



**DITSONG MUSEUMS OF SOUTH AFRICA
("DMSA")**

**PRESENTATION TO THE AUDIT AND RISK
COMMITTEE**

**Three Year Strategic
and
One Year Operational**

Internal Audit Plan

1 April 2017 - 31 March 2020



**DMSA – 3 YEAR STRATEGIC ROLLING AND ONE YEAR OPERATIONAL PLAN
FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020**

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1. INTRODUCTION

According to the Public Finance Management Act (PFMA) of 1999 as amended, the Council of DMSA, as the Accounting Authority, must ensure that the organisation has and maintains, inter alia, effective, efficient and transparent systems of financial and risk management and internal controls.

This plan is prepared in terms of the PFMA and Treasury Regulation 27.2.7 which provides, inter alia, that:

The internal audit function must, in consultation with the Audit and Risk Committee, prepare:

- (a) *a rolling three-year strategic internal audit plan based on its assessment of key areas of risk for DMSA, having regard to its current operations, the operations proposed in its corporate or strategic plan and its risk management strategy;*
- (b) *an internal audit plan for the year;*
- (c) *plans indicating the scope of each audit in the annual internal audit plan*

ORCA has been engaged by DMSA as its outsourced internal audit services provider.

As part of our service delivery and to ensure that there is adequate assurance over the internal control systems implemented by the Council to mitigate identified risks, we have prepared a Strategic Rolling Internal Audit Plan for the Three Years ending 31 March 2020, for review and approval by the Audit and Risk Committee.

It is our assessment that the proposed coverage plan presented in Section 8 below will provide a level of internal audit coverage that:

- Is responsive to the relative criticality of individual DMSA business units/projects and functions;
- Is risk-based;
- Takes into account the results and conclusions of previous internal audit reports; and
- Supports the pursuit of DMSA's strategic objectives.

The one-year operational internal audit plan has been prepared based on:

- risks identified by the in-house risk management function within the entity;
- high-level review of the DMSA's Strategic Plan for the 2017/2018 financial year;
- the DMSA's concerns/risks as expressed during interactions and exploratory meetings with management of the DMSA; and
- findings raised by other assurance providers e.g. external auditors and previous internal auditors.

It is the responsibility of internal audit, management, the risk management function and the Audit and Risk Committee to review these risks for completeness (if any), decide on the reasonableness of the scores allocated to each risk, and based on their knowledge of the business, re-rank the risks as they deem appropriate on an on-going basis.

This therefore requires that the plan is dynamic, continues to be risk-based and may focus on areas that were not on the original annual plan.

1.1 Mandate

Outsourced Risk and Compliance Assessment (Pty) Ltd ("ORCA") was appointed as the outsourced internal audit service providers of DMSA.

DMSA has tasked ORCA to address the following:

- Preparation of a risk-based strategic rolling three year plan and one year internal audit plan taking into account operations.
- Preparation of an internal audit program for each financial year, including the scope of each audit.

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- Continuously assessing the plan to reflect changes in operations and risks.
- Reviewing the reliability and integrity of financial and operating information.
- Reviewing the systems established to ensure compliance with the policies, plans and procedures, laws and regulations.
- Reviewing the means of safeguarding assets.
- Assessing the economic and efficient management of the organisation's financial, human resources and other resources and the effective conduct of its operations.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals.
- Reviewing the planning, design, development, implementation and operation of major computer-based systems to determine whether:
 - Adequate controls are incorporated in systems;
 - Thorough systems testing is performed at appropriate stages;
 - System documentation is complete and accurate;
 - The needs of users are met.
- Assisting management to improve their policies and procedures.
- Preparing reports for timely and continuous submission to the Audit and Risk Committee, including progress on plan and summary of significant findings.
- Reporting to management and Audit and Risk Committee on findings, including recommendations on a timely basis.
- Performing ad hoc (other) assignments as authorised by management or the Audit and Risk Committee.

The audit coverage, scope and each of the aspects to be covered will be finalised with DMSA Executive management.

