INTERNAL AUDIT AND PUBLIC SECTOR RISK MANAGEMENT AS INTER-RELATIONAL ASPECTS IN TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGE GOVERNANCE

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-Abstract-

Technical and Vocational Education and Training [TVET] colleges are vital to realising the strategic function of skills development for the country. With youth unemployment having surpassed a disquieting rate of 50%, the economy has become unresponsive to encouraging such development. In addressing the skills deficit, TVET colleges contribute by undertaking training and development for the expansion of learning and skills advancement. Colleges are sanctioned by the Continuing Education and Training Act 16 of 2006 [as amended], where governance functions must significantly encompass internal audit and risk management to attain the strategic objectives of the college. Founded on this legislative obligation, the paper through contemporary literature review, emphasises the inter-relational aspects of internal audit and risk management for enhanced college governance and compliance.

Key Words: TVET colleges, governance and leadership, internal audit, risk management, service delivery

JEL Classification: I 18

1. INTRODUCTION

Risk management [RM] and internal audit [IA] are prominent operational functionalities. However; Drogalas, Eleftheriadis, Pazaris and Anagnostopoulou (2017:2) elucidate that research into their association and relation has been limited
Coetzee and Lubbe (2013:113) supports this notion by remarking on the relationship between RM and IA that “risk-based internal auditing is a fairly new concept”. This paper commences by substantiating briefly the applicable legislation that must be complied with regarding IA and RM in the TVET college sector. A discussion on governance imperatives for RM and IA as an oversight function follows legislative underpinnings. The focal element of this paper, including the interconnectedness between RM and IA as important concepts, is comprehensively discussed whilst proposing the importance of this operational relationship in promoting compliance and business improvement in TVET colleges. Finally, IA and RM implementation are proposed as functions that are firmly reliant on sound organisational leadership to provide the impetus for organisational success and operational goal achievement. The paper assesses the potential impact of the relationship of these constructs of IA and RM as a stimulus for organisational development, and locates them to the foci of the TVET college sector thereby advocating the need for further research.

2. RESEARCH AIM AND METHODOLOGICAL PERSPECTIVE

The research, through a scholarly process of sense-making, aims to expand the study on the currently limited body of knowledge that is context-specific to the TVET college sphere of operations regarding IA in relation to RM. The research methodology was a desktop study with the objective of advancing understanding and encouraging effective governance and compliance for the enrichment of two important aspects of public value and service delivery in the TVET college sector. The units of analysis were secondary textual materials focusing on contemporary perspectives of the interconnectedness between IA and RM. This was also supplemented by referring to relevant public service policy provisions as applicable measures to the TVET college environment.

3. TVET SECTOR AND LEGISLATIVE UNDERPINNINGS

South African TVET colleges are significant to the delivery of post-school education and training, and are currently a part of strategic importance by the Department of Higher Education and Training [DHET]. TVET colleges afford a system of education primarily for those who have completed secondary school or not, and to those who intend pursuing vocational education as a career path. The TVET college sector enables the provisioning of engineering and business studies programs on NQF levels 2 to 4 and are permitted to offer 20% of its programs up to the national diploma level (White Paper for Post-School Education and
Training, November 2013:11). TVET colleges are called to respond to the country’s labour market, and as such, are a significant institution in creating knowledge and development of high level skills. This is in keeping with academic and technical quality demands of the country by offering program-based vocational and occupational training, (CETA 16 of 2006 as amended).

The preamble of the Republic of South Africa Constitution of 1996 states that the purpose of this supreme law is to “improve the quality of life of all citizens and free the potential of each person”. One of the values of the Constitution of 1996 under Section 1 is the achievement of equality, human dignity and the advancement of human rights (Cloete, 2013:9). In support of these Constitutional declarations, Section 25(1)(c) of the CETA, regarding public TVET colleges states that “colleges need to implement internal audit and risk management functions which are not sub-standard to the standards set out in the Public Finance Management Act of 1999 [PFMA] (Act 1 of 1999 as amended).” With regard to the PFMA, Section 38(a)(ii) and under general responsibilities of accounting officers, in this case the college rector must ensure that college sustains efficient, effective and clear systems of IA, financial management and RM. Through this legislation, the PFMA essentially sets in motion a legal framework for the establishment RM and IA practices in the public service, thereby obligating all public sector institutions, which includes TVET colleges, to implement IA and RM strategies.

