:

Step 1 - Planning considerations

Project planning needs to be performed for all Internal Audit Projects as approved by the Audit Committee. The planning activities need to be completed before the detailed audit work can commence. This phase will entail scheduling the project, allocating key responsibilities and deadlines for the audit. Project debriefing meeting must be held and minutes will be kept.

Step 2 - Project planning memorandum

The audit manager prepares the planning memorandum document.

The project planning memorandum document provides guidance on the management of the project and serves to ensure that:

- All staff involved in the project are informed of their roles and responsibilities; and
- All known relevant issues are addressed and resolved.
- High risk areas are highlighted.

The draft version of this document should be completed prior to the commencement of the detailed planning phase of the project. It should, however be noted that the details contained therein may be changed as the planning phase continues, but must be finalised prior to the commencement of the fieldwork phase.

Step 3 - setting the budget and allocating responsibilities and discussion with audit team

The CAE determines appropriate resources to achieve engagement objectives. Staff are assigned to projects based on nature and complexity of the audit assignment, time constraints and available resources.

The project responsibility allocation serves to document the envisaged audit work to be performed during the fieldwork (control evaluation) phase of the assignment, as well as to identify the team members responsible therefore. When compiling this document, special consideration should be given by the Audit Manager to the objectives of the individual team members (in terms of individuals and skills development).

The document has to be recommended by the Audit Manager/senior and should subsequently be submitted to the Chief Audit Executive for approval. This should be finalised prior to issuing of the project scope letter.

The manager/senior will take the number of hours required for the project from the approved annual plan. When setting out the time budget, it is important to clearly indicate what each member of the audit team will be required to complete and by when they are required to complete this. Complex areas of the audit are to be allocated to the most senior auditor on the project.

The success of the audit will depend largely on the realistic time budgets set for each member of the team. This will also assist the individual team members to plan their schedules and monitor themselves. This can also be used as a tool in measuring the performance of the individuals on the team.

The audit senior/manager in planning the audit must sign off the time budget / cost budget prior to the commencement of the audits.

The time budget should be reviewed and updated after initial meetings with management.

A meeting is held with the manager and the audit team to discuss the audit risks identified, budget, audit responsibilities as well as commencement date and finalisation of the audit.

Step 4 - Preparing the audit file

All auditors are responsible for preparing the audit file. The file must be clearly referenced with the project number from the annual plan. Relevant applicable legislation as well as policies are included in the file.

A declaration of interest and confidentiality is signed by every member of the team and kept on file.

The manager will review the file to confirm that all relevant information required for the audit is included on file.

Step 5 - Notification letter

The notification letter serves to inform the auditee of the envisaged audit and provides an indication of the anticipated commencement date thereof, as well as a brief overview of the process to be followed.

All notification letters are to be signed by the Chief Audit Executive and issued by the Audit Manager to the SED of the department being audited.

Step 6 Opening conference meeting

The opening conference meeting is arranged by the audit manager with the SED, Director and manager of the project.

The opening conference (also known as the kick-off meeting) is the forum through which we meet with management prior to the commencement of the assignment. The purpose of the meeting includes, amongst others,
(a) an introduction of the audit team,
(b) to inform management of the envisaged scope of the assignment,
(c) to obtain any additional inputs thereon and to identify the key contacts for the projects.
(d) Address any concerns the client may have.
(e) Set up communication protocol.

An attendance register and minutes of the meeting is kept of discussions agreed upon with management.

Step 6 - Gather information from internal and external sources

The auditors are required to gain a more detailed understanding of the process, which is audited and should obtain documents, which address the following issues:

- Risk management, organisational strategy and other relevant documents;
- Audit reports and management letters by the Auditor-General;
- Internal audit findings and report summaries;
- Identified indications of fraud;
- Reports on special investigations and other reviews;
- Changes in operational activities/ systems since last audit; and
- Journals and media reports, articles, reviews and opinions.

The information gathered should be shared with all team members in order to ensure that the auditors understand the process so that they can perform the audit effectively and efficiently. By knowing and understanding the process, the auditor will be better equipped to add value to the client.

The information obtained may also be required to identify the uses of specialist services. In addition to this, all information gathered will assist in defining the correct scope of the audit.

Step 7 - Process understanding document

The process understanding document is prepared by all auditors in order to gain an understanding on the system being tested and to test the operating effectiveness of controls.

The document forms part of the preliminary survey and serve to document the relevant processes, risks and controls in the section/s under review.

This document serves to provide additional information gathered by the team in the process understanding phase.

The document includes the following:

- Control environment review
- Identification of risks.
- Walkthrough tests performed to indicate whether the system processes and related controls are functioning as documented.