2. INTERNAL AUDIT MISSION STATEMENT

The audit process provides oversight to obtain reasonable assurance regarding management's assertions that objectives are achieved for effectiveness and efficiency of operations, reliability of financial information, and compliance with laws and regulations. Internal audit (IA) will proactively partner with its business management on the performance of financial, compliance, information technology and operational audits, as well as consulting reviews and special projects, to maximise value-added contributions from the process. **Value is created with an integrated audit approach using well trained, knowledgeable professionals, total quality principles, teamwork, innovation and world-class audit tools and techniques.**

3. ROLES AND RESPONSIBILITIES

The Institute of Internal Auditors defines internal auditing as follows:

“... an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

The internal audit activity therefore evaluates and contributes to the improvement of risk management, control and governance systems within DMSA.

3.1 Governance

The Internal Audit Function shall assist Management in achieving the goals of DMSA by evaluating the process through which:

- Goals and values are established and communicated.
- The accomplishment of goals is monitored.
- Accountability is ensured and corporate values are preserved.

It is currently intended that the Governance function will be managed from a Management perspective.

3.2 Risk Management

The Internal Audit Function shall assist Management in identifying, evaluating and assessing significant organisational risks and provide assurance as to the effectiveness of related internal controls regarding the focus areas reviewed with regards to DMSA.

Furthermore, Internal Audit shall evaluate the risk management process of DMSA for adequacy, efficiency and effectiveness.

3.3 Internal Controls

Internal Audit shall evaluate whether the internal controls systems of the focus areas as set out in its Internal Audit Plan, which management relies on to manage the risks to acceptable levels, are appropriate and functioning as intended (i.e. are they effective, yet efficient) and provide recommendations, where applicable, for enhancement or improvement.

The Internal Audit Function is authorised to:

- Have unrestricted access to all functions, records, property and personnel.
- Have full and uninhibited access to the Audit and Risk Committee.
- Assist with the allocation of its resources, frequencies, subjects, scope of work to be performed, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in divisions and functions of DMSA where they perform audits, as well as other specialised services from within or outside DMSA.

The Internal Audit Function is not authorised to:

- Perform any operational duties for DMSA.
- Initiate or approve accounting transactions external to the internal auditing function.
- Direct the activities of any DMSA employee not employed by the internal auditing department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors in carrying out investigations.

The Internal Audit Function will conduct audits in accordance with the “*Code of Ethics*” and “*International Standards for the Professional Practice of Internal Auditing*” of The Institute of Internal Auditors as well as other corporate governance principles and regulations.

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3.4 Management's responsibilities

Management is responsible for the establishment and maintenance of an effective system of governance to:

- Establish and communicate organisational goals and values.
- Monitor the accomplishment of goals.
- Ensure accountability and values are preserved.

Management is furthermore responsible for the establishment and maintenance of an effective system of internal control. The objectives of the system of internal control are, *inter alia*, to provide management with reasonable, but not absolute, assurance that:

- Risks are properly managed.
- Assets are safeguarded.
- Financial and operational information are 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 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.

Management representations made shall be requested to be presented in the form of a management representation letter and will be considered to form part of our audit evidence. Any management representations made will be accepted on face value and in good faith, with only limited testing and evaluation to assess the reasonableness thereof.

4. CO-ORDINATION OF INTERNAL AUDIT

The co-ordination of internal audit will consist of:

4.1 Internal audit team

Position	Name	Telephone No	Fax No
Engagement Directors	Dr Len Konar	010 590 7200	010 590 7201
	Ms Maryka Oosthuizen	010 590 7982/ 084 564 9900	
Engagement Manager	Mr Mduduzi Sithole	010 590 7200/ 083 433 5449	010 590 7201

4.2 Contact with DMSA

The contact person will be the following:

Position	Name	Telephone No	Fax No
Chief Executive Officer	Adv. BD Mushwana	012 000 0010	012 323 6592
Acting Chief Financial Officer	Mr Malvin Mwinga	012 000 0010	012 323 6592

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The Acting Chief Financial Officer will be responsible for all administrative arrangements relating to the internal audit function, for example, approval of expenses of the internal audit function. The budgets of the internal audit will be approved by the Management Executive Committee on recommendation from the Audit and Risk Committee. In addition, internal audit will report in line with the PFMA requirements.

