

**MERAFONG CITY LOCAL MUNICIPALITY  
One-Year Operational Plan for the year ending  
30 June 2019**

**and**

**Internal Audit Three-Year Rolling Plan for the  
years ending 30 June 2021**



**Prepared By:  
Merafong Assurance Services**

**Reference Number:  
MAS01/2018/2019**

**MERAFONG CITY LOCAL MUNICIPALITY:  
ONE-YEAR OPERATIONAL PLAN FOR THE PERIOD ENDING 30 JUNE 2019 AND  
THREE-YEAR INTRNAL AUDIT ROLLING PLAN FOR THE PERIOD ENDING 30 JUNE 2021**

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The signatories below are for the approval of the Internal Audit Three-Year Rolling Plan for the period ending 30 June 2021 and One-Year Operational Plan for the period ending 30 June 2019.

**PREPARED BY:**

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**Mr. AM Mdhuli**  
**Acting Manager: Internal Auditor**  
**Merafong City Local Municipality**

**Date:** \_\_\_\_\_

**SECONDED BY:**

\_\_\_\_\_

**Ms MN Mokoena**  
**Municipal Manager**  
**Merafong City Local Municipality**

**Date:** \_\_\_\_\_

**APPROVED BY:**

\_\_\_\_\_

**Mr. B. Ahmed**  
**Chairperson of the Audit Committee**  
**Merafong City Local Municipality**

**Date:** \_\_\_\_\_

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## **1 INTRODUCTION**

The risk-based Internal Audit Plan for Merafong City Local Municipality (MCLM) was prepared to provide an efficient and effective assurance service.

The Institute of Internal Auditors defines Internal Auditing as follows:

*“an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk Management, control and governance processes.”*

## **2 PURPOSE OF THIS DOCUMENT**

This document sets out the three-year rolling plan for the period ending 30 June 2021 and the annual operational plan for the 2018/2019 financial year for consideration and approval by Management and the Regional Audit Committee.

The Internal Audit Plan was prepared based on:

- Results of the risk assessment workshop conducted by the Risk Management Unit.

The Internal Audit Plan for the MCLM was designed to provide an independent, objective assurance and advisory service, in an efficient and effective manner, to the following key stakeholders:

- Regional Audit Committee and Performance Audit Committee;
- Municipal Manager; and
- Management.

The overall approach was to formulate a risk-based annual Internal Audit Plan to align the priorities of the Internal Audit Unit with the strategic objectives and goals of MCLM and the related strategic and major business risks as identified by Management.

## **3 RESTRICTION ON DISTRIBUTION OF THIS DOCUMENT**

This document has been prepared for the sole and exclusive use of Merafong City Local Municipality.

## **4 INTERNAL AUDIT ROLES AND RESPONSIBILITIES**

The Internal Audit Unit evaluates and contributes to the improvement of governance, risk management and controls.

### **4.1 Governance**

Internal Audit assists Management in achieving goals of MCLM by evaluating the process through which:

- Goals and values are established and communicated;
- Risk and control information is communicated;
- The accomplishment of goals is monitored (organizational performance); and
- Accountability is ensured and corporate ethics and values are preserved.

## **4.2 Risk Management**

A Risk Assessment was conducted on the 7<sup>th</sup> of June 2018 where Management identified, evaluated and assessed significant strategic and organizational risks. Internal Audit will assist Management by examining, evaluating, reporting and recommending improvements on the adequacy and effectiveness of the risk management process within MCLM.

## **4.3 Controls**

Internal Audit evaluates whether the internal controls upon which Management relies to mitigate the risks down to acceptable levels, are appropriate and functioning as intended and develop recommendations for enhancement or improvement in the control environment.

The Merafong Assurance Services (MAS) is authorized to:

- Have unrestricted access to all functions, records, property and personnel;
- Have full and unrestricted access to the Municipal Manager;
- Allocate resources, set frequencies, determine scope of work and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel at MCLM where Internal Audit will perform reviews, as well as other specialised services from within or outside the municipality.

