
Managing a Combined Assurance Model in Public Sector

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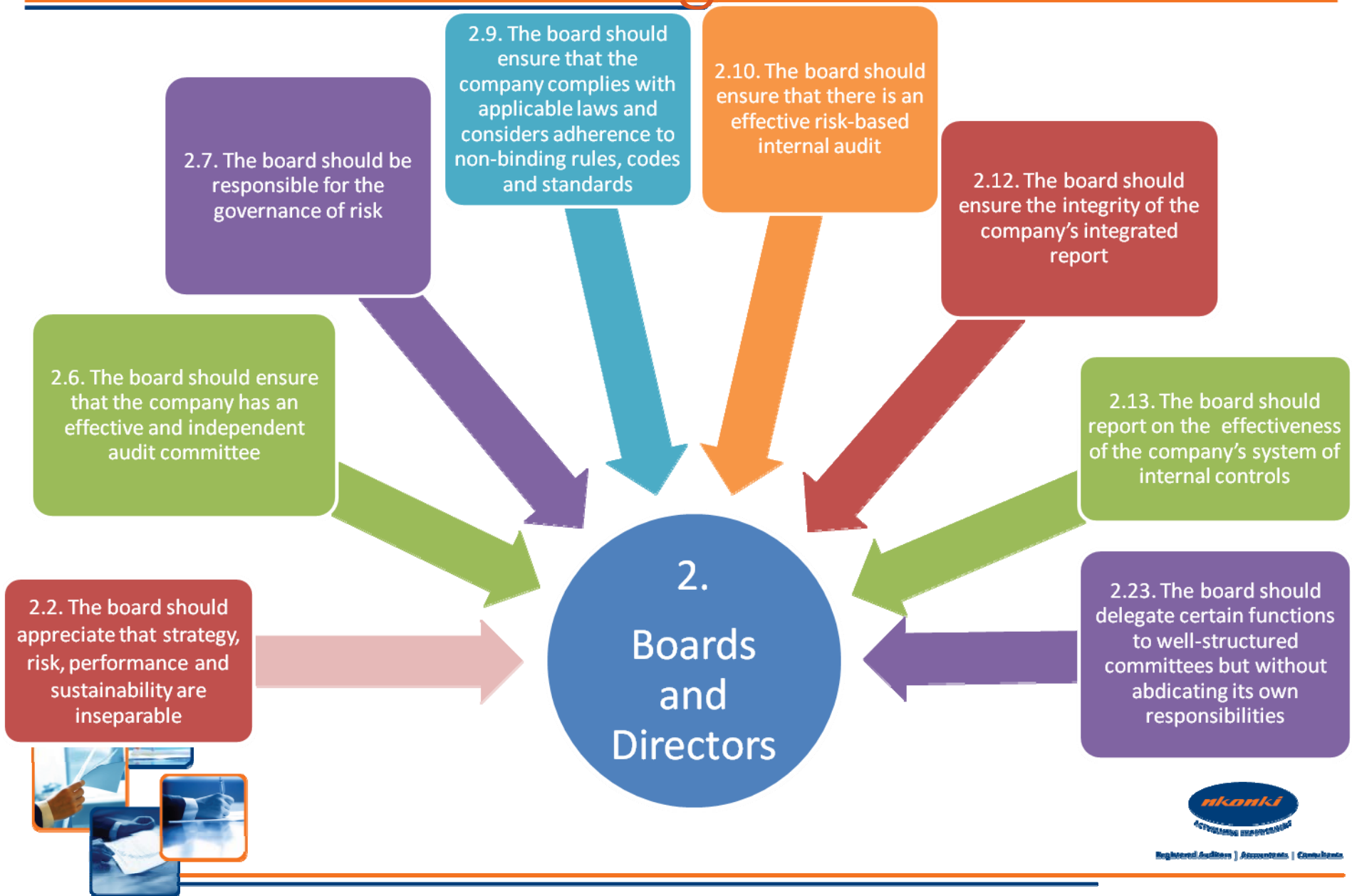