- The audit team must gain an understanding of the activities and objectives as reflected in the strategic document. This is considered as the different units/ activities face the risk of not accomplishing set objectives.
- All risks should be grouped into categories to ensure that similar risks are addressed easier in the audit programs. Engagement objectives and procedures should address the risks associated with the activity under review. Engagement objectives should be a result of the risk assessment both my risk management and internal audit.
- Consulting engagement objectives should be agreed upon with management, documented and, form part of the engagement plan.
- All risks identified must be discussed with the audit manager and the audit team.

The results of the above analyses should be considered when finalising the associated project scope letter as well as the detailed audit programmes.

Note that it contains the minimum requirements and the respective audit teams are free to add to it should they so wish or circumstances so require.

The manager/audit senior reviews the process understanding document and issues review notes to the auditor which should be cleared.

Steps

- The auditor is responsible for completing this document.
- Walk through tests will be performed and controls will be evaluated.
- Risk areas will be identified for further testing.

Step 8 - Preparation of audit programmes

An audit program includes the objectives of the audit, and procedures to be tested. Procedures are designed to achieve the objectives of the audit. The sample size will be determined by nature of the audit, extent of materiality and the frequency of transactions.

The audit program should include the auditable area; the preparer, the date of preparation, the reviewer, the review date and the program should be appropriately referenced and cross-referenced. Procedures should clearly indicate the documents to be reviewed, specifying areas of significance.

The manager is responsible for ensuring that all risks identified on the annual plan is included on the audit program and process understanding. All auditors assists the manager is preparing the audit programme.
The audit programme should then be discussed with all team members responsible for the project.
It should be noted that the audit programmes should be approved by the Chief Audit Executive prior to the commencement of the detailed fieldwork.

Step 9 - Submission of planning file for CAE review

The manager responsible for the project submits the planning file to the CAE for review prior to commencement of the audit.

The CAE reviews the file and confirms the staff allocation, hours, budget and timeframes of the audit and procedures.

The CAE approves the audit plan for the project.

Step 10 - Project scope letter

The project scope letter is the key document utilised for specifying the agreed detailed scope of the assignment (including specific exclusions from the project scope) as well as clearly defining the responsibilities of the Municipal Internal Audit Activity and the auditee.

The audit manager must ensure that the scope of the audit is aligned to the annual audit plan.

5.3 Audit Execution

Performing the engagement involves conducting of the field work to test that the objectives of the audit are met. This includes review, analysis and verification of either information contained in documents, physical items.

Performing the engagement can be divided into the following:

- Identifying information;
- Analysis and evaluation;
- Recording information; and
- Communicating with management
- Engagement supervision

The audit manager supervises the audit team in order to ensure that the objectives of the audit are being met.

5.3.1 Identifying information

The audit team should collect information on all matters related to the engagement objectives and scope of work.

Information should be sufficient, competent, relevant, and useful to provide a sound basis for engagement observations and recommendations.

Competent information is reliable and the best attainable through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organisation meet its goals. Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor.

The auditor should file all relevant information required for the audit.

5.3.2 Analysis and evaluation

Analytical audit procedures provide efficient and effective means of assessing and evaluating information collected during the engagement. This procedure can assist in identifying;

- Unexpected differences;
- Absence of differences when expected; and
- Potential errors/irregularities/illegal acts.

Analytical procedures can be applied to monetary amounts, physical quantities, ratios and percentages. Unexplained differences resulting from analytical procedures should be subjected to additional procedures in order to achieve engagement objectives.

5.3.3 Population, sample sizing and selection for testing

Audit sampling is used to provided factual evidence and a reasonable basis to draw conclusions about a population from which a sample is selected. The internal audit should design and select an audit sample, perform audit procedures, and evaluate sample results to obtain sufficient, reliable, relevant and useful audit evidence to achieve the engagement objectives. Sufficient, in that the information is factual, adequate and convincing so that a prudent, informed person would reach the same conclusion as the auditor. Reliable, in that the information is the best attainable information through the use of appropriate engagement techniques. Relevant in that the information supports engagement observations and recommendations and is consistent with the objectives of the engagement. Useful, in that the information help provide assurance that the municipality will meet its goals.

Audit sampling is defined as, the application of audit procedures to less than 100 percent of items within a class of transactions or account balances such that all sampling units have a chance of selection. Population is defined as, the entire set of data from which a sample is selected and about which the internal auditor wishes to draw conclusions.

<u>**Sampling methods**</u>

- **Random sampling -** Selection is not governed by predetermined considerations. Every unit in the population has an equal chance of being selected.

- **Monetary unit sampling** - Used to identify monetary misstatements that may exist in an account balance.

- **Judgmental sampling** - Based on the auditors professional judgment, meant to focus and confirm a condition that is reasonably thought to exist.

