**ANNEXURE A2**

**PUBLIC SECTOR AUDIT COMMITTEE WORK PLAN TEMPLATE - PSAUC2**

# PUBLIC SECTOR AUDIT COMMITTEE WORK PLAN TEMPLATE

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| **DOCUMENT NAME** | Audit Committee Work Plan |
| **DOCUMENT NUMBER** | PSAUC2 |
| **RESPONSIBLE** | Audit and Risk Committee Chair |

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# POLICY OWNER

The Audit Committee approves this Work Plan. The policy is applicable to the entire entity.

## 1. OWNER

The purpose of the Work Plan is to ensure that the Audit Committee deals with all its responsibilities during the financial year and report to its appropriate Stakeholders.

## 2. WORK PLAN

### A REQUIRED POLICIES AND PROCEDURES

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| **A** | **Policy Name** | **Status** | **Implementation Date** | **Revision Date** | **Compliance Reference** | **Template Reference** |
| 1 | Audit Committee Charter/Terms of Reference |  |  |  |  | PSAUC2 |
| 2 | Code of Ethics |  |  |  |  |  |
| 3 | Combined Assurance Model/Framework |  |  |  |  | PSAUC10 |
| 4 | Delegation of Authority Framework |  |  |  |  |  |
| 5 | Risk Management Framework, Policy and Plan |  |  |  |  |  |
| 6 | Internal Audit Charter |  |  |  |  | PSAUC11 |
| 7 | IT Steering Committee Terms of Reference |  |  |  |  | PSAUC13 |

### B. ITEMS FOR ANNUAL CONSIDERATION/ACTION

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **Financial Statement Process** | | | | | | | |
| 1 | Review the appropriateness of accounting policies applied and disclosed in the  annual financial statements |  |  |  |  |  |  |
| 2 | Review the appropriateness of assumptions made by management in preparing the annual financial statements |  |  |  |  |  |  |
| 3 | Review the significant accounting and reporting issues, and understand their impact on the annual financial statements |  |  |  |  |  |  |
| 4 | Review the annual financial statements to ensure quality and integrity of the document; |  |  |  |  |  |  |
| 5 | Review the annual financial statements of the Municipality/Municipal Entity for the reasonableness, completeness and accuracy in a timely basis |  |  |  |  |  |  |
| 6 | Obtain assurance from management with respect to the accuracy of the financial statements |  |  |  |  |  |  |
| 7 | Obtain assurance from management that the municipal audit file has been prepared in line with the applicable standards and guidance contained in relevant legislative documents |  |  |  |  |  |  |

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| 8 | Review with management and the external auditors the results of external audit, including any significant issues identified |  |  |  |  |  |  | |
| 9 | Review the annual report and related regulatory filings before release and consider the accuracy and completeness of the information |  |  |  |  |  |  | |
|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **External Auditor** | | | | | | | |
| 10 | Review the External Auditors' proposed audit scope of work, approach and audit fees for the year and the extent of co- ordination with the internal audit unit |  |  |  |  |  |  |
| 11 | Review the findings and recommendations by External Auditor and management responses thereto |  |  |  |  |  |  |
| 12 | Review implementation of External Auditor’s recommendations by management |  |  |  |  |  |  |
| 13 | Review the performance of External Auditors with inputs from the Chief  Financial Officer and provide feedback to the Auditor-General |  |  |  |  |  |  |
| 14 | Review the allocation of hours and fees by the External Auditors in relation to audit risks and make recommendations in respect thereof to the Council/Board |  |  |  |  |  |  |