The Merafong Assurance Services (MAS) is not authorised to:

- Perform any operational duties for the Council.
- Initiate or approve accounting transactions external to the internal auditing function.
- Direct the activities of any organisation employee not employed by the Internal Audit Unit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal audit services in carrying out its functions.

The MAS 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 applicable Local Government legislation.

## **5 STRATEGIC APPROACH**

A risk-based strategic approach is adopted which takes into account the results of the strategic risk assessment report. This approach involves a focus on understanding the work of each focus area and identifying risks associated with that focus area. It further includes a process of linking risk analysis to assigned planning and audit program development. The scope of the work of Internal Audit is therefore focused on the risks as identified by Management in the areas selected for review and thus does not imply that all areas, controls and/or weaknesses are covered through the Internal Audit Plan or work performed.

## **5.1 Scope of Internal Audit**

The scope of Internal Audit, (limited to the fact that only samples of transactions are selected), is to determine whether MCLM's network of risk Management, control, and governance processes, (As designed and represented by Management), is adequate and functioning in a manner to determine whether Management processes exist to ensure that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the organisation's control process; and
- Significant legislative or regulatory issues impacting the organisation are recognised and addressed appropriately;
- Assets are adequately and appropriately safeguarded.
- Focus of reviews will include the following types of reviews as indicated in our strategic and operational plan attached:

## **5.2. Risk-Based Process Reviews**

The Internal Audit Plan as well as the internal audit fieldwork will be focused on the risks to which MCLM is exposed to. The standards of internal auditors dictates that a specific strategy is developed, which best directs Internal Audit's efforts to where the organization needs it most, at any given time.

This means that the correct balance of risk based versus cyclical based audits needs to be found. This balance depends on the maturity of an organization's systems and processes, the extent to which policies and procedures (and hence internal controls) are entrenched and complied with, and the general strength of the wider control environment.

Therefore, the objective of these types of reviews is to evaluate the adequacy and effectiveness of controls in respect of key business processes and related risks (linked to the strategic objectives/risks of the Council).

### **5.2.1 Cyclical Audits**

The Internal Audit activity may decide to focus its attention on certain medium to lower risk areas, for example to achieve general or specific improvements in the control environment or culture. These cyclical audits are normally conducted on a yearly basis with the aim of monitoring and maintaining (through the reports issued and actions taken) a sound internal control environment within the organization.

### **5.2.2 Performance Audits**

Performance audits entail the review and evaluation of the adequacy of the application of generally accepted management principles in achieving desired objectives of the municipality. The audit approach may include the following:

- Obtain information regarding overall departmental/function objectives and goals, which are in alignment with MCLM strategic objectives and values,

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- Gather details regarding the management planning process of the department/function. The management planning process consists of a series of steps preceded by an input from the strategic planning process/IDP and ending with an output in the form of short-term financial plans or budgets,
- Obtain information relating to the directing of the plan and evaluate the adequacy of these management actions and consider, inter alia:
  - Delegation of authority or institutional arrangement,
  - Policies and procedures,
  - Social commitment and,
  - Communication and information,
- Obtain information relating to the controlling of the execution of the plan and consider, inter alia:
  - Monitoring of relevant performance indicators,
  - Management information systems,
  - Income and expenditure analysis and,
  - Staffing levels and movements.

### **5.2.3 IT Reviews**

IT reviews include the evaluation of 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.

### **5.2.4 Follow – Up Reviews**

The objectives of these reviews are to determine the extent of Management actions taken on previous internal and external audit recommendations.

### **5.2.5 Fraud and Corruption Investigations**

The investigations of irregularities reported up to the disciplinary procedures.

### **5.2.6 Ad-Hoc Management Request Reviews**

It is important that Internal Audit attends to ad-hoc management requests and audit investigations. The audit strategy and audit plan presented should remain risk based. This will ensure that the resources are spent effectively, and that the MFMA requirements are met.

