



Ref: 12/1/3/1

Enq: Buys IY Tel: 015 291 8433

**TO: ALL MUNICIPAL MANAGERS
ALL INTERNAL AUDITORS**

Dear Sir/Madam

**PROVINCIAL TREASURY MFMA CIRCULAR NO. 1 OF 2017: INTERNAL AUDIT
ACTIVITY PLAN AND QUARTERLY PROGRESS REPORTS**

Section 165 of the MFMA prescribes the establishment of the internal audit activity. Internal audit is an important component of internal control, risk management and corporate governance and provides the necessary assurance and advisory services to the organisation.

Internal audit activity is one of the most significant management tools and can provide value added services to the municipality or municipal entity. When objectively and adequately resourced, internal audit should be in a position to provide management with assurance regarding the effectiveness of the system of internal control, risk management and governance processes.

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the municipality's goals. The internal audit activity's plan as well as the fieldwork must focus on the risks to which the municipality and municipal entity is exposed. The internal audit plan should be risk-based and must be developed taking into account the results of the risk assessments and the integrated plan. Provision must also be made for cyclical and ad hoc audits.

SUBMISSION

In line with of section 74 (1) of the MFMA municipalities are hereby requested to submit the internal audit activity plan to the provincial treasury for inputs prior to approval by the audit committee.

REPORTING

The municipal manager must report progress on the implementation of the internal audit plan to the provincial treasury 10 working days after each quarter.

Regards



G. PRATT CA(SA)
HEAD OF DEPARTMENT

11/4/2017
DATE