- **Variable sampling** - Used to determine the monetary impact of characteristics of a population.

- **Stratified sampling** - Used to segregate the entire population into subgroups.

- **Attribute sampling-** Used to determine the characteristics of a population being evaluated.

When designing the size and structure of an audit sample, auditors should consider the specific audit objectives, the nature of the population, and the sampling and selection methods.

Based on the type of controls being tested, we believe the following represent appropriate benchmarks for the sample sizes and should be used as a guide:

SAMPLE SIZE TABLE

Importance/significance of the attribute being tested	Confidence level	Tolerable rate	Minimum sample size for populations over 200
Low	90%	5%	50
Low	90%	10%	25
High	95%	5%	65
High	95%	10%	35

The table is illustrative but does not replace professional judgement. As noted in the table, these are minimum sample sizes, and there may be many situations in which the auditor should also consider qualitative factors when determining size. Such qualitative factors include but are not limited to:

1. First year the auditor is auditing the component

2. High number of audit findings in the past.
3. AG findings
4. Poor internal controls
5. Extremely high volume of activity or complex transactions

Population of 200 or fewer

When performing testing of populations of fewer than 200 items, the following guidance is provided. Generally examine at least

1. 20 items when the population being tested contains between 100 and 199 items,
2. 10 items when the population being tested contains between 50 and 99 items,
3. 5 items when the population being tested contains between 20 and 49 items,
   And
4. Fewer than 5 items for smaller populations.

As noted above, these are suggested minimum sample sizes, and there may be quantitative factors used to determine the sample size to be used.

Any deviation from the standard methodology must be documented and authorised by the Chief Audit Executive.

5.3.4 Recording information

Internal Auditors record relevant information on working papers to support the conclusions and engagement results. Working papers document aspects of the engagement process, the nature and extent of audit testing and include the following:

- Test Purpose/Objective
- Name of person executing the test and date
- Reviewers name and date
- Reference to audit program
- Data Source
- Population
- Sampling Method
- Sample Size
- Documents tested – number, date, amount, etc.
- Reference to evidence
- Results
- Reference to draft report
- Conclusion on the work paper.

Each audit workpaper is signed (or initialed) and dated by the auditor preparing the workpapers. The reviewer also initial and date the workpapers reviewed.

Standard tickmarks are used in green, however each workpaper have a legend indicating the tickmarks used and their meaning.
When there is an exception the letter n will be used. The colour of the legend is in green.

The workpaper should provide enough documentation for the reviewer to reconstruct the work performed and statements necessary to summarize the nature and extent of work performed must be consistent with the objectives of the work step.

The work paper will be prepared font size 11 Ariel. The page layout scale 90%. The work paper should be on A4 landscape or portrait.

Working papers are updated for findings that are subsequently resolved.
The manager is responsible for ensuring that the working paper is accurate and addresses the audit objective.

The following audit procedures/ techniques are normally performed in gathering audit evidence:

- *Inspection* - Involves the review of documents and physically identify items to gather audit evidence. This is most persuasive audit test.
- *Re-performance* - Involves the re-calculating of the items on the invoice for accuracy and/ or re-performance of the auditee's control processes and/or processes.
- *Confirmation* - Involves independent validation of information provided by the auditee or validations of the auditee control processes. Third confirmations are more reliable than those obtained from the auditee.
- *Enquiry* - Is appropriate questions to verify management information and processes.
- *Observation* - Means being present and watching the process being performed by the auditee.

Working papers are the property of the IAA, and are made accessible only to authorised personnel. Access to personnel outside internal audit should be approved by the CAE, while access to parties outside the organisation should be with approval of the Accounting Officer/Mayor or legal counsel as appropriate.

5.3.5 Engagement supervision

Supervision is a process that continues throughout the engagement. The extent of supervision depends on the experience and proficiency of internal auditors assigned to the engagement and the complexity of the engagement. Supervision should be carried out in accordance to the level of seniority.

When assigning any task, the manager should ensure that the staff allocated to the manager is clear on what is require from them. Managers are responsible for checking on the staff members assigned to them during the performance of the task to make sure that they are completing the task correctly the first time. This will also allow the individual to ask questions that they may not otherwise feel confident enough to do.

Supervision includes:

- Assigning competent internal auditors to the engagement;
- On the job training through coaching.
- Approving the work program and ensuring that it is implemented; and
- Ensuring engagement objectives are achieved.

5.3.6 Progress on assignments

The audit team is required to provide weekly or more regular feedback to the audit manager on the progress of the assignment and the manager is responsible for confirming that the audit is on track by inspecting working papers and queries raised. All auditors complete weekly timesheets on audit work performed. The timesheets are reviewed by the manager and signed off after confirming that the audit work was performed.

