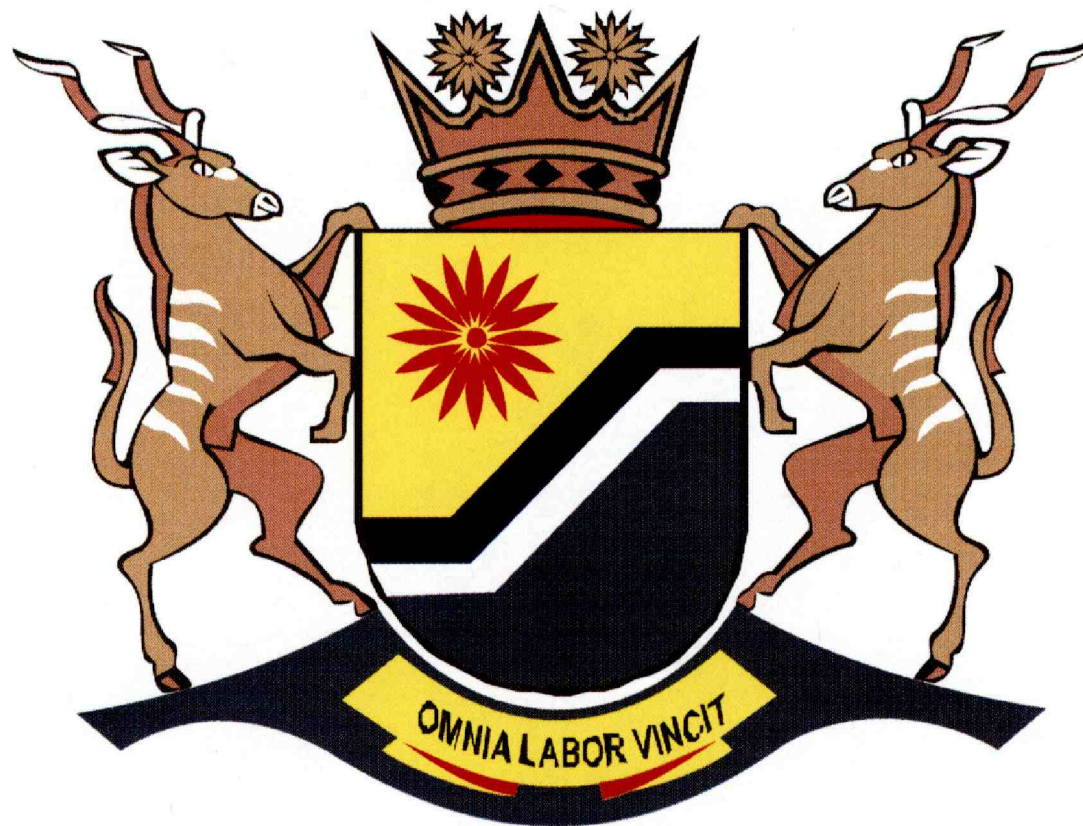


# Mpumalanga Provincial Government



## Department of Public, Works Roads and Transport

### DRAFT INTERNAL AUDIT POLICY

Revision Date:.....	None
Issue: .....	1.0
Responsible Section.....	Internal Audit
Approval Date... 2012/03/22 .....	

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## ABBREVIATIONS AND DEFINITIONS

### Abbreviations

IIA	Institute of Internal Auditors
CAE	Chief Audit Executive

### Definitions

"Department"	means Department of Public Works, Roads and Transport
"Accounting Officer"	means the Head of Department of Public Works, Roads and Transport
"Chief Audit Executive"	means the Head of Internal Audit
"Internal Audit Function"	Directorate: Internal Audit
"Institute of Internal Auditors"	Professional body of Internal Auditors
"Code of ethics"	Code of conduct as issued by the Institute of Internal Auditors
"Standards"	Standards for Professional Practice of Internal Auditors



## **1. INTRODUCTION**

The Internal Audit Policy assists the Internal Audit Unit to render an independent, objective assurance and consulting activity that will add value and improve the Department's operations.

