

**MERAFONG CITY LOCAL MUNICIPALITY**  
**One-Year Operational Plan for the year ending**  
**30 June 2022**

**And**

**Internal Audit Three-Year Rolling Plan for the  
years ending 30 June 2024**



**FINAL**

**Prepared by:**  
**Merafong Assurance Services**

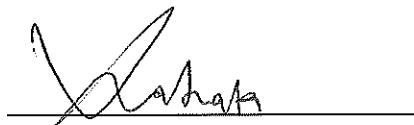
**Reference Number:**  
**MAS01/2021/2022**

**MERAFONG CITY LOCAL MUNICIPALITY:  
ONE-YEAR OPERATIONAL PLAN FOR THE PERIOD ENDING 30 JUNE 2022 AND  
THREE-YEAR INTERNAL AUDIT ROLLING PLAN FOR THE PERIOD ENDING 30 JUNE 2024**

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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 2023 and One-Year Operational Plan for the period ending 30 June 2021.

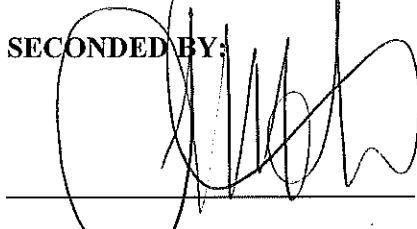
**PREPARED BY:**



**Ms VM Manthata**  
**Manager: Internal Auditor**  
**Merafong City Local Municipality**

**Date:** 25/08/2021

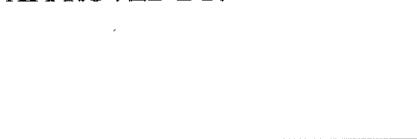
**SECONDED BY:**



**Mr. S Mdletshe**  
**Acting Municipal Manager**  
**Merafong City Local Municipality**

**Date:** 25/08/2021

**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 2024 and the annual operational plan for 2021/2022 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 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 assist 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.

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#### **4.2 Risk Management**

Due to COVID-19 a Strategic Risk Assessment workshop was held virtually on the 17<sup>th</sup> of June 2021. 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.

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.

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 (IIA) 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,
- 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

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- 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.

## **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.

<b>Audit Activity</b>	<b>Week 1</b>	<b>Week 2</b>	<b>Week 3</b>	<b>Week 4</b>
Audit Planning Discussions				
Planning – System Development & Audit Program				
Fieldwork – Testing & Issues Discussions				

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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. Quinel McLean	Audit Manager	(011) 703 7600 0833576806 <a href="mailto:QuinelM@agsa.co.za">QuinelM@agsa.co.za</a>
Mr. Karabo Mokhele	Assistant Manager	(011) 703 7600 0607892109 <a href="mailto:KaraboMO@agsa.co.za">KaraboMO@agsa.co.za</a>

## 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 2021/2022 budget for possible audit projects that can be co-sourced during the financial year. The budgeted amount for Co-Sourcing is R1, 200, 000.00 apportioned as follows:

Account Number & Item	Amount
1101x09071: Consultation Fees (Project 219)	R 600,000.00
1101x09021: Forensic Investigation (Project 91)	R 600,000.00
<b>Total Budget for Co-Sourcing</b>	<b>R1,200.000.00</b>

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The allocated budget will be utilized for certain payments of Forensic Investigation (Audit Panel), ad-hoc assignments and Consultation Fees (Audit Committee and Performance Audit Committee)

## 9.2 Operational Budget for Internal Audit Activities

Description	Amount
Salaries and Allowances	R 3,084,966.00
General Expenses (printing)	R 1,500.00
Other Materials (stationary & small consumables)	R 1,250.00
<b>Total Operational Budget 2020/2021</b>	<b>R 3,087,716.00</b>

## 9.3 Internal Audit Capacity of Merafong City Local Municipality

The co-ordination of Internal Audit consists of:

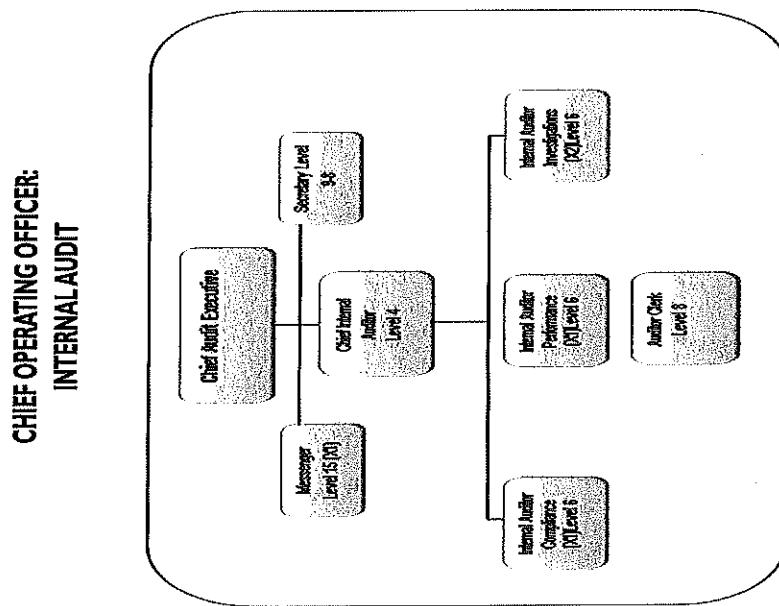
Name & Surname	Position	Qualifications, Professional Memberships, Obtained and Specialised Training Courses	No of Years in an Internal Audit Career/ Profession	Audit Experience
Ms. VM Manthata	Manager Internal Audit	B.Com. Accounting Certificate in Municipal Financial Management (CPMD) Internal Audit Technician Training 15 IIASA Courses	14	14 years: Internal Audit
Mr. AM Mdhluli	Internal Auditor	National Diploma: Cost and Management Accounting Certificate in Accountancy Certificate in Municipal Financial Management (CPMD) 12 IIASA Courses	19	16 years: Internal Auditor 3 years: External Auditor
Mrs. N Mahube	Administrative Officer	Honors (PGD) in Public Management BA Degree: Development and Management BA Degree: Communication Science National Diploma in Management Assistant Training on New COSO Auditing of Supply Chain Management 14 IIA and Administrative Courses	13	11 years: Administrative Officer: Internal Audit 2 years: Executive Secretary to Municipal Manager: total 11 years in MCLM 2 years: Secretary to Director: Internal Audit at DIRCO
Mr. JR Moitsheki	Audit Clerk	B. Com Law (in progress) National Diploma in Internal Auditing National Higher Certificate	11	9 years: Internal Audit Clerk 2 years: Finance Intern

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Name & Surname	Position	Qualifications, Professional Memberships, Obtained and Specialised Training Courses	No of Years in an Internal Audit Career/ Profession	Audit Experience
		in Accountancy Certificate in Municipal Finance Management (CPMD) Training on New COSO Auditing of Supply Chain Management		

#### **9.4 Internal Audit Approved Structure**

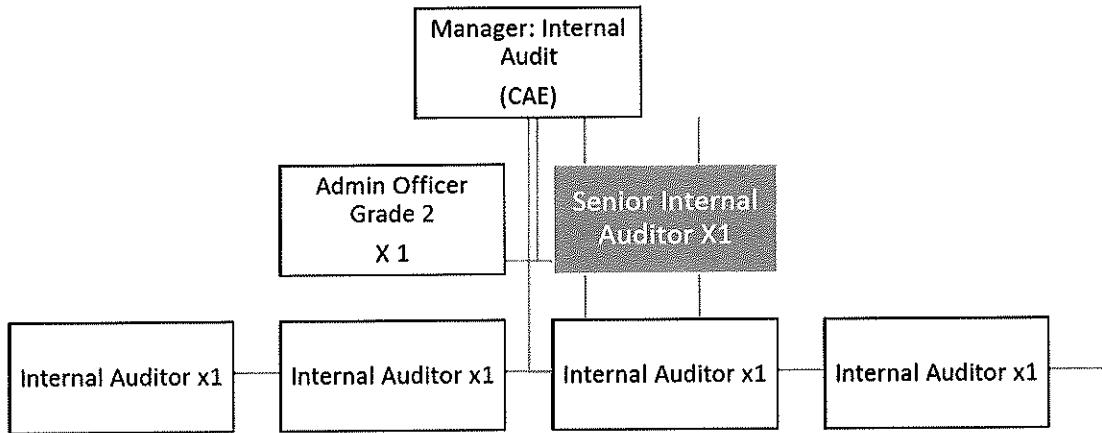
9.4.1 The Municipality is in the process of reviewing and approving the new organizational structure. The structure below was adopted in 2014 however does not provide a true reflection of the current Internal Audit staff complement e.g. the unit currently has an Administrative Officer and that position is not reflected in 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.



