



THE PRESIDENCY

REPUBLIC OF SOUTH AFRICA

DEPARTMENT: PERFORMANCE MONITORING AND EVALUATION



MPAT

**Management Performance
Assessment Tool**

Guideline for Internal Audit Activity

July 2013

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MPAT Note: No. 1
Guideline for Internal Audit Units

1 Introduction on MPAT Process

Improved management practices contribute to improved service delivery. The 12 priority outcomes government has set for 2009-2014 are underpinned by Outcome 12: 'An Efficient, Effective and Development Orientated Public Service'.

In October 2010 Cabinet approved a proposal from the Department of Performance Monitoring and Evaluation (DPME) to work with transversal administrative departments and Offices of the Premier to develop and pilot the implementation of a management performance assessment tool, in support of achieving Outcome 12. The Management Performance Assessment Tool (MPAT) was developed in collaboration with the Department of Public Service and Administration (DPSA) and the National Treasury, with additional inputs from the Office of the Auditor General and the Office of the Public Service Commission.

In June 2011 Cabinet gave a mandate for DPME to implement management performance assessments for all national and provincial departments on an annual basis. Following a series of workshops and consultations, DPME officially launched MPAT in October 2011. Provincial governments through the Offices of the Premier further facilitated their own launches and self-assessments in their provincial departments.

Self-assessment by Departments

An important step in the MPAT process is for the senior management of a department to conduct a self-assessment against a range of management standards. MPAT does not duplicate existing monitoring and oversight by other departments, but in fact draws on secondary data from these entities to review the self-assessments of departments. The MPAT tool focuses on **4 Key Performance Areas namely Strategic Management, Governance and Accountability, Financial Management and Employees, systems and processes**. The tool application on self-assessment lies within four descriptors namely:

- Level 1: Non-compliance with legal/ regulatory requirements;
- Level 2: Partial compliance with legal or regulatory requirements;
- Level 3: Full compliance with legal/ regulatory requirements; and
- Level 4: Full compliance and doing things smartly.

Departments are then required to provide evidence that support their scores on MPAT standards. ***Thus the role of the Internal Audit Activity (IAA) becomes crucial in verifying the existence of evidence as collated by management within the department.***

2 Internal Audit Activity (IAA) Mandate

2.1 National & Provincial Departments in terms of Public Finance Management Act

Section 38 (1): The accounting officer for a department, trading entity or constitutional institution;

(a) Must ensure that that department, trading entity or constitutional institution has and maintains:

(ii) A system of IAA under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77.

2.2 National Treasury Regulations

Section 3.2.5

The purpose, authority and responsibility of the Internal Audit Activity (IAA) function must, in consultation with the audit committee, be formally defined in an **audit charter** and be consistent with the Institute of Internal Auditors (“IIA”) definition of Internal Auditing.

Section 3.2.6

Internal Audit must be conducted in accordance with the *Standards* set by the Institute of Internal Auditors.

2.3 International Standards for the Profession Practice of Internal Auditing (Standards)

2.3.1 Definition of Internal Auditing

Internal Auditing is defined as an independent, objective assurance and consulting services designed to add value and improve the organization’s operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

2.3.2 Consulting Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization’s governance, risk management, and control processes without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

2.4 Role of the IAA

The main role of IAA in the MPAT process is to verify that due process has been followed by the department in performing the MPAT and verify existence of information provided by management. It is evident that for the IAA, this constitutes a consulting engagement and not an assurance engagement, therefore the *Standards* for consulting engagement must be adhered to.

NB: The evidence forms a critical part of the MPAT Self-Assessment process; it is the means for the moderating committee to perform quality assurance.

2.4.1 Planning – Standard 2010.C1

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.

MPAT must be included in the internal annual operational plan for the approval of the audit committee. If the MPAT is not included in the approved plan, approval must be obtained from the audit committee.

2.4.2 Engagement Planning – 2200.C1

Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.

Engagement planning should be performed and agreed with management. ***(See Annexure 1 on the example of IAA planning memorandum)***

2.4.3 Performing the Engagement – Standard 2300

Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.

The project scope and approach as per the planning memorandum. The IAA must be independent when assessing the process. The IAA may serve as an observer in the management deliberations on the departmental self-assessment. They may provide guidance or comment with regard to the type and level of evidence required, but should not be part of the actual scoring of the standard. ***(See Annexure 2 on Internal Audit Activity Role on the Process Flow)***

2.4.4 Communicating Results – Standard 2410. C1

Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations, and action plans. Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

The IAA report must be submitted to the Accounting Officer and Audit Committee.

2.5 Evaluation of the IAA

One section of the MPAT Self-Assessment deals with the state of the department’s Internal Audit. This should be completed by the head of the IAA and discussed with the Chairperson of the Audit Committee. The head of the IAA or his/her delegate should present the score on Internal Audit MPAT standards at the management meeting.

ANNEXURE 1

INTERNAL AUDIT ACTIVITY (IAA) PLANNING MEMORANDUM

Verification of the Management Performance Assessment Tool (MPAT)

1. PROJECT MANDATE

The verification of the MPAT is part of the approved Internal Audit Activity (IAA) Operational Plan for the 20XX/20XX financial year as approved by the Audit Committee.

2. PROJECT SCOPE

The scope of this review will cover the period from XX to XX in line with the MPAT assessment period.