Resulting from the PFMA discussion in this section, the college is compelled to implement processes that are “efficient, economic and effective” in rendering a public service that will improve the quality of South African lives.

4. GOVERNANCE ENCOURAGING TVET COLLEGE COMPLIANCE

The Republic of South Africa’s Constitution of 1996 compels the support of superior performance and service delivery in the public sector. In accomplishing this standpoint, TVET colleges are mandated through the CET Act 16 of 2006 as amended, to organise and institute a college council that will have a governance function over the college. Governance obligations of the TVET College necessitate the college council to decide on the college’s risk compulsions in pursuit of its strategic growth and opportunities. The TVET college sector has been identified as one of the key drivers regarding the skilling of the nation thereby contributing towards employability, and in so doing, assisting with poverty alleviation, (Handbook for Public FET Council Members, 2007:31).
Concerning the application of IA and RM functions in relation to enhancing business effectiveness, governance oversight is critical in developing IA and RM measures (Drogalas et al., 2017:4). This view is reinforced by Chatterjee and Bose (2007) who remark that RM and IA when integrated warrants a high degree of corporate governance compliance. Coetzee & Lubbe (2013:114) comment that comprehensive governance ethics require internal auditors to support management in alleviating both perceived and inherent risks. Drogalas et al. (2017:4) refers to El-Sayed Ebaid (2011) who explored the characteristics of the IA function demonstrating that “organisational independence is a crucial factor for the relationship between internal audit and corporate governance”.

Drew, Kelley and Kendrick (2006:129) indicate that effective RM in avoiding strategic failures, must be underpinned by the organisations capability to implement effective corporate governance. Drew et al. (2006:129) suggest the implementation of the concepts such as ‘Culture, Leadership, Alignment, Systems and Structure’ identified as an acronym of CLASS for the innovative enactment of effective corporate governance. The authors clarify that culture is informed by leadership enactment. Systems assist organisational structure thereby shaping its culture. Alignment warrants that each component is in harmony thus reinforcing the functionality of each element. Culture aspects affecting good governance include issues of unethical behaviour, susceptibility of risk taking, internal rivalry and persecution of staff involved in whistle-blowing as some pertinent examples. Apart from decision-making, governance focuses on objective achievement, corporate behaviour, ethical conduct and risk determination in pursuit of strategy attainment (Gibson, 2017:6). Control systems comprising internal and external audit, risk management, information technology and governance frameworks as examples, provide information to demonstrate the promotion of values and achievement of business undertakings. Governance is supported by structural augmentation where systems are identified for effective communications enhancing organisational culture and establishing systems to ensure that the structure functions. In support of the discussion, Denhardt and Denhardt (2009:409) states that the development of systems for accountability enhances service delivery.

According to The Institute of Directors in Southern Africa (2016:20-22), corporate governance, as defined by the King IV Report is an exercise of ethical leadership for the achievement of good performance, ethical culture and effective control. The objective of corporate governance is the promotion of ethical conduct in conveying governance outcomes through clear and meaningful reporting to all
stakeholders. Principles 1 and 2 of the King IV report supports the ethical conduct of the governing body in its leadership role thereby promoting an ethical culture. Further, principle 11 encourages the significant notion of risk governance in the setting and achievement of strategic objectives, (The Institute of Directors in South Africa, 2016:41).

In the case of the TVET College, service delivery is achieved through the governance oversight function to ensure education and training is compliant with relevant legislation, policies and processes. In support of the public value concept, enhanced service delivery is influenced by applying values-based leadership.

5. VALUES-BASED LEADERSHIP

Drew et al. (2006:132) indicate that leadership can uphold governance tenets by applying values-based leadership. This is evident in the leader’s character and moral literacy, where core values incorporate trust, integrity and reverence for human self-worth. Leadership reinforces organisational ethos which underpins values-based behaviour. According to Shafritz and Hyde (2012:470), the public service is premised on creating public value. To uphold public values, the public administration system has over time evolved, emphasising the perspective of values. Hartley, Sancino, Bennister and Resodihardjo (2019:283) argues that public value has “focused on public value creation within the formal government machinery, public institutions, embraced by managers and services”.