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9.4.2 The Municipality reviewed the Organisational Structure and there were changes on the Internal Audit structure. It was resolved that position of Chief Internal Auditor and Audit Clerk be abolished and replaced by Senior Internal Auditor. The proposed structure is as follows:



**9.4.3 COGTA is in a process of reviewing Municipalities Organisational structure**

The Committee to note that COGTA appointed Service Provider to assist the Municipalities with the review of Organisational Structure. On the 12 May 2021 COGTA engaged with the Municipality to introduce appointed Service Provider: Lekoko Consulting. The review process will be for a period of 12 months.

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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, Training/Conference/meetings; leave and general administration duties:

Name	Position	Available (Audit) (Hrs.)	Training/ Conference/ Meetings (Hrs.)	Annual Leave (Hrs.)	Study Leave (Hrs.)	Sick Leave (Hrs.)	Admin (Hrs.)	Available Working Hrs. (Year)
VM Manthata	Manager Internal Audit	960	176	128	--	216	440	1920
AM Mdhluli	Internal Auditor	1200	176	128	--	216	200	1920
N. Mahube	Administrative Officer	--	176	128	--	216	1400	1920
RJ. Moitsheki	Audit Clerk (Acting Internal Auditor)	1200	176	128	--	216	200	1920
Service Providers	Audit Panel	800	--	--	--	--	--	800
	<b>TOTAL</b>	<b>4160</b>	<b>704</b>	<b>512</b>		<b>864</b>	<b>2240</b>	<b>8480</b>

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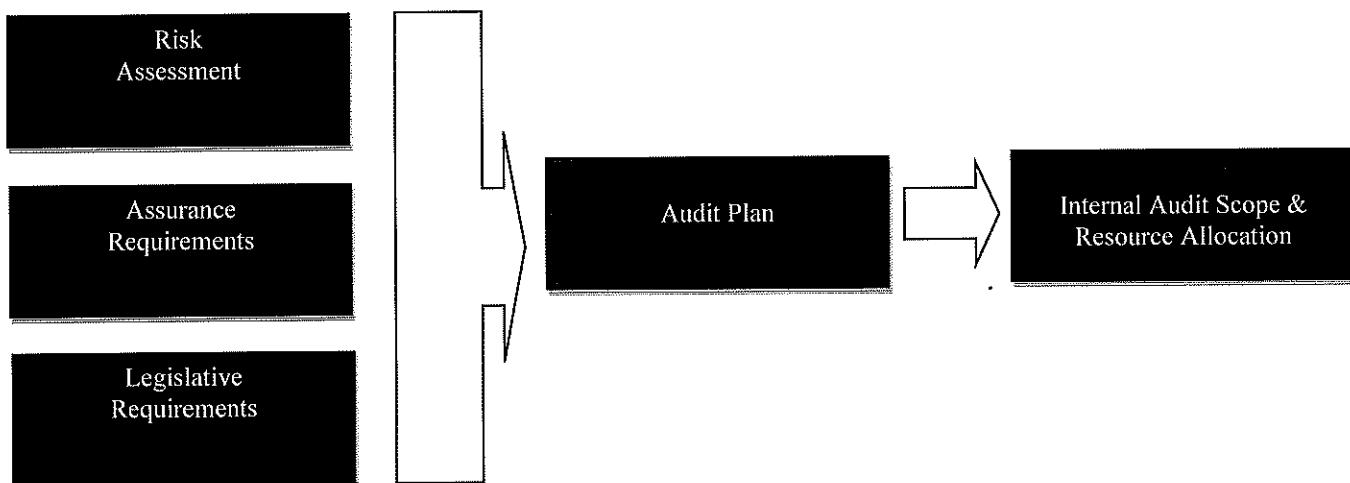
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## **9.6 Development of Internal Audit Plan**

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 2022.

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**

Due to COVID-19 a Strategic Risk Assessment workshop was held virtually on the 17<sup>th</sup> of June 2021, and one on one engagements with Departments to finalise risks identified and Action Plans. 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 were not satisfactory, these risks were the key focus of Internal Audit. The following is a listing of 12 risks that were asserted not to be well managed, sorted by focus area/risk category from the above mentioned “risk and control assessment report”.

