**ANNEXURE A7**

**AUDIT COMMITTEE ASSESSMENT OF THE INTERNAL AUDIT ACTIVITY - PSAUC7**

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The activities of the internal audit must be guided, monitored and supervised at each level of operation to ensure that they are consistently performed in accordance with the International Standards for the Professional Practice of Internal Audit. The Quality Assurance and Improvement Programme (QAIP) should include periodic internal assessments within a short time prior to an external assessment which can facilitate and reduce the cost of the external assessment.

This part contains matters for consideration by the Audit Committee prior to feedback from other areas of the organisation. Where Audit Committee members disagree, detailed comments should be obtained.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Question** | **Strongly Agree** | **Agree** | **Neutral** | **Disagree** | **Strongly Disagree** | **N/A** | **Comments** |
| **Understanding of role and responsibilities** |
| **1. Internal audit demonstrates that it:** |
| * Recognises its direct reporting responsibility to the audit committee.
 |  |  |  |  |  |  |  |
| * Has a firm understanding of the responsibilities and operation of the audit committee, which guides its reporting and

interaction with the audit committee. |  |  |  |  |  |  |  |
| * Understands the organisation’s business, governance processes, risk environment and internal control framework.
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| * Understands its role in the combined assurance model.
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| * Coordinates the internal audit plan with that of the external auditors where applicable.
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| 2. Internal audit’s processes are flexible and dynamic in addressing emerging business, operational, compliance, sustainability and assurance needs. |  |  |  |  |  |  |  |
| **Charter, structure and positioning** |
| 3. Internal audit operates in terms of a formally defined and approved internal audit charter. |  |  |  |  |  |  |  |
| 4. The internal audit charter is reviewed regularly (at least every year). |  |  |  |  |  |  |  |
| 5. Internal audit’s mandate meets the organisation’s current needs. |  |  |  |  |  |  |  |
| 6. The internal audit charter is accessible to everyone in the organisation. |  |  |  |  |  |  |  |
| 7. Internal audit is (and is perceived to be) independent from management. |  |  |  |  |  |  |  |
| 8. The structure, composition and resources of internal audit facilitates: |
| * Consistency in the quality of service to the organisation.
 |  |  |  |  |  |  |  |
| * Understanding of the organisation’s business issues.
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| 9. Internal audit is strategically positioned to achieve its objectives, i.e., it has appropriate status in the organisation evidenced by the following: |
| * The CAE has a standing invitation to attend all audit committee meetings.
 |  |  |  |  |  |  |  |
| * The CAE has direct access to the chairperson of the audit committee.
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