



Province of the  
**EASTERN CAPE**  
COOPERATIVE GOVERNANCE  
& TRADITIONAL AFFAIRS

# COMBINED ASSURANCE FRAMEWORK 2024/25




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## References

The following documents were used in the development of the framework:

- Public Finance Management Act, Act No. 1 of 1999;
- Treasury Regulations;
- King III on Corporate Governance;
- King IV on Corporate Governance;
- The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing;
- The Institute of Internal Auditors International Professional Practices Framework
- The National Treasury Internal Audit Framework; and
- Provincial Treasury Guidelines

## SIGN OFF

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## I. Abbreviations

<b>Abbreviation</b>	<b>Explanation</b>
AC	Audit Committee
AGSA	Auditor-General South Africa
AO	Accounting Officer
CAE	Chief Audit Executive
CRO	Chief Risk Officer
EA	Executive Authority
ECPT	Eastern Cape Provincial Treasury
HoD	Head of Department
IAA	Internal Audit Activity
IAF	National Treasury Internal Audit Framework
IIA	Institute of Internal Auditors
MEC	Member of the Executive Council
NT	National Treasury
PFMA	Public Finance Management Act, Act No. 1 of 1999
PT	Provincial Treasury
TR	Treasury Regulations

## **1. INTRODUCTION**

1.1. This framework sets out to integrate assurance, co-ordinate all assurance providers within the Eastern Cape Cooperative Governance and Traditional Affairs and establish a system for the implementation of combined assurance. The legislation, regulations, standards and frameworks referred to above be utilized in the development of this Combined Assurance Framework.

## **2. OBJECTIVE OF THE COMBINED ASSURANCE FRAMEWORK**

2.1 The objective of this Combined Assurance Framework is to establish a standard for combined assurance in the Eastern Cape Cooperative Governance and Traditional Affairs.

2.2 King III defines combined assurance as the integration and alignment of assurance processes in an organization to maximize governance, risk oversight and control efficiencies, and optimize overall assurance to the audit and risk committee, considering the organization's risk appetite.

2.3 King IV states that a combined assurance model incorporates and optimizes all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for internal decision-making by management, the governing body and its committees, and support the integrity of the organisation's external reports.

2.4 The International Standards for the Professional Practice of Internal Auditing 2050 on Coordination states that, the Chief Audit Executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

2.5 The Audit Committee should ensure that a Combined Assurance Model is applied to provide a coordinated approach to all assurance activities. The Audit Committee should ensure that the Combined Assurance Plan is appropriate to address all the significant risks facing the organization. The relationship between the external assurance providers and the organization should be monitored by the Audit Committee.

## **3. COMBINED ASSURANCE METHODOLOGY**

3.1 Combined Assurance is a coordinated approach that ensures that all assurance activities provided by management, internal assurance providers and external assurance providers adequately address significant risks facing the organization and that suitable controls exist to mitigate the risks.

3.2 The Combined Assurance Methodology includes:

3.2.1 Understanding the risks of the organization;

- 3.2.2 Understanding who the assurance providers are;
- 3.2.3 Aligning risks and assurance;
- 3.2.4 Coordinating assurance; and
- 3.2.5 Reporting.



### 3.2.1 UNDERSTANDING THE RISKS OF THE ORGANISATION

Risks are informed by management’s assessment of risk. This is achieved by risk management activities including the compilation of a Strategic Risk Register. Risk areas are further complemented by various stakeholder’s knowledge of the organisation, its business activities, and exposures. The Strategic Risk Register of the organization may be utilized for the understanding of the risks phase of the process.

### 3.2.2 UNDERSTANDING WHO THE ASSURANCE PROVIDERS ARE:

Assurance providers are categorized in three lines of defence:

- **MANAGEMENT OVERSIGHT (1<sup>ST</sup> LEVEL OF ASSURANCE)**

Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the extent of management reviews and the actions that follow.

**Roles and Responsibilities:**

- Leads and directs actions (including managing risk) and application of resources to achieve the objectives of the organization. (guiding the implementation of the APP and Operational Plans of the organisation).