<b>MCLM Strategic Goals</b>	<b>Risk</b>	<b>Inherent Risk</b>	<b>Residual Risk</b>	<b>Points</b>
To Provide Basic Services	1) Dilapidated road infrastructure <ul style="list-style-type: none"> <li>- Inadequate Storm Water infrastructure to render sustainable services</li> <li>- Inadequate electricity infrastructure to render sustainable services</li> </ul>	25	20	4
	2) High distribution losses <ul style="list-style-type: none"> <li>Electricity and Water</li> </ul>	20	16	3
	3) Environmental pollution	25	16	3
	4) Deterioration of the geological conditions (dolomitic land)	25	20	2
	5) Proliferation of informal settlements	25	20	2
To Provide Local Economic & Social Development	6) Declining local economic activity.	25	20	1
To Provide Municipal Transformation & Organisational Development	7) Inadequate human resources to fulfil Municipal mandate	25	16	3
	8) Inadequate ICT services to support Municipal operations	16	12	4
To Provide Financial Viability & Management	9) Decline in financial viability of the Municipality	25	20	2
	10) Non-compliance to supply chain management policies	25	16	3
	11) Poor Contract Management	20	16	3
To Provide Good Governance & Public Participation	12) Fraud and corruption risks	25	20	3

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10 THREE-YEAR STRATEGIC RISK-BASED AUDIT PLAN 2021/2022 – 2023/2024

10.1 ANNUAL RISK-BASED AUDIT PLAN (2021/2022)

#	Division	Business Process / Auditible Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
<b>RISK-BASED AUDIT PROJECTS</b>						
1	All Divisions	Fraud Hotline	ER.12	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 (in process of sourcing service provider from Premier's Hotline).	160(40hrs pq)	Q1-Q4, depending on the reported cases
2	Finance (Budget & Treasury)	Rental Income (Roll-Over)	ER.09	To give reasonable assurance that key risks are adequately and effectively managed relating to rental lease agreements, ensure compliance with laws, regulations, policies and procedures, ensure that assets are safeguarded, validity, accuracy and completeness of records, to review whether all occupant in municipal building signed lease contract, to ascertain whether the municipality recovers outstanding debts from occupants who signed lease agreements.	160	Q1 July-Sept 2021
3	Corporate Shared Services (CSS)	Review ICT Systems Plan	ER.08	Determine adequacy of ICT process plan, policies and procedures	160	Q2 Oct-Dec 2021

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
4	Finance (CFO)	Audit of Covid-19 related to procurement and expenditure (Roll-Over)	ER.09	Assess procurement processes as well as the expenditure on the grant funding received in this regard. As well as compliance to the conditions of the grant.	160	Q2 Oct-Dec 2021
5	Finance (CFO)	Review of Annual Financial Statements(2019/2020)	ER.09	Review completeness of information captured in the Annual Financial Statement.	160	Q2 Oct-Dec 2021
6	Community Services (Libraries)	Cash Count: Libraries: (C/ville & F/ville)	ER.09	To review the adequacy and effectiveness of internal controls over management of cash within MCLM Libraries	160	Q3 Jan-March 2022
7	Community Services (Waste)	Waste Management	ER.01	To evaluate the following major processes: <ul style="list-style-type: none"> <li>• Compliance with the MFMA and NEMWA, policies and procedures.</li> <li>• Monitoring and evaluation measures with regards to Solid Waste Management Department.</li> <li>• Validity, accuracy and completeness of records.</li> </ul>	160	Q3 Jan-March 2022
8	AMM (Risk Management)	Risk Management (Roll-Over)	N/A	Adequacy and effectiveness of Risk Management Processes.	160	Q4 Apr-June 2022
9	Finance (SCM)	Gift Register (Roll-Over)	ER.09	Review the adequacy and effectiveness of Gift Register. Require the disclosure of offering of gifts and hospitality in a register whether accepted or declined.	160	Q4 July-Sept 2021
<b>DECISION-MAKING AUDITS</b>						
10	COO (PMO)	Pre-Determine Objectives (PDO) Q4 (2020/2021)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and	160	Q1 July-Sept. 2021