In the pursuit of public value, Ndalamba (2019:37) states that “a leadership strategy is essential in enabling the building, maintenance and restoration of trust in organisational and institutional management for a successful public policy implementation process”. The author further cites that ineffective public policy enactment is centered on challenging leadership relationships between political and economic proxies in South Africa. Furthermore, a major element of the relationship necessitates how leaders “create and communicate new meaning to followers, perceive themselves relative to followers, and how the followers, in turn perceive their leader”. Ethical leadership is a multi-dimensional construct including diversity of attitudes, customs, cultures, values and morals (Oswald & Mascarenhas, 2019:118). This is supported by Drogalas et al. (2017:4) who mentions that leadership’s support plays the foremost role in the fostering of ethics and values in business institutions.
The Public Service Commission Report (2003:33) makes reference to the continuous changing business environment which aims to foster improved service delivery to the client. Ndalamba (2019:37), summarised the conveyance of public value in service delivery, requiring moral and ethical leadership that “helps both politicians and public servants to build good character where the will to do the right thing, to enable the building, maintenance and restoration of organisational and institutional trust in public management, could help overturn the current socio-economic trends in South Africa”. Ayres (2019:280) proposes that to achieve desired outcomes, the system needs to be appropriately governed proposing meta-governance - a method of leadership in the quest of public value where risk management and internal audit fundamentally advances corporate enhancement.

6. INTER-RELATIONAL ASPECTS OF IA & RM

The purpose of this section is to focus on the inter-relational and mutual inclusiveness of both IA and RM as a focal point of the paper. After the global financial crisis, corporate governance has been in the spotlight from regulatory bodies and the public at large. This sentiment is supported by Drogalas et al. (2017:1) where numerous organisations have implemented widespread RM measures and IA functions post the global financial crisis, creating a core focus of business managers on corporate governance adherence. This, therefore, has heightened demand and awareness for internal assurance relating to good corporate governance embracing practices such as RM and internal control, (Dominic, Soh & Martinov-Bennie, 2011:2). The discourse to demonstrate the inter-connectedness of RM and IA elements commences with discussions on RM followed by IA finally leading to deliberations of the combination of these operational elements in business development.

6.1 RM Insights

The business environment is characterised by the existence of risks that deter the possibility of the organisation to accomplish its objectives, where risk signifies an important determinant of business achievement in this environment (Kerazan, 2016:178). This observation is supported by Drogalas et al. (2017:2) and Krause and Tse (2016) who articulate that “risk management is of great importance to businesses as it enhances business value”. Drew et al. (2006:128), describe RM as a process that is affected by management applied across the organisation to identify probable events that may affect the business entity. The above authors
further state that risk appetite needs to be considered to provide rational assurance for the determination of accomplishing business objectives. The Public Service Commission Report (2003:33) states that RM is one of the constituents of the organisational control environment adding value to the overall efficiency of the control system. It is further indicated that performance management systems play a pivotal role in enabling and supporting the RM strategy through integrating risk with other management processes. This is affirmed by Drogalas et al. (2017:4) who mentions that risks are effectively managed when merged within the typical corporate governance structure.

The importance of RM in achieving business objectives as articulated by Drogalas et al. (2017:2) and Krause and Tse (2016) is supported by Viscelli, Beasley and Hermanson (2016:1) who state that the Committee of Sponsoring Organizations of the Treadway Commission (COSO) conveyed in 2004 an integrated framework for Enterprise Risk Management [ERM] guiding directors and managers in their ERM process implementation. ERM is defined as a process to intensify the likelihood that businesses achieve their corporate intentions. The COSO (2004) ERM framework highlights that ERM is a methodology implemented during strategy setting providing assurance regarding achievement of business intentions. The ERM framework addresses risks related to four organisational settings namely: ‘strategic, operational, reporting, and compliance’ for the attainment of business objectives as outlined by Viscelli et al. (2016:9).

