

# Vision for a Strong and Independent Internal Audit Function, founded on entrenched risk management practices

*A National Treasury Perspective*

Presenter: Jonas Shai | 10-11th December 2012



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Key Highlights of the presentation

- Landscape
- Combined Assurance Model
- Entrenched Risk Management Principles
- Strong and Independent Internal Audit

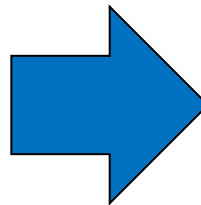
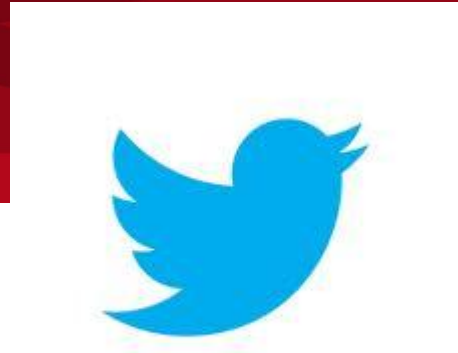
# Landscape



# Landscape



# Landscape



# Landscape



Source: Ernst & Young

# Risk Universe

**Strategy**

**Operational**

**Finance**

**Legal and Compliance**

# Combined Assurance Model

Figure 7: Three lines of defense



Source: PWC



# Combined Assurance



Source: Deloitte Role of internal Audit in integrated Reporting

# Entrenched Risk Management

- Risk Management is **systematic** and **formalised** process to identify, assess, manage & monitor risks
- Entrenched risk management
- Strategic planning
- Plans are assessed on risk-adjusted basis
- Performance management

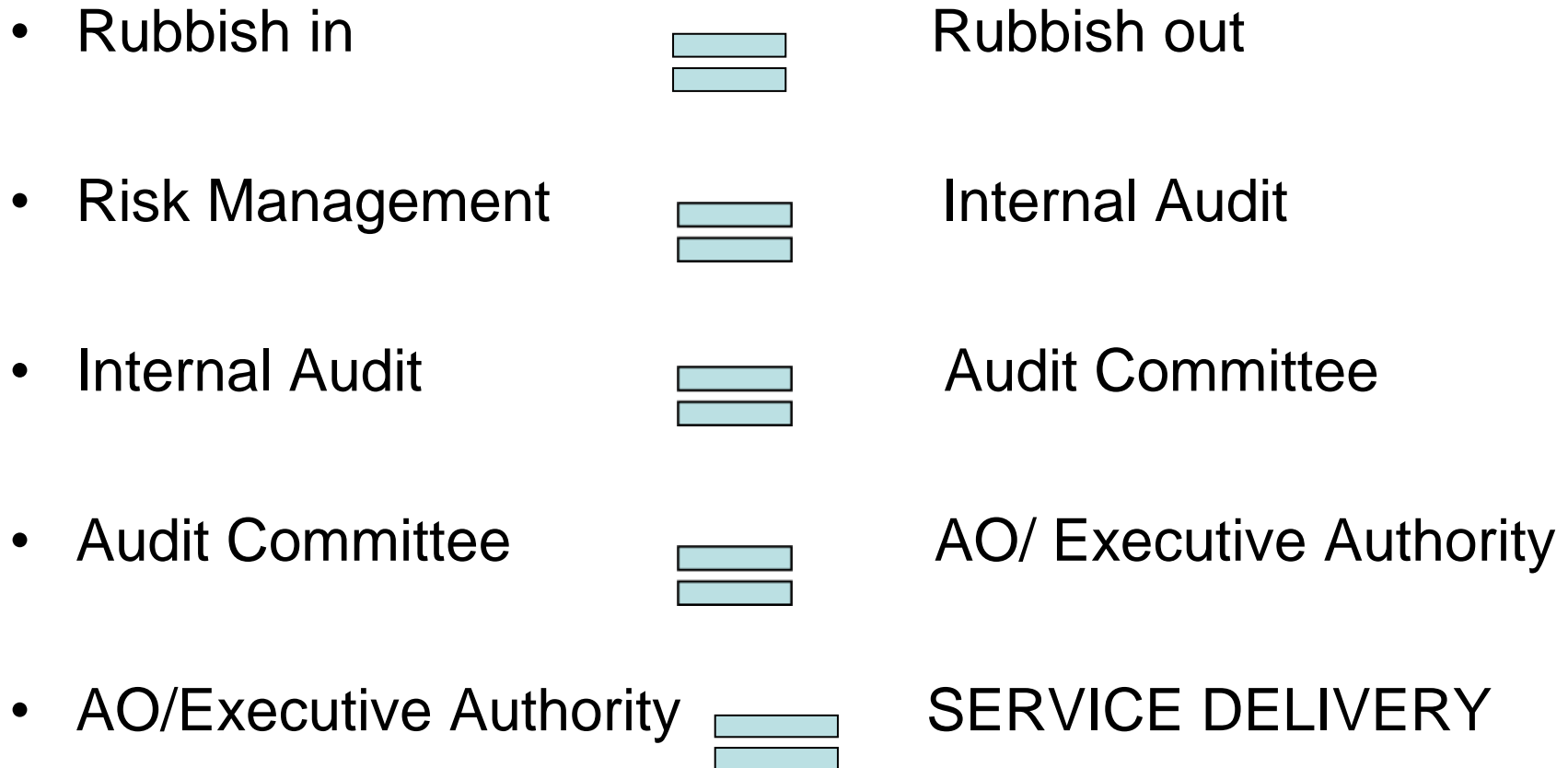
# Case Studies



# Top Risk Identified

- **Regulatory**
- **Financial**
- **Strategy**
- **Fraud and Corruption**
- **Project Management**
- **Organisational Culture**
- **Asset Management**
- **Operational**

# How it works!



# Strong and Independent Internal Audit

- “...**systematic, disciplined** approach to evaluate and improve the effectiveness of risk management, control and governance processes”
- Expectation is strategic business partner
- Risk-based internal audit – do we have the linkage?

# “Strong” Internal Audit

- **Financial:** Assurance about systems producing those numbers: Internal Financial Controls (IFC's)
- **People:** Assurance about labour relations, employee wellness etc.
- **Technology:** Assurance about IT Governance
- **Process:** Assurance about SCM , Strategic Management etc.
- **Governance:** Assurance about compliance to Laws and Regulations

# Independent Internal Audit

- **Independence**...freedom from conditions that threaten the ability of the internal auditor to carry out his or her responsibilities in an unbiased manner.
- **Risk Appetite** – How far can you go to report and assist in the fight of fraud and corruption?





# Skills Analysis

Needed Skills, Attributes	Member A	Member B	Member C	Member D
Financial Literacy				
Sector knowledge				
Operational Expertise				
Technology Expertise				
Regulatory Expertise				

# Question and Answers