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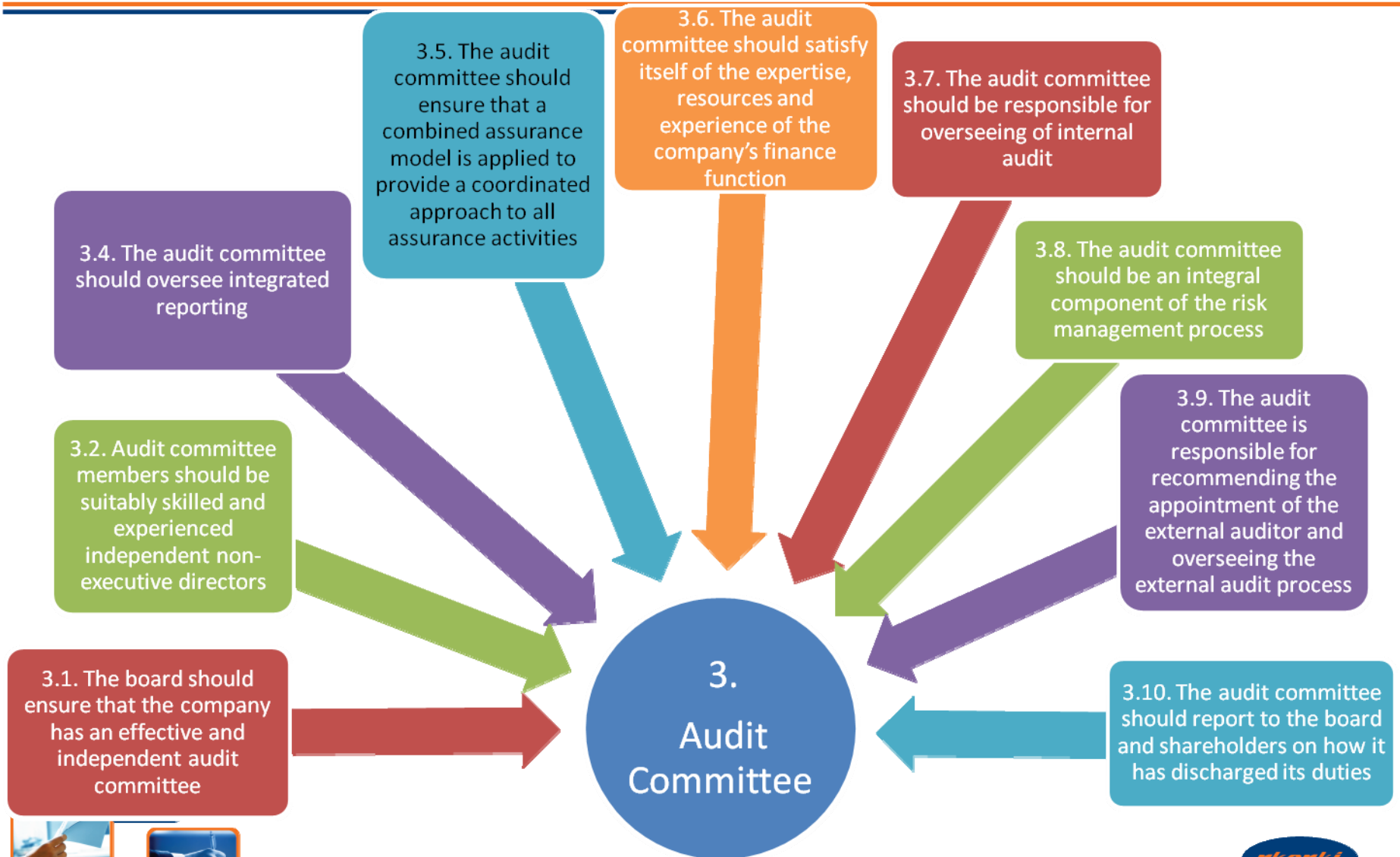
- King III and combined assurance
- Elements of combined assurance
- Practical examples



