



CITY OF CAPE TOWN ISIXENKO SASAKHAPA STAD KAAPSTAD

INTERNAL AUDIT

DRAFT DIRECTORATE EXECUTIVE SUMMARY

OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

2011/2012

Chief Audit Executive: **ZULPHA ABRAMS**

Website *(for detailed SDBIP)* : _____

ANNEXURE A

ANNEXURE TO ITEM
C 35/03/11

1. EXECUTIVE SUMMARY

The Directorate: Internal Audit's mission is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2. PURPOSE AND SERVICE MANDATE OF DIRECTORATE

2.1 Purpose

The Directorate: Internal Audit's vision is to be recognised by the City and the audit industry as a unit adding value and contributing to the achievement of the City's goals. To assist the City to become known for its effective and equitable service delivery and to distinguish itself as a well governed and efficiently run administration.

2.2 Mandate

In terms of the Municipal Finance Management Act No 56 of 2003 ("MFMA") as amended, the City Manager must ensure that the CoCT has and maintains *inter alia* effective, efficient and transparent systems of financial and risk management and internal controls.

Section 165 of the MFMA prescribes that an internal audit unit must:

- (a) prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to-
 - (i) internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
- (vii) compliance with the MFMA, the Annual Division of Revenue Act and any other applicable legislation; and

(c) perform such duties as may be assigned to it by the accounting officer.

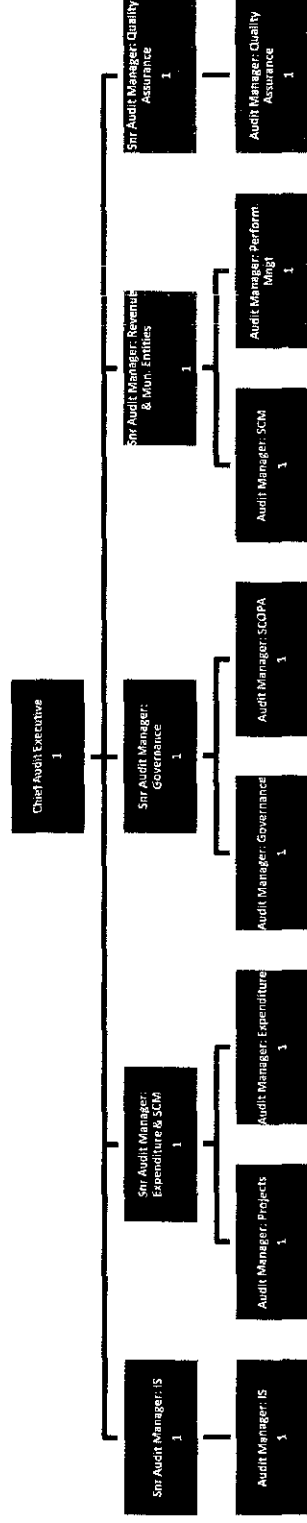
S62(1)(c)(ii) of the MFMA also states that the accounting officer of a municipality must ensure that the municipality has and maintains effective, efficient and transparent systems of internal audit operating in accordance with any prescribed norms and standards.

The Directorate: Internal Audit operates in terms of and is governed by the International Standards of the Institute of Internal Auditors (IIA), an international professional body.

2.3 Customers

Customers	Services provided by internal audit
COCT (City Manager and all Executive Directors)	<ul style="list-style-type: none">◆ Financial Auditing◆ Information System Auditing◆ Risk Management Auditing◆ Sustainability Auditing◆ Performance Management Auditing◆ Governance Auditing◆ Performance Auditing (value for money)

3. Senior management organogram



4. LINKAGE TO THE IDP and changes to the indicators and targets

Strategic Focus Area 8: Good governance and regulatory reform refers.

A corporate scorecard indicator - 8B.7 Percentage audit findings resolved was introduced to the corporate scorecard in the 2007/2008 financial year.

The corporate scorecard was amended for the 2010/11 financial year (approved at the Mayco meeting on 18 May 2010) and the indicator Percentage internal audit findings resolved was removed from the corporate scorecard.

The monitoring of resolutions of audit findings as per follow-up audits performed remains a Directorate scorecard indicator. The Chief Audit Executive reports to the Executive Management Team (EMT) and the Audit Committee on a quarterly basis on the status of the recurring findings.

The indicator *Monitoring* of resolutions of audit findings as per follow-up audits performed is reflected on the on attached 2011/12 Directorate Internal Audit SDBIP

5. PERFORMANCE PROGRESS AND IMPACT (if applicable)

Percentage audit findings resolved as per follow-up audits

Fin. year 2010/11:	Target 60%	Actual 72% (Quarter 2 – December 2010)
Fin. year 2009/10:	Target 60%	Actual 45%
Fin. year 2008/09:	Target 60%	Actual 53%
Fin. year 2007/08:	Target 50%	Actual 48%

6 FINANCIAL INFORMATION

6.1 *Summary of revenue by source;*

All Income from secondary charges.

