

INTERNAL AUDIT RISK BASED STRATEGIC PLAN

**EMNAMBITHI/LADTSMITH MUNICIPALITY
INTERNAL AUDIT RISK BASED STRATEGIC PLAN
FOR THE PERIOD JULY 2012 – JUNE 2013**

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1. TERMS OF REFERENCE

The Internal Audit Section has been appointed by Council to provide an ongoing Internal Audit Service to the Municipality. The scope of the service to the Municipality is agreed on an annual basis with the Municipal Manager and Management.

The core Internal Audit function is to ensure that:

1. Financial, managerial and operating information is accurate, reliable and timely.
2. Employee's actions are in compliance with policies, standards, procedures, instructions, code of ethics and applicable laws, regulations and contractual obligations.
3. Resources and the entity's interest are properly controlled and safeguarded from abuse and losses of any kind.
4. Financial, human and other resources are properly controlled and safeguarded from abuse and losses of any kind.
5. Managerial and strategic plans, programs, and objectives are achieved.

2. REPORTING

Communication, particularly through reports, is an essential element of the Internal Audit process. Reports will clearly demonstrate the control and operational concerns arising from the Internal Audit, the potential impact and the practical, reasoned recommendations for improvement.

Our procedure will be to discuss our detailed reports with the relevant Executive Managers and Managers and other Senior Management and obtain management comments. The reports will then be submitted to the Municipal Manager and the Audit Committee.

3. CO-ORDINATION AND CO-OPERATION

It is accepted that the co-operation and availability of personnel plays a significant role in affecting the effectiveness and efficiency of the Internal Audit Service. Every effort will be made to obtain the complete co-operation of operational site management.

4. INTERNAL AUDIT COVERAGE

The tasks as listed below will be undertaken during the course of the year. Each task will be conducted in terms of the Professional Auditing Standards. The methodology used will be random sampling based on the Internal Audit Program. To be cost effective only high risk areas are addressed in the plan, as well as special requests from the Municipal Manager.

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DEPARTMENT OF CORPORATE SERVICES (HUMAN RESOURCES, EAP, INFORMATION TECHNOLOGY, VALUATIONS, GOVERNANCE, ADMINISTRATION AND LEGAL)

ACTIVITY	FREQUENCY OF AUDIT
1. Leave Balances and Leave Encashments	Monthly
2. Staff Records	November 2012, May 2013
3. Administration of IOD's and Pension Claims	December 2012, June 2013
4. Training Programmes Undertaken and submissions to LGSETA	October 2012, April 2013
5. IT – Governance	October 2012, March 2013
6. IT – Security Management	October 2012, March 2013
7. IT – User Access Control	October 2012, March 2012
8. IT – Program Change Management	October 2012, March 2013
9. IT – Service Continuity	October 2012, March 2013
10. IT – Facilities and Environmental Control	October 2012, March 2013
11. Valuation roll	July 2013
12. Implementation of Pauper Burial Policy and Procedures	On going
13. Public Participation	October 2012, April 2012

DEPARTMENT OF FINANCE

ACTIVITY	FREQUENCY OF AUDIT
1. Creditors Run and Reconciliation	Monthly
2. Long Term Loans Reconciliation	November 2012, May 2013
3. Grants Reconciliation	October 2012, January 2013, April 2013, June 2013
4. Fixed Asset Register and Asset Count	January 2013, June 2013
5. Investments and Interest Charged	October 2012, January 2013, April 2013, June 2013
6. Inventory / Stock Control	Scheduled Stock Counts by Finance

7. Cash Takings	November 2012, June 2013
8. Banking and Bank Reconciliation	October 2012, January 2013, April 2013, June 2013
9. Employee Study Bursaries and Staff Deductions	February 2013
10. Debtor Processes and Month End Trail Run for Services Rendered	Monthly
11. Suspense Accounts	November 2012, June 2013
12. Commitments	November 2012, June 2013
13. Fruitless and Wasteful Expenditure	November 2012, June 2013
14. Journals and Tax Invoices Processed	Monthly
15. Implementation of Indigent Policy	September 2012, February 2013
16. Salary Run	Monthly
17. Salary, Housing and Third Party ACB	Monthly
18. Financial System Transaction Listings	October 2012, January 2013, April 2013, June 2013
19. Supply Chain Management Process	October 2012, January 2013, April 2013, June 2013
20. Awarding of Tenders	Ongoing
21. Contract Register and Contract Payments	October 2012, January 2013, April 2013, June 2013
22. Process for issue of Rates Clearance Certificates	November 2012, May 2013