It is submitted that the co-operation and availability of DMSA personnel plays a significant role in impacting the effectiveness and efficiency of the internal audit function. Every effort shall be made to obtain the complete co-operation of DMSA's management. Any delays shall be reported to the Acting Chief Financial Officer, the Chief Executive Officer and the Audit and Risk Committee.

4.3 Contact with the External Auditor and other assurance providers

In order to adopt a combined assurance approach, Internal Audit shall liaise closely with the external auditors and other assurance providers to avoid unnecessary duplication of audit work, where possible. Liaison with the external auditors may include holding regular meetings between the office of the external auditors and the Internal Audit Function to ensure that there is proper co-ordination.

5. EXECUTIVE SUMMARY

We understand that the scope of the services to be outsourced in this assignment is various internal audit projects, and that the basis of this arrangement is predominantly risk-based and compliance with the requirements of the Public Finance Management Act. Typically, the scope of such an assignment would include:

A. The Operational Phase for the area subject to focus:

- Opening meeting with the relevant management;
- Assessment and identification of the various risks inherent in the business processes as identified from the Strategic Business Plans prepared by DMSA and the risk management function;
- Performance of a pre-audit survey, and preparation of an audit planning memorandum (APM);
- Agreement of the Audit Planning Memorandum (APM);
- Documentation of (operational) systems;
- Preparation of an internal audit program for each audit;
- Review of the reliability and integrity of financial and operating information;
- Review of the systems established to ensure compliance with the policies, plans and procedures, laws and regulations;
- Review of the internal control structure and information systems;
- Review of the economy, efficiency and effectiveness of the operational controls;
- Review of the processes and controls in place to ensure the safeguarding of assets;
- Assessment of the economic and efficient management of the organisation's financial, human resources and other resources, and the effective conduct of its operations;
- Review of the organisation's operations or programs to ascertain whether results are consistent with established objectives and goals;
- Review of the planning, design, development, implementation and operation of major computer-based systems to determine whether:

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- Adequate controls are incorporated in systems;
- Thorough systems testing is performed at appropriate stages;
- System documentation is complete and accurate;
- The needs of users are met;
- Report to management on audit findings, including making recommendations on a timely basis;
- Preparation of reports for timely and continuous submission to the Audit and Risk Committee, including a summary of the significant findings
- Communicate with operational management to determine client satisfaction, and to obtain input with which to improve the audit process in future years;

However, our scope explicitly excludes:

- Accepting responsibility for management functions, including processing and approving transactions and making business decisions, and
- Designing and implementing systems and processes.

Management should consider the following matters to be communicated organisation-wide:

- A culture of adherence to prevailing Policies and Procedures should be embedded throughout the organisation (with appropriate authorisation and motivations for deviations);
- Strengthening of the monitoring controls, training and the preparation of all policy documents, where required;
- It should be ensured that all areas for improvement reflected in the detailed External and Internal Audit reports and the risk management reports issued to date are addressed as soon as possible on an on-going basis, or at least within the target dates identified.

6. RISK ASSESSMENT

6.1 Risk analysis

Risk analysis consists of two crucial elements, namely the identification and the quantification of risks. Identification depends to a large extent on the knowledge of the DMSA and the environment in which they operate.

Quantification depends on a combination of mathematics and judgement. Judgement depends on the knowledge of the assessors and the required objectives.

Risk analysis is not a static process. Assessments need to be revised as new information becomes available.

6.2 Risk identified

DMSA has an in-house management function which will serve as the “second line of defence” in the combined assurance approach and who will monitor risk mitigation in the organisation on an on-going basis.

Performance targets for each department should be maintained, against which the department would be measured at regular intervals. The absence of these performance targets may lead to unnecessary irregularities, internal communication problems and lack of proper controls.

6.3 Top Risks

These risks have emanated from the DMSA business risk assessments that take place on an on-going basis and are rated based on inherent risks and on residual risk ratings.