3. AUDIT OBJECTIVES

The primary objective of the review is to:

- Verify the existence of the evidence provided by management for each MPAT standard; and
- Evaluate compliance with MPAT self-assessment process (*See Annexure 2 on the Process Flow and MPAT 1.3 Standards Performance Area-Management Structures-MPAT Implementation*).

4. APPROACH

The main role of Internal Audit Activity (IAA) in the MPAT process is to determine whether due process has been followed by the department in performing the MPAT. Internal Audit Activity (IAA) is expected to verify existence of information provided by management. It is evident that this constitutes a consulting engagement and not an assurance engagement, therefore the **Standards** for consulting engagement must be adhered to (*See Process Flow*); including but not limited to the following:

- Participation in the senior management assessment meeting. Internal Audit Activity (IAA) must be independent when assessing the process. Internal Audit Activity (IAA) may serve as an observer in the management deliberations on the departmental self-assessment. They may provide guidance or comment with regard to the type and level of evidence required, but should not be part of the actual scoring of the standard.
- Report the findings of the review to Accounting Officer and Audit Committee.

5. TIMING

The time scheduled for all the phases will be xx hours; estimated to start on xxx to xxx.

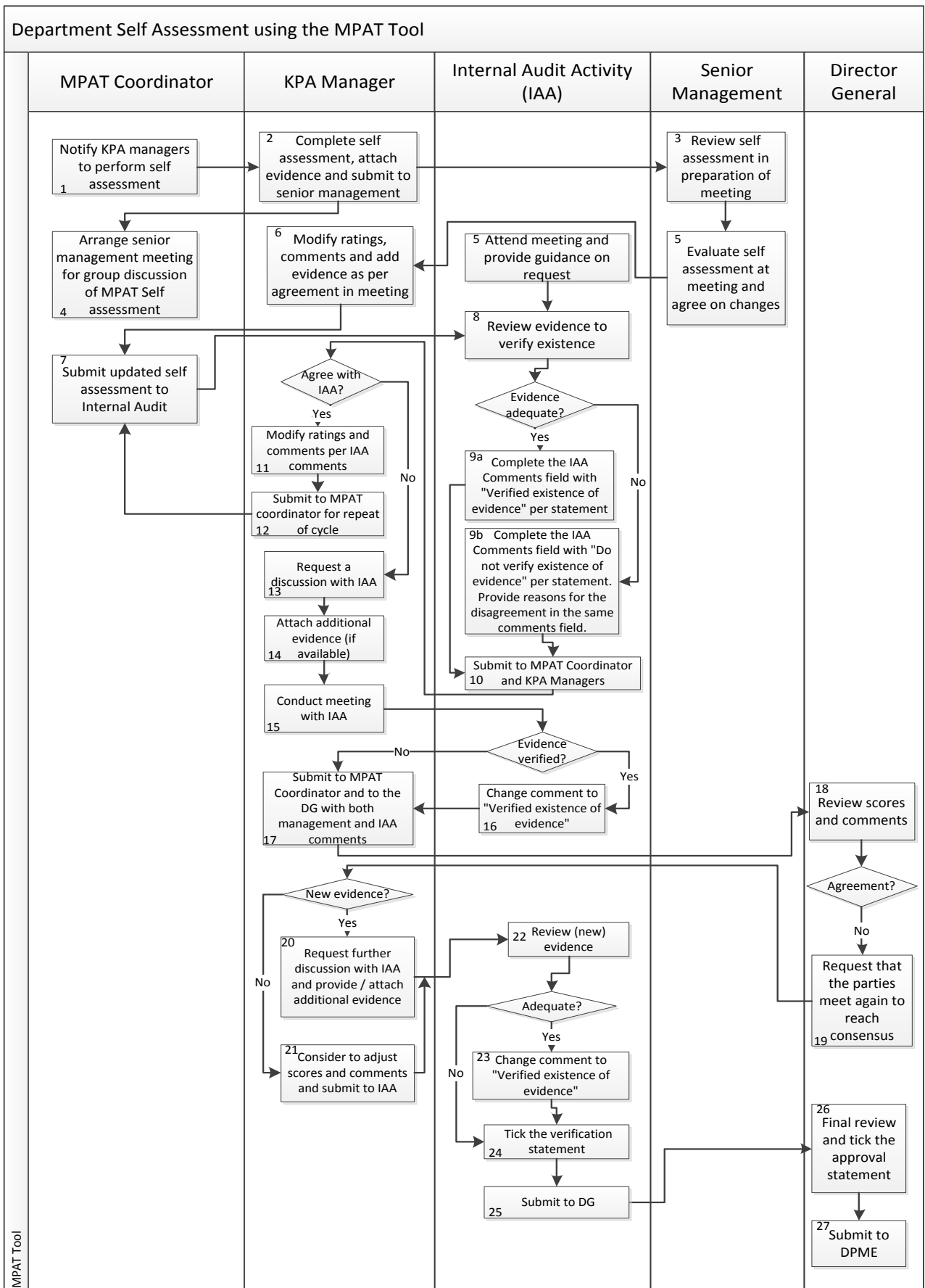
Chief Audit Executive

Date:

Director- General

Date:

ANNEXURE 2: MPAT PROCESS FLOW



ANNEXURE 4

SPECIMEN: CERTIFICATE ON THE EVALUATION OF THE MPAT 1.3 PROCESS

This is to certify that the MPAT Process **was/not** followed as per standards of the Performance Area on MPAT implementation and the Internal Audit Activity evaluated the process.

Additional comments to be noted:

Name of the Official :

Designation and Unit :

Signature :

Date :