Kerazan (2016:185) outlines the RM process commencing at risk identification, which is a process of recognising risks affecting a business involving all stakeholders. Collectively, control systems are identified to moderate the risks where responsible parties for each type of risk coordinate follow-up processes of the identified risk through reporting processes. Risk assessment follows the risk identification process that is considered the utmost important processes in RM where risks are properly assessed through correct evaluation and sound methods to control the risk of implementing appropriate and timely actions by management. It is advocated that an organisation contemplates risk that threatens its long-term initiatives, resource availability, market position, and its capability to innovate and advance. Strategic and operational risks that impact organisations similarly affect the TVET colleges.

Hoyt and Liebenberg (2011) explored the extent of RM implementation in a business where their findings projected a positive correlation in the relationship between the integration of RM processes in business management and business value derived. By viewing the integration of RM into management control
systems, Shin and Park (2017) conclude that this relationship is central to the increase of corporate value. Through the implicit integration of RM by the TVET College into principal business functions, the authors to the paper concede that it will noticeably affect operational value positively.

6.2 IA Discernments

Kerazan (2016:181) states that the implementation of IA contributes meaningfully in the initiation of decisions taken and the contribution of IA to internal decision-making process at all business levels. It is suggested that risk-based IA activities are founded on a thorough RM methodology which is executed by management covering all levels of the organisation, having an organisation-wide technique and provides output in the form of a risk register containing all the organisation’s identified risks. Since the IA is risk-based, the auditor treats risk as the key focus in the audit process, investigating if these risks are within tolerable levels. The auditor then appraises the suitability and effectiveness of management’s recommendations to control risks to acceptable levels. When a risk-based IA procedure is implemented, it is a requirement that “risks have been identified, assessed and managed for activities under review, whether it is a strategic or operational-based engagement” (Coetzee & Lubbe, 2013:120). These insights presented by Kerazan (2016:181) and Coetzee and Lubbe (2013:120) demonstrate the significance of RM functions to ensure an effective IA process.

Significantly, there is the prerequisite to design an IA plan based on the strategic objectives of the organisation considering operational objectives and associated activities and risk assessment outcomes at each strategic level of the business entity (Kerazan, 2016:180). Two organisational elements enable a risk-based IA approach, firstly the application of RM processes at various echelons within organisation, and secondly, the documentation of the results in the risk register proceedings (Coetzee & Lubbe, 2013:123). The role of the internal auditor is vital in the evaluation of the efficacy of RM processes. Their role is advisory in nature where justifications are substantiated to “identify, evaluate and apply appropriate methodologies for RM through the examination and evaluation of RM processes and make recommendations for improving the efficiency of these processes” (Kerazan, 2016:186). Based on the features of modern challenges and the varying business environment, the function of the internal auditor has developed significantly. IA has assumed a major purpose in its application and effectiveness of applying RM procedures and efficiency of the internal control structure. Table 1 supports the observation underscored by Coetzee and Lubbe
(2013:121) that risk-based IA activities are established on a thorough RM methodology.

**Table 1: IA planning effecting RM process**

<table>
<thead>
<tr>
<th>“Risk management process”</th>
<th>Internal audit planning considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective setting</td>
<td>Consider activity’s objectives and criteria, develop activity criteria, develop engagement objectives and scope to address risk areas</td>
</tr>
<tr>
<td>Identification of risks</td>
<td>Consider all relevant exposures</td>
</tr>
<tr>
<td>Assessment of risks</td>
<td>Consider management’s assessment and use if reliable, if not, conduct own survey and assessment</td>
</tr>
<tr>
<td>Risk responses</td>
<td>Consider management’s report and response where risks exceed risk appetite (potential critical control aspects)</td>
</tr>
<tr>
<td>Risk communication and monitoring</td>
<td>Consider management’s processes, report and monitor risk aspects”</td>
</tr>
</tbody>
</table>

Source: Coetzee and Lubbe (2013:127).