7. SKILLS TRANSFER TO DMSA

ORCA shall make available all documentation (including Internal Audit Programmes, working papers, templates, software, etc.) to DMSA. Where necessary, ORCA may also hold workshops and training seminars to transfer capacity and skills to DMSA staff over the period of the ORCA contract.

8. INTERNAL AUDIT PLAN

Refer to **Annexure B** for the detailed operational internal audit plan.

8.1 Operating Plans

It is important to demonstrate how the internal audit process integrates with and contributes to the DMSA's ability to provide a quality, cost-effective service.

Internal audit is a protective, assurance service that should be viewed in the context of:

- The challenges facing the DMSA and how these challenges affect its vision and ability to meet the expectations of its stakeholders, and
- The impact that these challenges have on internal audit, for example the increase in risk.

Financial pressures, the need for greater flexibility, the devolution of responsibility and major process changes all result in greater risk. Specialist internal audit input is, therefore, required for the DMSA to:

- Recognise the additional risks arising from challenges as well as the speed of change.
- Show an ability to effectively understand and assess the processes in place.
- Be responsive and flexible to accommodate changes in the audit plan.
- Contribute and add value by highlighting areas for improvement that are identified during the internal audit process.

Assurance and stakeholder value objectives are the two primary drivers affecting the focus and direction of an internal audit function. As the specifics of the drivers vary between individual entities, a fundamental underlying philosophy of our approach is the recognition that unique internal audit solutions are required in each situation; however we have found the following to be the universal focus areas:

- Cost control
- Safeguarding of assets
- Improvement of service delivery
- Management control
- Maximisation of benefits from technology
- Improvements to achieve best practice

8.2 Scope of Internal Audit

The scope of internal audit, in line with Treasury Regulations and the DMSA Audit and Risk Committee, is to determine whether DMSA'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 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.

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

8.3 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 shall be submitted to management on an on-going basis. A quarterly summarised report shall be submitted to management with a copy going to the Audit and Risk Committee. Reports shall demonstrate the control and operational concerns arising from the reviews, the potential impact and the practical reasoned recommendations for change. Any critical issues identified will be reported orally to management and the Audit and Risk Committee (where necessary) immediately upon identification. Management shall be given 5 working days to respond to management reports and to ensure that corrective action on agreed reported weaknesses is either planned or taken.
- Follow-up audits should be carried out to ensure that control weaknesses have been adequately rectified, or that appropriate action is being planned with a view to minimising the risks further.
- Development of a closer working relationship with the Office of the External Auditors to ensure that a programme is implemented to enable the External Auditors to rely on the work of the internal audit function in future.

8.4 Internal Control Reviews

The internal audit function will concentrate on the basic internal control environment (financial management review) and compliance with relevant acts and regulations, as well as Performance Information (predetermined objectives).

Internal Audit will concentrate on the operational risks identified in the risk register attached. Management is responsible for mitigating all risks.

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A Risk Discussion is set up as part of the Audit and Risk Committee and will monitor the high level risks through follow-up of the risk matrix.

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

9. CO-ORDINATION WITH EXTERNAL AUDIT

We shall meet with the representatives of the External Auditor's office and share our detailed plans with them to address their concerns and minimise duplication of effort. All our working papers and file notes shall be accessible by the External Auditors as and when needed.

10. EXPECTATIONS

The DMSA have set as their expectations the need for:

- The performance of independent compliance tests/reviews to ensure controls have been functioning properly in each department throughout the period under review;
- Assurance that the internal control functions are operating efficiently and effectively;
- Improvement on weaknesses identified in the management letter of the external Auditors;
- Timely issue of reports and regular internal audit follow ups;
- Better value-for-money, computer and performance auditing;
- The creation of risk awareness and the monitoring of risks;
- Efficient and effective audits which are proactive and promptly reported;
- Adequate visibility of the internal audit function within DMSA;
- Assurance to the Audit and Risk Committee that there has been compliance with relevant regulations and laws throughout the year and that controls relating to high-risk areas were functioning, and
- Internal audit function to comply with PFMA and Treasury Regulations when conducting the audit.