The audit team members discuss problem areas, risks identified, whether the project is still on track and other areas that may be of concern.

The CAE can supervise and direct any staff to perform any audit work.

Audit Managers are required to supervise their staff throughout the engagement and report to the Chief Audit Executive on progress on the assignments monthly and were necessary more often.

The Chief Audit Executive is responsible for an overall quality review of the file and the report. The following review objectives should be achieved as a minimum:

- The appropriate risk management processes have been followed and the file is complete;

- The work performed is sufficient to address the major risks identified and the areas covered in the project scope letter.

- All risk areas, included in the detailed audit programmes, have been evaluated and reported on and management comments, action plans, due dates and responsible officials have been obtained for all reporting items; and

Each reporting item is supported by appropriate audit evidence and the conclusions made regarding the reporting items are logical and appropriate

5.4 Communicating results

The audit manager is responsible for communicating on an ongoing basis to the manager or delegate of the relevant section on information required for the audit, problems identified and control weaknesses.

Findings are included in the draft management report and discussed with the relevant staff. It is important that agreement is reached regarding the facts of each matter included in the draft report.

In instances where the auditee does not agree with the finding, proper documentation (which meets the requirement of audit evidence as set out above) supporting their view should be obtained and reviewed.

A draft report is to be issued, with or without management comments, within two weeks after the completion of the field work.

The IAA should consistently "add value" through proactively contributing by making practical, cost effective recommendations to management. Management should consider the cost-benefit of implementing the IAA's recommendations and agreement should be reached regarding the implementation thereof.

5.5 Closing conference meeting

A closing is held with the SED, and responsible management to discuss internal audit findings.

The client is then given a maximum of one weeks to give their final response before the final report is issued.

A client survey is completed were management indicate their satisfaction on the audit.

5.6 Project close out meeting

The final report will be issued by the Chief Audit Executive after the successful conclusion of all quality review procedures.

A debriefing meeting should be held with the audit staff at the end of the assignment to identify those areas/issues that went well during the audit, as well as those that did not. Areas for improvement should be identified and 'implemented' for future engagements.

A debriefing session will be held.

6. Audit process- Performance information

Step 1 - An opening conference meeting is held once at the start of the financial year with the Municipal Manager/relevant SED of the Monitoring and Evaluation (M&E) unit to discuss the quarterly audit of performance information. Meetings may be held during the year if there is a change in approach or at the request of management.

Step 2 – M&E unit submits the spreadsheets for performance information at the end of every quarter to internal audit. The dates of submission are discussed with the M&E manager before the end of every quarter. The timing of the audit of performance information on the annual plan is based on the agreed date of submission to internal audit. The performance information submission must be complete and include the reporting of performance information for all departments and all sections within the department at the agreed date. Only departments with complete submissions will be audited.

Step 3 - Upon receiving the performance information spreadsheets, audit managers review on a high level for completeness. Incomplete spreadsheets of 20% or more are sent back to M&E unit for resubmission to internal audit within a day. If information is not received a limitation will be reported to audit committee.

Step 4 - The performance information file must also be properly referenced and have complete information.

Step 5 - Managers discuss the audit, preparation of working papers with all auditors. Previous quarters performance information is also considered during the audit.

Step 6 - During the execution phase of the audit, auditors liase with M&E officers to clear findings and accept additional evidence. Where there is a disagreement with M&E or were further testing is required by audit that is not part of the source of evidence, the auditor will go to the department and discuss the audit finding and perform further testing. M&E manager will be invited for these discussions. The assurance provided by internal audit and additional information inspected and conclusions raised by internal audit must be relied upon by M&E.

Meetings to monitor performance information can also be used to discuss audit findings with the departments. Meetings with departments will be minuted.

If the auditor becomes aware of issues during other audits that impact on the reported performance information, these issues will be considered during the audit of performance information and M&E to rely on the assurance provided by internal audit. The audit evidence will be submitted to M&E for the POE file.

Step 7 - All unresolved findings will be included in the management report. It is managements responsibility to address the population as the findings are raised on a sample basis.

Step 8 - The management report is issued to the Manager: M&E by the audit manager. There is a turnaround time of 5 days for the responses to audit findings with additional evidence.

Step 8 - Internal audit will review management comments with the additional evidence.

Step 9 - Managers discuss draft findings with Manager: Monitoring and Evaluation.

Step 10 - Closing conference meeting is held with the M&E manager and the municipal Manager/relevant SED of the M&E unit.

The procedures above can be amended by the approval of the CAE.

Prepared by Mr BB Nkosi

_____ 27-10-2023

Chief Internal Auditor

Approved by

_____ 22/02/2024

Mrs. Z Nkosi
Interim chairperson of audit committee
Date: ....