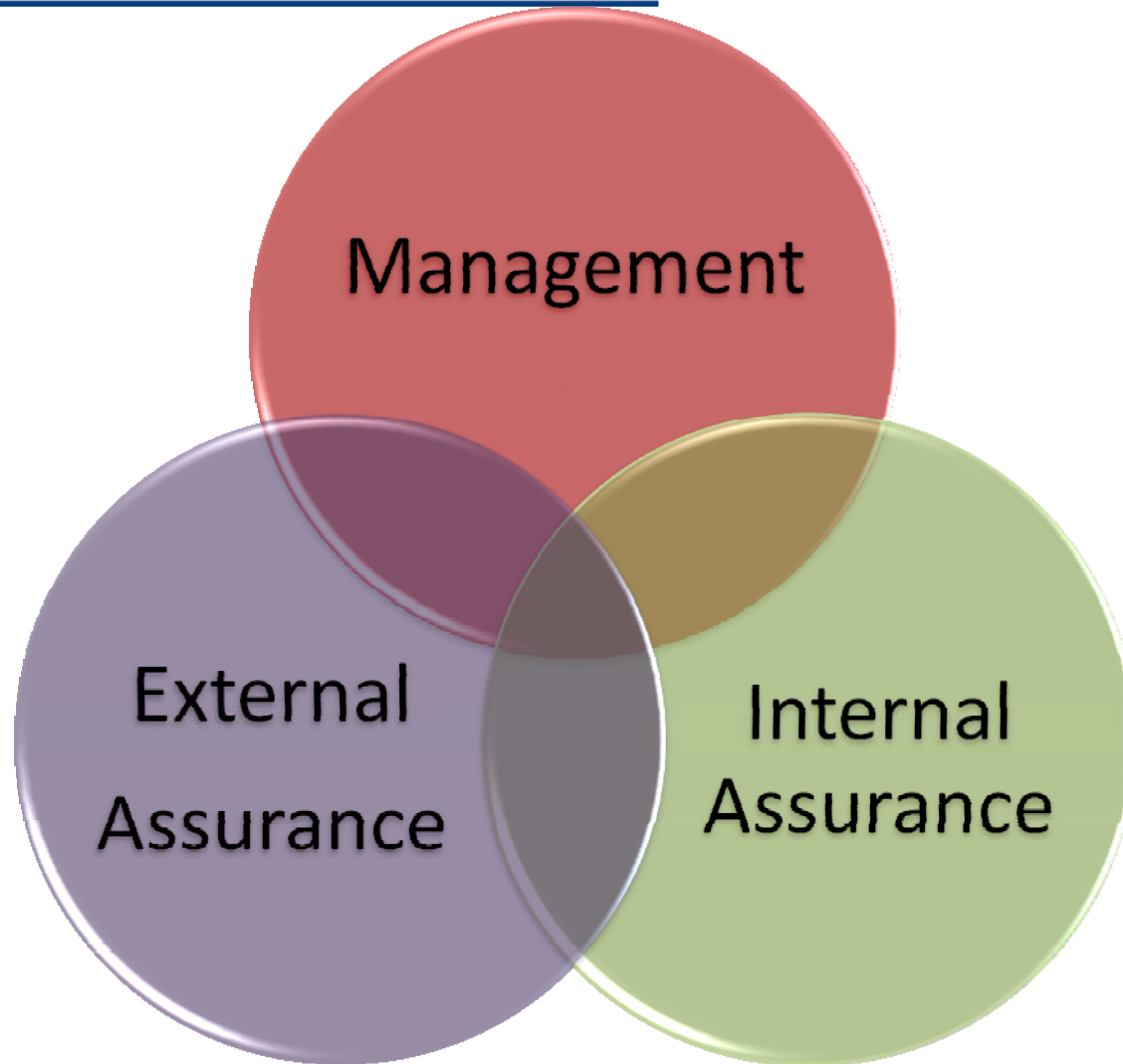
King III



King III – Audit Committee



Combined assurance



Risk areas affecting the company



Benefits of combined assurance



Assurance providers

Management

Control Self Assessments

Insurance

Special projects

Quality control systems

