

# Mpumalanga Provincial Government



## Department of Public Works Roads and Transport

### INTERNAL AUDIT POLICY

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Revision Date: .....None  
Issue: .....2.0  
Responsible Section.....Internal Audit  
Approval Date..... 02/10/2024

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## ABBREVIATIONS

IIA                    Institute of Internal Auditor  
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 (Director: Internal Audit)
Institute of Internal Auditors	Means	Professional body of Internal Auditors
Standards	Means	Global Internal Audit Standards

## **1. INTRODUCTION**

The Internal Audit function of the Department is established in terms of section 38(1) (a) (i) & (ii) of the Public Finance Management Act of 1999 as amended, which states that the Accounting Officer for a department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77. Internal Audit must be conducted in accordance with the standards set by the Institute of Internal Auditors.

## **2. OBJECTIVES**

- 2.1. To provide a guideline on how internal audit conducts its operations.
- 2.2. To ensure that all officials/ staff understand and support the role internal audit serves in the department

## **3. REGULATORY FRAMEWORK AND GUIDELINES**

The policy derives its mandate from the following legislation and prescripts

- 3.1. Constitution of the Republic of South Africa, 1996
- 3.2. Public Finance Management Act, (Act no 1 of 1999).
- 3.3. Treasury Regulations, 2001
- 3.4. Global Internal Audit Standards issued by the IIA
- 3.5. King reports on Corporate Governance.
- 3.6. Internal Audit Framework issued by National Treasury

#### **4. 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.

#### **5. POLICY STATEMENT**

##### **5.1. Independence of internal audit unit**

The Internal Audit shall be independent, with no limitation on its access to information. 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.

##### **5.2. Reporting structure**

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

##### **5.3. Professional registration**

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) and are expected to undergo continuous professional development in terms of requirements of the Institute.

#### **5.4. Quality Assurance and Improvement Programme**

- 5.4.1. Annual internal audit quality assurance reviews shall be performed to assess compliance with the Internal Audit Charter, the Internal Audit Manual, and the Global Internal Audit Standards.
- 5.4.2. The Chief Audit Executive shall develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function.
- 5.4.3. A qualified, independent reviewer or a review team from outside the Department shall conduct an external Quality Assurance review at least once every five years.

#### **5.5. 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.

### **6. ROLES AND RESPONSIBILITIES**

#### **6.1. 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, the internal audit charter and the internal audit strategy.

## **6.2. Internal Audit Staff**

- 6.2.1. Internal Audit staff shall be responsible for operating under the policy, the charter and the internal audit strategy established by the Accounting Officer and reviewed by the Audit Committee.
- 6.2.2. Internal Audit shall not be responsible for any of the activities, which they audit.

## **6.3. 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.

## **6.4. Management**

- 6.4.1. Management shall be responsible for ensuring that the Internal Audit function has full support of and direct access to management.
- 6.4.2. Line Managers shall maintain internal controls, including proper accounting records and other management information suitable for running the Department.

## **7. MONITORING AND EVALUATION**

The Internal Audit section shall monitor the implementation of the policy.

## **8. POLICY REVIEW**

The policy shall be reviewed every three (3) years or as and when there are any changes in the legal frameworks or whenever the need arises.



## 9. DEVIATION

Any deviation from this policy shall be subject to the approval of the Accounting Officer.

## 10. IMPLEMENTATION

The policy shall come into effect from the date of approval of the Accounting Officer.

## 11. APPROVAL



**MC MOROLO**  
**HEAD: PUBLIC WORKS, ROADS AND TRANSPORT**

DATE : 02/10/2024