

" The City of Heritage "



Ulundi LOCAL MUNICIPALITY

ANNUAL INTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2025

**ULUNDI
LOCAL
MUNICIPALITY**

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**ANNUAL INTERNAL AUDIT PLAN
FOR THE THREE-YEAR ENDING
30 JUNE 2026 And ONE YEAR PLAN ENDING
30 JUNE 2025.**

" The City of Heritage "



2023-2026 Internal Audit Strategic Plan



Ulundi LOCAL MUNICIPALITY

ANNUAL INTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2025

APPROVAL OF PLAN

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ULUNDI LOCAL MUNICIPALITY

Approved by : _____
SM ZITHA CA (SA).
CHAIRPERSON: AUDIT COMMITTEE
ULUNDI LOCAL MUNICIPALITY.

Date approved : _____





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Background

Local Municipality:

Ulundi Local Municipality is one of the six municipalities within the Zululand District. Its powers and functions are defined in the Constitution (Schedules 4 and 5 and Chapter 7) and refined further in the Municipal Structures Act (Section 84 and 85) and notice gazetted by the MEC for Local Government.

1. INTRODUCTION

The institute of Internal Auditors defines internal auditing as follows:

“.....an independent, objective assurance and consulting activity designed to add value and improve organizations, 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 government processes”.

In terms of the Municipal Finance Management Act 56 of 2003-chapter 8 Sec 62©, the accounting officer for the Municipality must ensure that the entity has and maintains, inter alia, effective, efficient and transparent systems of financial accounting, risk management and internal controls.

Ulundi Local Municipality has prepared three – year strategic internal audit plan for Internal Audit Unit to be compliant with the Act.

2. PURPOSE OF THIS DOCUMENT

Purpose of this Document

This document sets out the Internal Audit Plan for the period of July 2023/2024 and 2024/2025 to 2025/2026 for consideration and approval by the Audit Committee. The Plan incorporates:

- Annual Internal Audit Plan for the year ending 30 June 2025.
- Strategic three- year rolling Internal Audit Plan.

The Internal Audit Plan was designed to provide an independent, objective Assurance and advisory services, in an efficient and effective manner, to the following key stakeholders:

- Audit Committee
- Accounting Officer
- Top Management Team and
- Senior Management.



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The overall approach was to formulate a risk -based plan to align the priorities of the Internal Audit Unit with the strategic objectives and goals of the Ulundi Local Municipality and the related strategic and major business risks as identified by Management.

This document sets out the Annual Internal Audit Plan for the year ending 30 June 2025 for consideration and approval by the Audit Committee.

The plan was prepared based on:

- Results of the risk assessment workshop conducted by Risk Management Unit with Departments for risk reviews held in May 2024.
- The strategic and major risks identified and determined by the priority of ranking based on the Internal Audit three-year plan, Internal Audit and Auditor General Report findings of identified audit areas and the expertise and resources available to Internal Audit.
- The gradual implementation of the “combined assurance” principle whereby the efforts of various assurance providers are effectively coordinated to avoid duplication and inefficiencies.

The Internal Audit Plan for Ulundi Municipality was designed to provide an independent, objective Assurance and Advisory service, in an efficient and effective manner, to the following key stakeholders:

- District municipality’s Council through the Audit Committee of the municipality.
- KwaZulu-Natal Department of Local Government and Traditional Affairs.
- National Department of Provincial and Local Government.
- Municipal Manager.
- Local line management.

The overall approach was to formulate a risk-based Annual Internal Audit Plan to align the priorities of the Internal Audit function with the strategic objectives and goals of Ulundi and the related strategic and major business risks as identified by management, the Auditor General and previous audit reports.

3. RESTRICTION ON DISTRIBUTION OF THIS DOCUMENT

This document has been prepared for the sole and exclusive use of the Ulundi Local Municipality, the internal audit unit will not be held responsible to any third party who may use or rely upon the contents of this document for purposes other than that for which it was originally intended.