Management review / inspections

Risk and Legal

Risk management

Health & Safety

Exchange requirements

License requirements

Compliance

Independent

External audit

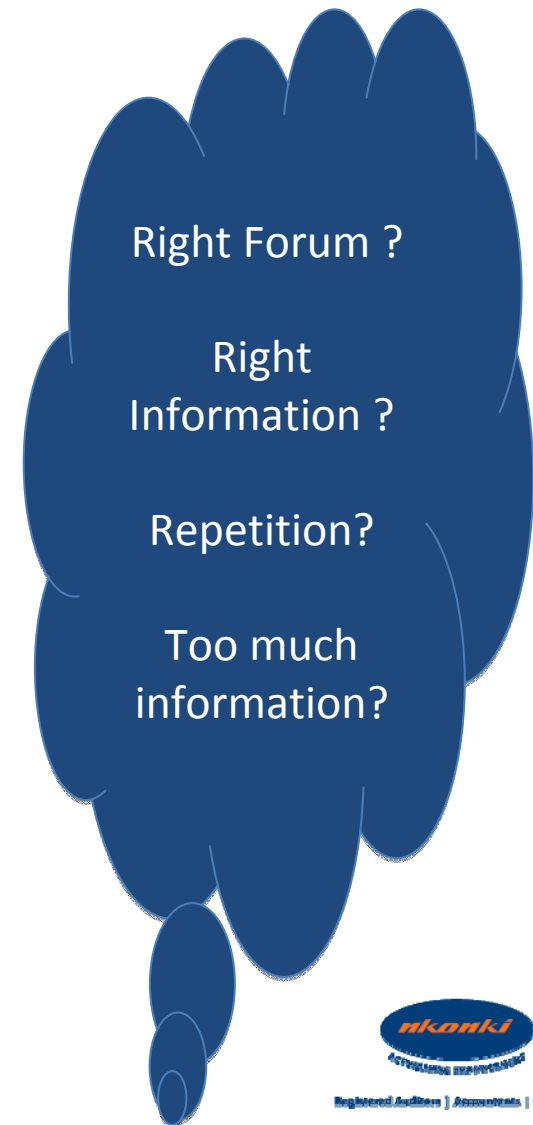
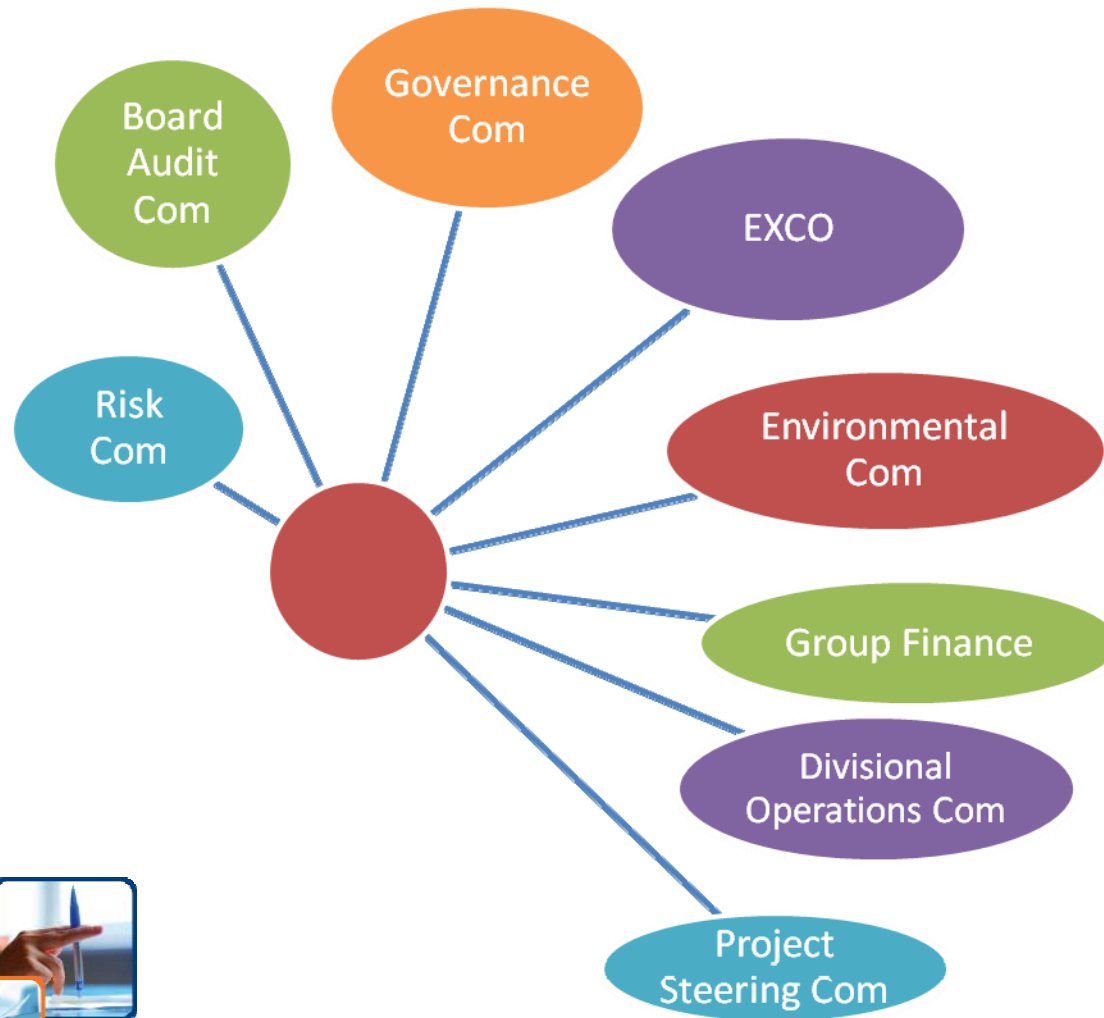
Internal audit

