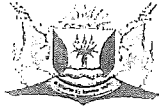Province of the
EASTERN CAPE
DEPARTMENT OF EDUCATION

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REPUBLIC OF SOUTH AFRICA * Tel: +27 40 608 4205 Fax: +27 40 608 4249* +27 86 626 4098 *
Website: ecprov.gov.za *
Email:Trevor.thys@edu.ecprov.gov.za

Reference: 3/9/3   Enquiries: T Thys   Tel: 040 608 4216   Date: 17 September 2015

All District Directors
Director HRA
Director HRP
Director HRD
Director Salary Payments
Deputy Directors HRA & P
Deputy Directors Finance
All Responsible Managers
All School Principals
All Chief Directors
All Deputy Director General
Cc the Head of Department
Cc Director MEC office

Internal Control Circular number 18 of 2015

GOVERNANCE AND INTERNAL CONTROL: ICU ASSESSMENTS OF COMPENSATION OF EMPLOYEES AND LEAVE LIABILITY

1. **PURPOSE**
   1.1. The Internal Control Unit scope of work are :
   - ❖ Governance
   - ❖ Assurance services

2. **LEGAL FRAMEWORK**
   2.1 In terms of section 38(a) (1) of the PFMA, the accounting officer must ensure that the department has and maintain effective, efficient and transparent systems of financial and risk management and internal control.
   2.2 According to section 3.2.11 PFMA National Treasury Regulations the internal Audit function must assist the accounting officer with regards to compliance with laws and regulations and controls.

3. **SCOPE**
   3.1 In view of this obligation the Internal Control Unit hereby issue the following documents
   - ❖ Framework
   - ❖ High level depiction of the framework

❖ Assurance Assessment template
❖ 13 Steps to improve Governance and Internal Control and mitigate Risk.

4. OBJECTIVE

4.1 To provide support to Responsibility managers to whom powers are Delegated and duties or task are assigned in terms of the PFMA.

4.2 To ensure management assurance can be provided in terms of compliance with:

- ☐ PFMA and Public Service Act and South African Schools Act laws.
- ☐ National Treasury regulations and practice notes.
- ☐ Public service regulations and resolutions.
- ☐ Departmental Policies and Procedures and circulars

4.4. To assist management in executing strategies, provide direction, guidance and management; promote strong culture of compliance and ongoing monitoring and management of risks.
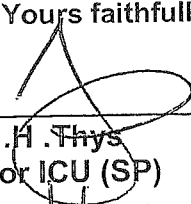
5. CONTROL MEASURES

5.1 The Internal Control Unit managers will assess compliance and issue reports in this regard

6. COMMUNICATION

6.1 Responsibility managers must kindly ensure that this circular and supporting document is communicated to all employees.

6.2 The 13 steps to improve Governance and Internal Controls and mitigate Risk can be placed as wall charts against the employee's walls.

7. Yours faithfully

MR T .H .Thys
Director ICU (SP)
Date 17/9/2015

CIRCULAR 18 OF 2015

Province of the
EASTERN CAPE
DEPARTMENT OF EDUCATION

CIRCULAR 18 OF 2015

GOVERNANCE AND INTERNAL CONTROL : ICU ASSESSMENT OF COMPLIANCE   FOR

COMPENSATION OF EMPLOYEES
&

LEAVE LIABILITY

<u>**Key definitions**</u>
1. <u>**KEY DEFINITIONS**</u>

1.1. <u>**Reasonable Assurance**</u>
An objective assessment of evidence provided to the Auditor General of South Africa (AGSA) and Internal Audit (IA) and Risk Management (ERM) to provide and independent opinion or conclusion relating to Governance, Risk management and Internal Control processes and the financial position of the department.

It is the level of assurance that is supported by generally accepted auditing procedures to determine if the Department of Education do have a well-designed system of Governance and Internal Controls that can provide reasonable assurance that the internal controls are effective and risk are mitigated within the department objectives of
- ❖ Operations
- ❖ Financial reporting
- ❖ Compliance

1.2. <u>**FRAMEWORK**</u>
A framework is a strategic management tool that builds on the existing ERM process and Governance and Internal Controls and Key controls in AGSA managing letter and aims to provide management with a formalized process to manage the Governance and Internal Control efforts in an optimal and integrated manner.

1.3. <u>**RISK**</u>
Defined in Risk management methodology as *"effect of uncertainty on objectives "*

1.4. <u>**Key Risk**</u>
It is all the risk that are assessed and rated inherently extreme and high and which can directly impact on the attainment of the department strategic intent.