Ad-Hoc management requests will be initiated by the Municipal Manager or Senior Management, in co-operation with the Acting Manager Internal Audit who will follow the appropriate process of ensuring that there is no conflict of interest. If no conflict exists, the scope, timing will be agreed separately, prior to commencement of the work. The impact of the ad-hoc management requests on the approved annual plan will be evaluated.

The Audit Committee will pre-approve all audits, consulting services, ad-hoc management requests and Internal Audit investigations. The Chairperson will approve the ad-hoc management requests and Internal Audit investigations within three (3) working days or within one (1) day on urgent matters.

The results of any ad-hoc requests from Management and or audit investigations undertaken will be tabled at the following Audit Committee meeting, for noting.

## **6 REPORTING PROCEDURES**

A report will be issued upon the completion of each review that will be addressed to the applicable process owner with copies to the Municipal Manager, Chief Operation Officer, and the Audit Committee and/or Performance Audit Committee. Weaknesses in internal control systems, non-compliance with system procedures and other important issues for consideration by Management will be included in this report. Any critical weaknesses or errors will be reported to the responsible process owners immediately.

### **6.1 Reporting to the Audit Committee, Risk Management Committee, Performance Audit Committee and Senior Management**

Internal Audit will report quarterly to the Audit Committee, Risk Committee, Performance Audit Committee and to Senior Management as and when reports are finalised.

The report will include, inter alia:

- Details of the internal audit activities for the preceding period/quarter
- Results of the internal audit reviews undertaken and finalised during the preceding period/quarter
- Progress against the approved annual internal audit plan – including any deviations from the approved plan

All reports will be discussed and agreed with line Management/process owners before being finalised and distributed to Senior Management, Risk Committee, Audit Committee and Performance Audit Committee.

### **6.2 Format of Internal Audit Project Reports**

All normal internal audit reports are issued using a standardised format. The report format was brought in line with the risk based approach, covering the following aspects:

- Introduction to explain our mandate, methodology and objectives of internal controls.
- The scope, which gives a short system description of the processes that have been reviewed as well as certain management information regarding the processes. This is done to bring the reader up to date with the processes that have been addressed.
- The risks threatening the achievement of the process objectives and a short description of the controls in place to manage the specific risk down to acceptable levels, which have been identified during the risk assessment workshops or, the risk threatening the achievement of the process objectives and the controls in place to manage the risk down to acceptable levels according to the process owner, in conjunction with the internal auditors. We only list the risks of the processes that we reviewed during the project.
- Assurance on the effectiveness of the internal controls in place to address the risks as identified. It is important to mention that the assurance that we provide is for the period that we reviewed, as the control environment can change after the completion of the review due to inadequate management controls. The level of our satisfaction with the operation of the controls in place is based on inquiry, observation and sample tests.
- Our findings and recommendations regarding the controls that we identified where Management may not be able to rely on the control or part of the control due to non-implementation of the control or the control not being implemented effectively. We also indicate areas where additional or replacement controls should be implemented due to risk not being managed effectively and efficiently.
- The last section lists the key agreed upon action plans to be performed by Management. The responsible manager and implementation date is also indicated. During the follow-up audit the implementation of these action plans will be evaluated and if progress made is not satisfactory, it will be reported to Management and the Audit Committee.



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**7 GENERAL AUDIT TIMELINES**

The table below sets out the standard timeline for our internal audit assignments. This timeline may vary depending on the complexity of each assignment.

Audit Activity	Week 1	Week 2	Week 3	Week 4
Audit Planning Discussions				
Planning – System Development & Audit Program				
Fieldwork – Testing & Issues Discussions				
Draft Report Compilation & Review				
Receipt of Management Comments & Submission to EXCO				
Issuance of Final Report				

**8 LIAISON WITH EXTERNAL AUDITORS**

The Auditor-General is the external auditor of MCLM. To ensure the audit of MCLM is performed cost effectively and logically, continuous liaison between the external and internal auditors will take place. Assurance ensures that resources are efficiently utilised, i.e. that no duplication of efforts occurs and that all parties address the risks. It is therefore clear that the internal audit function should co-ordinate its work with others, as directed by Management. The external auditors will be notified of the activities of the internal audit function in order to minimise duplication of audit effort. This will be accomplished by:

- A meeting between the internal and external audit function to discuss the annual internal and external plans,
- Periodic meetings to discuss the audit plan and activities,
- Exchange of management letters.

