



INTERNAL AUDIT UNIT

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**MUNICIPAL MANAGERS
CHIEF EXECUTIVE OFFICERS
CHIEF FINANCIAL OFFICERS
HEAD OF INTERNAL AUDIT UNIT/ DEPARTMENT
INTERNAL AUDITORS**

Dear Sir/ Madam

GUIDELINE FOR THE DEVELOPMENT OF INTERNAL AUDIT PLAN

This letter serves to provide you with the suggested guideline on the development of the risk-based internal audit plan.

Attached, kindly find annexure A - suggested guideline.

Should you need any further information, or wish to discuss any aspect of this document, please do not hesitate to contact **Moses Mbedhli** on telephone number 033 - 897 4312/ 082 058 9688.

Yours faithfully

**Ms M Motaung
Senior General Manager
Head: Internal Audit**

Annexure A:

1. Risk and Control Assessment Report

- The first step will be to ensure that a risk and control assessment workshop was conducted to identify new risks and/ or updated the current risk profile/ report. The risk report/ profile will serve as a basis for the development of the risk-based internal audit plan.

2. Drafting of the plan

- Based on the risk report/ profile, and using the risk based approach, consider risks where their controls have been asserted to be effective by management, i.e. satisfactory, good or very good (this will depend on the methodology applied by individual Municipality).
- The internal audit to assess whether the noted controls and risks are auditable, meaning that can they be effectively reviewed by internal audit (see Internal Audit Plan pages 4 – 5 of examples risks that may and may not be auditable).
- Then you will have a list of all auditable areas, internal audit will be required to prioritise which projects will be considered for the current financial year taking into account the available budget and resources.
- Due to limited resources, internal audit may not be able to cover all identified areas within one year, therefore it will be critical to discuss and agree with the Audit Committee and in consultation with management the timing and resources required to review the identified coverage areas.
- In addition, the internal audit will need to consider management request and make necessary provision accordingly as well as legislative or cyclic audits (see the Internal Audit Plan for recommended legislative/ cyclic audits)

3. Discussion of the plan

The following stakeholders should be consulted prior to the plan being tabled at Audit Committee for consideration and approval:

- Management – Manco and Exco, depending on the Municipality set up.
- Auditor General

It is important that the above stakeholders are afforded the opportunity to comment on the internal audit plan prior to the plan being finalized in order to obtain complete co-operation from management.

4. Approval of the plan

After consultation with relevant stakeholders as noted above, the internal audit plan should be presented to the Audit Committee for their review and approval. Once approval has been obtained, the plan can be implemented accordingly.

Refer to the example of the internal audit plan for practical examples, the plan can be downloaded from our website.