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4. INTERNAL AUDIT – ROLES AND RESPONSIBILITIES

The Internal Audit function evaluates and contributes to the improvement of governance, risk management and controls.

Governance

The Internal Audit Unit assists Management in achieving the goal of the Ulundi Local Municipality by evaluating the process through which:

- Risk and control information is communicated.
- The accomplishment of Municipal Performance goals is monitored.
- Accountability is ensured and corporate and values are preserved.

Risk Management.

Risk Management Unit assists Ulundi Local Municipality in facilitating the risk management process. This includes assisting management in identifying, evaluating, and assessing significant strategic and organization risks, and the monitoring thereof.

Controls.

The Internal Audit Unit evaluates whether the internal controls upon which management relies to mitigate the risks to acceptable levels, are appropriate and functioning as intended and develops recommendation for enhancement or improvements in the control environment.

The Internal Audit Unit is authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full uninhibited access to the Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel directorates of Ulundi Local Municipality where they perform reviews, as well as specified services from within the Municipality.

The Internal Audit Unit is not authorized to:

Perform any operation duties for Ulundi Local Municipality.

- Direct activities of any municipal employee by the Internal Auditing Unit, except to the extent that such employees have been appropriate assigned to auditing teams or to otherwise assist the internal auditors in carrying out investigations.

The Internal Audit Unit will conduct audits in accordance with the “Code of Ethics” and “ Standard for the Professional Practice of Internal Auditing” of the Internal Auditors as well as relevant Municipal legislation.



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Other Internal Audit Responsibilities / Activities.

- Additional Internal audit activities include:

Planning and reporting activities of the Internal Audit Unit include amongst others:

- Preparation of strategic three-year internal audit plan.
- Preparation of a detailed annual internal audit plan.
- Liaison with top management, external auditors, and key stakeholders.
- Reporting to the Audit Committee.
- Follow-up on reports issued.

Project Management

Project Management activities of the Internal Audit Unit include amongst others:

- Organizing and directing audit staff, including monthly internal audit management meetings.
- Review of working papers and reports.
- Monitoring activities against plan.
- Quality assurance reviews.

Management Responsibilities.

Management is responsible for the establishment and maintenance of an effective system of governance, risk management and internal control.

The objectives of the system of the internal control are inter alia, to provide Management with reasonable, but not absolute, assurance that:

- Objective are achieved
- Risks are properly managed.
- Assets are safeguard
- Financial and operation information is reliable.
- Operations are effective and efficient.
- Laws, regulations and contracts are complied with.

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. It must, however, be recognized that there are inherent limitations in any systems of internal control- including human error and circumventions through collusion. The prevention and detection of fraud is therefore Managements responsibility.

Advisory Services

Advisory service activities of the Internal Audit function include amongst others:

- Providing assistance and expertise on either newly developed systems or improving current systems;



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- Assisting management with the facilitation of risk assessments and the implementation of a formal system of risk management.
- Act as a “sounding board” to management for ad-hoc projects.

5. FRAUD CONSIDERATIONS

The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. It must, however, be recognised that there are inherent limitations in any system of internal control – including human error and circumventions through collusion. The prevention and detection of fraud is therefore management’s responsibility.

6. CO-ORDINATION AND CO-OPERATION

It is accepted that the co-operation and availability of the municipality’s personnel plays a significant role in impacting on the effectiveness and efficiency of our service to the municipality. Every effort must be made to obtain the complete co-operation of Departmental Site management.

7. OUR APPROACH

7.1. SCOPE OF INTERNAL AUDIT

The scope of Internal Audit, in line with good Corporate Governance principles and the Ulundi’s Audit Charter, is to determine whether Ulundi’s network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as required;
- 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 municipality’s control process.
- Significant legislative or regulatory issues impacting the municipality are recognised and addressed appropriately.
- Proactive steps towards the Skill Development and Human Resource Management including antecedent verification should cover serious Operational Risk emanating from high attrition rate - a common phenomenon in South Africa.
- Adherence to Municipal Finance Management Act, Municipal Systems Act, Division of Revenue Act, Supply Chain Management Framework etc.