Initials & Surname	Position	Contact Details
Mr. P Ramoupi	Audit Manager	(011) 703 7600 073 892 1967/081 463 1890 <a href="mailto:pitsor@agsa.co.za">pitsor@agsa.co.za</a>
Mr. T Mawelele	Assistant Audit Manager	(011) 703 7600 081 742 8414 <a href="mailto:TsepisoM@agsa.co.za">TsepisoM@agsa.co.za</a>

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**9 RESOURCES WITHIN THE INTERNAL AUDIT UNIT**

The annual plan was prepared taking into account the amount of direct internal audit hours available during the course of the financial year. The resources (budget, human capital and equipment) were also considered. Other audits will be co-sourced due to capacity in terms of speciality and numbers, as budgeted for.

Internal Audit hours were allocated to internal audit areas based on the following:

- Scope of the Internal Audit assignment;
- Past actual hours for a specific auditable area;
- Knowledge of the auditable area;
- Availability of the auditee;
- Any other relevant information known at the time.

**9.1 Operational Budget for Co-Sourcing**

Provision has been made in the 2018/2019 budget for possible audit projects that can be co-sourced during the financial year. The budgeted amount for contracted services is R757 000 apportioned as follows:

Account Number & Item	Amount
1101x090718: Consultation Fees	R280 000.00
1101x03668: Forensic Investigation	R435 000.00
1101x09028: Outsourced: Call Centre	R 42 000.00
<b>Total Budget for Co-Sourcing</b>	<b>R757 000.00</b>

The allocated budget will be utilized for certain planned audits and ad-hoc assignments.

**9.2 Operational Budget for Internal Audit Activities**

Description	Amount
Salaries and Allowances	R3 378 250.00
General Expenses	R 105 964.00
Contracted Services	R 757 000.00
<b>Total Operational Budget 2018/2019</b>	<b>R4 241 214.00</b>

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**9.3 Internal Audit Capacity of Merafong City Local Municipality**

The co-ordination of Internal Audit consists of:

Name & Surname	Position	Qualifications, Professional Memberships, Obtained and Specialised Training Courses	No of Years in an Internal Audit Career/Prof ession	Audit Experience
Mr. JH du Plessis	Chief Internal Auditor  (Retirement end of December 2018)	B.Com.(Accounting & Auditing) IMFO (Associate Member of Institute of Municipal Financial Officers) IMM (Institute of Municipal Managers) Registered Municipal Accountant Quality Reviewer (IIA) 35 other IIASA Courses	24	12 years: Chief Internal Auditor 02 years : Acting Manager Internal Audit 10 years: Head of Internal Audit
Mr. AM Mdhluhi	Internal Auditor	National Diploma: Cost and Management Accounting Certificate in Accountancy Certificate in Municipal Financial Management (CPMD) 12 IIASA Courses	15.9	02 years, 9 months: Acting Manager Internal Audit 2,5 years: External Audit; 13 years: Internal Auditor
Ms. VM Manthata	Internal Auditor	B.Com. Accounting Certificate in Municipal Financial Management (CPMD) Internal Audit Technician Training 07 IIASA Courses	11	11 years: Internal Audit.
Mrs. N Mahube	Administrative Officer	BA Degree: Development and Management BA Degree: Communication Science National Diploma in	13	Administrative Officer: in total 8 years in MCLM Executive Secretary to Municipal Manager: 3 years in MCLM Secretary to Director: Internal Audit 2 years at