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| 15 | Ensure that there is proper coordination of audit efforts between Internal and External Auditors; |  |  |  |  |  |  |
| 16 | Meet separately with the External Auditors to discuss any matters that the Committee or External Auditors believe should be discussed privately |  |  |  |  |  |  |
| 17 | Review the report on the annual financial statements and matters raised therein for reasonability and accuracy |  |  |  |  |  |  |
| 18 | Advise the Accounting Officer on actions taken relating to significant matters raised in External Audit reports |  |  |  |  |  |  |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | | **Template Reference** |
| **Internal Controls** | | | | | | | | |
| 19 | Ensure that management follows a sound process to draw conclusions on the  adequacy and effectiveness of the system of internal control |  |  |  |  | |  |  |
| 20 | Assess whether management has relevant policies and procedures in place and that these are adequate, effective and updated regularly |  |  |  |  | |  |  |
| 21 | Assess steps taken by management to encourage ethical and lawful behavior; financial discipline and accountability for use  of public resources |  |  |  |  | |  |  |
| 22 | Obtain an understanding of the scope of Internal and External auditors' review of internal controls and financial reporting processes, and review their reports on significant findings and recommendations, together with management's responses |  |  |  |  | |  |  |
| 23 | Review whether the financial internal controls  are operating efficiently, effectively and economically |  |  |  |  | |  |  |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | | **Meeting 3** | | **Meeting 4** | **Compliance Reference** | | **Template Reference** | |
| **Performance Management** | | | | | | | | | | | |
| 24 | Review and comment on compliance with statutory requirements and performance  management best practices and standards |  |  | |  | |  | |  |  | |
| 25 | Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements |  |  | |  | |  | |  |  | |
| 26 | Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the municipality |  |  | |  | |  | |  |  | |
| 27 | Review compliance with in-year reporting requirements |  |  | |  | |  | |  |  | |
| 28 | Review the quarterly performance reports  submitted by internal audit |  |  | |  | |  | |  |  | |
| 29 | Review and comment on Municipality’s/ Municipal Entity’s annual financial statements and timely submission to the Auditor-General by 31 August, each year |  |  | |  | |  | |  |  | |
| 30 | Review and comment on the Municipality’s/ Municipal Entity’s annual reports within the stipulated timeframes |  |  | |  | |  | |  |  | |
| 31 | Review and comment on the Municipality’s/ Municipal Entity’s performance management system and make recommendations for its improvement |  |  | |  | |  | |  |  | |
| 32 | Review whether the performance reporting and information uses appropriate targets and benchmarks |  | |  |  |  | | |  | |  | |

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|  | **Consideration/Action** | | **Meeting 1** | | **Meeting 2** | | **Meeting 3** | | **Meeting 4** | | **Compliance Reference** | | | **Template Reference** | |
| **Internal Auditors** | | | | | | | | | | | | | | | |
| 33 | Review the quality, effectiveness and independence of the internal auditors | |  | |  | |  | |  | | |  | |  | |
| 34 | Approval of Internal Audit Charter | |  | |  | |  | |  | | |  | |  | |
| 35 | Approval of Internal Audit Plan | |  | |  | |  | |  | | |  | |  | |
| 36 | Review of annual assessment of internal financial controls [ | |  | |  | |  | |  | | |  | |  | |
| 37 | Review the use of the Internal Auditors for Non-Audit Purposes | |  | |  | |  | |  | | |  | |  | |
| 38 | Review the resources of the Internal Auditors | |  | |  | |  | |  | | |  | |  | |
| 39 | Conduct an external independent quality review of the Internal Audit function every 5 years | |  | |  | |  | |  | | |  | |  | |
| 40 | In camera: Meet with Internal Audit without Management Present | |  | |  | |  | |  | | |  | |  | |
| 41 | Review and concur in the appointment, replacement, or dismissal of the Chief Audit  Executive | |  | |  | |  | |  | | |  | |  | |
| 42 | Assist with resolving any difficulties or unjustified restrictions or limitations on the scope of Internal Audit work | |  | |  | |  | |  | | |  | |  | |
| 43 | Review significant findings and recommendations by Internal Audit and management responses thereto | |  | |  | |  | |  | | |  | |  | |
| 44 | | Review implementation of Internal Audit recommendations by management | |  | |  | |  | |  | | |  | |  | |
| 45 | | Review the performance of the Chief Audit Executive | |  | |  | |  | |  | | |  | |  | |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **Risk Management** | | | | | | | |
| 46 | Risk Management Policy and Framework Review and recommend for approval by AO |  |  |  |  |  |  |
| 47 | Risk Management Strategy review and recommend for approval by AO |  |  |  |  |  |  |
| 48 | Risk Management Implementation Plan review and recommend for approval by AO |  |  |  |  |  |  |
| 49 | Risk Appetite and Tolerance levels review and recommend for approval by the AO |  |  |  |  |  |  |
| 50 | Risk Identification and Assessment Methodologies review for effectiveness |  |  |  |  |  |  |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **Information Technology** | | | | | | | |
| 51 | Review and advise the accounting officer and management on ICT Governance, adequacy of ICT related controls and safeguarding of information |  |  |  |  |  |  |
| 52 | Review and advise the accounting officer and management regarding the appropriateness of disaster recovery and continuity plans |  |  |  |  |  |  |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **Compliance** | | | | | | | |
| 53 | Review whether management has considered legal and compliance risks as part of the risk assessments |  |  |  |  |  |  |
| 54 | Review the effectiveness of the system for  monitoring compliance with laws and regulations |  |  |  |  |  |  |
| 55 | Review the findings of any examinations by regulatory agencies, and any auditor observations |  |  |  |  |  |  |
| 56 | Review the process for communicating the code of conduct to the officials, and for monitoring compliance therewith |  |  |  |  |  |  |
| 57 | Obtain regular updates from management regarding compliance matters | x | x | x | x |  |  |

