

**6.
AMENDMENT TO THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE
(JAPAC) POLICY**

3/2/3/12

DC Van Der Heever

(028) 313 5035

Internal Audit Services

12 February 2021

1. Executive Summary

The purpose of this report is to recommend to Council an amendment to the existing Joint Audit and Performance Audit Committee (JAPAC) Policy pursuant to a request made by the JAPAC.

2. Service Delivery and Budget Implementation Plan - IGNITE

Office of the Municipal Manager
Internal Audit Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Section 62 (1) (c) (ii) of the Local Government: Municipal Finance Management Act, No 56 of 2003

Section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003

6. Background/Discussion

During the JAPAC meeting held on 27 October 2020, the JAPAC noted that the “reviewing and approving the Risk-Based Internal Audit Plan (RBIAP), as presented by the Chief Audit Executive (CAE)” forms part of their roles and responsibilities. However, no reference to the above-mentioned is made in the current JAPAC Charter. Accordingly, the JAPAC requested that Council consider amending the current JAPAC Charter, to accurately reflect the above-mentioned, by the inclusion of “reviewing and approving the Risk-Based Internal Audit Plan (RBIAP), as presented by the Chief Audit Executive (CAE)” as a separate point under the heading “ROLES AND RESPONSIBILITIES”.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexure

Annexure A: Extract of the current JAPAC Charter without reference to the JAPAC's roles and responsibilities insofar as it relates to "reviewing and approving the Risk-Based Internal Audit Plan (RBIAP), as presented by the Chief Audit Executive (CAE)"

Annexure B: Extract of the proposed amendment to the current JAPAC Charter which makes reference to the JAPAC's roles and responsibilities insofar as it relates to "reviewing and approving the Risk-Based Internal Audit Plan (RBIAP), as presented by the Chief Audit Executive (CAE).

RECOMMENDATION TO THE COUNCIL:

that the amendment be made to the current JAPAC Policy and **be adopted**.

RESPONSIBLE OFFICIAL :

DC VAN DER HEEVER

TARGET DATE FOR IMPLEMENTATION :

31 MARCH 2021

3.7.4 report annually in the Annual Report, describing the committee's composition, the effectiveness of internal controls, comment on its evaluation of the annual financial statements and confirming that all responsibilities outlined in this charter have been carried out.

The JAPAC may forward specific JAPAC meeting minutes and reports to the Municipal Council.

Any material findings shall immediately be reported to the Accounting Officer, the Auditor-General and the Executive Mayor and where appropriate the JAPAC may also report to other authorities

4. ROLES AND RESPONSIBILITIES

4.1 Internal Audit

The JAPAC shall be consulted with the appointment, replacement and/or dismissal, of the Chief Audit Executive. In the event of replacement, dismissal, resignation or early retirement of the head of the Internal Audit unit, the full detail of the circumstances surrounding the action must be revealed to the JAPAC.

The JAPAC shall ensure that the Internal Audit unit perform their responsibilities effectively and efficiently by:

- 4.1.1 reviewing and approving the Internal Audit Charter;
- 4.1.2 reviewing the organizational structure, competence and qualifications of the Internal Audit Unit;
- 4.1.3 reviewing the plans and budgets of the Internal Audit Unit. Ensuring that the plan addresses the high risk areas and that adequate resources are available;
- 4.1.4 reviewing the audit results and action plans of management;
- 4.1.5 evaluating the performance and effectiveness of Internal Audit;
- 4.1.6 requesting specific audit projects where necessary;
- 4.1.7 reviewing results of quality assessment reviews;
- 4.1.8 meeting separately with Internal Audit to discuss matters that the JAPAC believe should be discussed privately;
- 4.1.9 reviewing management requests for extra work to be carried out by Internal Audit in particular areas of accounting and control systems;
- 4.1.10 ensuring that Internal Audit's work is co-ordinated with that of External audit;

3.7.4 report annually in the Annual Report, describing the committee's composition, the effectiveness of internal controls, comment on its evaluation of the annual financial statements and confirming that all responsibilities outlined in this charter have been carried out.

The JAPAC may forward specific JAPAC meeting minutes and reports to the Municipal Council.

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The JAPAC shall ensure that the Internal Audit unit perform their responsibilities effectively and efficiently by:

- 4.1.1 reviewing and approving the Internal Audit Charter;
- 4.1.2 reviewing and approving the Risk-Based Internal Audit Plan (RBIAP) as presented by the Chief Audit Executive (CAE);
- 4.1.3 reviewing the organizational structure, competence and qualifications of the Internal Audit Unit;
- 4.1.4 reviewing the plans and budgets of the Internal Audit Unit. Ensuring that the plan addresses the high risk areas and that adequate resources are available;
- 4.1.5 reviewing the audit results and action plans of management;
- 4.1.6 evaluating the performance and effectiveness of Internal Audit;
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- 4.1.9 meeting separately with Internal Audit to discuss matters that the JAPAC believe should be discussed privately;
- 4.1.10 reviewing management requests for extra work to be carried out by Internal Audit in particular areas of accounting and control systems;
- 4.1.11 ensuring that Internal Audit's work is co-ordinated with that of External audit;