Mpumalanga Department of Finance

King III Assessment Tool

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| **No** | **Ref** | **Assessment Point** | **Yes**  | **No** | **N/A** | **Remarks** | **Supporting Documentation** |
|  |  | **Ethical Leadership and corporate citizenship** |  |  |  |  |  |
| 1 | 1.1 | Responsibility of the AO in strategic plan |  |  |  |  | Signed Strategic PlanAO Overview and Situational Analysis review |
| 2 | 1.2 | Measurable Objectives in strategic plan and quarterly reporting  |  |  |  |  | Quarterly Performance Reports |
| 3 | 1.2. | Service delivery (Batho Pele) |  |  |  |  | SDIP Manco / EXCO Agenda item for SDIP |
| 4 | 1.3 | Ethics and code of Conduct as per PSR |  |  |  |  | Code of ConductEvidence of Presentation to staff |
|  |  | **Boards and Directors** |  |  |  |  |  |
| 5 | 2.1 | EXCO and MANCO meetings TOR and schedules and regular meetings held to give direction and monitor progress |  |  |  |  | EXCO / Manco TORMinutes of meetingsDecision Register |
| 6 | 2.2 | Approved strategic plan, risk management applied to achieve strategy |  |  |  |  | Approved risk strategy documentRisk item on agenda for EXCO / Manco Quarterly risk reports |
| 7 | 2.14 | SMS disclosure annually |  |  |  |  | SMS disclosure analysis report |
| 8 | 2.15 | Adjustment budget caters specifically for unavoidable and unforeseen expenditure |  |  |  |  | Review adjustment budgetEvidence of items on adjustment budgetUpdated procurement plans |
| 9 | 2.17 | Delegation of AO  |  |  |  |  | Signed delegations |
| 10 | 2.18 | PMDS for SMS |  |  |  |  | PMDS reports |
| 11 | 2.19 | Appointment of an Audit Committee |  |  |  |  | AC contracts |
| 12 | 2.24 | Governance responsibilities as per TR Part 2 |  |  |  |  | Performance Agreement of Key Management Personnel to cover these issues in their KPA |
| 13 | 2.25 | Remuneration matters managed by the DPSA |  |  |  |  | Salary scales on PERSAL as per approved remuneration scales from DPSA |
|  |  | **Audit Committees** |  |  |  |  |  |
| 14 | 3.1 | Independent AC with approved TOR |  |  |  |  | AC Charter approved |
| 15 | 3.1 | AC meets at least twice a year and annually with the AG also the AC meets annually without management |  |  |  |  | AC Schedule of meetings |
| 16 | 3.2 | Independent and knowledgeable Chairperson of the AC |  |  |  |  | CV of AC Members and review qualificationsAC Assessment Report / survey |
| 17 | 3.3 | AC appointed by the AO in consultation with the EA |  |  |  |  | Review appointment process and documentation |
| 18 | 3.4 | AC oversees integrated reporting |  |  |  |  | AC report in Annual report |
| 19 | 3.5 | AC to coordinate assurance activities of internal and external audit |  |  |  |  | Minutes of AC Meeting |
| 20 | 3.6 | AC review financial controls and quality of management and reports |  |  |  |  | Minutes of AC Meeting |
| 21 | 3.7 | AC review the effectiveness of the IA and annual programme |  |  |  |  | Minutes of AC Meeting |
| 22 | 3.8 | AC review the key risks to be covered by IA and AG, audit plan based on key risks |  |  |  |  | Minutes of AC Meeting |
| 23 | 3.9 | AC to review the scope of the AG external audit |  |  |  |  | Minutes of AC Meeting |
| 24 | 3.10 | AC report do disclose if the AC complied with TOR |  |  |  |  | AC report in Annual report |
|  |  | **The Governance of Risk** |  |  |  |  |  |
| 25 | 4.1 | AO takes responsibility for RM |  |  |  |  | Approved RM Policy |
| 26 | 4.1 | Department has a RM framework implemented |  |  |  |  | Approved RM Strategy and framework |
| 27 | 4.2 | AO, EXCO and MANCO determine risk tolerance |  |  |  |  | Approved RM Strategy and framework |
| 28 | 4.3 | Appointment of RMC and TOR for the RMC |  |  |  |  | Appointment letters and RMC Charter/ TOR |