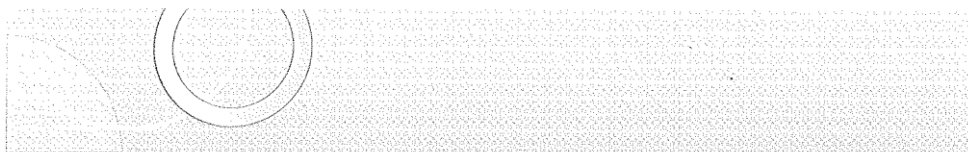
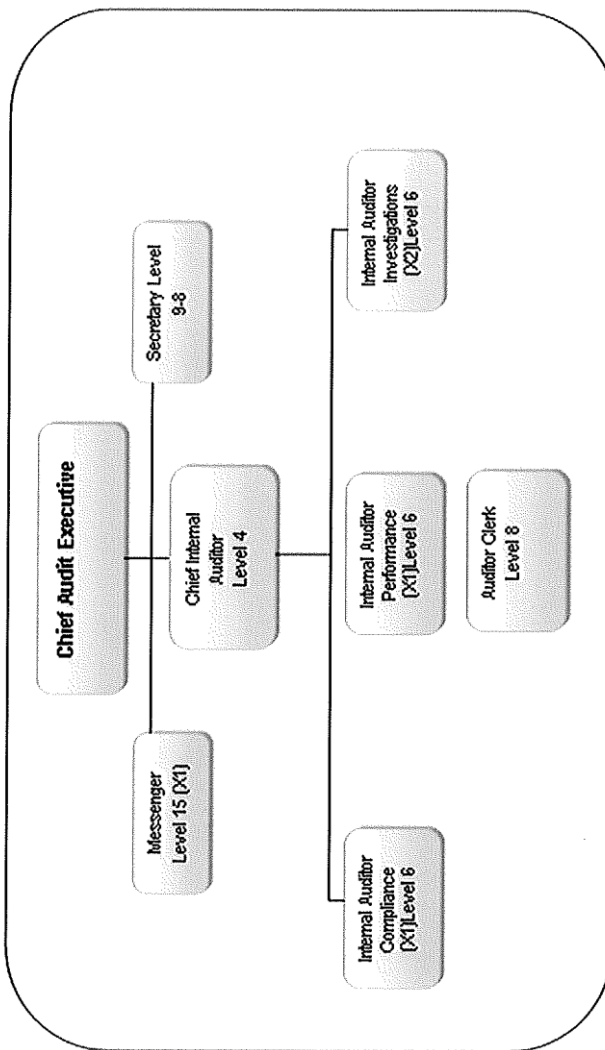
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<b>Name &amp; Surname</b>	<b>Position</b>	<b>Qualifications, Professional Memberships, Obtained and Specialised Training Courses</b>	<b>No of Years in an Internal Audit Career/Prof ession</b>	<b>Audit Experience</b>
		Management Assistant 14 IIA and Administrative Courses		DIRCO
Mr. JR Moitsheki	Audit Clerk	National Diploma in Internal Auditing National Higher Certificate in Accountancy Certificate in Municipal Finance Management (CPMD)	7	3 years: Finance Intern 4 years Internal Audit Clerk functioning as an Internal Auditor.

**9.4 Internal Audit Approved Structure**

The municipality is in the process of reviewing and approving the new organizational structure. The structure below was adopted in 2014 however does not provide a true reflection of the current Internal Audit staff complement e.g. the unit currently has an Administrative Officer and that position is not reflected in the below structure. Furthermore, the current appointed Internal Auditors are not allocated for specific area of audit; they rotate between compliance and performance audits. The review of the structure will be aligned to the future operational requirements of the Internal Audit Unit.