11. CONCLUSION

We look forward to providing a value-adding service to DMSA.

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ANNEXURE A – STRATEGIC RISKS

The following Strategic Risks emanate from the risk assessment conducted by management in February 2017:

Risk Number	Risks	Existing Controls
1.	Lack of accessibility and relevance as the results of DMSA's image, knowledge and perception in the public.	Visitor numbers and visitor satisfaction questionnaire
2.	Inadequate measures to increase accessibility and relevance of museums.	Unfilled vacancies, operational plans not developed, and uncoordinated programs.
3.	Inadequate health and safety procedures	<ul style="list-style-type: none"> • Designated Health and Safety volunteers per museum. • Disaster evacuation plan
4.	Inadequate disaster response plan	Inadequate disaster response plan
5.	Lack of an exhibition maintenance plan	Currently no exhibition maintenance plan
6.	Lack of a financial sustainability plan	<ul style="list-style-type: none"> • Revenue generation plan. • Market related services
7.	GRAP 103 compliance. Inadequate staff numbers. Inadequate resources. Time allocation not realistic enough to complete the project.	<ul style="list-style-type: none"> • Collection Management Policy, • Conservation Policy, • Draft Heritage Asset Policy
8.	Knowledge about heritage not disseminated.	MOU's, list of existing stakeholders and partnerships, draft Stakeholder Strategy, draft Event Management Strategy, draft Knowledge Management Strategy
9.	Institution not known for its Knowledge base.	Research policy, draft Knowledge Management Framework and Strategy, Research outputs by curators (popular, peer-reviewed, Conference contributions, Exhibitions)
10.	Inefficient supply chain processes	<ul style="list-style-type: none"> • SCM policy, • PFMA act
11.	Not having a clean audit	<ul style="list-style-type: none"> • Policies and procedures. • Weekly MANCO meetings to update audit queries
12	Outdated and ineffective ICT infrastructure	<ul style="list-style-type: none"> • ICT policy, • CG ICT policy framework in place

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ANNEXURE B – STRATEGIC ROLLING INTERNAL AUDIT AND ONE YEAR OPERATIONAL PLAN

The detailed risk register form the basis for detailed scoping of the focus areas to be reviewed.

The timing of the audits and the details of the internal audit programs shall be developed and finalised with management input, based upon the specific risks identified in the strategic and operational risk registers. Furthermore, the timing of the audits will be determined when the Audit plan is finalised. Time savings in specific areas would be utilised in other coverage areas, where required or passed on to management, where applicable.

This proposed plan, including its proposed coverage areas and budget, is subject to the finalisation of the overall DMSA plan and budget.

a) Three Year Rolling Plan

	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
A.	CORE ACTIVITIES					
A1	Business Development					
A1.1	Collection Management: <ul style="list-style-type: none"> • Review existence and compliance with the policies and procedures. • Determine existence, adequacy and effectiveness of controls within Collection Management functionality. • Determine if there are processes in place to ensure achievement of strategic objective relating to Collections. • GRAP 103 compliance 	<ul style="list-style-type: none"> • Lack of accessibility and relevance • Inadequate health and safety • Inadequate disaster response plan 	Operational	✓	✓	✓
A1.2	Accessioning and Inventory: <ul style="list-style-type: none"> • Review existence and compliance with the policies and procedures. • Determine existence, adequacy and effectiveness of controls within Accessioning and Inventory functionality. 	<ul style="list-style-type: none"> • Lack of accessibility and relevance • Inadequate health and safety • Inadequate disaster response plan 	Operational	✓	✓	✓