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- Compliance with various policies for example the Supply Chain Management, Human Resource Policy, Debtors Policy, Investment Policy, etc;
- Corporate Governance such as various Committees is meeting with regularity and agenda. Minutes are properly documented and circulated and follow up action is taken and reviewed in a timely manner.

Although investigating fraud and other irregularities are not the primary focus of an Internal Audit approach, Internal Audit should maintain close liaison with management should any such issues be identified.

7.2 REPORTING AND COMMUNICATION

- Communication, orally and through reports, is an essential part of the Internal Audit process. Internal Audit should also communicate with management through a series of planned formal meetings.
- Progress reports are to be submitted to management on an on-going basis. A quarterly summarised report is to be submitted to management with a copy going to the Audit Committee. Reports are to clearly demonstrate the control and operational concerns arising from the reviews, the potential impact and the practical reasoned recommendations for change. Any critical issues to be reported orally to management and the Audit Committee immediately upon identification. Management to be given 5 days to respond to management reports and have 30 days after the issuance of final reports to see that corrective action on reported weaknesses is either planned or taken.
- Follow-up audits to be carried out to ensure that control weaknesses have been adequately rectified, or that appropriate action is being planned.

7.3 COMPLIANCE REVIEWS

We will concentrate on the basic internal control environment (Financial Management review). Internal Audit will concentrate on the operational risks identified during the risk assessment. Management is responsible for mitigating all risks.

The focus during the review of internal controls will be to evaluate the effectiveness of controls around initiation and approval of transactions prior to final processing and recording.



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7.4 COMMENCING THE AUDIT

Before an audit at a division is commenced, Internal Audit will prepare an Audit Planning Memorandum in consultation with the Head of the division. This will ensure that the division's expectations are addressed.

7.5 Period for submission of Required Documents.

The management has taken a decision to set a minimum period for the submission of the requested information from auditee (clients) with a minimum of 1 day and maximum of 3 days after that the request will be escalated to the Municipal Manager a maximum of 7 days is allowed to have the information submitted.



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8. STRATEGIC INTERNAL AUDIT PLAN 2023 TO 2026

The Strategic three year rolling Audit Plan will be maintained and updated according to the annual risk assessments.

Audit Area	Year 1	Year 2	Year 3
	2023/2024	2024/2025	2025/2026
Technical Section:			
• Review of Project Management (Progress reports and Site Visits).	X	X	X
• Facilities Management.	X	X	X
• Asset Maintenance Plan			
• Electricity Management Review (Prepaid and Conversational Electricity .	X	X	X
• Metter readings (audits . connections and disconnections processes).	X	X	X
Performance Management System (PMS):			
• Review of the PMS policy and implementation within the municipality;	X	X	X
• Compliance to Municipal Planning Management Regulations;	X	X	X
• PMS - Section 57 management contracts;	X	X	X
• Quarterly internal audit reviews of PMS information.	X	X	X
• Quarterly Projects performance reviews	X	X	X
Risk Management:			
• Risk Management i.e. Policy, Plan and Implementation	X	X	X
• Fraud Prevention and Detection Processes	X	X	X
• UIFW (Loss Control processes) Review			
• Establishment of Risk Committee	X		
• Code of Ethics	X	X	X
• Disaster Recovery Planning/Business Continuity Management	X	X	X
• Risk Registers (Quarterly Reviews)	X	X	X