ISO & HACCP certification

Consultants

Special projects

Effectiveness of assurance

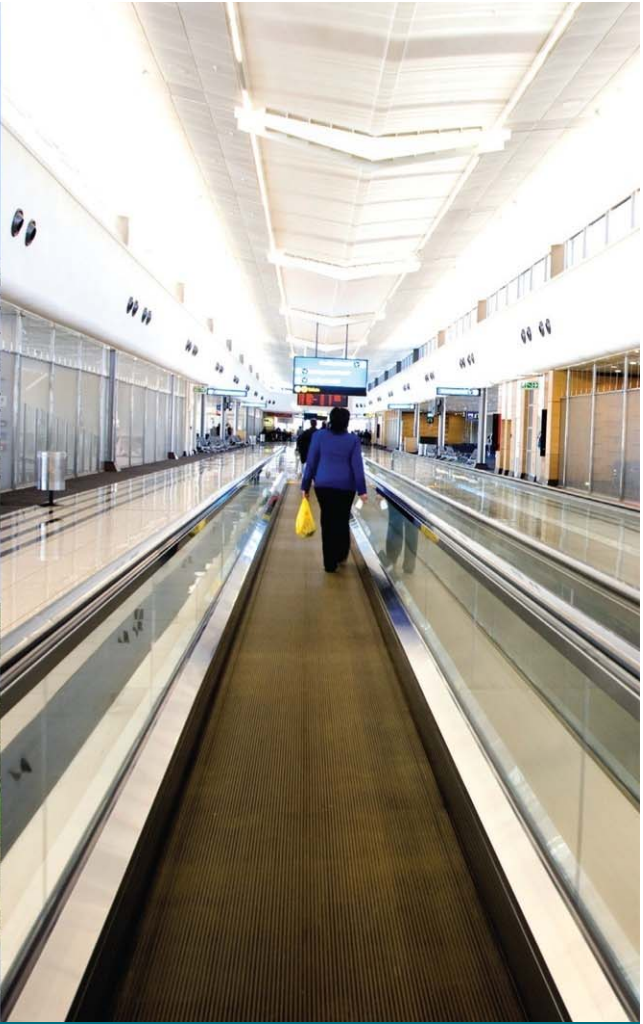


Risk mapping and combined assurance design



Blue Print = risk based coverage, per assurance provider, to right governance structure





AIRPORTS COMPANY
SOUTH AFRICA

RisksWhat risks ?