Table 1 above provides a comparison of activities between the management and IA of the organisation. These activities are informed by RM processes as represented in column one. The RM process comprises objective setting, risk identification, risks assessment, risk responses and monitoring and communicating of risks. Such a risk process informs the actual planning of a risk-based IA engagement. This means that internal auditors have to plan their actions based on identical stages as the RM process developed by the management. A RM function that is efficiently implemented makes provision for the internal auditor to use as the initial point for preparation of the risk-based IA engagement. The IA planning process is also informed by utilising the previous year’s working documents such as the risk register, as a form of audit process resource (Coetzee & Lubbe, 2013:131). This reinforces the inter-relational facets of RM and IA functions as that of a mutually advancing association. In contrast to the above discussion, Kerazan (2016:200) reveals that IA supports and effectively contributes to RM processes, as presented in Table 2 below. This assertion is
supported by respondents’ outcomes concerning the following research statements.

Table 2: IA complementing RM process

<table>
<thead>
<tr>
<th>Research Statements</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Internal audit works to evaluate the efficiency and effectiveness of risk controls”</td>
<td>85.1%</td>
</tr>
<tr>
<td>Internal audit works in testing, developing and improving risk processes</td>
<td>70.2%</td>
</tr>
<tr>
<td>Internal audit contributes in submitting proposals in order to reduce risks</td>
<td>93.6%</td>
</tr>
<tr>
<td>Internal audit ensures development of risk management framework and procedures</td>
<td>76.6%</td>
</tr>
<tr>
<td>Internal audit works to provide advice when preparing risk elimination strategies</td>
<td>85.1%</td>
</tr>
</tbody>
</table>

Source: Kerazan (2016:200).

Table 2 portrays the high percentages of approval by respondents regarding the statements further clarifies and produces evidence concerning the interconnectedness between IA and RM functions. This inter-connectedness of IA and RM is supported by Drogalas et al. (2017:2) who highlights the significance of IA as an operational tool and a valued benefit to a business. Research conducted by Kerazan (2016:200) interprets that “there are no statistically significant differences between the contributions of IA in RM”. Coetzee and Lubbe (2013:115) remarks that the concept of risk-based IA utilising RM principles for conducting operational IA activities in a business environment is under-explored. This view is corroborated by Kerazan (2016:133) who comments that internal auditing has entered a fairly new phase. This phase is based on the demands from numerous stakeholders for effective and accurate assurance processes leading to a rapid evolution of its scope and nature of obligations. Kerazan (2016:133) further comments that the profession necessities a new mind-set regarding the approach of IA activities being performed whilst supplemented by innovative methodologies.
6.3 Inter-Connectedness of RM and IA

Whilst there is operational connectedness between IA and RM, the usage of the concept ‘risk management’ is viewed as a comparatively new concept regarding the IA setting which results in a misunderstanding of risk integration within the IA functionality (Coetzee & Lubbe, 2013:115). According to Dominic et al. (2011:4), growing consideration regarding the IA function, its purpose, size and organisational establishment has been witnessed in recent years. Dominic et al. (2011:4) further comment on the importance of the IA and its capacity to contribute to superior corporate governance, through its “oversight role, its improvements to the control and monitoring environment and its potential to mitigate fraud risk”. IA activities typically include control assurance, a compliance function and risk assessment, deemed integral to supporting a commendable corporate governance determination. The audit plan encompasses compliance verification, operational assessments, testing of internal controls and evaluating RM processes, (Dominic et al., 2011:11). This demonstrates the distinctive association of IA and RM as a symbiotic inter-connectedness.

RM is an entity of corporate management strategy that links organisational strategy with routine risks as part of integrated business management processes. Together with this business ideology, Drogalas et al. (2017:2) emphasises that “internal audit provides an independent and objective opinion to an organization’s management as to whether its risks are being managed to acceptable risk management”. IA is as an integral support instrument for RM which supports the view of Dominic et al. (2011:11) with reference to modern economies, there is prominence regarding the function of IA in organisational safeguarding concerning risk influences. Extending from this notion, Drogalas et al. (2017:5) discern that “risk-based internal audit contributes positively to effective RM”. Coetzee and Lubbe (2013:114) submit when IA activities focus on critical risks affecting operational intentions of the business and is considered as risk-based internal auditing. The authors allude that the terminology ‘risk-based internal auditing’ is relatively new, and incoherently used, suggesting that an organisation implement a holistic RM approach, generate a comprehensive risk register and progress to becoming risk mature.

