

## Internal Audit Function

The Internal Audit Function of JPC subscribes to the definition of internal audit as defined by the International Standards for the Professional Practicing of Internal Auditing (ISPPA), that defines internal audit as “an independent, objective, assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation achieve its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.”

JPC’s Internal Audit Function has been outsourced to the independent firm Nexia SAB&T for a period of three years. Nexia SAB&T reports directly to the Audit & Risk Committee of the Board on a quarterly basis. The effectiveness of the Internal Audit Function is evaluated by the committee annually to ensure that it is able to deliver the quality services in line with the standards.

The Risk & Compliance unit identified all potential events that might affect the achievement of JPC’s business objective. Internal Audit Unit assessed the identified risk and prepared a risk based three year rolling internal audit plan. The rolling plan was prepared after taking into consideration the needs of both internal and external stakeholders. The Audit and Risk Committee approved the three-year rolling plan, which includes the annual plan for 2015/16 cycle in a meeting held in July 2015.

The table below indicates the outcome of the audits concluded in terms of the approved annual plan for the 2015/2016 cycle:

No.	Audit area	Conclusion on internal control
1.	Anti-Fraud and Corruption	Adequate and Effective
2.	Compliance with Legislation	Adequate and Effective
3.	Audit of Pre-determined Objectives	Adequate and Effective
4.	Finance	Adequate and Effective
5.	Fixed Assets Management	Adequate and Effective
6.	Supply Chain Management / Procurement	Adequate and Effective
7.	Contract Management	Adequate and Effective
8.	Human Resources and Payroll	Adequate and Effective
9.	Supply Chain Management/Procurement	Adequate and Effective
10.	Information Technology	Adequate and Effective
11.	Review AFS	Adequate and Effective

### Resolving Internal Audit Findings

There are no unresolved internal audit findings.

### Resolving Auditor-General’s Findings

The Audit General issued an unqualified audit opinion in the 2014/15 cycle, with two findings. JPC obtained a “clean audit” for the first time as a result of improved control measures. All the previous findings raised by AG with respect to prior audit periods were also resolved. There are no unresolved audit findings.