1.5. <u>**Management of Governance and Internal Control**</u>
This is the first level that line managers give relating to managing Risk and Governance and Internal Controls and the Key controls in AGSA management letter.
Line management is responsible for maintaining effective internal control and executing control procedures on a day to day basis.
Line management entrusted with assessing adherence to policies, standard operating procedures, Regulations, Practice notes and circulars

1.6. <u>**Internal Governance and Internal Control Assurance**</u>
Internal Control, Risk Management and M & E unit is the second level due to their functions which are separate from direct line management.

1.7. <u>**Responsible Management**</u>
In the context of Governance and Internal Control, the term Responsible management refers to:
- ❖ SMS members.
- ❖ Middle managers (School Principals , Assistant Directors ,Deputy Directors ,CES , DCES ,CES)
- ❖ Supervisors (Level 8)

1.8. <u>**Governance**</u>
Management is responsible to all stakeholders for providing authoritative direction and control of the department Governance and Internal Controls and Risk and Key controls in AGSA management letter

Management is an important aspect of the governance equation ,especially since Risk and Internal Controls and the key controls in AGSA management letter can be multifaceted and compounded in fast changing ,highly competitive environments.

1.9. Strategies

Strategies are broad; overall concepts that denote a general program of action and the deployment of resources .They are tools for achieving objectives.

1.10. Policies

Policies are general guides of action. They are pre-decided issues, avoid repeated analysis and give unified structure to other types like plans .Like principals, policies channel thinking and action in decision making but allow certain amount of discretion

Policies permit managers to delegate authority while maintain control.

1.11. Procedures

Procedures are specific guides that prescribe action but does not channel thinking .Procedures detail the exact manner in which a certain activity must be accomplished, often as a chronological sequence of events leading to the accomplishments of a task.

Methods are specific techniques for accomplishing a task.

1.12. Internal Controls

Internal Controls is a process, affected by the department's employees and managements, designed to provide reasonable Governance and Internal Control Assurance regarding the achievement of objectives in the following categories.

- ❖ Effectiveness and efficiency of operations.
- ❖ Reliability of financial reporting.
- ❖ Compliance with laws and regulations.

Internal control is a process .It is a means to an end, not an end in itself.

Internal controls is affected by people .It is not merely policy manuals and forms, but people at every level of an organization.

Therefore, the responsibility of ensuring that internal control systems remain effective, efficient and sustainable is that of management and other staff personnel.

PURPOSE

2.

2.1. The ICU Middle Managers must do assessment of compliance at both Districts and Head office and issue exception reports on the following areas
- ❖ Compensation of employees
- ❖ Leave Management
- ❖ Payroll Management

2.2. In view of this compliance process the ICU deemed it necessary to issue this framework and operational plan .

2.3. The primary purpose of this document is to formalize, the links between Line manager and HRA and ICU and Finance.

2.4. That the HRA & P and Salaries at both Head office and Districts provide the ICU with copy of the Operational plans to address key Controls in the AGSA management letter on Compensation of Employees and Leave Liability.

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3. **MEASURES OF SUCCESS**

3.1 What are the critical success factors to measure if the Governance and Internal Control successfully implemented.

3.1.1 Middle and Senior Management must understand Governance and Internal Control Assurance is a natural progression of Risk; hence all Middle and Senior Managers must embed Risk and Key controls in AG management letter management practices within their normal day to day activities.

3 1.2 Middle and Senior management must buy –in and commit to effectively implement Governance and Internal Control.

3.1.3 A significant mind set change to recognise the Governance and Internal Control activities that fall within management control.

3.1.4 The Governance and Internal Control plan must be integrated in the normal strategic agenda of the department at both Head office and District level and aligned to normal strategic processes.

3.1..5 The focus on service delivery may negatively impact Governance and internal Control efforts.

4.

4.1. **LEGISLATIVE MANDATE**

4.1.1   Paragraph 38(1) (a) (i) of the PFMA requires the accounting officer for a department to ensure that the department has and maintains an effective, efficient and transparent system of financial and Risk management and internal controls.

4.1.2   Treasury Regulation 3.2.1 requires that the Accounting officer "facilitate a Risk assessment to determine the material Risk to which the institution may be exposed and to evaluate the strategy for managing these Risk and Key controls
.Such a strategy must include a fraud prevention plan .This strategy must be used to direct internal audit effort and priority and determine the skills required to manage these Risk and Key controls.".