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	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> Determine if there are processes in place to ensure achievement of strategic objective relating to Accessioning and Inventory. Determine existence, adequacy and effectiveness of processes to ensure implementation of GRAP 103. 					
A1.3	<p>Conservation and Restoration Management</p> <ul style="list-style-type: none"> Review existence and compliance with the policies and procedures. Determine existence, adequacy and effectiveness of controls within Conservation and Restoration Management functionality. Determine if there are processes in place to ensure achievement of strategic objective relating to Conservation and Restoration. 	<ul style="list-style-type: none"> Lack of accessibility and relevance Inadequate health and safety Inadequate disaster response plan 	Operational	✓	✓	✓
A1.4	<p>Research:</p> <ul style="list-style-type: none"> Review existence and compliance with the policies and procedures. Determine existence, adequacy and effectiveness of processes within Research functionality. Determine if there are processes in place to ensure achievement of strategic objective relating to Research. 	<ul style="list-style-type: none"> Research outputs 	Operational	-	✓	✓
A2	<p>Public Programmes and exhibitions:</p> <ul style="list-style-type: none"> Review existence and compliance with the policies and procedures. Determine existence, adequacy and effectiveness of controls within Public Engagement functionality. 	<ul style="list-style-type: none"> Lack of an exhibition maintenance plan 	Operational	✓	✓	✓

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	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> Determine if there are processes in place to ensure achievement of strategic objective relating to Public Engagement. 					
B	FINANCE, IT AND OTHER					
B1	Finance					
B1.1	Revenue\Debtors: <ul style="list-style-type: none"> Review existence and compliance with the policies and procedures. Review adequacy and effectiveness of internal controls relating to revenue\debtors process. 	<ul style="list-style-type: none"> Lack of accessibility and relevance Inadequate financial sustainability plan Audit Opinion 	Operational/ Compliance	✓	-	-
B1.2	Asset Management: <ul style="list-style-type: none"> Review existence and compliance with the policies, procedures and other related legislations. Determine existence, adequacy and effectiveness of internal controls within asset management functionality. Determine existence, accuracy and completeness of assets. 	<ul style="list-style-type: none"> GRAP 103 compliance Audit Opinion 	Operational/ Compliance	✓	✓	✓
B1.3	Supply Chain Management: <ul style="list-style-type: none"> Review existence and compliance with the policies and procedures. Evaluate the adequacy and effectiveness of controls around the procurement process with regards to: <ul style="list-style-type: none"> Procurement Policies and Procedures: Existence, Adequacy, Review and Compliance Delegation of Authority: Existence and Adherence 	<ul style="list-style-type: none"> Supply chain services Audit Opinion 	Operational/ Compliance/ Financial	✓	✓	✓

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	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> ▪ Segregation of duties: Adherence to standard procurement procedures with regards to requisitioning, quotations, ordering, and receipt of goods and services ▪ Competitive bidding i.e. quotations and tender processes ▪ Maintenance of the suppliers' master-file: Registration, updates as well as rotation of suppliers ▪ Tender processing: adherence to policy and procedures <ul style="list-style-type: none"> ○ Requisitioning, specifications, advertisement, bid collection, adjudication and evaluation ○ Bid Adjudication Committee - existence, composition thereof and adherence to the guiding policy ▪ Training of SCM officials ▪ Emergency procurement - existence of and adherence to guidelines ▪ BEE Targets • Review compliance with applicable laws and regulations. • Review of contract management • Review proper allocation/alignment of delegation of authority on the SCM system and tasks have been delegated to appropriate personnel as per the organisational structure. 					
B2	<p>Audit of Performance Information:</p> <ul style="list-style-type: none"> • Review existence and compliance with the policies and procedures. • Review existence, adequacy and effectiveness of the system established and implemented for collecting, processing and collating performance information; • Verify that the reporting is in accordance with the National Treasury guidelines and other related regulations; • Verify the accuracy of quarterly performance report; 	<ul style="list-style-type: none"> • Audit Opinion 	Operational/ Compliance	✓	✓	✓