6.2 Summary of operating expenditure by type:

Description R thousand	Budget
Expenditure By Type	
Employee related costs	27935
Depreciation & asset impairment	307
Contracted services	600
Other expenditure	3842
Total Expenditure	32684
Surplus/(Deficit)	(32684)
Surplus/(Deficit) after capital transfers & contributions	(32684)

6.3 Summary of capital expenditure by type:

WC000 Cape Town - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Program/ Project description	Project number	Asset Class 4.	Asset Sub- Class 4.	Total Project Estimate	Prior year outcomes		2011/2012 Medium Term Revenue & Expenditure Framework			Project information	
						Audited Outcome 2008/09	Adjusted Budget 2009/10	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Ward locati on	New or renewal
Parent municipality:												
Internal Audit	Various	Various	Various	Various		484 155	171 600	241 845	121 444	121 444	None	Various.
Total Capital expenditure						484 155	171 600	241 845	121 444	121 444	None	Various

6.4 A description of discretionary and non discretionary expenditure.

Only non discretionary expenditure by Directorate: Internal Audit

Overview in narrative form of:

6.5 Any risks to achieving revenue projections, any expected major shifts in revenue patterns and planned alternative sources of revenue

Not applicable to Directorate Internal Audit

6.6 On the directorate capital programme in the context of the overall capital programme of the municipality (review directorate budget in relation to the City's overall budget and comment on major capital projects)

Furniture & Equipment and Computer Hardware only Directorate Internal Audit capital projects. 0.01% of Capital budget of COCT allocated to Internal Audit

7 LINK TO DIRECTORATE OBJECTIVES (if applicable)

Not applicable to Internal Audit (covered by paragraph 6.6)

8 OBJECTIVES AND INDICATORS OF THE DIRECTORATE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

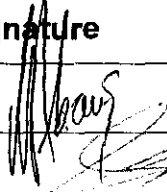
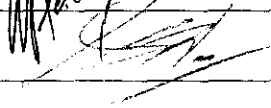
What do you plan to do and How do you intend to achieve this: Include the Key Objectives and Indicators and targets.

Objectives	Indicator(s) of this Objective	Target (by Sept 2011)	Target (by Dec 2011)	Target (by March 2012)	Target (by June 2012)
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As per attached Appendix 1

9 AUTHORISATION

The undersigned do hereby indicate their agreement with the contents of this document and the outcomes.

	Name	Signature	Date
Chief Audit Executive	Zulpha Abrams		03/03/11
Mayco Member	Ian Neilson		3/3/2011

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APPENDICES: (If any)

Appendix 1: 2011/2012 Directorate Internal Audit SDBIP

DRAFT 2011 / 2012 DIRECTORATE INTERNAL AUDIT SDBIP

ALIGNMENT TO IDP		Responsible Department (s)	Objective	Indicator (To include unit of measure)	Baseline 10/11	Annual Target 2011/12	Frequency	TARGETS *The targets will be updated based on the actual achievement at 30 June 2011. This change will be indicated as part of the 2010/2011 first quarters report on performance.				General Comments
SFA & Directorate Objective No.	Corporate Scorecard Indicator No.							30 Sept 2011	31 Dec 2011	31 March 2012	30 June 2012	
			To prepare and execute a risk based operational audit plan	A prepared, submitted and approved risk based audit plan	Achievement as at 30 June 2011	Approved 11/12 Audit Plan by 30/06/11	annually				Approved 11/12 Audit Plan by 30/06/11	
			To prepare and execute a risk based operational audit plan	% projects completed as per audit plan	Achievement as at 30 June 2011	90% completion of audit plan (10% shortfall attributed to ad-hoc assignments, changing circumstances and changes in risk profiles)	quarterly	10%	30%	60%	90%	
			Monitoring of audit reports and quality control	% management agreement with actions to address audit findings	Achievement as at 30 June 2011	70%	quarterly	70%	70%	70%	70%	
			Monitoring of audit reports and quality control	Evidence of 100% review for all audit projects completed on TeamMate	Achievement as at 30 June 2011	100%	quarterly	100%	100%	100%	100%	
			Monitoring of audit reports and quality control	External Quality Assurance review completed	Achievement as at 30 June 2011	Generally Conformed rating	annually				Generally Conformed rating	
			Continue to move towards innovative internal audit techniques	Control Self Assessment workshops completed and report issued	Achievement as at 30 June 2011	Control Self Assessment workshops completed and 3 reports issued	quarterly		1 report issued	1 report issued	1 report issued	
	8B.2		Management of key financial and governance areas such as income control, cash flow, indigent support, alternative income opportunities, assets and risk management	Percentage spend of Capital budget	Achievement as at 30 June 2011	95%	quarterly	15%	25%	65%	95%	
			Management of key financial and governance areas such as income control, cash flow, indigent support, alternative income opportunities, assets and risk management	Percentage of Internal Audit Operating budget spent.	Achievement as at 30 June 2011	95%	quarterly	24%	50%	74%	95%	