- Maintains a continuous dialogue with the governing body (Audit Committee), and reports on: planned, actual, and expected outcomes linked to the objectives of the organization and risk.
- Establishes and maintains appropriate structures and processes for the management of operations and risk including internal control (Management meetings and Risk Management Committee meetings).
- Ensures compliance with legal, regulatory and ethical expectations.

### **MANAGEMENT OF RISK (2ND LEVEL OF ASSURANCE):**

Internal functions provide support to line management in executing their duties. These include functions such as Risk Management, Monitoring and Evaluation, Budget and Legal units.

#### **Roles and Responsibilities:**

- Provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:
- The development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
- The achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behavior; internal control; information and technology security; sustainability; and quality assurance.

### **INDEPENDENT ASSURANCE (INTERNAL AUDIT 3<sup>RD</sup> LEVEL OF ASSURANCE):**

#### **Roles and Responsibility**

- Maintains primary accountability to the governing body and independence from the responsibilities of management.
- Communicates independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.

- Reports impairments to independence and objectivity to the governing body and implements safeguards as required.

### **EXTERNAL ASSURANCE PROVIDERS:**

#### **Roles and Responsibilities**

Provide additional assurance to:

- Satisfy legislative and regulatory expectations that serve to protect the interests of stakeholders.
- Satisfy requests by management and the governing body to complement internal sources of assurance.
- External Audit, Audit Committees and Legislature oversight through the Standing Committee on Public Accounts provides independent assurance at various intervals.

### **3.2.3 ALIGNING SIGNIFICANT RISK EXPOSURES TO ASSURANCE IDENTIFYING GAPS:**

A Combined Assurance Plan is developed after approval of the Combined Assurance Framework. The Combined Assurance Plan maps significant risk exposures to assurance and identifies gaps. Internal Audit facilitates the compilation of the Combined Assurance Plan. It is distributed to various stakeholders for inputs, discussion and finalization. The plan is then used to identify gaps and direct effort where it is needed.

### **3.2.4 COORDINATING THE ASSURANCE ACTIVITIES:**

The Audit Committee is responsible for coordinating the assurance activities (The essence of Combined Assurance). The Combined Assurance Plan is used for this purpose, together with discussions at audit committee meetings and inputs from all stakeholders throughout the year. (All presentations of the Audit Committee meetings).

### **3.2.5 COMBINED ASSURANCE REPORTING:**

Management oversight of combined assurance is reported through Risk Management Committee meetings which provide guidance, direction, and oversight over the focus areas.



#### 4. CO-ORDINATION OF COMBINED ASSURANCE WITHIN THE DEPARTMENT

- 4.1 The responsibility for implementation of the Combined Assurance Framework lies with Management, Enterprise Risk Management, and all Internal and External Assurance Providers.
- 4.2 The responsibility for the coordination of the Combined Assurance Framework lies with the Internal Audit Activity.
- 4.3 The responsibility for the preparation of the Strategic Risk Register of the organization and submission for combined assurance purposes lies with the Department's Enterprise Risk Management Unit.
- 4.4 A Combined Assurance Committee will be established including representatives from all of the above lines of defence. This committee shall be chaired by the Head of Department/DDG.
- 4.5 Combined Assurance committee meetings will be held on a quarterly basis. **(Currently the Risk Owners reports on the status of combined assurance in the Risk Management meetings)** as per the identified Strategic Risks of the department.
- 4.6 The Combined Assurance Plan will be reviewed annually to coordinate the combined assurance efforts of the organization.

#### 5. APPROVAL OF THE FRAMEWORK

The Framework will be approved at the recommendation of the Head of Department (HoD) and Chairperson of the Audit Committee as prescribed in the Audit Committee Charter. The Framework becomes official on the date it is approved by the Chairperson of the Audit Committee of the Department of Cooperative Governance & Traditional Affairs (COGTA).

#### 6. REVIEW OF THE FRAMEWORK

This Framework will be reviewed as and when there are material changes in the enabling and applicable legislation and regulations and the new developments from the Institute of Internal Auditors South Africa (IIASA).

## VERSION CONTROL AND CHANGE HISTORY

<b>Version Control</b>	<b>Date Effective</b>	<b>Approved By</b>	<b>Amendment</b>
2024	01 April 2024	Mr PG Zitumane (Chairperson of the Audit Committee)	N/A