



World-Class
IA Function



Innovation and
Value Add



Quality and
Excellence

SekelaXabiso



Role of internal audit in improving fiscal integrity

IA is central to issues affecting fiscal integrity

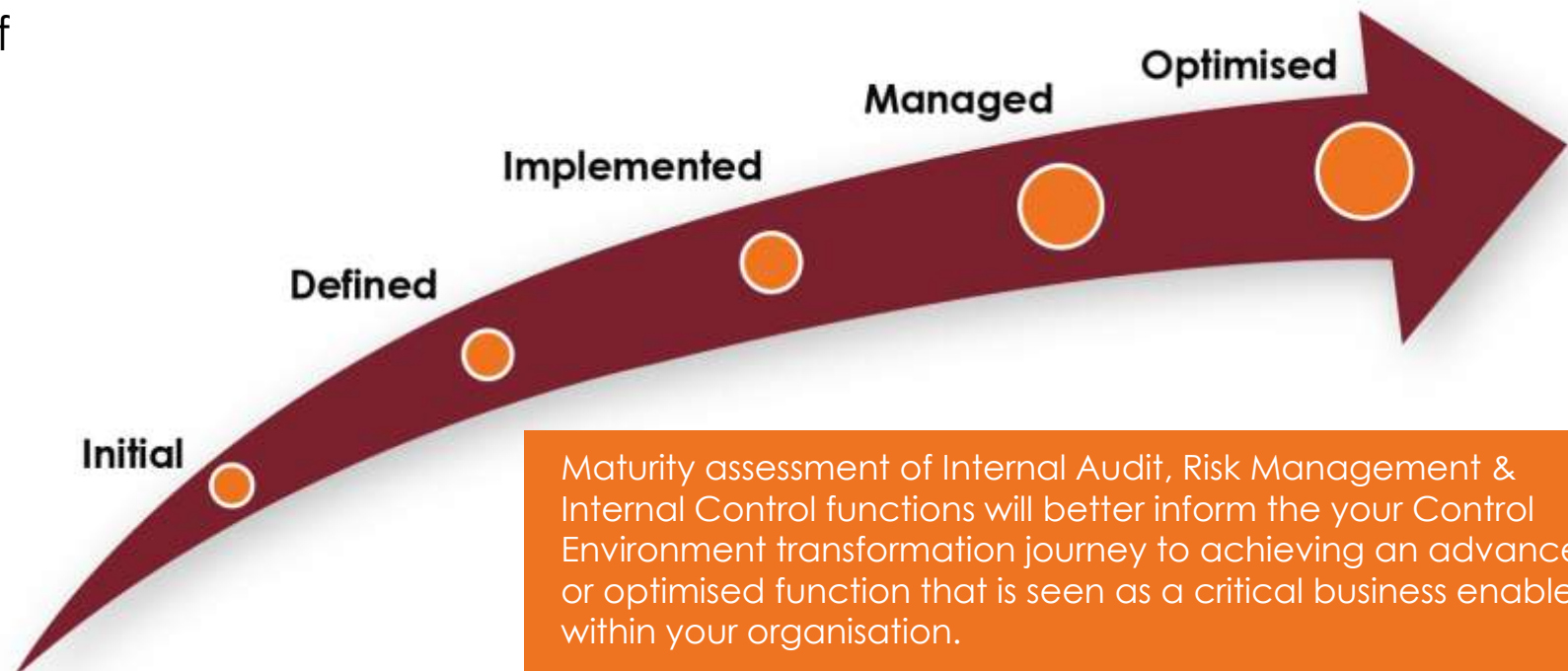


Core principle

Our core principles are anchored on the effectiveness and maturity of the control environment

Governance Maturity Assessments

“Maturity of most Internal Audit, Risk Management & Internal Control functions are either at “defined” or “implemented” and must transform into “managed” or “optimised” in order to become key enablers to the achievement of your strategic goals”