SFA & Directorate Objective No.	Corporate Scorecard Indicator No.	Responsible De	Objective	(To include unit of measure)	Baseline 10/11	Annual Target 2011/12	Frequency	30 Sept 2011	31 Dec 2011	31 March 2012	30 June 2012	General Comments
3	8B.3		Management of key financial and governance areas such as income control, cash flow, indigent support, alternative income opportunities, assets and risk management	Monitoring of resolutions of audit findings as per follow-up audits performed	Achievement as at 30 June 2011	Report to EMT and Audit Committee on status of recurring findings	quarterly	Report to EMT and Audit Committee on status of recurring findings	Report to EMT and Audit Committee on status of recurring findings	Report to EMT and Audit Committee on status of recurring findings	Report to EMT and Audit Committee on status of recurring findings	
12			Stakeholder satisfaction	>65% audit customer feedback rating for completed projects	Achievement as at 30 June 2011	65%	quarterly	65%	65%	65%	65%	
13			Stakeholder satisfaction	>70% Audit Committee rating for overall service delivery	Achievement as at 30 June 2011	70%	annually				70%	
14			Stakeholder satisfaction	>70% SCOPA rating for overall service delivery	Achievement as at 30 June 2011	70%	annually				70%	
15			Stakeholder satisfaction	>60% client account management feedback rating	New	60%	bi-annually		60%		60%	
16			Ensure performance of all Internal Audit staff, managed in accordance with agreed policy and procedures	Productivity % achieved as per the approved time keeping system	Achievement as at 30 June 2011	60%	quarterly	60%	60%	60%	60%	
17			Ensure performance of all Internal Audit staff, managed in accordance with agreed policy and procedures	Completion of Performance Assessment Forms on projects performed per staff member	Achievement as at 30 June 2011	100%	quarterly	100%	100%	100%	100%	
18			Ensuring enhanced service delivery with efficient institutional arrangements	% budget spent on implementation of Wp/SP	Achievement as at 30 June 2011	90%	quarterly	10%	30%	60%	90%	
19			Management of key financial and governance areas such as income control, cash flow, indigent support, alternative income opportunities, assets and risk management	Percentage annual assets verification process completed	Achievement as at 30 June 2011	100%	annually				100% completed by 30 June	
20												

3	SFA & Directorate Objective No.	Corporate Scorecard Indicator No.	Responsible De	Objective	(To include unit of measure)	Baseline 10/11	Annual Target 2011/12	Frequency	30 Sept 2011	31 Dec 2011	31 March 2012	30 June 2012	General Comments
21		8A.2		Ensuring enhanced service delivery with efficient institutional arrangements	% improvement in time to finalise complaints	Achievement as at 30 June 2011	12 % reduction by end June, in time taken to close ALL notification Types (measured against the baseline of % at previous end June)	quarterly	3%	6%	9%	12 % reduction in time taken to close notifications (measured against the baseline)	
22		8A.3		Ensuring enhanced service delivery with efficient institutional arrangements	Staff availability as measured by % absenteeism	Achievement as at 30 June 2011	≤ 4% average over 12-month rolling period	quarterly	≤ 4% average over 12-month rolling period	≤ 4% average over 12-month rolling period	≤ 4% average over 12-month rolling period	≤ 4% average over 12-month rolling period	
23				Ensuring enhanced service delivery with efficient institutional arrangements	Retention of Skills as measured by staff turnover.	Achievement as at 30 June 2011	≤ 12% (within skilled categories)	quarterly	≤ 12% (within skilled categories)	≤ 12% (within skilled categories)	≤ 12% (within skilled categories)	≤ 12% (within skilled categories)	
24				Ensuring enhanced service delivery with efficient institutional arrangements	% Compliance with EE approved plan per Directorate in terms of new appointments for the current financial year.	Achievement as at 30 June 2011	% compliance as determined by Directorate EE plans	quarterly	% compliance as determined by Directorate EE plans	% compliance as determined by Directorate EE plans	% compliance as determined by Directorate EE plans	% compliance as determined by Directorate EE plans	
25	<p>26 <i>Chief Audit Sec</i> Approved by Executive Director _____ Date: <u>03/03/11</u></p> <p>28 Approved By Mayco Member _____ Date: <u>3/3/2011</u></p>												