**CHIEF OPERATING OFFICER:  
 INTERNAL AUDIT**



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**9.5 Budgeted Internal Audit Hours**

The table below sets-out the hours allocated per employee in accordance with the total planned audit projects. The remaining hours have been allocated for non-audit activities such as training & development, leave, public holidays and general administration duties:

<b>NAME</b>	<b>POSITION</b>	<b>(1) AH/Y</b>	<b>(2) NAH</b>	<b>(3) TH/Y</b>
JH. du Plessis	Chief Internal Auditor	160 (Project hours available till retirement)	800	960
AM. Mdhluli	Internal Auditor	1493	427	1920
VM. Manthata	Internal Auditor	1493	427	1920
N. Mahube	Administrative Officer	-	1920	1920
RJ. Moitsheki	Audit Clerk	534	1387	1920
<b>TOTAL AUDIT HOURS</b>		<b>3680</b>	<b>4961</b>	<b>8640</b>

**Matrix**

**AH/Y**      Audit Hours per Year

**NAH**        Non-Audit Hours

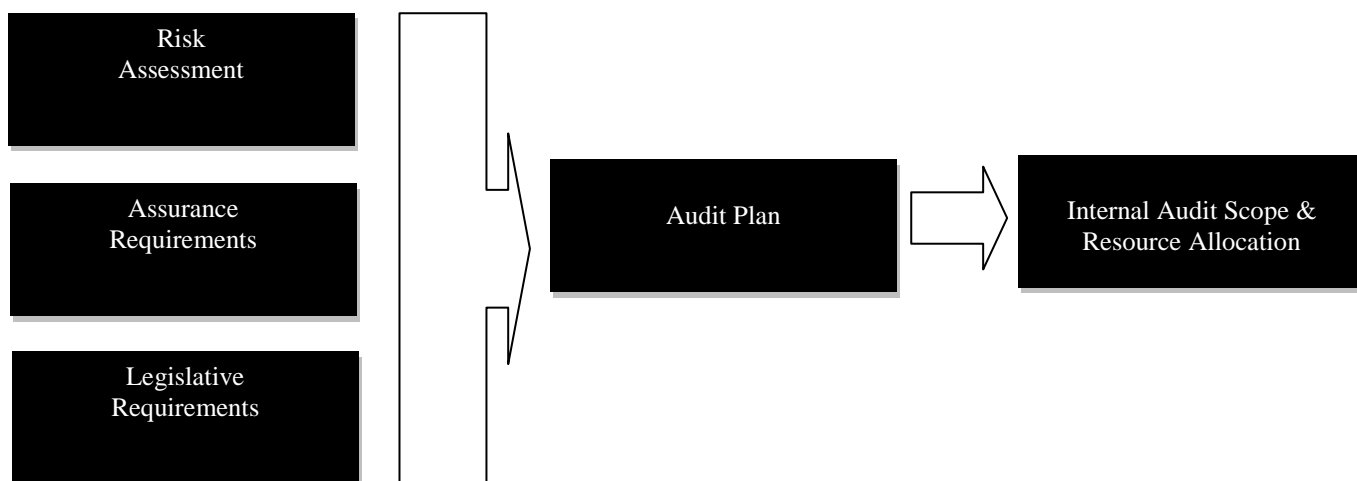
**TH/Y**        Total Hours per Year

### **9.6 Development of Internal Audit Plan**

The MFMA requires that an annual internal audit plan is prepared. To facilitate effective communication and planning, we have prepared a draft risk-based internal audit plan for the financial year ending 30 June 2019.

The proposed internal audit plan described below have been prepared to direct internal audit effort, based on available and envisaged resources, in terms of a risk-based methodology. A risk and control assessment report has been prepared, where management participated in identifying key risks facing the Municipality, and key control to mitigate identified risks including risk and action owners. The risk assessment constitutes an integral phase in the preparation of the audit plan. We wish to highlight that the identification and management of risks is the primary responsibility of Council and Management. We have also taken into account the following items while preparing the attached internal audit plan:

- The need for adequate coverage v/s the resources available for Internal Audit;
- Our experience in preparing and executing internal audit plans;
- Capacity of the Internal Audit Unit;
- The following is a diagrammatical overview of the process by which the proposed internal audit plan was formulated:



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**9.7 Risk Assessment/Register**

In the “risk and control assessment report”, dated 7 June 2018, risks were identified and controls related to the risks were assessed by management. In that report, we noted high and medium risks where their controls were asserted not to be well managed, meaning that their current control effectiveness where not satisfactory, these risks were the key focus of Internal Audit.