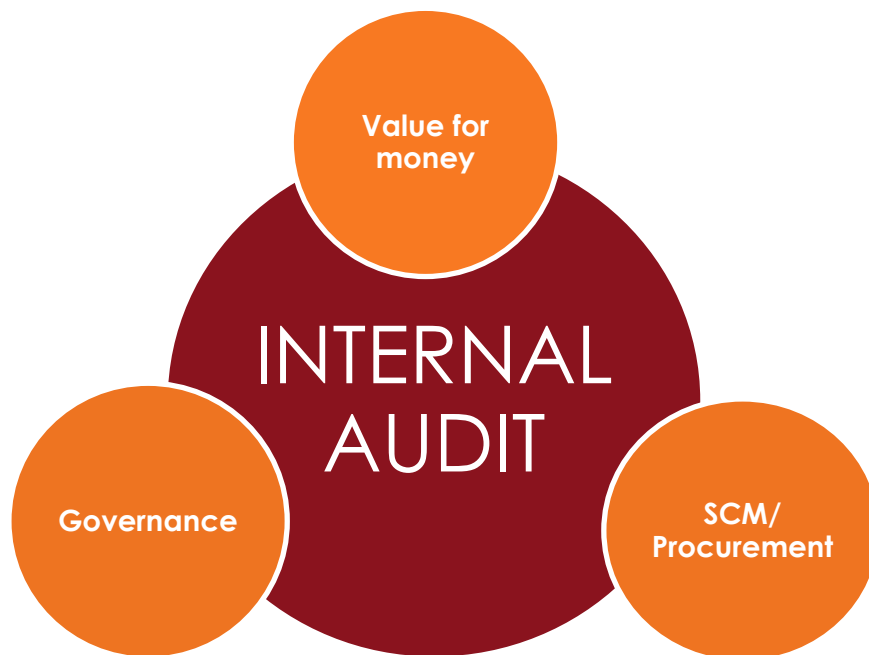


An effective IA function

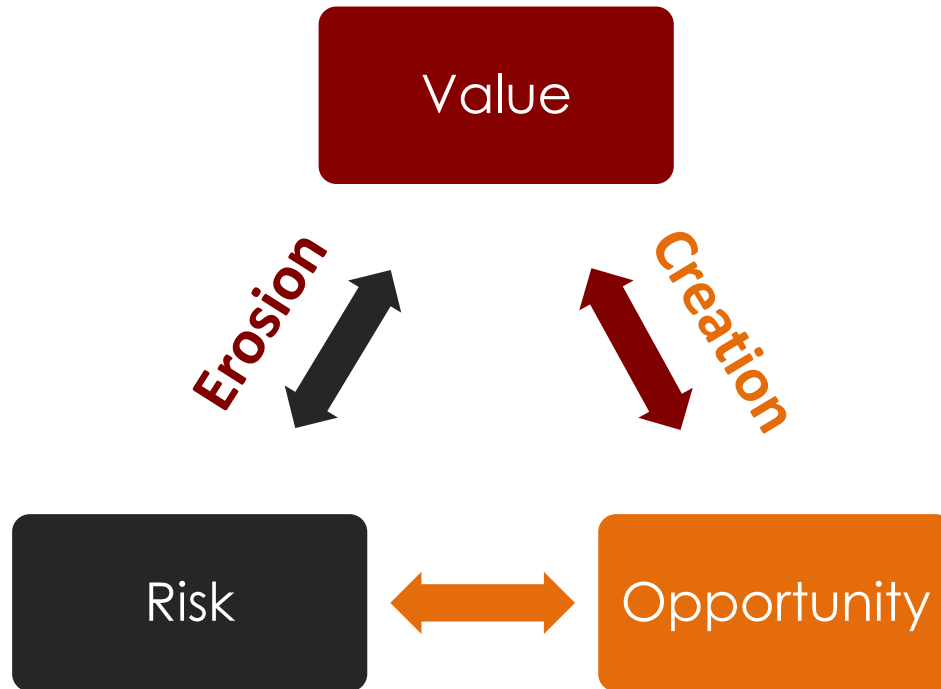


IA is considered effective and efficient if the function can demonstrate that:

- It has identified and planned to address the expectations of all its stakeholders
- It delivers its mandate in line with the relevant professional standards
- It makes significant contribution to improving the organisation's business value chain



“A healthy constructed internal audit function can play a vital role in the governance and accountability process of public sector institutions through their assessments on the effectiveness of key organizational controls, governance and risk management processes”
(Asare, 2009)



World class audit function delivers audits geared towards identifying:

- revenue opportunities;
- cost recovery;
- discovering cost avoidance opportunities;
- measuring hours of efficiency opportunity and direct redeployed savings;
- quantified or untapped growth opportunity; and
- determinable risk reduction.