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Audit Area	Year 1	Year 2	Year 3
	2023/2024	2024/2025	2025/2026
IT Based audit Reviews. <ul style="list-style-type: none"> Review of general controls and application controls such as backup, passwords control, and access rights and System and data availability and integrity controls. 	X x	X X	X X
Human Resource: <ul style="list-style-type: none"> Review of compliance of HR policies with labour and related framework and legislation; Recruitment and Appointments; Terminations; Leave Administration; Record Keeping; Overtime Management; Training and Development; Disciplinary procedures Succession Planning; Health, Safety and Environment. 	x x x x x x x x x x x	x x x x x x x x x x x	x x x x x x x x x x x
Banking and Cash Management: <ul style="list-style-type: none"> Investments; Bank and Cash Management; Bank Reconciliations; Petty Cash. Cash Counts (surprise cash counts) 	x x x x x	x x x x x	x x x x x
Supply Chain Management: <ul style="list-style-type: none"> Ordering; Tender process (demand, acquisition, logistics, disposal, risk management); Receiving Process; Invoicing and Reconciliation; Contract Management; Creditor (including payments); Inventory Management (Stores). Contract Management (SCM) 	x x x x x x x	x x x x x x x	x x x x x x x



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Audit Area	Year 1	Year 2	Year 3
	2023/2024	2024/2025	2025/2026
Payroll: <ul style="list-style-type: none"> • Payroll management; • Master file amendments. • Subsistence and travel allowances; • Councilors Allowances. • Performance Bonus. 	X X X X X	X X X X X	X X X X X
Planning and Social Development: <ul style="list-style-type: none"> • Local Economic Development projects (LED); Implementation and management of funded projects. 	X	X	X
Fixed Asset Management: <ul style="list-style-type: none"> • Fixed Asset Register. • Reconciliation. • Fleet Management. • Physical Verification of Assets. • Sites visits construction projects 	X X X X X	X X X X X	X X X X X
Revenue Management: <ul style="list-style-type: none"> • Account Receivable (debtors reporting and Monthly Reconciliation). • Credit control implementation • Revenue management and monitoring (rates, hall hire , building plans , Market stalls , Wendy houses rentals, refuse , house rentals and Electricity and other Facility rentals. 	X X X X	X X X X	X X X X
Budget Management <ul style="list-style-type: none"> • Draft budgets • Final Budget • Monthly budget reports • Reconciliation of Budget and • Budget Adjustments and virement processes. 	X X X X	X X X X	X X X X
IDP Review: <ul style="list-style-type: none"> • Planning, Implementation and Monitoring. 	X	X	x



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Audit Area	Year 1	Year 2	Year 3
	2023/2024	2024/2025	2025/2026
<ul style="list-style-type: none"> Compliance with Relevant laws and Alignment with Budget , SDBIP and Organizational scorecards 			
<p>Records management . Compliance with Municipal Records management policies. Compliance with archives acts. Methodology used to keep safe municipal records.</p>		x	x
<p>Follow up:</p> <ul style="list-style-type: none"> Follow up on previous Internal Audit reports; Follow up Auditor General’s report. Finance Recovery Plan (Budget funding Plan (review the progress report with supporting documents) 	x x x	x x x	x x x
<p>Financial Reporting:</p> <ul style="list-style-type: none"> Review of Financial Reporting (Reconciliations and section 71 Reports). Midyear Finance reports and Section 72 reporting documents (A and C schedules). Interim AFS both 6 months and 9 Months. Annual AFS Review Annual Performance Reviews Annual Report Oversight Reports 	X X X X X X X x	X X X X X X X x	X X X X X X X x
<p>Dashboard Review :</p> <ul style="list-style-type: none"> Follow up on quarterly basis. 	X	X	x



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9. ANNUAL INTERNAL AUDIT PLAN FOR 2024-2025.

No.	Planned Assignments	Detail	Targeted period.
1.	Annual Financial Statement:	Reviewing of AFS to identify whether there are prepared in accordance with GRAP. Annual Financial Statement Audits.	July / August 2024
2.	Year end: Annual Report Review Fourth Quarter PMS.	Review of quarter 4- Performance Management, reported targets, the corrective action for unmet targets and respective proof of evidence.	July / August 2024
3.	Annual Performance Review.	Review of Annual Performance for alignment with planned targets, budget, and respective Proof of Evidence.	July / August 2024
4.	Annual Report.	Review of Annual Report to assess compliance with regulations.	July / August 2024
5.	IDP, Budget, SDBIP and PMS.	Review the link between PMS, IDP, SDBIP and Budgets. The compliance of performance documents and submission to the respective stakeholders as per the regulation.	September/ October 2024
6.	Electricity Management.	Follow up on previously raised finding- The review of controls on application process, the installation of meters, the meter audits. The maintenance of meters registers and control of issuing of meters.	September/ October 2024
7.	Organisational Ethics- Ethics – Fraud risk registers and fraud prevention plan.	Follow up previously raised findings - Evaluating the compliance with established policies on ethics, fraud prevention plans. Reporting Compliance on fraud prevention plans. Fraud Risk Register and fraud prevention controls and mechanisms	September/ October 2024