4.1.3   Principal 3.5 of King 111: "the Governance and Internal Control Assurance provided by management, internal and external Governance and Internal Control Assurance providers should be sufficient to satisfy the audit committee that significant Risk and Key controls in AG management letter areas within the organization have been adequately addressed and suitable controls exist to migrate and reduce Risk and Key controls in AG management letter.

4.2. DRIVERS OF INTERNAL CONTROL : KEY CONTROLS

4.2.1.1 **LEADERSHIP**

4.2.1.2 Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the department

- ❖ Strategic planning and performance management have an effective ,efficient and transparent system on internal control regarding performance management PFMA 38(1)(A)1 and B
- ❖ Strategic and operational analysis regarding control environment and control systems
- ❖ The DPSA formal code of ethics is in place which clearly communicates ethical values & good governance to all staff members
- ❖ Each employee has signed the DPSA code of ethics and the signed copy on the employee SP file.
- ❖ The DPSA assessment tools on ethics is used and acted upon.
- ❖ Facilitate process to enable department to demonstrate commitment to integrity
- ❖ Quality is understood by all to be a prerequisite and is embedded in the department values

4.2.1.3 Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls

- ❖ Performance of the department is measured against predetermined objectives, indicators and targets as required by the [PFMA
- ❖ The budget was prepared and approved in accordance with legislated requirements
- ❖ The appropriate level of management regularly reviews interim/monthly reporting in terms of best practice and as required by the [PFMA].

4.2.1.4 Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored

- ❖ Compliance to DPSA directives on HRM
- ❖ The organisational structure based on the department strategic plan PSR1/111/B2(a)
- ❖ Human resource policies ensure that only skilled and competent staff members are recruited
- ❖ Approved Human Resource Plan
- ❖ Approved Annual recruitment plan
- ❖ Approved Skills development plan
- ❖ Post Provisioning
- ❖ Approved Intern Policy
- ❖ Performance management system is effective ,efficient and transparent as required by section 38(1)a and (b) of PFMA

4.2.1.5 Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities

- ❖ Documented policies and procedures (relevant to both the financial and non-financial environment) are in place to guide the operations of the department to comply with relevant legislation and regulations, e.g. [PFMA Compensation of Employees etc.
- ❖ The SMS **and** Middle Management **and** supervisors (Level 8) of HRM **and** Finance **must** have Processes that are in place to prevent **and** detect irregular expenditure and Fruitless and Unauthorised **and** report for
  - ➢ Compensation of Employees
  - ➢ Leave Liability
  - ➢ Payroll

4.2.1.6 Develop and monitor the implementation of action plans to address internal control deficiencies
- ❖ SCOPA/ Oversight resolutions have been substantially implemented
- ❖ AG key controls have been substantially implemented
- ❖ The appropriate level of management regularly reviews
- ❖ has a plan for addressing internal and external audit findings, and
- ❖ Adherence to the plan is monitored on a [monthly/ bi-monthly/ quarterly] basis by the appropriate level of management.
- ❖ The plan for addressing internal and external audit findings is credible:
- ❖ It has actions addressing root causes
- ❖ It sets clear time frames and
- ❖ It assigns responsibilities appropriately
- ❖ It must have a portfolio of evidence

4.2.1.7 Establish an IT governance framework that supports and enables the business, delivers value and improves performance
- ❖ There are sufficient IT governance processes in place to ensure that IT Director develop and implement a strategic plan that supports business requirements and ensures IT spending remains in line with the approved plan.

4.2.2.2 FINANCIAL AND PERFORMANCE MANAGEMENT
4.2.2.3 Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting
- ❖ Exception reports are issued monthly and reviewed by the appropriate level of management on a regular basis and any anomalies are investigated timeously
- ❖ A proper filing system is in place and stored in safe place.
- ❖ NMIR compliance to DPSA circular 4 of 2001
- ❖ Records are properly filed and easily retrievable and are available for audit purposes
- ❖ Leave :Incapacity leave
- ❖ Capped leave commitments
- ❖ Leave entitlement
- ❖ Checklist on chapter 19 of Treasury Regulations

4.2.2.4 Implement controls over daily and monthly processing and reconciling of transactions
- ❖ All Suspense account transactions is cleared (disapproved or authorised) on monthly basis
- ❖ The use of consultants is monitored to ensure proper transfer of skills to permanent finance staff members