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	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> Verify the adequacy and effectiveness of the process to monitor non-performance; Verify if reported achievements are supported by adequate and valid supporting documentation. Verify if reasons for deviations from pre-determined targets are documented. 					
B3	<p>Human Resource Management and Payroll:</p> <ul style="list-style-type: none"> Review adequacy and effectiveness of controls around HR and Payroll with regards to: <p>Recruitment and Selection</p> <ul style="list-style-type: none"> Assessment and effectiveness of recruitment process Accuracy of job descriptions/ role profiles measured against actual functions (sample basis) Awareness of career opportunities within DMSA for employees advancement within the organisation Induction training provided to new staff members Review of physical personnel files against a best practice checklist (sample basis) Review of the management and completeness of employee contracts Employment Equity <p>Termination</p> <ul style="list-style-type: none"> Assessment and effectiveness of termination process Compliance with organisation policies and procedures Removal of terminated employees on payroll system Return of organisation assets (if applicable) Exit interviews 	<ul style="list-style-type: none"> Audit Opinion 	Operational/ Compliance/ Financial	✓	✓	✓

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	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<p>Leave Administration</p> <ul style="list-style-type: none"> • Consider the requirements of the leave policy • Maintenance and monitoring of leave • Controls to ensure accuracy of leave pay provision. <p>Performance Management</p> <ul style="list-style-type: none"> • Compliance with organisation policies and procedures • Performance contracts • Quarterly performance review • Training and Development <p>Retention</p> <ul style="list-style-type: none"> • Retention of staff • Succession Planning <p>Payroll</p> <ul style="list-style-type: none"> • Review of Payroll policy and procedures for adequacy • Review of adherence to Payroll policy and procedures • Review compliance to applicable laws and regulations • Evaluate the adequacy and effectiveness of controls around Payroll Management processes with regards to the following: <ul style="list-style-type: none"> ○ Master-file changes: Additions, terminations and amendments on the payroll master-file ○ Payroll reconciliations and posting to accounting records. ○ Third party and contractor payments ○ Payroll adjustments 					

**DMSA - 3 YEAR STRATEGIC ROLLING AND ONE YEAR OPERATIONAL PLAN
FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020**

	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> o Deductions o Reward and recognition o Bonus calculations and payments o Salary Increases 					
B4	<p>Marketing and Communication:</p> <ul style="list-style-type: none"> • Review existence and compliance with the policies and procedures. • Review Marketing Strategy and Plan • Review effectiveness of Marketing Strategy. 	<ul style="list-style-type: none"> • Lack of an exhibition maintenance plan 	Operational/ Compliance	-	-	✓
B5	<p>Information Technology:</p> <ul style="list-style-type: none"> • General Controls Review • Application Control Review 	<ul style="list-style-type: none"> • Inadequate disaster response plan • Audit Opinion • Outdated and ineffective ICT infrastructure 	Operational/ Compliance	✓	✓	✓
B6	<p>Corporate Governance:</p> <ul style="list-style-type: none"> • Compliance with King IV Code and other related and relevant legislations. • Review Fraud prevention strategy and plan • Review process and action taken on fraud emanating from the fraud hotlines. • Council and Committees Charters/Terms of Reference existence, review and approval 	<ul style="list-style-type: none"> • Stakeholders and partnerships 	Compliance	✓	✓	✓
B7	<p>Occupational Health and Safety</p> <ul style="list-style-type: none"> • Review existence and compliance with policies, procedures, laws and regulations 	<ul style="list-style-type: none"> • Inadequate disaster response plan 	Compliance	✓	-	✓

**DMSA - 3 YEAR STRATEGIC ROLLING AND ONE YEAR OPERATIONAL PLAN
FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2020**

	AUDITABLE AREA AND HIGH LEVEL SCOPE OF WORK	Risk Identified	Type of Review	2017/ 2018	2018/ 2019	2019/ 2020
	<ul style="list-style-type: none"> Review adequacy and effectiveness of internal controls around Health and Safety. 					
C	ADMINISTRATION OF INTERNAL AUDIT FUNCTION					
	<ul style="list-style-type: none"> Update Internal Audit Charter Compiling Annual and Three Year Operational Plan Update Risk Assessment Attending Audit Committee Meetings Project management of Internal Audit Function Liaison with Auditor-General Annual Financial Statement Review 		N/A	✓	✓	✓
D	AD-HOC					
	<ul style="list-style-type: none"> On an as needed basis 		TBD	TBD	TBD	TBD
	ANNUAL HOURS DEVOTED TO COVERAGE PLAN			615	680	680