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8.	Information Technology Management Review (IT)	Follow up on previously raised findings - Compliance with policies, maintenance of risk registers, meetings with steering committees. The backup and recovery plans. The management of third part service providers. Application controls (inputs, batch management, processing, and outputs controls). Data integrity, security, and Availability testing and	September/ October 2024
9.	Fleet Management	Follow up on previously raised findings - Petrol issuing, monitoring, contracts and monthly reconciliations, the management of itineraries. Fleet location and management. Incident and Accidents reporting. Loss control reporting process and recovery. Insurance Claims and processing including follow up processes.	September/ October 2024
10.	Human Resources Management	Follow up on previously raised finding- human resources the review would cover 1) Recruitment according to the policy 2) Dismals and disciplinary proceedings. 3) Termination of service voluntary and retirements 4) Time management Record keeping and file management.	October/ November 2024.
11.	Banking and Cash Management:	Follow up on previously raised findings - Collection of cash in each point, the recording and reconciliation procedures. The cashbook and bank reconciliation. The maintenance of investment registers and reconciliations. The withdrawal and transfers from respective account to main account and maintenance of records. Eft system management- Bank It system controls and assignment of passwords.	October/ November 2024.
12.	Grants and Subsidies	Follow up on previously raised finds on grants and subsidies, the allocation of funds, recording and reconciliation of grant register.	October/ November 2024.
13.	Maintenance plans	Follow up on previously raised on plans and approvals. Site visits and verification of reporting mechanisms	October/ November 2024.
14.	Budget Management	Follow up on previously raised findings on budget management. <ul style="list-style-type: none"> • Draft budgets • Final Budget • Monthly budget reports 	October/ November 2024.



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		<ul style="list-style-type: none"> • Reconciliation of Budget and • Budget Adjustments and virement processes. <p>Budget Funding plan.</p>	
15.	Indigent assistance	<p>Follow up on previously raised finding with testing of controls on indigent applications / selection and approval of indigents.</p> <p>The updating of indigent policies and related documents.</p> <p>The payments and accountability of indigent funds and grants reliefs.</p>	November / December 2024.
16.	Financial Recovery Plan (Budget Funding Plan)	Follow up reporting on implementation of budget funding plan and progress reports with supporting documents.	November / December 2024.
17.	Contract Management	<p>Detailed Testing -compliance with Contract Management Policy.</p> <p>Maintenance and review of the contract</p>	September/ October 2024
18.	Risk Management	<p>Review of Compliance and Risk Register for adherence to the policy and respective regulations. Completion of registers and supporting documents</p> <ul style="list-style-type: none"> • UIFW (Loss Control processes) Review (monthly meeting, composition and supporting documents. The committee resolutions and follow up until the council stage. 	November/ December 2024.
19.	Cash Management	<p>Cash Counts and petty cash review – control review and compliance with respective policies and procedures for all municipal sites.</p> <p>Petty Cash Management system description and detailed testing. Surprise Cash Count on all cash points.</p> <p>Receipting: Verify whether each cashier has a unique ID. Verify the amount collected for each point to cash on hand. Verify whether the cashier’s reconciliation was first counted by the cashier and supervisor and signed for as the evidence that the cash was accurate. Perform a surprise count to verify the end of the day procedures for accuracy.</p>	November/ December 2024.