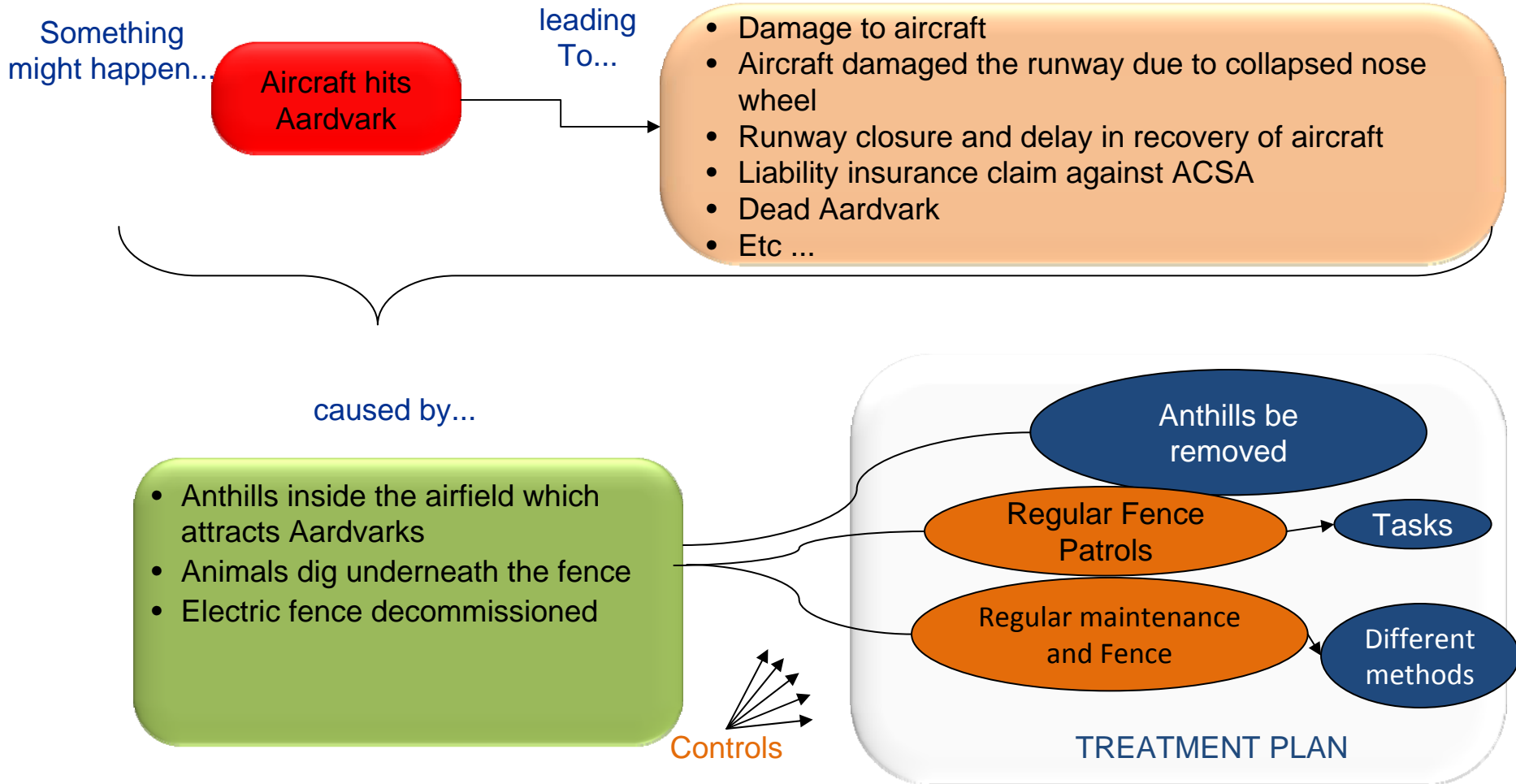


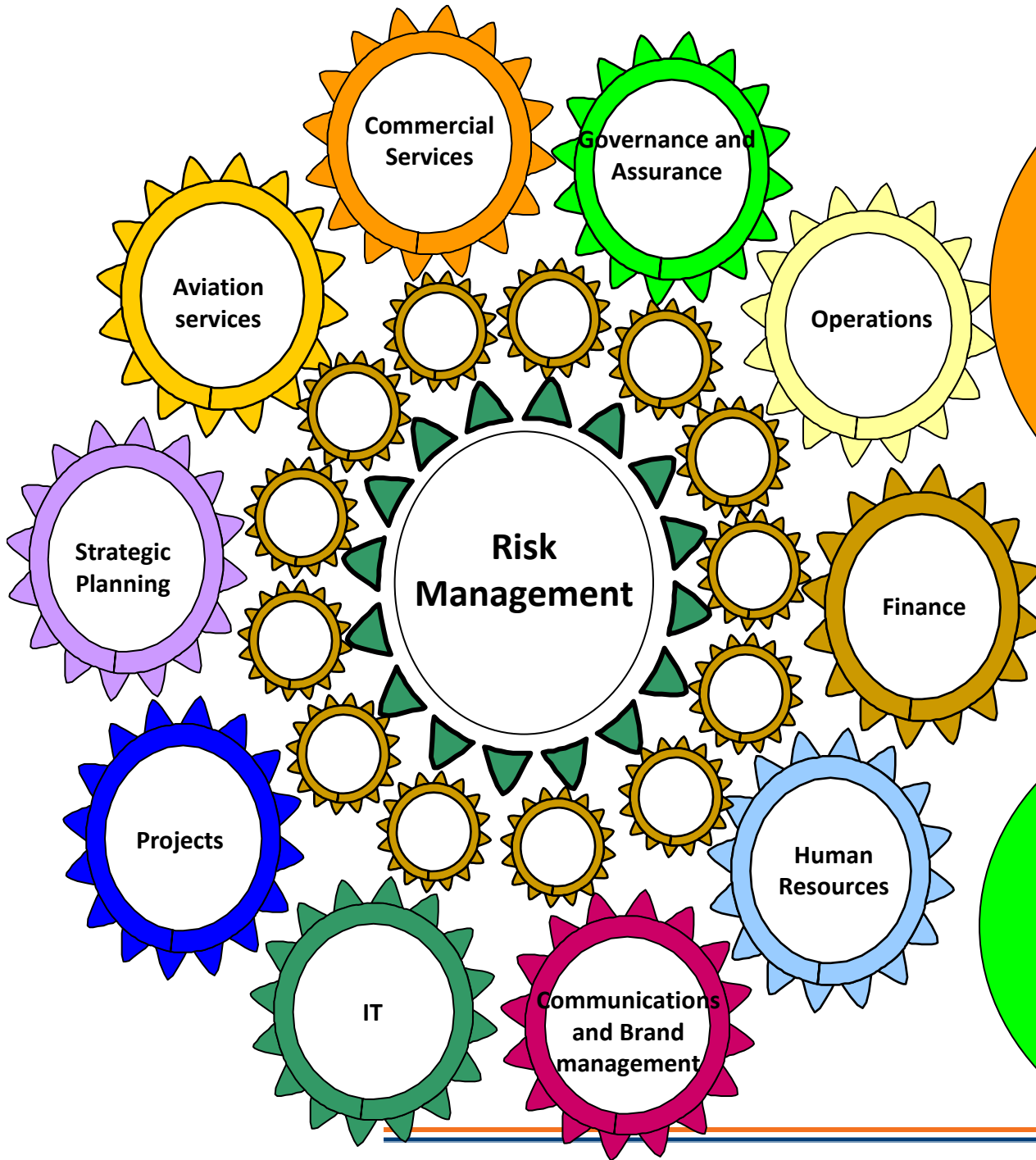
**Who's the Risk Champion?
Who in this scenario can present
to top management?**





Control vs. treatment plans





Risk Management is too important only be done by *Risk Champions*

Risk Management is *everyone's* business!

SOMETHING TO THINK ABOUT.



AIRPORTS COMPANY
SOUTH AFRICA

A + B + C + D – E = Cost of a realized risk

A = Direct cost of imposed risk

B = Subsequent Losses

C = Handling of risk.

