

**PEMPAL INTERNAL AUDIT COMMUNITY OF PRACTICE MEETING
BUDAPEST, HUNGARY
OCTOBER 2024**

**EDUCATION & TRAINING OF PUBLIC SECTOR INTERNAL AUDITORS
REPUBLIC OF SOUTH AFRICA**

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CONTENT

- **Current State**
 - **Legal Obligations**
 - **Current Practices**

- **Future State**
 - **Legislative Reforms**
 - **Significant Administrative Reforms**



Current State

Legal Obligations

- South Africa has a decentralized internal audit system. Each government institution has its own internal audit function.
- Legislation requires that Internal Auditing must be conducted in accordance with the standards set by the Institute of Internal Auditors.
- There are no legal prerequisites specifically for Internal Auditors, such as integrity and being free from conflict of interest.
- There are no specifically legislated minimum qualifications and experience for Internal Auditors, but senior managers must have a university degree or equivalent qualification (whether they are in Internal Audit or any other function).



Current State

Current Practices

- Each institution is responsible for its own internal audit structure and for the competency of its Internal Auditors. They enjoy autonomy over recruitment, training and continuous professional development (CPD) of their Internal Auditors.
- The National Treasury (Ministry of Finance) issued an Internal Audit Guidance Framework. On the question of competency, the Framework states:
 - *the CAE, in conjunction with the Accounting Officer, should develop an Internal Audit Activity structure taking cognisance of the organisation's needs including risk and the complexity of operations.*
 - *the CAE should develop a recruitment, placement, training and retention programme to ensure that appropriate skills are available. Due consideration should be given to qualifications, skill and experience.*



Current State

Current Practices (continued)

- **The National Treasury also provides training from time-to-time in priority areas. Training is open to all public sector Internal Auditors. Past training focused on topics such as the pre-audit of Annual Financial Statements, Information Technology Auditing, Audit of Performance Information and Value-for-Money Auditing.**
- **The National Treasury convenes an Internal Audit Forum twice a year for all public sector Internal Auditors. The Institute of Internal Auditors allows CPD credits for attendance.**
- **The Institute of Internal Auditors and the National Treasury are joint hosts of the annual national Internal Audit Conference. The conference provides a platform for the local public and private sectors, foreign governments, multi-lateral institutions, non-governmental organisations and professional institutions to network, share knowledge and deliberate challenges, solutions and good practices. Attendance earns CPD credits.**



Future State

Legislative Reforms

- The Public Finance Management Act and Municipal Finance Management Act which regulate Internal Audit and Audit Committees are currently being revised, with the intention to enact them within the coming months.
- The Acts seek to professionalise Internal Audit. This means that it will become mandatory for Internal Auditors to affiliate to a competent professional body recognised by Government. The implications are:
 - *Internal Auditors will be subject to the disciplines imposed by their professional body (in addition to the discipline imposed by relevant Government legislation).*
 - *Internal Auditors must maintain CPD through appropriate training and development to maintain good standing with their professional body.*
- The Minister of Finance is empowered to prescribe minimum competency levels and affiliation to professional bodies.



Future State

Significant Administrative Reforms

- A higher level of monitoring and evaluation of minimum competency levels.
- Centralised training and development on a mass scale for “new age internal audit skills” such as in risk management, public sector governance, data analytics, continuous auditing, real-time auditing, ESG auditing, cybersecurity and information technology governance. These skills are paramount to repositioning Internal Audit as a value-adding discipline.
- The National Treasury (responsible for strategy) and the National School of Government (responsible for delivery) will drive training and development in partnership with the relevant professional authorities and academia.



THANK YOU

