



Internal Audit

Mid-term Review
2016-17 Annual Audit Plan

1. Background

- 1.1. The 2016-17 Internal Audit Plan was approved by the Audit Committee at its meeting on the 27th July 2016, designed to provide coverage of key business processes during the given Fiscal Year
- 1.2. The Annual Audit Plan makes a provision to review the plan to ensure that it remains responsive to changes in business operations, systems, risks, availability of the internal audit activity's resources, and timing of ELRC'S initiatives. Such changes are subjected to notification and approval of the audit committee.

2. Review of the Annual Audit Plan

- 2.1. We considered issues emanating from changes in the operations, accounting system, changes in audit resource and the external interim audits which necessitated the review of the annual audit plan to ensure that it remains responsive to the business priorities and conditions.
- 2.2. We have considered the changes of financial system from Pastel Accounting to Evolution; the insufficient internal audit staffing resulted from budget constraints and the external interim audit.
- 2.3. As a result of above considerations we have concluded that some audits should be cancelled from the current plan or deferred to another quarter.

3. Changes to the 2016-17 Audit Plan

3.1. Ongoing Audit

The resource implications of audit projects that began in September 2016, but were not completed within that period are identified below:

Ongoing Audit	Expected Completion Date
Collective Bargaining Services: Provincial – <ul style="list-style-type: none">▪ Limpopo▪ Gauteng▪ Kwa Zulu Natal▪ Northern Cape▪ Free State	21 October 2016

3.2. Removed and Deferred Audits

The table below identifies all the changes to the 2016-2017 Plan

Removed Audit	Rationale
Quality review of quarterly financial statements	The external interim audit is scheduled to take place in January/February 2017, and due insufficient internal audit resources, the activity will place reliance on the outcome of the interim audit. In so doing we will also be avoiding duplication of efforts
Deferred Audits	Rationale
Internal financial controls	The audit has been deferred to the 4 th quarter to allow for the transition and alignment of finance processes to the new accounting system and gaps identified in prior audits (internal and external) The Pastel Evolution system is scheduled to go live in the 1 st week of October
Corporate governance	The audit has been deferred to the 4 th quarter so that it is aligned with the annual reporting period – whereby will be providing assurance on whether the executive committee and its sub-committees had discharged their duties and delivered their mandate for the 2016-17 year
Collective Bargaining Services: National	The outcome of the CBS Provincial audit will have the same effect in the national in terms of compliance with the Committee Working Procedure guidelines. As a result this audit has been deferred to the 2017-18 audit plan

3.3. **Appendix A** shows the proposed amendments to the original plan

4. **Recommendation**

The Audit Committee is asked to approve the proposed changes to the 2016-17 Internal Audit Plan.

Appendix A - Detailed Internal Audit Plan for 2015/16 – 4th Quarter (with proposed changes shown as a result of the review)

Quarter 1	Quarter 2
<ul style="list-style-type: none"> ▪ Performance management system; Leave administration; and Time and attendance (HR) ▪ Review of Communication services (M&R) ▪ Compliance management 	<ul style="list-style-type: none"> ▪ Quality review of quarterly financial statements (Finance) ▪ Payroll (Finance) ▪ Internal financial controls (Finance) ▪ Review of corporate governance (Exec) ▪ Collective bargaining services (Provincial) ▪ Procurement and contract management (SCM)
Quarter 3	Quarter 4
<ul style="list-style-type: none"> ▪ Quality review of quarterly financial statements ▪ Budget management ▪ Review of 2017-18 predetermined objectives ▪ Asset management (SCM) ▪ Collective bargaining services (National) ▪ IT general controls (ICT) ▪ Collective bargaining services (Provincial) 	<ul style="list-style-type: none"> ▪ Quality review of quarterly financial statements ▪ Dispute resolution (DMS) ▪ Annual internal audit ▪ Internal financial controls (Finance) ▪ Review of corporate governance (Exec)