| 29 | 4.4 | Management establishes responsibility for risk ownership and management |  |  |  |  | RM Strategy and feedback reports |
| 30 | 4.5 | Risk assessments are conducted on a regular basis |  |  |  |  | Annual Risk assessment report |
| 31 | 4.6 | Appointment of a CRO |  |  |  |  | Appointment letter |
| 32 | 4.7 | Quarterly reporting of evaluation, monitoring and implementation of RM |  |  |  |  | Quarterly RM feedback reports |
| 33 | 4.8 | IA to assess key risks |  |  |  |  | IA plan based on high risks |
|  |  | **The Governance of Information Technology** |  |  |  |  |  |
| 34 | 5.1 | IT Governance structures |  |  |  |  | IT Governance framework |
| 35 | 5.2 | IT alignment to the department’s objectives, IT master plan and acquisitions plan. |  |  |  |  | IT Master plan and implementation plan |
| 36 | 5.3 | Appointment of a CIO |  |  |  |  | Appointment letter |
| 37 | 5.4 | Evaluation of IT investments and expenditure |  |  |  |  | IT Expenditure report analysis |
| 38 | 5.4 | IA evaluates the IT environment |  |  |  |  | IA Plan |
| 39 | 5.5 | Management of IT risks |  |  |  |  | IT risk register and quarterly feedback reports |
| 40 | 5.6 | Protection of information assets |  |  |  |  | IT Security PolicyInformation Security policy |
| 41 | 5.7 | RMC review IT risks |  |  |  |  | RMC minutes of meetings |
|  |  | **Compliance with laws, rules codes and standards** |  |  |  |  |  |
| 42 | 6.1 | AC and IA role to review compliance to laws and regulations |  |  |  |  | IA PlanAC minutes  |
| 43 | 6.2 | Legal services unit established to assist with compliance |  |  |  |  | Compliance matrix |
| 44 | 6.3 | RM to focus on compliance |  |  |  |  | RMC Minutes |
| 45 | 6.4 | SCM officials to sign off compliance to code of conduct for SCM |  |  |  |  | Code of conduct declarations by SCM officials |
|  |  | **Internal Audit** |  |  |  |  |  |
| 46 | 7.1 | IA to prepare and implement a 3 year audit plan |  |  |  |  | IA Plans |
| 47 | 7.1 | IA reports administratively to the AO and functionally to the AC |  |  |  |  | IA Approved Structure |
| 48 | 7.2 | IA to be conducted in terms of the IIA standards |  |  |  |  | External QAR ReportAnnual Internal Assessment Report |
| 49 | 7.2 | IA to have adequate resources to achieve the approved IA plan |  |  |  |  | IA Resources covered in IA Plan |
| 50 | 7.3 | IA to coordinate with the AG  |  |  |  |  | AG strategy report conclusion of IA work |
| 51 | 7.3 | IA to comment on effectiveness of internal controls, risk management  |  |  |  |  | IA reporting format structure |
| 52 | 7.4 | AC to evaluate the effectiveness of the IA function |  |  |  |  | AC report |
| 53 | 7.5 | IA implements a Quality Assurance and Improvement Programme |  |  |  |  | QAIP reporting |
|  |  | **Governing Stakeholder relationships** |  |  |  |  |  |
| 54 | 8.1 | Evaluate Batho Pele principle complied when dealing with stakeholders |  |  |  |  | SDIP ReportsEXCO / Manco minutes on SDIP |
| 55 | 8.2 | Communication and reporting requirements as per section 40 of the PFMA |  |  |  |  | AFSCash Flow ScheduleMonthly IYMMonthly Performance reporting |
| 56 | 8.3 | AO compliance requirements as per section 38 of the PFMA |  |  |  |  | IA FunctionRM FunctionSCM TransparencyEvaluation of SCM Performance monthlyUnauthorised / Irregular / Wasteful Expenditure prevention mechanismsDORA requirementsCash flow management |
|  |  | **Integrated reporting and disclosure** |  |  |  |  |  |
| 57 | 9.1 | Annual reporting requirements and integrated reporting |  |  |  |  | Annual Report |
|  |  | **Alternative Dispute Resolution** |  |  |  |  |  |
| 58 | 10.1 | Management of debtors, losses and claims |  |  |  |  | Monthly Litigation Reports |
| 59 | 10.2 | Management of contracts, no commitments for which funds are not appropriated |  |  |  |  | Monthly Litigation Reports |