The following is a listing of risks that were asserted not to be well managed, sorted by focus area/ risk category from the above-mentioned “risk and control assessment report”.

#	Risk	Inherent Risk	Residual Risk	Risk Category/Focus Area	Risk to be included in the Review of the Following Processes/Cycle
1	Ageing, dilapidated infrastructure and capacity of infrastructure to render sustainable services	25	25	Infrastructure Development	Infrastructure Maintenance
2	Declining local economy	25	25	Economic Development and Planning	Local Economic Development Programmes/Performance Management
3	Deterioration of the geological conditions (dolomitic)	25	25	Infrastructure Development	Infrastructure Maintenance
4	Financial viability	25	25	All Departments	Financial Management
5	Fraud and corruption	25	25	Office of the COO	Fraud Hotline Reported Cases
6	Increasing informal settlements	25	20	Economic Development and Planning	Land Management
7	Environmental pollution	25	16	Community Service and Infrastructure	Environmental Management
8	Inadequate human resources to fulfil municipal mandate	25	16	Corporate and Shared Services	Human Resource Management
9	Inadequate ICT services to support Municipal operations	12	9	Corporate and Shared Services	ICT Master Systems Plan



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**10 THREE-YEAR STRATEGIC RISK-BASED AUDIT PLAN 2018/2019 – 2020/2021**

**10.1 ANNUAL RISK-BASED AUDIT PLAN (2018/2019)**

#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
<b>RISK BASED AUDIT PROJECTS</b>						
1	All Divisions	Fraud Hotline	ER.05	Refer irregular incidents reported via the Fraud Hotline to management. Record progress on each case reported with the suitable outcome. Table the Status Report of fraud hotline cases reported to EXCO and Audit Committee on a quarterly basis	160	Depending on the reported cases
2	Corporate Shared Services (Human Resource)	Inadequate Management of Human Resource	ER.08	Determine adequacy of human resource process plan, policies and procedures	160	March - April 2019
3	Corporate Shared Services (Human Resource)	Payroll & Personnel Information Verification	ER.08	Distribution of payslips and verification of personnel information against identity documents and proof of residential	160	July-August 2018
4	Corporate Shared Services (ICT)	Review ICT Master Systems Plan	ER.09	Determine adequacy of ICT process plan, policies and procedures	160	May-June 2019
5	Finance (Income)	Debt and Revenue Collection	ER.04	Review revenue and debtors collection processes: Debt & Revenue Collection Indigent Policy Indigent Register	160	May-June 2019

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
6	<b>Finance</b> (Income & Expenditure)	Bank Reconciliation	<b>ER.04</b>	Review the adequacy and effectiveness of the internal controls relating to Bank Reconciliation.	<b>160</b>	April-May 2019
<b>LEGISLATIVE/COMPLIANCE AUDITS</b>						
7	<b>COO</b> (PMO)	Pre-Determine Objectives (PDO) Q4 (2017/2018)	<b>N/A</b>	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	<b>160</b>	July-August 2018
8	<b>COO</b> (PMO)	Pre-Determine Objectives (PDO) Annual (2017/2018)	<b>N/A</b>	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	<b>160</b>	July-August 2018
9	<b>COO</b> (PMO)	Pre-Determine Objectives (PDO) Q1 (2018/2019)	<b>N/A</b>	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	<b>160</b>	October - November 2018
10	<b>COO</b> (PMO)	Pre-Determine Objectives (PDO) Q2 (2018/2019)	<b>N/A</b>	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	<b>160</b>	December 2018 - January 2019