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20.	Mid-Year Performance Management	The review of performance management report in compliance with regulations and OPMS Policy. The Quarter two report and supporting evidence (POE's)	January 2025
21.	Mid- Year Finance Management Report.	The review of section 72 report in compliance with regulation and review of reconciliations supporting the 72 reports.	January 2025
22.	Expended Public Works Program	Detailed Testing -The recruitment and selection process, Time management and records keeping. Head Count processes.	January 2025
23.	Project Management	Follow up on previously raised findings – Infrastructure asset verification. Comparing of records on the system and project reports.	January /February 2025
24.	Financial Information Reporting.	Review of correctness and completeness of reporting, Section 71 reporting and Grants Reporting to Stakeholders. Monthly Reconciliations Management Section 72 Reports Interim AFS 6 months Interim AFS 9 Months and Reconciliations	January /February 2025 April 2025
25.	Asset Management	Follow up on previous raised findings – The acquisition, disposal, and transfers of assets. The maintenance of asset registers the reconciliation process testing the accuracy and completeness of both the asset register and reconciliation. Physical asset counts and periodic reviews.	February/ March 2025
26.	Supply Chain Management	Follow up review and Detailed Testing. The requisition and order management. The supplier database management The selection and rotation of supplier database management. Supplier payment management reviews Tender Management Review from Advertisement to monitoring of performance and reporting process.	February /March 2025.
27.	Records Management	Detailed testing -Management of documents both electronic and manual , the compliance with municipal policies on records management and national archives act.	March/ April 2025
28.	Planning and Development	Detailed Testing - Issuance and Management of zoning, the reporting on illegal structures, the issuance of building licences and bill boards permit. Billing for services.	March / April 2025



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29.	Inventory Management	The reporting processes, the reconciliation testing accuracy and completeness of the recons. The requisition and issuing of stores. The acquisition of stores items from service providers. The physical stock take review and Quarterly stock count reviews	February /March 2025.
30.	Payroll Management	Review of employee remuneration incompliance with contracts and collective agreement. the budgeting of salaries, the reconciliation of salaries and wages remunerations. The statutory deductions and payment of respective third parts such as pension fund and SARS, the management of garnishers and payment thereof. The overtime management and payments.	February /March 2025.
31.	Follow up in Auditor General Findings – Action Plan, Dash Board Reporting and Testing of Integrity of Financial Reporting (Data Verifications).	Follow up on implementation of developed action plans. Follow up on the Dash- board objectives and commitment as agreed by management. Testing of Integrity of Financial Reporting (Data Verifications).	February 2025. March 2025 May 2025
32.	4th Quarter Cyclical Audit.	Performing an audit on Year End Audits: Stock Count Audits and Cash Counts.	May /June 2025.
33.	Special investigations	At the request of the Municipal Manager, the Audit Committee, or MPAC certain special assignments / projects will be undertaken. No special investigation will be undertaken without prior approval from the Municipal Manager and the Audit Committee.	As and when received.

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10. BUDGETED HOURS PER QUARTER FOR YEAR ONE.

Audit Area	Total	Planning and Review Hours	Field Work.	Audit Cycle 1 (July - Sept)	Audit Cycle2 (Oct - Dec)	Audit Cycle 3 (Jan - Mar)	Audit Cycle 4 (Apr - June)
1st Quarter budgeted hours.	736	120	616				
Annual Audits – AFS and Annual Performance Audit.	120	40	80	✓	-	-	-
Performance Management Q4 (2023-2024).	84	4	80	✓	-	-	-
Annual Report 2023-2024	24	8	16	✓	-	-	-
IDP, Budget, SDBIP and PMS	136	16	120	✓	-	-	-
Electricity Management.	84	4	80	✓	-	-	-
Organisational Ethics - Ethics- Fraud risk and prevention plans.	96	16	80	✓	-	-	-
Fleet Management	96	16	80	✓			
Information Technology Management Review (IT)	96	16	80	✓	-	-	-
2nd Quarter Total Budgeted Hours.	1024	140	884	0	0	0	0
Performance Management System.	176	16	160	-	✓	-	-
Human Resources Management	200	40	160	-	✓	-	-
Banking and Cash Management	76	16	60	-	✓	-	-
Grants and Subsidies	88	8	80	-	✓	-	-
Maintenance plans	68	8	60	-	✓	-	-
Revenue Management	128	8	120	-	✓	-	-
Budget Management	48	8	40	-	✓	-	-
Indigent assistance	66	6	60	-	✓	-	-
Financial Recovery Plan (Budget Funding Plan)	24	8	16	-	✓	-	-
Contract Management	96	16	80	-	✓	-	-