4.2.2.5 Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
- ❖ Confirmation is provided to the appropriate level of management that payments are only made to confirmed employees
- ❖ Compliance to Standard Operating Procedure

4.2.2.6 Review and monitor compliance with applicable laws and regulations
- ❖ The HRM officials understands which laws and regulations and ELRC resolutions and DPSA resolutions it is required to comply with
- ❖ There are appropriate means for monitoring compliance on a regular basis (e.gg
  - ➤ HRA checklists
  - ➤ HRP checklists
  - ➤ HRD Checklists
  - ➤ Labour Relations checklists
  - ➤ Finance Checklist
  - ➤ Standard operating procedures for HRM and Finance

4.2.2.7 Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information

- ❖ Master file amendments are approved by the appropriate level of management, and there are verification procedures in place to ensure that the changes made are correct and in accordance with input forms
- ❖ Where transversal systems are inadequate, steps are taken to mitigate this with additional manual/computer system
  - ➢ E.g if the AGSA issue an RFI for a particular leave file and however this leave file is lost develop and alternative procedure by making copies of the attendance registrar , check if all leave is captured and then write a status report and put on the leave in order for the AGSA to audit leave file is lost
  - ➢ Have a route slip with all files to ensure that files

4.2.3.1 GOVERNANCE

4.2.3.2 Implement appropriate Risk and Governance and Internal Controls processes to ensure that regular Risk and Governance and Internal Control assessments, including consideration of IT Risk and fraud prevention, are conducted and that a Risk and Governance and Internal Control strategy and framework are developed and monitored to address governance .

4.2.3.3 Ensure that there is an adequately resourced and functioning Internal Audit unit and Risk management unit that identifies internal control deficiencies and recommends corrective action effectively

4.2.3.4 Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to Risk and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations

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5 ROLES AND RESPONSIBILITIES

The Accounting Officer

5.1 An Governance and Internal Control framework assist the Accounting Officer to execute the responsibility in terms of section 38(1)(a)(i) of the PFMA in relation to an effective , efficient and transparent system of internal control relating to the coordination of Governance and Internal Control efforts .

The responsibility of the Accounting officer is:

5.2 Risk and Key controls in AG management letter Management assist the Accounting officer to ensure the appropriate prioritization, minimizing unacceptable Governance and Internal Control Assurance gaps and duplication.

5.3 Ensure Governance and Internal Control Framework and plan .

The Responsibility of Management (Principals, Middle Management and Senior Management)

5.4 Have the responsibility for setting objectives, defining at both strategic and operational level how to achieve the objectives.

5.5 Management has Standard Operating procedures and processes to best manage the Risk and Key controls in AG management letter in accomplishing the objectives.

5.6 Ensure key Risk and Key controls in AG management letter facing department are clearly articulated and evaluated and prioritized.

Ensure Risk and Key controls in AG management letter treatments are defined for each Risk and Key controls in AG management letter during implementation.

5.7 Actively participate in the compilation of Governance and Internal Control assessment strategies to achieve.

5.8 Governance and Internal Control resources are applied in the most effective and efficient way.

5.9 Review output of Governance and Internal Control.

5.10 Effectively implement all the department activities that are defined as management Governance and Internal Control and engage with Governance and Internal Control provider (Risk management and Internal Audit and External Audit).

GOVERNANCE AND INTERNAL CONTROL PROVIDERS

6.1. Management

6.2. ICU and Risk and M & E

6.3. Internal Audit and AG

6.1 Management

6.1.1 This is first level of assurance on Governance and Internal Control that line management gives relating to management Risk and Key controls in AG management letter.

6.1.2 Line management is responsible for maintaining effective internal controls and executing control procedures on a day to day basis.

6.1.3 Line management is responsible for ensuring that adequate supervisory controls are in place to ensure compliance to control measures and to highlight and report control breakdowns, inadequate processes and take required remedial action.

