



Internal Audit

Approach

KPMG Services (Pty) Ltd commenced performing outsourced internal audit services to the group from 1 July 2020, following a Section 197 transfer of the in-house team. As part of this process, KPMG successfully integrated 23 internal audit associates into the KPMG Advisory Practice.

A three-year risk-based internal audit plan was developed and aligned to the strategic pillars of the group after considering:

- Significant risk areas as identified during the Dynamic Risk Assessment, Divisional Risk Assessment Process and a dedicated IT Risk and Controls Assessment
- Materiality and the requirements of the JSE LR regarding internal financial controls
- Potential external audit requirements and alignment to a combined assurance approach
- Focused sessions with all trading divisions to understand hotspots
- Consideration of latest and global audit best practices and KPMG insights
- Impact of the new enterprise resource planning (ERP) and leveraging the use of technology

The internal audit plan therefore includes the following focus areas:

- ERM, business continuity and combined assurance
- Internal financial controls
- External audit support and control self-assessment
- Technology, governance, risk and compliance
- Specialist technology and pro-active monitoring
- Forensics and whistleblower service
- Cyber security
- IT project assurance

Methodology and Independence

KPMG's internal audit methodology is aligned to the Institute of Internal Audit standards and aims to provide independent, objective assurance to add value and improve the company's operations. KPMG confirms its independence for the reporting period.

For the financial year ending 2 April 2022, work performed has been summarised and results reported to the committee as it pertains to the governance, risk management and internal control processes within the various parts of the group.

Conclusions

Governance, risk management and combined assurance

The maturity of the risk function at the group was assessed to determine how risk management is integrated into the group's operations. The overall maturity rating placed the group at the early stages of a mature environment. Management has progressed well towards the desired maturity level over the year.

The combined assurance policy outlines the integrated combined assurance process. It translates the combined assurance policy into a combined assurance plan to identify the various lines of assurance and assurance providers involved per key risk. A combined assurance roadmap has



been developed to provide the group with a 24 month and beyond view to maturing combined assurance.

Statement by Internal Audit

For the financial year ending 2 April 2022, after taking into consideration:

- The FY2022 internal audit plan
- The scope of the internal audit work and the approach followed
- The limitations of coverage and sampling and
- Representations, self-assessments and other information provided by management, we believe that, based on the significance and nature of findings as reported, the internal control processes evaluated are at an acceptable level.