**ANNEXURE A8**

**AUDIT COMMITTEE ASSESSMENT OF THE FINANCE FUNCTION - PSAUC8**

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This assessment could be performed via questionnaires being completed by each Audit Committee member, the significant results of which should be summarised and discussed at the following Audit Committee meeting.

Alternatively, should the pre-completion of the questionnaire not be feasible, an in-depth discussion could take place at an Audit Committee meeting, covering similar points to what would have been covered in the questionnaire. The Finance function will be subject to an assessment by the internal auditor in accordance with the approved annual internal audit plan. The Audit Committee may also engage an external expert to carry out a detailed assessment based on their terms of reference.

Having assessed the finance function and arrived at its conclusion, the Audit Committee should use this outcome to influence its opinion on the effectiveness of financial reporting and financial controls.

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| **#** | **Question** | **Yes** | **No** | **Partially** | **Additional Comments** |
| **1.** | **Finance function as a whole** | | | | |
| 1.1 | The members of the finance function collectively have the requisite financial qualifications and experience to enable them to fulfill their functions and individually meet the  prescribed financial management competency levels. |  |  |  |  |
| 1.2 | The finance function focuses on providing decision  support and business insight as well as transactional processing. |  |  |  |  |
| 1.3 | Reports from the finance function show a good  understanding of what the entity does and the industry in which it operates. |  |  |  |  |

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| 1.4 | Feedback about the finance function (whether formal or  informal) from internal audit and the Auditor-General has been satisfactory. |  |  |  |  |
| 1.5 | The absence of major audit adjustments identified during the external audit demonstrates that the finance function  is competent and diligent in its work. |  |  |  |  |
| 1.6 | The number and quality of people in the finance function  is appropriate to the size and nature (complexity) of the entity and its operations. |  |  |  |  |
| 1.7 | The quality of the internal financial reporting to the Audit  Committee is adequate as is reporting to the relevant Municipality / Municipal Entity. |  |  |  |  |
| 1.8 | The quality of the annual financial statements in the  annual report is comprehensive and of an acceptable standard. |  |  |  |  |
| 1.9 | The structure and positioning of the finance function  ensures that there is adequate supervision of the work performed by suitably qualified people. |  |  |  |  |
| 1.10 | Members of the finance function are up to date with  developments in their area/s of responsibility. |  |  |  |  |
| 1.11 | Members of the finance function have shown their willingness and ability to deal with difficult or contentious financial reporting issues and to bring these issues to the  Audit Committee’s attention. |  |  |  |  |
| 1.12 | There is an adequate succession plan in place for  members of the finance function. |  |  |  |  |
| 1.13 | The financial spending is in line with approved budgets in terms of strategic plans/ integrated development plans. |  |  |  |  |

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| 1.14 | The finance function has complied with MFMA  requirements with regards to financial management. |  |  |  |  |
| 1.15 | The lack of unauthorised expenditure reveals that the  finance function is committed to controlling spending. |  |  |  |  |
| 1.16 | The finance function has sufficient control to prevent and  detect fruitless and wasteful expenditure |  |  |  |  |
| 1.17 | The finance function takes notice of any significant findings reported by the external and internal audit during the external audit and puts action plans to implement then  and to address weaknesses identified. |  |  |  |  |