6.1.4 The following categories of line management control activities are key control activities

❖ Line management operations
❖ Line management execution of supervisory meetings and mechanisms
❖ Line management –Strategy implementation

Line management monitoring operations

6.1.5 Supervisors (Level 8), Assistant Directors and Deputy Directors must identify areas on non-compliance on Checklists and standard operating procedures

6.1.6 The Deputy Directors must follow up and correct non-compliance.

6.1.7 Supervisors (Level 8) must submit weekly reports to Assistant Directors (Middle Management) who then must do effective monitoring :

❖ Pre audit of all Manual /per hand transactions
❖ Suspense File transactions
❖ The XX1015 report

6.1.8 This is to ensure Middle Management do effective monitoring of the **KRA /Deliverables as** per the Department **Operational Plan:**

6.1.8.1 <u>**Compensations of Employees**</u> :

6.1.8.2 There is many areas of non-compliance of checklist and Standard operating procedures which are addressed.

6.1.8.3 <u>HRA & P</u>

❖ <u>Standardizing</u>

❖ To ensure standardization all Districts must use the standard P 87,69,70,71,72,90 and shortened assumption of duty and the standard checklists

❖ <u>Compliance to Checklist and Standard Operating Procedures</u> .

❖ HRA compiler and Revisor are responsible to ensure that the HR Advice/ HRA Mandate are complete.

➢ NMIR compliance

➢ Persal service record are complete

▪ if the notch reduce upon re appointment than HRA must do notch reduction and not reappointment to ensure the employee service records are accurate and complete

➢ Compliance to ELRC /DPSA resolutions.

➢ Department circulars , rates and tariffs

➢ Department circular 10 of 2015

➢ Housing allowance in compliance DPSA directive January 2005

Accruals

❖ HRA must prevent accruals (code 0102).

➢ The function '"Withdraw of service" don't generate a payment and this cause accruals

➢ Too many payments are made via code 0102 which is in most cases preventable.

❖ HRA must also when employees resign or abscond record all salary overpayments also on the Z102.

6.1.8.4 <u>**ICU compliance**</u>

❖ ICU must pre audit **all manual/per hand transactions** and issue exception reports ;

❖ ICU must on a monthly basis draw XX1015 report and do post audit and issue exception reports

❖ ICU must post audit compliance to DPSA directives on HRM .

❖ ICU must obtain on a yearly basis the list of rural allowance and post audit and raise exceptions if employees are paid rural allowance but they are not on the approved ELRC list.

❖ ICU must obtain list of substitute appointments and post audit the following

❖ ICU must post audit all SCC lists of temporary appointments because employees may have resigned during the time of SCC reappointments

6.1.8.5 <u>Salaries compliance</u>

❖ Salaries authorizer must request Salary File and place the HRA advice on file

❖ Salaries authorizer must prevent duplicate salary payments

➢ Different allowance codes are used and duplicate payments are then made

❖ Salaries authorizers must prevent salary overpayments

➢ With salary arrears incorrect calculations are made and this cause salary overpayments

➢ Incorrect notches are on the HRA advice and this cause overpayments

❖ Salaries authorizers must ensure all allowance and deductions that are authorized are accurate and complete and valid and supported by NMIR documents.

> Internal Controls
- The Authorizer must ensure the salaries calculation sheet have both names and signature of a compiler and a checker to ensure calculations are accurate
- The HRA advice match Persal information e.g if the HRA advice state 37% to be paid than Persal must also reflect same and not have GEPF .
- Notches on the HRA advice must be the same as the appointment letters and District Director approval
- Salaries to return the HRA advice if the notches are not as per # 4.3.1 (choice 8)
- Salaries to return the HRA advice if the information is not same as per # 6.8.10
- All salary arrears of previous financial year and which are more than the Department Item limit must have budget availability /Expenditure approval form attached.

❖ Salaries must ensure documents are filled on Salary file before returning Salary file to HRA registry.

❖ Salaries must ensure disallowance are raised

6.1.8.6 The Deputy Directors and Assistant Directors Finance must request the X X1105 report to monitor allowances paid.

6.1.9 Payroll Management.

Principals
❖ School principals must ensure payroll returns are 100%.
❖ **The Education District Officer (E.D.O)**
❖ The EDO must assist Finance to monitor schools to ensure 100% payrolls return.
❖ **CES Management and Governance**
❖ The CES Management and Governance must ensure the District have a monitoring file with portfolio of evidence of consequence management.
❖ **CES ECD**
❖ CES ECD must ensure 100% certified returns and also have a portfolio of evidence of consequence management.
❖ **Payrolls and Districts**
❖ Line managers must ensure 100% certified returns

Finance and HRA compliance
❖ Finance must ensure they do have the function to clear discrepancies and report HRA & P related discrepancies.
❖ HRA must ensure all discrepancies investigated, followed up and cleared.
ICU compliance
❖ The CES management and Governance and the CES ECD and Deputy Directors must provide the Internal Control Unit will the Payroll file
❖ This Payroll file must contain a portfolio of evidence of consequence management for non-submission of payrolls.
❖ The CES Labour Relations must provide ICU with the list of employees displayed and ICU must post audit this list
❖ Deputy Director Finance must provide ICU with the list of unknown components and ICU must post audit this list
❖ ICU must also post audit the discrepancies and issue exception reports

6.1.10 Leave management

6.1.11 Leave Management are in compliance with DPSA directive and department prescripts and Circular 9 of 2015

Principals and EDO and CES ECD compliance

❖ School secretaries must submit monthly the leave forms to HRA and keep register of schools which submitted.

