

# **MBHASHE LOCAL MUNICIPALITY**

All correspondence to be directed to the office of the Municipal Manager  
454 Streatfield Street, Dutywa, Eastern Cape Province  
Tel: 047 489 5864/34 • Email: info@mbhashemun.gov.za  
www.mbhashemun.gov.za

## **NAME OF THE DIRECTORATE: MUNICIPAL MANAGER'S OFFICE (INTERNAL AUDIT)**

### **POLICY REVIEWAL FORM - 2022/23**

#### **1. PURPOSE OF THE REVIEWAL PROCESS**

This is aimed at ensuring that the Municipality adheres to the relevant provisions of the Constitution of the Republic of South Africa, 1996 (as amended), the Local Government: Municipal Systems Act (Act No. 32 of 2000, as amended) and the Local Government: Municipal Structures Act (Act No.117 of 1998, as amended) in so far as the processes of the policy and law making of the Municipality are concerned.

#### **2. LEGAL AND OR LEGISLATIVE BACKGROUND**

- Constitution of South Africa
- Municipal systems act
- Municipal Finance Management Act
- Internal Audit Standards of South Africa
- King IV on Good Governance

#### **3. REVIEWED POLICIES**

The following are the policies under the unit of Internal Audit that reviewed and the inputs will only be implemented in the 2021/22 financial year

- Audit and Performance Audit Committee Charter
- Internal Audit Charter
- Risk Management Policy
- Internal Audit Framework
- Combined Assurance Policy

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## **4. BACKGROUND EXPOSITION, FACTS AND PROPOSALS**

After reviewing the policy communication lines and scope of works will be clear

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| POLICY/PROCEDURE                              | SECTION                                                                 | POLICY IDENTIFIED                                                                     | PROPOSED RECOMMENDATION/ ADDITIONS/AMMENDMENT                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit and Performance Audit Committee Charter | Section 3(c)<br>Committee mandate                                       | Duplication of items under the committee mandate                                      | <p>Proposal to delete the sentence reflected as:</p> <ul style="list-style-type: none"> <li>• " specific duties of the committee" since this line is already covered under the general responsibilities</li> </ul>                                                                                                                                                                                                                                 |
|                                               | Section 3(3.2) (iv)<br>(Responsibilities relating to internal auditing) | Omission of certain procedure from the responsibilities relating to internal auditing | <p>Proposal to include one sentence on the responsibilities relating to internal auditing as follows:</p> <ul style="list-style-type: none"> <li>• Approval the decision of the appointment, replacement or dismissal of the Internal Audit Manager</li> </ul>                                                                                                                                                                                     |
|                                               | Section 3.6<br>(Compliance Management)                                  | Inadequate information relating to compliance management                              | <p>Proposal to edit the existing sentence so as to make it more meaningful as follows:</p> <p><b>Previous sentence:</b><br/>         "Consider the impact of new legislation on the affairs of the Municipality"</p> <p><b>Proposal or amended sentence:</b><br/>         Consider the impact of new legislation on the affairs of the Municipality by advising the council on the implications and the implementation of the new legislation.</p> |

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| POLICY/PROCEDURE      | SECTION                                            | POLICY IDENTIFIED                  | GAP | PROPOSED RECOMMENDATION/ ADDITIONS/AMMENDMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------|----------------------------------------------------|------------------------------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       | Section 7.6 (Notice of the meetings)               | Certain subsections still outdated |     | <p>Proposal to amend the sentence as follows:</p> <p><b>Previous sentence/ version:</b><br/>           Notice of each meeting shall be given in writing to all members of the Committee, at least <b>fourteen days</b> prior to the date on which such meeting is to be held</p> <p><b>Proposal/amendment to the sentence:</b><br/>           Notice of each meeting shall be given in writing to all members of the Committee, at least <b>seven days</b> prior to the date on which such meeting is to be held</p> |
| Section 10 (approval) | Process of approval of the audit committee charter |                                    |     | <p>Proposal to highlight the clear process on who is supposed to recommend and approve the charter</p> <p>Proposal:</p> <ul style="list-style-type: none"> <li>• Should be first recommend by the Accounting officer</li> <li>• Endorsed on behalf of the audit committee by the committee chairperson</li> <li>• Final approval before implementation to be made by the mayor of the municipality</li> </ul>                                                                                                        |

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| POLICY/PROCEDURE         | SECTION                                                                               | POLICY IDENTIFIED                              | GAP                   | PROPOSED RECOMMENDATION/ ADDITIONS/AMMENDMENT                                                                                                                                                                                                       |
|--------------------------|---------------------------------------------------------------------------------------|------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Internal audit framework | Section 9.4(Cadbury committee)                                                        | Incorrect or irrelevant reference made         | or reference          | Proposal of the deletion of the reference or topic heading highlighted as: <b>"Cadbury committee."</b><br>The Cadbury committee is more relevant to the private sectors but not to local government. It is irrelevant to our local government space |
| Risk Management Policy   | N/A                                                                                   | Correction of numbering and the financial year | of the financial year | Proposal to edit the document in terms of numbering and the footer that still reflect 2019/20 financial year                                                                                                                                        |
| Internal audit charter   | Section 1-5<br>Purpose, mission, objective, scope, policy definition and legislative) | Alignment of the topic heading                 | of the topic heading  | Proposal to re-align topic headings.                                                                                                                                                                                                                |
|                          | Section 6<br>(limitation of scope)                                                    | Certain paragraphs omitted to the policy       | omitted to the policy | Proposal to make a paragraph addition on the scope limitation to the internal audit unit                                                                                                                                                            |

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|---------------------------|--------------------------------------------------------|------------------------------------------|-----|---------------------------------------------------------------------------------------|
|                           | Section 22 and 23<br>Assurance and consulting services | Certain paragraphs omitted to the policy |     | Proposal to make addition of paragraph on: (i) assurance and (ii) consulting services |
| Combined Assurance Policy | N/A                                                    | Implementation plan                      |     | Proposal to develop a comprehensive combined assurance implementation plan            |

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