D = Reputation

E = Claimable costs and reserves

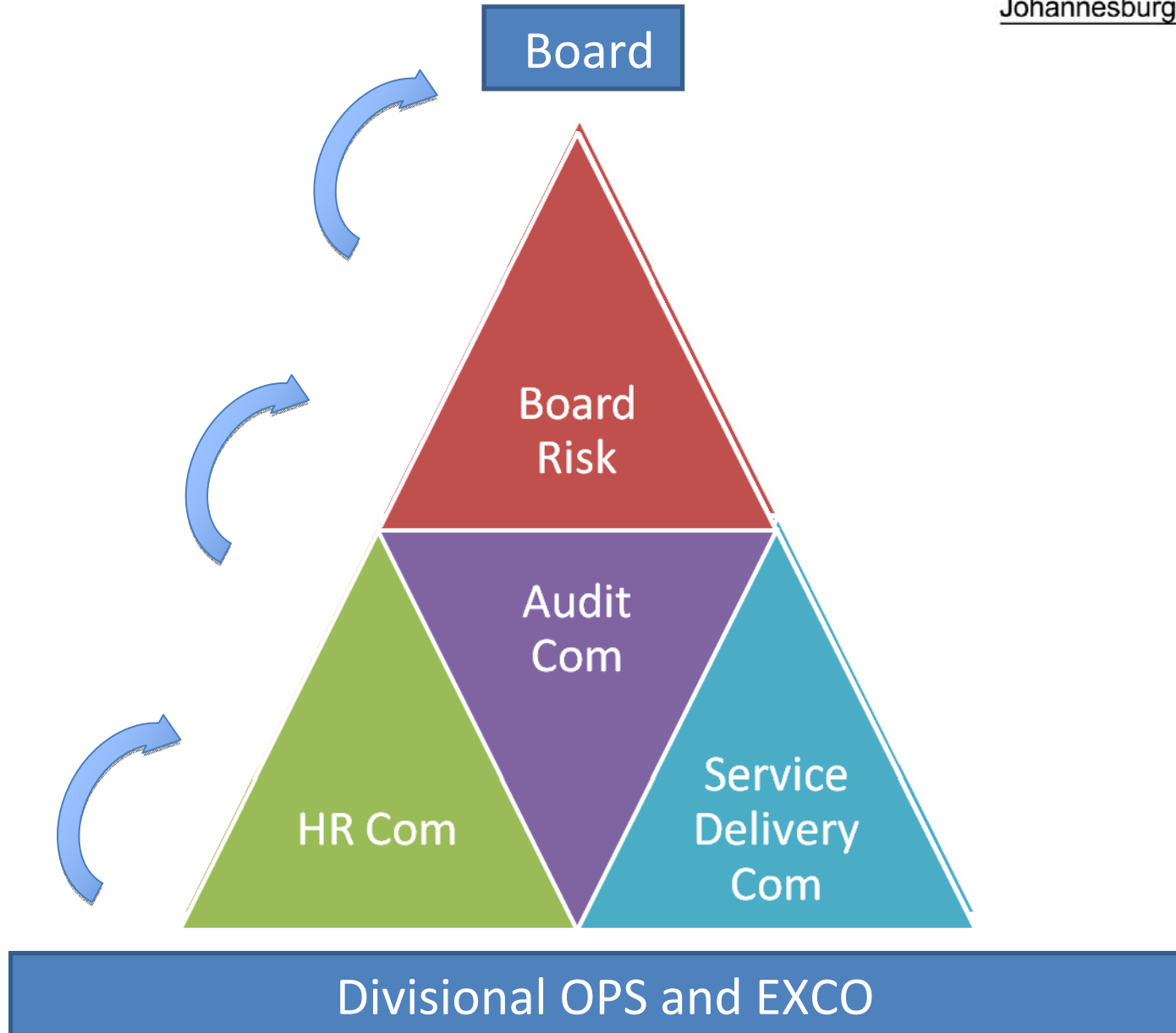
Without a formal risk management process the cost of realized risks can range between 12.5% and 20% of your business unit's budget.



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What we see as benefits:

- **Visibility to the board** of key areas in the business and the key interventions to ensure the internal control environment is sound
- Ensuring **transparency regarding systems** of internal control
- **Challenge** management regarding the adequacy of interventions targeted at ensuring reliability of systems
- Placing of **internal control environment** back on the agenda of the board and enabling board to be in a position to sign off on internal control environment



Combined assurance is important in optimizing risk, governance and control oversight in an organisation.

It's critical to ensure:

- Right amount of assurance
- Right areas are looked at
- Cost effectiveness
- Confidence in management is built

Extent depends on risk appetite



Various companies are at different levels of maturity of implementation and the approaches could be somewhat different - process followed at Denel.

- **Identified key areas** in the business at an entity level working hand in hand with both internal and external auditors
- **Identified assurances** that are being provided by various parties, considered the recently issued reports and how often reviews are done.
- **Identified the nature of assurance** provided in terms of self assessment exercises by management, reviews, reconciliations and such other management interventions as all process are subject to management monitoring in one form or the other.
- **Combined assurance matrixes** are tabled once a year to **entity** audit and risk committees. A consolidated document is tabled to **group** audit and risk committee.

Thank you

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