❖ The EDO must be assist HRA to monitor schools to ensure 100% submission

SMS compliance

❖ Every Directorate must appoint a leave official (not lower than Assistant Director /SES) whose appointment letter must be attached to leave book.

❖ **Leave official compliance**

❖ The Assistant Director /SES leave official must ensure compliance with as per DPSA directive on leave department HRA circulars and prescripts on leave and ICU Circular 9 of 2015 on leave management

HRA compliance

❖ HRA must ensure all leave are captured and compliance to DPSA directive on leave and the Department HRA circulars and prescripts on leave and ICU Circular 9 of 2015 on leave management

❖ HRA must have alternative procedures in the event of a leave that get lost by providing copies of attendance registers and place it on leave file with reconciliation leave report .

❖ **ICU compliance**

❖ ICU must do post audit on leave register and Z1 leave book and

❖ # 4.5.11 and issue exception reports

6.1.12 Assistant Directors /CES (Middle Managers) than submit monthly reports on KRA/Deliverables to Deputy Directors /DCES /CES who in turn submit signed monthly reports of KRA /deliverables to Directors.

6.1.13 Directors submit report on a monthly /quarterly basis to Chief Director's basis to enable effective monitoring on defined objectives as per the Annual Performance plan (APP) and operational Plans and Audit Improvement Plan in achieving those objectives.

Line management execution of supervisory meetings and mechanisms

6.1.14 Supervisors (Level 8) and Middle Management (Assistant Directors /CES /DCES /CES /Deputy Directors) must execute supervisory and management monitoring control mechanisms to ensure adherence to the department.

❖ Standard operating procedures (S.O.P)

❖ Department Checklists

❖ DPSA Resolutions

❖ ELRC resolutions

❖ Department circular and other prescripts

6.1.15 Line management undertakes regular control self-assessments to identify areas of controls gaps and develop process to address these gaps.

Line management –Strategy implementation

6.1.16 Middle and Senior management implements adequate monitoring process to enable monitoring of performance relating to achievement of performance targets and objectives

6.1.17 Senior Management issues Circulars to address internal control weakness identified and take remedial and consequence management action for all error or fraud.

6.2 Internal Control Unit and Risk Management and Monitoring and Evaluation

6.2.1 This is the second level of assurance and their function is separate from direct line management.

6.2.2 **ICU (Compliance management).**

6.2.3 This is the second level of Assurance whose KRA/Deliverables role are:

❖ Ensure proper Governance.
  ➤ Delegations
❖ Render Assurance services.

  ❖ Verification of transactions against relevant audit assertions (Validity, Accuracy & Completeness)
  ❖ Exceptions reports (Pre and Post audit)
  ❖ ICU must do Pre and Post audit of manual/per hand transactions.
  ❖ Assess Compliance on Payroll and Leave.
  ❖ Assess Key Controls in AG management letter.
  ❖ ICU Issue exception reports on a monthly basis.
❖ Risk and Key controls in AG management letter Management.

6.2.4 ICU fulfills a monitoring role as they check that the controls in the management level of Governance and Internal Control are properly designed, are in place and operating as intended.

6.2.5 ICU plays a critical role in both entity level control analysis and process level control analysis.

6.2.6 The Directorate monitors and Evaluation under Strategic planning Branch and Risk and are all second level assurance.

6.3 Internal Audit and AG

6.3.1 This is the third level Assurance by professional institutions that are guided by professional standards requiring the highest level of independence.
  ❖ Internal Audit.
  ❖ Auditor General of South Africa.

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7 ASSURANCE PROCESS

7.1 Procedure Step 1 confirmation of strategic intent and Risk and Key controls in AG management letter universe.

❖ Engage Risk and Key controls in AG management letter Management and confirm the strategic goals and objectives depicted in the Risk and Key controls in AG management letter profile of the department.

❖ Confirm with the Risk and Key controls in AG management letter management all the categories of Risk and Key controls in AG management letter.