Value for Money



Pro-Active Assurance



The assurance framework covers the following phases:





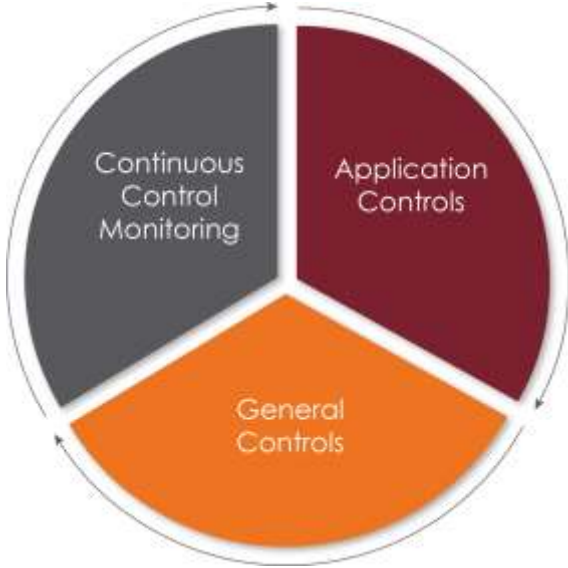
Combined Assurance



Risk Approach

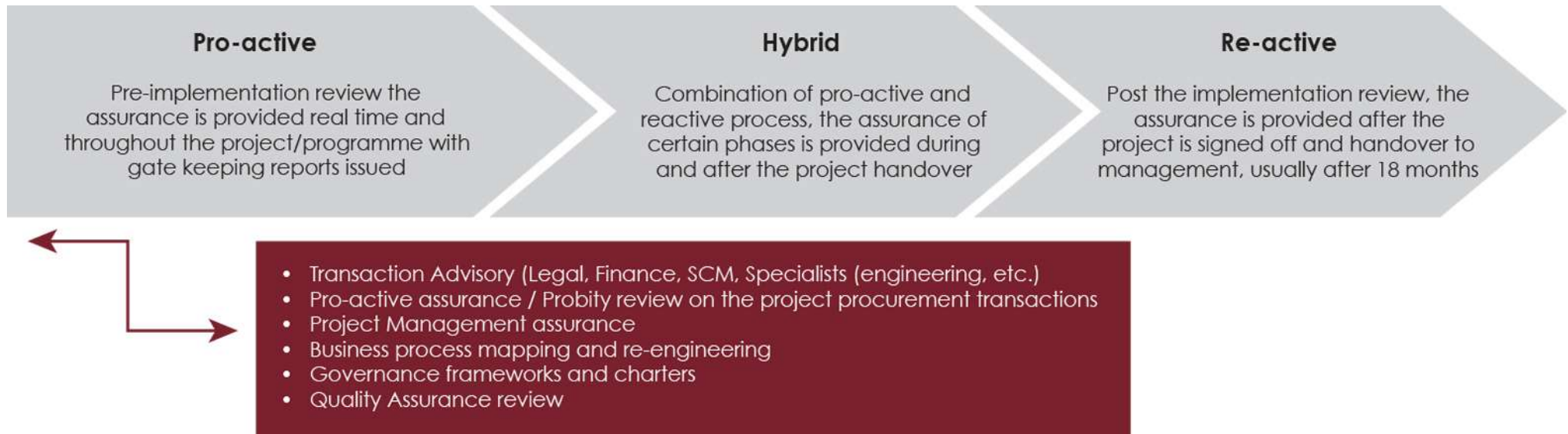


IT Assurance





Assurance Approaches



Probity

Effective probity reviews are about:

- Thorough understanding of procurement processes and scoring systems
- Knowing how alternative tenders, formal and informal communications and clarifications
- Detailed checks for compliance with the mandatory Government Five Principles of Procurement and the applicable Rules of Sourcing introduced in the last three years.
- Effective strategies for dealing with conflicts of interest



Common errors in the SCM procurement processes:

- Bid specification process
- Pre-qualification Bid evaluation
- Bid adjudication
- Record keeping
- Failure to terminate expired contracts
- Managing deviations

Irregular Expenditure Toolkit

- Develop clear, concise and defined specifications for the Tender/Bid which will be capable of evaluation
- Issue an advert with clear deliverables and terms of reference as well as scoring/evaluation criteria
- Pre-determine points and basis for awarding points to a particular scoring functional area
- Constitute your Committees correctly and in accordance with your internal SCM policy which policy should be aligned with the PFMA and relevant National Treasury Instructions.
- Ensure that pre-qualification process is undertaken with accuracy and justification based on the advertisement requirements
- Ensure consistent and unbiased evaluation of the Bids based on the pre-determined scoring matrix and where there are huge variances and inconsistencies, have a recorded basis for same.
- Where recommendations of the BEC are not accepted, provide a basis for rejection of those recommendations and direct BEC to review and revert with its conclusion
- Keep a paper trail throughout the process
- Ensure that all deviations are properly motivated and approved at the right levels and in accordance with the policy frameworks in place.