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Risk Management	44	4	40	-	✓	-	-
Cash Management	10	2	8		✓	-	-
3rd Quarter Total Budget Hours.	1280	180	1040				
Mid-Year Performance Management	48	8	40	-	-	✓	-
Mid- Year Finance Management Report.	48	8	40	-	-	✓	-
Expended Public Works Program	96	16	80	-	-	✓	-
Project Management	88	8	80	-	-	✓	-
Financial Information Reporting.	88	8	40	-	-	✓	✓
Asset Management	160	20	120			✓	
Supply Chain Management	140	20	120	-	-	✓	-
Records Management	96	16	80	-	-	✓	-
Planning and Development	96	16	80	-	-	✓	-
Inventory Management	140	20	120	-	-	✓	✓
Payroll Management	88	8	80	-	-	✓	
Follow up in Auditor General Findings – Action Plan, Dash Board Reporting (Finance Recovery Plan).	96	16	80	-	-	✓	✓
Risk and Compliance Management	96	16	80	-	-	✓	-
4th Quarter Total Budgeted Hours.	609	89	520	0	0	0	0
Financial Information Reporting.	163	3	160	-	-	-	✓
Performance Management Q3	83	3	80				✓
Risk and Compliance Management	43	3	40				✓
Follow up in Auditor General Findings – Action Plan, Dash Board Reporting and Testing of Integrity of Financial	180	60	120	-	-	-	✓

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Reporting (Data Verifications).							
Year End Audits - Stock Count and Cash Count.	140	20	120	-	-	-	✓
Other	144	24	120				✓
Special Investigations / Audits	144	24	120	✓	✓	✓	✓
Administration-	600	0	600	0	0	0	0
Planning (Administrative)	120		120	✓	✓	✓	✓
Meetings Admin and Audit Committee	120		120	✓	✓	✓	✓
Reporting - General (Preparation of Audit committee packs.	120		120	✓	✓	✓	✓
Prep for Quality Review	120		120	✓	✓	✓	✓
Training and Development	120		120	✓	✓	✓	✓
Total Hours	4393	553	3780	0	0	0	

11.3 Available Resources and Capacity within the Department.

The internal audit department is made from a team of four permanent employees, and one Cogta Intern Trainee.

There is a vacancy on position of Senior Internal Auditor. This is due to resignation of the Senior Internal auditor in February 2021. This has frozen due to lack of funds. A internal auditor post was created due to internal promotion of internal auditor to manager position.

Based on the plan the intention is to undertake all the assignments internally. The projects will only be outsourced when needs arise where the specialised personnel of skills are required.

External Resources.

Due to strict budget constraints there are no financial provisions being made for external resources. Should the need arise, we will request Treasury for assistance.

11.4. Scheduling of Internal Audit projects.

The Internal audit plan has been scheduled per quarters as listed in the Budgeted hours and detailed planning.

Our testing will mainly be based on test of controls on the system to ensure that the system is functioning according to the MSCOA requirements.

The following process will be followed:

1. We will update / compile a system description and perform a walkthrough using a sample of one for the areas to be audited.
2. We will perform detailed testing of the applicable systems updated / documented.
3. An Internal Audit Scoping Memorandum will be submitted to the respective Senior Management for the section to be audited and the Municipal Manager will be notified.
4. Conduct the Internal Audit and prepare an Internal Audit report. Ensure management receives audit queries immediately after the audit.