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|  | **Consideration/Action** | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting 4** | **Compliance Reference** | **Template Reference** |
| **Corporate Governance** | | | | | | | |
| 58 | Review Audit and Risk Committee Terms of Reference |  |  |  |  |  |  |
| 59 | Review Composition of the Audit Committee |  |  |  |  |  |  |
| 60 | Performance Evaluation of the Audit Committee |  |  |  |  |  |  |
| 61 | Audit Committee report to the Governing Body |  |  |  |  |  |  |

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|  |  | **Consideration/Action** | | **Meeting 1** | **Meeting 2** | **Meeting 3** | **Meeting4** | | **Compliance Reference** | | **Template Reference** |
| **Organizational Ethics / Integrity** | | | | | | | | | | | |
| 62 | | | Review Code of Ethics |  |  |  |  |  | |  | |

### C ITEMS FOR QUARTERLY CONSIDERATION

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|  | **Consideration/Action** | **Responsible** | **Media** | **Compliance Reference** |
| 1 | Financial Report and Forecast | CFO | Written Report |  |
| 2 | Proposals for Capital Expenditure in terms of Delegation of Authority | CFO | Memorandum |  |
| 3 | Cash Flow Report | CFO | Presentation |  |
| 4 | Risk Management Report, Including Risk Register | CFO | Written Report |  |
| 5 | Schedule of Fraud and Theft | CFO | Memorandum |  |
| 6 | Internal Audit Report | CAE | Written Report |  |
|  |  |  |  |  |

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## 4. CONTINUOUS IMPROVEMENT

The Audit and Risk Committee is dedicated to continuous improvement of its own processes and procedures, as well as the general Governance, Risk Management and Control Environment of the entity it serves.

## 5. EVALUATION OF ACTIVITIES

The Committee will annually undertake self-assessment of its performance. The Chairperson will also provide each member with feedback on that member’s contribution to the Committee’s activities at least once during a member’s term of office. The assessment will include training needs for each Committee member. Feedback will be provided to the accounting officer and municipal council on the results of the findings of the evaluation.

## 6. POLICY REVIEW PERIOD

This Annual Work Plan should be reviewed by the Audit Committee on an annual basis to ensure its continued application and relevance.

## 7. AMENDMENT HISTORY

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| **VERSION** | **AMENDMENTS** | **DATE** |
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## 8. DOCUMENT APPROVAL

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| **NAME** | **POSITION** | **REVIEWER SIGNATURE** | **DATE** |
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