An IA balance scorecard is critical to assessing impact of IA function



Customer Perspective (40%):

- Stakeholder Feedback score ≥ 4 ;
- Significant risks addressed by planned projects $\geq 100\%$;
- Efficient audit planning process = days to submission to Audit Comm;
- Planned projects timely completed within allocated budget $\geq 95\%$;
- Audit effort dedicated to "value for money" audits – 30%;
- Number of issues raised in draft report versus issues in final report $> 90\%$;
- Timely and complete closeout of reports $> 90\%$;
- Reliance placed by external auditors or other identified assurance providers per pre-agreement $\geq 100\%$;
- Overall AC Evaluation score > 4 .

Engagement Team (25%):

- Timely performance engagement reviews of individual team members < 10 working days of project file final sign off by Director;
- Number of individuals with timely engagement reviews - 90%;
- Average competency score based on engagement reviews > 4 score (of 5);
- Attendance to specific learning & development initiatives $> 95\%$ targeted group;
- Individuals achieving their CPD set targets $> 100\%$;
- Climate survey average score of > 4 (of 5).

KPI

Financial Health: (15%)

- Average team productivity/chargeability $> 85\%$;
- Compliance with the resource mix per Approved Audit planning schedule (within 5% threshold);
- Efficiency in billing processes - Invoice rejection rate of zero;
- Timely submission of invoices - 100%;
- Timely collection of invoiced fees - 100% (within 30 working days from submission);
- Time written off $< 3\%$ of billable time.

Operational efficiency (20%):

- Use of data analytics on the project $\geq 30\%$ of budgeted hours;
- Integration efforts with other assurance providers 360° score of ≥ 4 ;
- Peer review average score of > 4 of 5 per team;
- 10 day close out of files after report is finalised;
- 5 day turnaround time from when file is submitted for second review and QA;
- 2 Day turnaround time for clearing of reviews and archiving.

Features of a world-class audit function: “My Top 20”



UNDERSTAND

- business, strategy
- dynamics of the internal and external factors

Have established articulate

- vision, mission values assurance and consulting strategy across the organisation

IA strategy allocates reasonable efforts and time to marketing the key strategic contribution of the IA function to secure unassailable buy-in by all stakeholders

Has become a trusted business advisor across the organisation

Have embedded a balance scorecard to track and monitor delivery of IA assurance to clients and consistently achieve 90% of all targets

Proactively conduct thought leadership initiatives

Continuous training, to empower key governance stakeholders to fully appreciate IA discipline and related developments

Boost 100% reliance on their work by external auditors and other relevant assurance providers on pre-agreed focus areas

Consistently socialise the IA function methodologies, approach, tools & practices

Engage in strategic conversations with the key stakeholders

TOP 20

Features of a world-class audit function: “My Top 20”



Embraces and encourages diversity of thought, creativity and innovation

Strives to be on the cutting edge of technology (data analytics)

Plan and execute audits based on key risks – audit plan leaves room for emerging risk, about 20-25% unallocated IA resources

The IA plan is characterised by a focus on real-time and continuous assurance for all mission-critical aspects of the organisation

IA structure and organisation structure are resourced with an ideal mix and balance of skills and competency

Carefully allocates its high priority resources to the key business drivers of the organisation

Continuously motivates for change, creates an environment that strives to motivate IA personnel

Hold tough conversations and honest discussions with all critical stakeholders

formal continued professional development programmes prepare the IA function for any challenges

receives accolades from IA function stakeholders in relation to services and value add delivered

TOP 20



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Thank You!

About SekelaXabiso

SekelaXabiso is a Level 1 B-BBEE black owned professional consulting service provider. Our vision is to be an innovative, trusted and reputable business solutions partner that seeks to grow and add value to our clients through the delivery of client centred solutions by exceptional leadership and competent employees. We pride ourselves in applying international best practice to deliver rigorous Internal Audit, Information Technology Audit, Forensic Audit, Transaction Advisory, Actuarial and Insurance Advisory and Business Consulting services of the highest standards.