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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) Annual (2020/2021)	N/A	useful in all material respects, based on predetermined criteria.		Q1 July-Sept. 2021
12	COO (PMO)	Pre-Determine Objectives (PDO) Q1 (2021/2022)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	Q2 Oct-Dec 2021
13	COO (PMO)	Pre-Determine Objectives (PDO) Q2 (2021/2022)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	Q3 Jan-March 2022
14	COO (PMO)	Pre-Determine Objectives (PDO) Mid-Term (2021/2022)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	Q3 Jan-March 2022
15	COO (PMO)	Pre-Determine Objectives (PDO) Q3 (2021/2021)	N/A	Determine whether the reported performance against predetermined objectives is relevant, reliable and useful in all material respects, based on predetermined criteria.	160	Q4 April-June 2022
16	Finance	MFMA Compliance Checklist	N/A	Verification of the MFMA Compliance Checklist	160(40hrs p/q)	Q1-Q4, from the date the report was

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
						issued to Internal Audit
<b>FOLLOW-UP AUDITS</b>						
17	All Divisions	Internal Audit Follow-Up Audits (2019/2020) and (2020/2021)	N/A	Follow-up of Internal Audit reports issued during the previous financial years to review the status of implementation of agreed action plans	160	Q1-Q4, depending on the implementation date according to individual internal audit reports issued
18	All Divisions	Operational Clean Audits (OPCA 2019/2020)	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.	160(40hrs pq)	Q1-Q4
19	All Divisions	Key Controls		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	160(40hrs pq)	Q1-Q4, from the date the report was issued to Internal Audit
<b>OUTSOURCED AUDIT PROJECTS</b>						
20	Corporate Shared Services (Legal & Secretariat)	Contract Management	ER.11	Review the adequacy and effectiveness of controls relating to centralisation of contract management, review contract management system	200	Q3 Jan-March 2022

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
21	Infrastructure Development (Water & Sanitation, Electrical Engineering)	Reticulation Losses: (Water & Electricity)	ER.02	Review the adequacy and the effectiveness of controls (maintenance plans, water & electricity supply)	200	Q2 Oct-Dec 2021
22	Finance (Expenditure)	Assets Management: Infrastructure & Movable	ER.09	Evaluate the adequacy and effectiveness of the assets management process relating to adherence to policies Acquisition of assets, receipt and update of the assets register, safe guarding of assets, verification of assets	200	Q2 Oct-Dec 2021
23	Finance (Budget & Treasury)	Over & Underspending of Capital Budget	ER.09	Compliance with rules and regulations in terms of spending of the capital budget/grants	200	Q4 Apr-June 2022
<b>AD-HOC INTERNAL AUDIT REQUESTS</b>						
<p><b>Due to the Internal Audit capacity, provision has been made for two (2) management requests. Internal Audit received one (1) Management request for the current financial year stated as follows:</b></p>						
24	Finance (Supply Chain Management)	1. Investigation on procurement of Tenders awarded at Parks	ER 10	To locate Assets that were purchased under the following Tenders: <ul style="list-style-type: none"> <li>• Tender number CS(P&amp;C) 13/10/1920, Project name: Supply and delivery of 5 Slashers F40/120 for grass cutting. Mfanango Solutions (PTY)LTD was awarded the Tender and an amount of R141,797.00 was paid.</li> <li>• Tender number CS(P&amp;C) 34/02/2021 Project name: (Supply and Delivery of Grazers</li> </ul>	160	Q1 July-Sept 2021

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#	Division	Business Process / Auditable Area	Risk No.	High Level Scope of Work	Budgeted Hours	Anticipated Timing
				(Lawnmowers for grass cutting). YSF Chicco Trading Enterprise (PTY)LTD was awarded the Tender and an amount of R178,250.00 was paid. <ul style="list-style-type: none"> <li>• Tender number CS(P&amp;C) 35/02/2021, Project name (Supply and Delivery of Brush Cutters for Grass Cutting, YSF Chicco Trading Enterprise was awarded the tender and an amount of R172,250.00 was paid see Annexure A attached.</li> </ul>		
25	Corporate & Shared Services (Fleet Management)	2. Audit of Municipal Fuel Consumption	ER.09	<ul style="list-style-type: none"> <li>• Designation of Supervisors responsible for fuel monitoring within divisions and sections.</li> <li>• Review fuel consumption within different Department.</li> <li>• Validity, accuracy and completeness of information recorded on Vehicle Checklists and Trip Log Sheets</li> </ul>	160	Q1 July-Sept 2021