❖ Identify the programs and sub-programmes and their aligned business processes

7.2 Procedure Step 2 Key Risk and Key controls in AG management letter facing department.

❖ Address all the key Risk and Key controls in AG management letter extracting information from the Risk and Key controls in AG management letter Register.

❖ Have discussion with Risk and Key controls in AG management letter Management confirming the existence of Risk and Key controls in AG management letter Treatment.

❖ Identify all role players that will provide assurance in relation to the key Risk and Key controls in AG management letter.

❖ Identify that business process that is linked to the Risk and Key controls in AG management letter.

7.3 Procedure Step 3 Mapping the Assurance effort

❖ This is the critical step to determine whether each Risk and Key controls in AG management letter is covered by a relevant line management especially those Risk and Key controls in AG management letter that is high.

7.4 Procedure Step 4 Assessment of Assurance effort.

❖ The assessment must be guided by clear criteria and must not be insufficient or excessive but appropriate

❖ Management sign off the assurance plan and give copy

Yours faithfully

_____
DIRECTOR ICU

_____
I acknowledge receipt of the above letters.

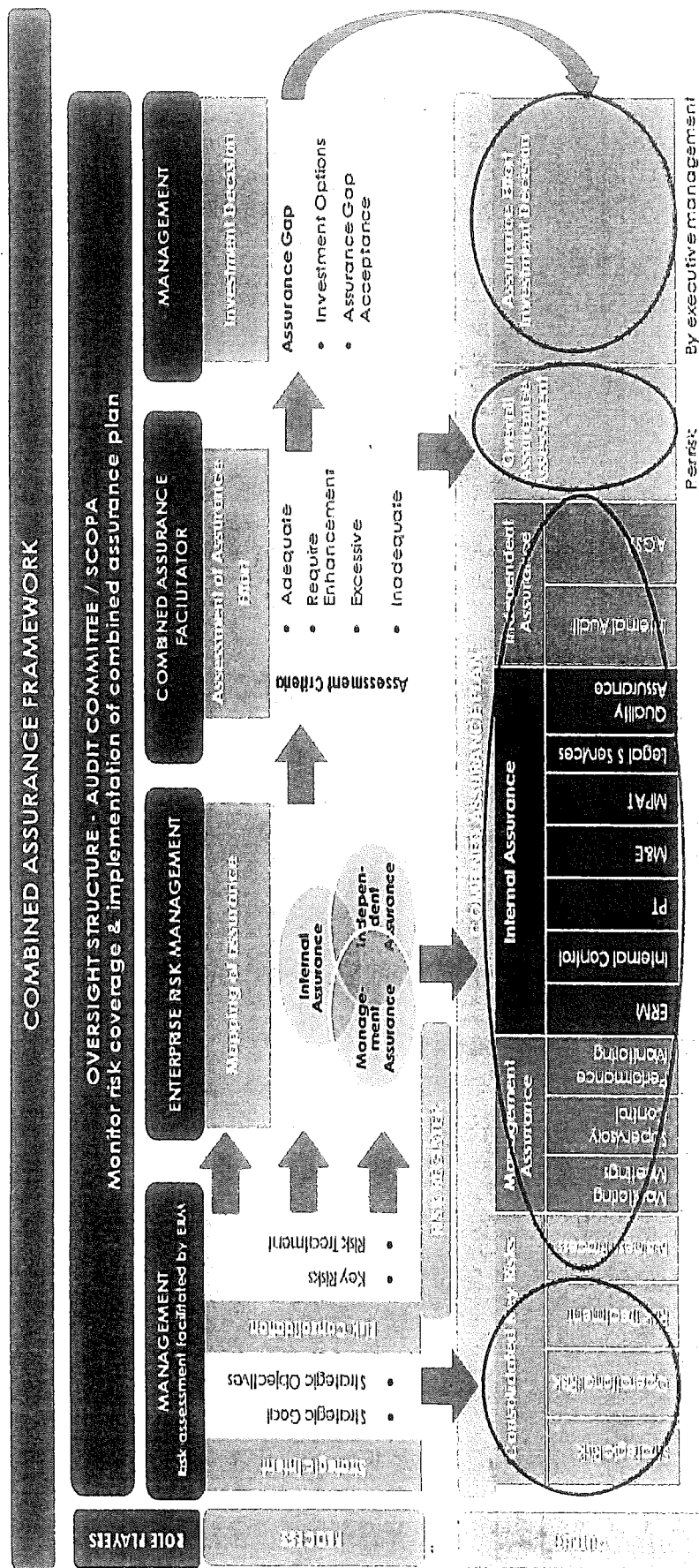|	
Annexure	High level graphical depiction of Framework
Annexure	Assurance Assessment template
Annexure	13 Steps to improve Governance and Internal Control and mitigate Risk