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
11	COO (PMO)	Pre-Determine Objectives (PDO) Mid-Term (2018/2019)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	December 2018 - January 2019
12	COO (PMO)	Pre-Determine Objectives (PDO) Q3 (2018/2019)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	April - May 2019
13	COO (Risk Management)	Risk Management	N/A	Adequacy and Effectiveness of Risk Management Processes	160	August - September 2018
<b>CYCLICAL AUDITS</b>						
14	Finance (Salaries)	Payroll Cycle (Verify Salary Scales)	N/A	Determine the accuracy and completeness of HR calculations on salary increase for the 2018/2019 year	160	July - August 2018
15	Finance (Income)	Cash Count: Licensing and Traffic: (C/ville & F/ville)	ER.04	Review cash management processes	160	September - October 2018
16	Finance (Income)	Cash Count: Income Section: (C/ville & F/ville)	ER.04	Review cash management processes	160	February-March 2019
17	Corporate Shared Services (Marketing & Communication)	Annual Report (2017/2018)	N/A	Ensure completeness of information in accordance with the required standards	160	Depending on the date of submission of the report

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
18	<b>Finance</b>	MFMA Compliance Checklist	N/A	Verification of the MFMA Compliance Checklist	<b>160</b>	Quarterly from the date the report was issued
<b>FOLLOW-UP AUDITS</b>						
19	<b>All Divisions</b>	Internal Audit Follow-Up Audits	N/A	Follow-up of Internal Audit reports issued during the previous financial year to review the status of implementation of agreed action plan	<b>160</b>	It will depend on the implementation date according to individual internal audit reports issued
20	<b>All Divisions</b>	Operational Clean Audits (OPCA 2016/2017)	N/A	Follow-up of management letter issued during the previous financial year to review the status of progress with regards to the implementation plan to address matters raised by AG to avoid recurrence	<b>160</b>	Q1 July-September 2018
21	<b>All Divisions</b>	Key Controls	N/A	Assess and gauge the movement in the status of key controls from the previous to the current assessment collectively for each of the three audit dimensions of financial information, performance information and compliance with laws and regulations.	<b>160</b>	Quarterly from the date the report was issued

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
<b>AD-HOC/MANAGEMENT REQUESTS</b>						
*	Due to the Internal Audit capacity, provision has been made for two (2) management requests	N/A	N/A	N/A	320	As and when required

**\*\* TOTAL AUDIT HOURS : 3680**

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**10.2 RISK-BASED AUDIT PLAN 2019/2020 – 2020/2021**

#	PROJECT/FOCUS AREA	RISK NO.	INHERENT RISK	RESIDUAL RISK	INTERNAL AUDIT PLAN (2019/2020)	INTERNAL AUDIT PLAN (2020/2021)
1	Infrastructure Maintenance	ER.01	25 (High)	20 (High)	X	
2	Review LED Programmes	ER.02	25 (High)	25 (High)	X	
3	Environmental Management	ER.07	25 (High)	16 (High)	X	
4	Contract Management	ER.13 (2017/2018 RR)	25 (High)	12 (Medium)	X	
5	Implementation of the capital projects	ER.09 (2017/2018 RR)	25 (High)	20 (High)	X	
6	Reticulation Losses	ER.07 (2017/2018 RR)	25 (High)	20 (High)	X	
7	Assets Management	ER.10 (2017/2018 RR)	20 (High)	16 (High)	X	
8	Procurement Process: Tender	ER.04	25 (High)	25 (High)	X	
9	Review of Annual Financial Statements (Request assistance from NT)	ER.04	25 (High)	25 (High)	X	
10	Rental Income	ER.04	25 (High)	25 (High)		X
11	MSCOA	ER.04	25 (High)	25 (High)		X
12	Cash Count: Libraries	ER.04	25 (High)	25 (High)		X
13	Cash Count: Swimming Pools	ER.04	25 (High)	25 (High)		X

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#	PROJECT/FOCUS AREA	RISK NO.	INHERENT RISK	RESIDUAL RISK	INTERNAL AUDIT PLAN (2019/2020)	INTERNAL AUDIT PLAN (2020/2021)
14	Review ICT Master Systems Plan	ER.09	12 (Medium)	12 (Medium)		X
15	Waste Management	ER.07	25 (High)	16 (High)		X
16	Land Management	ER.06	25 (High)	20 (High)		X