\*\* TOTAL AUDIT HOURS : 4160

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10.2 THREE-YEAR STRATEGIC RISK-BASED AUDIT PLAN: 2021/2022 – 2022/2023 – 2023/2024

#	PROJECT/FOCUS AREA	RISK NO.	INHERENT RISK	RESIDUAL RISK	INTERNAL AUDIT PLAN (2021/2022)	INTERNAL AUDIT PLAN (2022/2023)	INTERNAL AUDIT PLAN (2023/2024)
1	Fraud Hotline	ER.12	25 (High)	20 (High)	X		
2	Rental Income (Roll-Over)	ER.09	25 (High)	20 (High)	X		
3	Review ICT Systems Plan	ER.08	16 (High)	12 (High)	X		
4	Audit of Covid-19 related to procurement and expenditure (Roll-Over)	ER.09	25 (High)	20 (High)	X		
5	Review of Annual Financial Statements(2019/2020)	ER.09	25 (High)	20 (High)	X		
6	Cash Count: Libraries: (C/ville & F/ville)	ER.09	25 (High)	20 (High)	X		
7	Waste Management	ER.01	25 (High)	20 (High)	X		
8	Risk Management (Roll-Over)	N/A	N/A	N/A	X		
9	Gift Register (Roll-Over)	ER.09	25 (High)	20 (High)	X		
10	Pre-Determine Objectives (PDO) Q4 (2020/2021)	N/A	N/A	N/A	X		
11	Pre-Determine Objectives (PDO) Annual (2020/2021)	N/A	N/A	N/A	X		
12	Pre-Determine Objectives (PDO) Q1 (2021/2022)	N/A	N/A	N/A	X		
13	Pre-Determine Objectives (PDO) Q2 (2021/2022)	N/A	N/A	N/A	X		

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#	PROJECT/FOCUS AREA	RISK NO.	INHERENT RISK	RESIDUAL RISK	INTERNAL AUDIT PLAN (2021/2022)	INTERNAL AUDIT PLAN (2022/2023)	INTERNAL AUDIT PLAN (2023/2024)
14	Pre-Determine Objectives (PDO) Mid-Term (2021/2022)	N/A	N/A	N/A	X		
15	Pre-Determine Objectives (PDO) Q3 (2021/2021)	N/A	N/A	N/A	X		
16	MFMA Compliance Checklist	N/A	N/A	N/A	X		
17	Internal Audit Follow-Up Audits (2019/2020) and (2020/2021)	N/A	N/A	N/A	X		
18	Operational Clean Audits (OPCA 2019/2020)	N/A	N/A	N/A	X		
19	Key Controls	N/A	N/A	N/A	X		
20	Contract Management	ER.11	20 (High)	16 (High)	X		
21	Reticulation Losses: Water & Electricity	ER.02	20 (High)	16 (High)	X		
22	Assets Management: Infrastructure & Movable	ER.09	25 (High)	20 (High)	X		
23	Over & Underspending of Capital Budget	ER.09	25 (High)	20 (High)	X		
24	Investigation on procurement of tenders awarded at Parks	ER 10	25 (High)	16 (High)	X		
25	Audit of Municipal Fuel Consumption	ER.09	25 (High)	20 (High)			
26	Environmental Management	ER.07	25 (High)	16 (High)	X		
27	Infrastructure Maintenance: Storm Water	ER.02	25 (High)	16 (High)	X		
28	Low Revenue Collection	ER.16	20	16	X		

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#	PROJECT/FOCUS AREA	RISK NO.	INHERENT RISK	RESIDUAL RISK	INTERNAL AUDIT PLAN (2021/2022)	INTERNAL AUDIT PLAN (2022/2023)	INTERNAL AUDIT PLAN (2023/2024)
			(High)	(High)			
29	Non-compliance to Supply Chain Management Policies	ER.15	25 (High)	16 (High)		X	
30	Cash Count: Swimming Pools	ER.01	25 (High)	20 (High)			X
31	Payroll & Personnel Information Verification	ER.01	25 (High)	15 (High)			X
32	Procurement Processes: Tenders	ER.15	25 (High)	16 (High)			X
33	Management of Human Resource	ER.12	25 (High)	16 (High)			X