APPENDIX – Combined Assurance Assessment Template

Consolidated Key Risks	Management Assurance				Internal Assurance							Independent Assurance		Overall Assurance Assessment	Assurance Effort Investment Decision
	Monitoring Meetings	Supervisory Control	Performance Monitoring	Internal Control	Monitoring and Evaluation	Provincial Treasury	Legal Compliance	Assessments	Quality Assurance Services	ERM	Other	Internal Audit	AGSA		
Strategic risk															
Operational Risk															
Risk Treatment															
Business Process															

AN ASSURANCE FRAMEWORK

The following is a high level graphical depiction of the combined assurance framework

COMBINED ASSURANCE FRAMEWORK

OVERSIGHT STRUCTURE - AUDIT COMMITTEE / SCOPA
Monitor risk coverage & implementation of combined assurance plan

MANAGEMENT
Risk assessment facilitated by ERM

ENTERPRISE RISK MANAGEMENT

COMBINED ASSURANCE FACILITATOR

MANAGEMENT

ROLE PLAYERS

Start of initiation

- Strategic Goal
- Strategic Objectives

Likelihood

- Key Risks
- Risk Treatment

Managing of resources

Internal Assurance

Management Assurance

Independent Assurance

Assessment of Assurance Level

Assessment Criteria

- Adequate
- Require Enhancement
- Excessive
- Inadequate

Investment Direction

Assurance Gap

- Investment Options
- Assurance Gap Acceptance

COMBINED ASSURANCE PLAN

Management Assurance

Internal Assurance

Independent Assurance

Monitoring Mitigation
Supervisory Control
Performance Monitoring
ERM
Internal Control
PT
M&E
MPAT
Legal Services
Quality Assurance
Internal Audit
AGSA

Strategic Risk
Operational Risk
Risk implementation

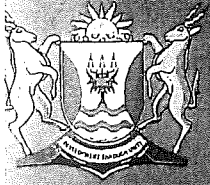Per risk:

By executive management

RESPONSIBLE MANAGEMENT

13 STEPS TO IMPROVE GOVERNANCE IN INTERNAL CONTROL (CIRCULAR 18 OF 2015)

- All senior and middle managers & supervisors managing the Human & Financial Resource efficient and effectively.

- The recruitment process ensure qualified and compitent for the appointed job they are doing.
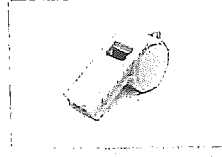
- Report fraud hotline 0800 701 701 SAY NO TO CORRUPTION
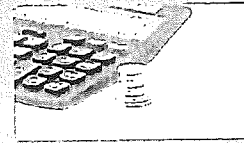
- Use of state money and resources for exactly what are meant for and following procedures.

- Consequence management are all allegations of financial misconduct instituted within 30 days.

- Document management Must comply to NMIR

- Must know! Be aware of occupational health and safety standards at a work place.

- Reduce and report fruitless and wasteful expenditure plan properly.
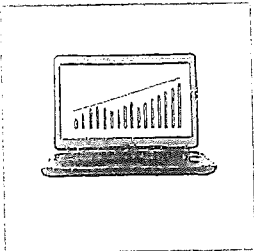
- Prevent irregular expenditure plan properly and report irregular expenditure.

- Staff = Training + Development = Better service delivery

- Draw the line when it comes to your relationship with service providers.

- Be willing to go an extra mile when coming to your job, stay motivated for better result

- Comply with laws and regulations for better performance outcomes

Department of Education : Governance - Risk Management Internal Control and Compliance

Brought to you by : Director Internal Control Unit

Building blocks for Growth

website : www.ecdoe.gov.za
Customer care : +27(0)80 121 2570

Province of the
EASTERN CAPE
EDUCATION

RESPONSIBLE MANAGEMENT
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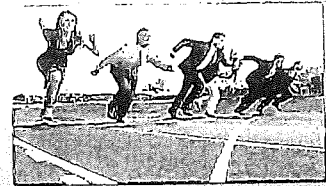Reduce and report fruitless and wasteful expenditure plan properly.

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