“Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.”
Role in Combined Assurance

Management

Internal assurance providers

External assurance providers

Combined assurance

Who is providing what assurance on what, when, to who and to what extent?
Why Combined Assurance?

• Support NRF Board / Executive Authority in effectively discharging its responsibilities;
• Efficient & effective use of resources;
• Avoid duplication of effort / reduce assurance fatigue;
• Optimise assurance coverage;
• Reduce information overload / facilitate sound decision making;
• Reduce costs; and
• Improve regulatory conformance.
Managing the Audit Function in a Transformative/Changing Environment

- RAISE the bar – Live up to Heightened Expectations
- REVISIT the Charter and reporting relationships – Validate purpose and position
- REBALANCE Internal Audit activities – Focus on emerging risks and Stakeholder Expectations
- COMMUNICATE – Sharpen dialogues with management and Audit Committee
- ACT as a change agent – facilitate positive change
What is a sound control environment?

A control environment is the foundation (set of standard, processes and structures) on which an effective system of internal control is built and operated in an organization that strives to:

- achieve its strategic objectives;
- provide reliable financial reporting to internal and external stakeholders;
- operate its business efficiently and effectively;
- comply with all applicable laws and regulations; and
- safeguard its assets.
IA Scope of Work (Grant Management)

• Grant management is CORE BUSINESS, hence the area is subject to an ANNUAL REVIEW as a result of its perceived EXTREME INHERENT RISK.

• General focus areas (processes & key controls):
  ➢ Defining funding opportunities (Strategic Framework(s) / Business Process Documentation / Guidelines etc.)
  ➢ Call for Applications
  ➢ Receipt of Applications
  ➢ Assessment of Applications (Panel meetings, Declaration of Interest(s), Confidentiality Agreements, Consensus Score Cards, etc.)
• General focus areas (processes & key controls)(Cont.):
  - Approval of Funding Decisions
  - Awards & Releases
  - Claims & Payments to Institutions
  - Grant Adjustments & Journals
  - Monitoring: Progress Reports and/or External Assurance (Audit Reports)
  - Carry-forward process
  - IT General Controls (Phoenix / Great Plains Access Controls, etc.)
  - Performance Information
Institutional visits / “Dipstick” audits

- Initial request for “Dipstick”-audits from RISA-executive (2013) & approved by NRF Audit Committee (October 2013)

- “Dipstick”-audits done since inception:

<table>
<thead>
<tr>
<th>Institution</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhodes University (RU)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of the Witwatersrand (Wits)</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Pretoria (UP)</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Zululand (UZ)</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Walter Sisulu University (WSU)</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North-West University (NWU)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>University of Cape Town (UCT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>University of Limpopo (UL)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>University of Fort Hare (UFH)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>National Health Laboratory Services (NHLS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Mangosotho University of Technology (MUT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>University of the Free State (UFS)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
NRF IA Scope of Work (Institutional Visits)

• Possible focus areas:
  ➢ Annual Institutional selection is guided by GMSA (RISA)
  ➢ Primary focus is the NRF Agreed-upon procedures (NRF External Audit Guidelines) – Compliance with Funding Instruments,
  ➢ Follow-up procedures – Determine whether PY observations have been corrected,
  ➢ Collaboration with Institutions’ IA functions – Identification of areas of concern

**NB** - Procedures may be “tweaked” and additional procedures may be performed to address concerns raised (ad-hoc requests, etc.) – in accordance with the MFA entered into between the NRF and the Institution
Timing of reviews

• *External Audits (conducted by the Auditor-General)*
  - *Interim audit (Q4)*
  - *Final audit (Q1 & Q2 of new year)*

• *Internal Audits*
  - *Institutional visits (Q1) (01 April to 30 June)*
  - *RISA grant management process (Q2)*
  - *Other NRF NFs/BUs (Q2 – Q4)*
  - *Performance Information (Q4)*
Common challenges

• Timing of reviews – often falls within Graduation period

• Turn-around period re: request for audit info

• Understanding (Interpretation) of Grant Conditions – based on Funding Instruments

• Understanding (Interpretation) of Agreed-Upon procedures

• Performance information & reporting

• Monitoring (defaulting) students
Questions?
Contact details

Mrs Vuyokazi Mkwaqa
Head: Internal Audit
Telephone: 012 481 4068
Mobile: 072 073 1951
E-mail: Vuyokazi.Mkwaqa@nrf.ac.za

Mr Ben Smit
Senior Internal Auditor
Telephone: 012 481 4004
Mobile: 082 979 4925
E-mail: bsmite@nrf.ac.za

Mr Mandla Dhladhla
Internal Auditor
Telephone: 012 481 4132
Mobile: 082 704 5080
E-mail: mandla.dhladhla@nrf.ac.za

Mr Bongani Lekula
Internal Auditor
Telephone: 012 481 4053
Mobile: 073 457 2180
E-mail: Bongani.lekula@nrf.ac.za
thank you