## **2. OBJECTIVES**

**The objective of this policy is to:**

- 2.1. Provide guidelines to the internal audit activity in order to carry out its responsibility in line with the Standards for the Professional Practice of Internal Auditing.

## **3. AUTHORISATION**

The Internal Audit Policy is developed in terms of Section 38 (10) of the Public Finance Management Act of 1999 that must be read with Chapter 3 of the Treasury Regulations and Standards for the Professional Practice of Internal Auditing.

## **4. REGULATORY FRAMEWORK**

- 4.1. Constitution of the Republic of South Africa, 1996
- 4.2. Public Finance Management Act no 1 of 1999.
- 4.3. Treasury Regulations.
- 4.4. The Standards for the Professional Practice of Internal Auditing.
- 4.5. King report II & III.
- 4.6. Internal Audit framework

## **5. SCOPE OF APPLICATION**

The provisions in this policy shall be applicable to all officials within the Department of Public works, Roads and Transport as well as contractors and consultants contracted to the Department.

## **6. POLICY STATEMENTS**

### **6.1. INDEPENDENCE OF INTERNAL AUDIT UNIT**

The Internal Audit shall be independent and all audit activities shall remain free from influence by any factor(s) within the Department, including matters of audit scope, procedures, frequency, timing, or reporting. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review.

### **6.2. OBJECTIVITY OF THE INTERNAL AUDIT UNIT**

Internal Audit staff shall always remain objective and any impairment of the same must be reported to the Audit Committee and the Accounting Officer.

### **6.3. REPORTING STRUCTURE**

The Internal Audit unit shall report administratively to the Accounting Officer and functionally to the Audit Committee.

### **6.4. INSTITUTE OF INTERNAL AUDITORS (IIA)**

Section 3.2.6 of the Treasury Regulations requires that Internal Audit be conducted in accordance with the standards set by the Institute of Internal Auditors, hence all Internal Audit staff shall be members of the Institute of Internal Auditors (IIA), as they are expected to undergo continuous professional development in terms of requirements of the Institute.

### **6.5. INTERNAL AUDIT WORKING PAPERS**

The Internal Audit working papers shall be filed and stored in a safe place and access to the working papers shall be sought from and given by the Chief Audit Executive.

The Internal Audit working papers shall be disposed of after five (5) years from date of preparation, with the approval of Accounting Officer and the State Attorneys.



## **7. ROLES AND RESPONSIBILITIES**

### **7.1. CHIEF AUDIT EXECUTIVE (CAE)**

The chief audit executive shall be responsible for leading the internal audit activity as prescribed by the regulatory framework and standards for professional practice of internal auditors as well as the full implementation of this policy and the internal audit charter.

### **7.2. INTERNAL AUDIT STAFF**

Internal Audit staff shall be responsible for operating under the policy and the charter established by the Accounting Officer and reviewed by the Audit Committee.

Internal Audit shall not be responsible for any of the activities, which they audit.

### **7.3. AUDIT COMMITTEE**

The Audit Committee shall be responsible for determining the scope of Internal Audit work based on the annual risk assessment and that the action to be taken on the outcome of findings from their work is implemented.

### **7.4. MANAGEMENT**

Management shall be responsible for ensuring that the Internal Audit function has full support of and direct access to top management.

Shall maintain internal controls, including proper accounting records and other management information suitable for running the Department.

## **8. MONITORING AND EVALUATION**

The Internal Audit section shall monitor the implementation of the policy and shall report any deviations to the Accounting Officer in writing.

## 9. POLICY REVIEW

The policy shall be reviewed to factor in changes in legal frameworks, organizational development, political and economic trends, and envisaged outputs by the Medium Term Expenditure Framework as well as outcomes of monitoring and evaluation.

## 10. APPROVAL

APPROVED



KM MOHLASEDI  
HEAD OF DEPARTMENT

DATE : 2012/3/22