Management Response on Internal Audit findings:

Management must respond to all audit queries immediately or at the latest within 1 week after receipt on the audit queries.

5. All reports will be finalised with management and action plans and dates agreed upon.
6. All previous audit reports will include the specific risk register and followed up on bi- annually through tracking tool system and reported to top management and Audit committee. That is tracking tool.

11.5 THE INTERNAL AUDIT TEAM

The internal audit team is made of the following members who will ensure that the assignments are executed accordingly for the full financial year.

No.	TEAM MEMBER NAME	QUALIFICATION	EXPERIENCE	Position
1.	Phumzile Dlomo.	Honours (Post Grad in Internal Auditing, B-Tech Internal Auditing and Bcompt Degree in Accounting. Post Grad in Forensic Auditing	15 years' experience in internal auditing and Accounting field.	Deputy Director: Internal Audit
2.	Mbuso Ndlovu	BCom Accounting	6 years Internal Audit experience	Internal Auditor
3.	Simphiwe Kunene	Bcompt in Accounting	6 years' experience	Internal Auditor
4.	Jabulani Mbatha	Diploma Municipal Finance	4 year Experience in internal auditing	Internal Audit Clerk – Contract.
5.	Nomfundo Mtshali	B-Tech in Information System Auditing (IS).	1 year in Internal Auditing.	Internal Audit Intern (Gogta internship).

11.6 VACANT POSTS AND PLANS FOR FUTURE RESOURCES.

There two vacant posts under internal audit unit (Senior Internal Auditor and Internal Auditor).

11.7 REQUIRED RESOURCES.

Currently we are documenting our working papers on Excel,

The resources we require for internal audit are –

- 1) Team- Mate working paper system that will assist in managing and document our working papers.
- 2) Computer Assistance Audit Technology (CAAT) for Artificial Intelligence and robotic reviews to assist internal auditors to focus on relevant sections of the audits. Quotations has been requested from Walter Kluwer (PWC) R 1,058,820.76 and ACL R 2,545,135.15.

- 3) Adobe- Pro for compilation of Audit Committee Packs (Agenda and reports). We are utilising the unauthenticated version of Adobe- Pro, at times it shut down and were forced to prepare audit packs without page numbers which is unprofessional.
- 4) Funding on internal audit training and development in keeping with skills development as per IIA Standards and Ethics.
- 5) Funding to attend stakeholders organised training such as Treasury, Cogta and Salga trainings.
- 6) Funding for Audit committee trainings
- 7) Funding for Quality Assurance reviews

11.8 PROFESSIONAL CONTINUITY PLAN.

The detailed plan is documented under the Study plans. Apart from the professional continuity courses organised by IIA-SA and government stakeholders such as National Treasury and Gogta from time to time. We as the team has decided to continue with our professional development and we intend to undertake the following.

Name	Designation	Qualification	Institution
1. P.C. Dlomo	Deputy Director Internal Audit	Assessment of Professional Competence- Board 3	The Global Institute of Internal Auditors
		Post Grad in Accounting Science	Unisa
		Advance Excel	The Institute of Internal Auditors- South Africa.
2. M.N. Ndlovu	Manager -Internal Audit	Bachelor's in administration- Governance and Development	Unisa
		Advanced Excel	The Institute of Internal Auditors- South Africa.
3. S.N. Nene	Internal Auditor	Honours in Management Accounting.	Unisa
		CPMD	Treasury

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		Advance excel training	Institute of Internal Auditors.
		IT Auditing training	Institute of Internal Auditors.

11.9 Quality Assurance and Improvement Plan.

There has been no budget provision for external quality assurance within the internal audit unit. The last quality assurance provide was in 2017 by Provisional Treasury. The quality assurance should be provided at least every 5 years. Engagement has been held with KZN Cogta and Treasury whom have indicated there is lack on capacity and funding therefore there cannot assist the municipality with external quality assurance reviews. There are been a quality assurance peer review conducted by KZN Provincial Treasury in August – September 2022 , the report has been received May 2024 and action plan has been developed which will be closely monitored and reported on.