DEPARTMENT OF INFRASTRUCTURE AND SERVICES (ENGINEERING SERVICES AND ELECTRICAL ENGINEERING SERVICES)

ACTIVITY	FREQUENCY OF AUDIT
1. Erection of Illegal Structures and the Illegal Occupation of Land	December 2012, March 2013
2. Job costing and Sundry Services	October 2012, January 2013, April 2013, June 2013
3. Plan Approvals, Building Inspections and Occupation Certificates	December 2012, March 2013
4. Electricity losses	October 2012, January 2013, April 2013, July 2013
5. Meter Reading Function	Monthly

6. Job Costing and Sundry Services	September 2012, January 2013, June 2013
7. Projects and Grant Funding Received	December 2012, June 2013

DEPARTMENT OF DEVELOPMENT, PLANNING AND HUMAN SETTLEMENT (REAL ESTATE, HUMAN SETTLEMENT, TOWN PLANNING AND TOURISM)

ACTIVITY	FREQUENCY OF AUDIT
1. Land Sales	December 2012, June 2013
2. Housing Projects	January 2013, June 2013
3. IDP Process	January 2013, June 2013
4. Projects and Grant Funding Received	December 2012, June 2013

DEPARTMENT OF COMMUNITY SERVICES (PUBLIC SAFETY, COMMUNITY VENUES, PARKS AND GARDENS, ENVIRONMENTAL HYGIENE AND WASTE MANAGEMENT)

ACTIVITY	FREQUENCY OF AUDIT
1. Collection of Fines Paid	October 2012, January 2013, April 2013, June 2013
2. Reconciliation between Samras, Trafman and Cash Taking Sheets	October 2012, January 2012, April 2013, June 2013
3. Fleet Management and Fuel Consumption	August 2012, January 2013, May 2013
4. Job Costing and Sundry Services	September 2012, January 2013, June 2013
6. Community Venues	November 2012, May 2012
7. Use of Swimming Pools, Caravan Park and Pound	November 2012, May 2013
8. Use of Cemeteries	November 2012, May 2013
9. Use of Parks, Sports fields and Grounds	November 2012, May 2013
10. Projects and Grant Funding Received	November 2012, May 2013

PERFORMANCE MANAGEMENT

ACTIVITY	FREQUENCY OF AUDIT
1. Assessment of the functionality of the municipality's performance system	October 2012, January 2013, April 2013, July 2013

2. Assessment of whether the municipality's performance system complies with the Act	October 2012, January 2013, April 2013, July 2013
3. An assessment of the alignment of objectives, output and measures	October 2012, January 2013, April 2013, July 2013

GOVERNANCE AND RISK MANAGEMENT

ACTIVITY	FREQUENCY OF AUDIT
1. Review of Governance within the Municipality	October 2012
2. Review of Risk and Control Identification and Assessment	October 2012
3. Review of Risk Management Strategy	October 2012
4. Review of Risk Management Methodology	October 2012

GENERAL

ACTIVITY	FREQUENCY OF AUDIT
1. Cash-up - All Relevant Departments	December 2012, June 2013
2. Petty Cash Count - All Departments	December 2012, June 2013
3. Attendance Registers – All Departments	November 2012, May 2013
4. Execution of MCM and EXCO resolutions - All Departments	August 2012, February 2013
5. Progress on Municipal Turnaround Strategy	October 2012, January 2013, April 2013, July 2013

OTHER

ACTIVITY	FREQUENCY OF AUDIT
1. Review Auditor General Queries – 11/12 Financial Year	November & December 2012
2. Special Audit Investigations conducted as requested by the Municipal Manager or by the Audit Committee	Ongoing

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5. APPROVAL

Approved by: The Audit Committee Chairperson

G C H Gard (Chairman)

Date

Accepted by: Accounting Officer

M P Khathide

Date