Whilst IA and RM are supportive of each other, the elements of independence and objectivity need to be upheld. This is reinforced by Stewart and Subramaniam (2010) during their examination of IA and RM where it is learnt “that independence and objectivity positively influence the effectiveness of internal
“audit” during IA functions in RM. In contrast to the above declaration, Drogalas et al. (2017:3) accentuates the association between IA and RM as “risk-based IA contributing positively to effective risk management”. Therefore, IA and RM although independent in functionality, are cohesively inter-related and interconnected. Kerazan (2016:178) positions that RM is a vital activity implemented by management based on the assistance of all business units and functions within the entity to control risks identified. Kerazan (2016:178) further observes that “audit activity and internal control are relevant to RM and a strong link between the IA function and the level of commitment to risk management exists”. It is further stated that the more an entity is willingly committed to RM, the greater is the requirement for the application of the IA function. Drogalas and Stiliani (2017:110) observed that the managing of risk is a vital concern in the current dynamic global milieu as RM implementation is essential to ensure the existence of the business ahead.

Coetzee and Lubbe (2013:114) remarks that a fundamental change in the IA profession is the integration of RM ideologies into the IA activities. This is ascribed to increased awareness in and application of RM regarding the business environment. RM process assurance, risk reporting evaluation and RM procedure review form the core components of internal auditing functions in corporate RM. Drogalas et al. (2017:5) remarks that “internal audit is focused on the assessment of risk management effectiveness”. The IA function emboldens RM excellence and intensifies risk managers’ proficiency in ancillary risk disciplines. The authors comment that the critical role of IA relates to effective RM where their judgements demonstrate that “a risk-based internal audit approach can not only increase internal audit’s effectiveness, but also enhance effective risk mitigation” (Drogalas et al., 2017:5).

Many endeavours were undertaken to develop an approach for the role expansion of IA founded on risk as a central mechanism for the management of risks. This underlined the prominence of IA within the governance context with a view to the achievement the efficacy of IA centred on controlling organisational risks. This highlights that effective implementation of RM in a business ensures the realisation of strategic intentions in attaining stability and organisational growth (Kerazan, 2016:180). RM adds significance and contributes to organisational improvement whilst IA undertakes a valuable role in assessing the effectiveness of the RM system. Further, internal auditors’ association in risk evaluation provides an assurance function on RM processes, as well as appraising risk reporting progress. Senior management support is integral to effective IA and RM
processes, (Drogalas et al., 2017:11). Management and internal auditors can cooperate mutually in conducting a follow-up of risks identified to generate assessment and enhancement of controls to reduce risk exposure. Resulting from this association, IA is deemed a ‘loop connection’ where staff in the organisation can contribute to risk identification and the evaluation of controls to ensure that organisational goals are achieved (Kerazan, 2016:184).

Coetzee and Lubbe (2013:133) state that an innovative approach regarding IA undertakings are performed and complemented by novel methodologies. Comparison of the phases between the IA process with that of the RM process presents an innovative way of accomplishing an IA engagement, revealed as ‘risk-based internal audit engagement’. The above discourse demonstrates that both IA and RM although independent in functionality, are cohesively inter-related and inter-connected and provides for effective organisational advancement in the attainment of operational and strategic intentions.

7. RESEARCH FINDINGS

This study delivers insight concerning the theoretical and applied facets of IA and its interconnected association with RM, and how they can enhance operational value. Organisations are persistently searching for effective resolutions to attain their objectives thus ensuring business sustainability, which can be enhanced through the simultaneous commitment of IA and RM applications. Coetzee and Lubbe (2013:133) elucidate that private sector organisations remain risk mature through the implementation of organisation-wide RM processes. This is evident through documented confirmation of their processes in a well-maintained risk register. In comparison, risk immaturity is evident in public sector organisations where their RM approach predominantly focuses on operational and strategic processes.

In support of the preceding view of Coetzee and Lubbe (2013:133), Gustavson and Sundstrom (2018) discerns that IA impacted positively on public organisation performance by lessening corruption and displaying democratic responsibility, thereby improving citizen trust. Grounded on literature analysis, it is discernible that the application IA function and RM resulted in mutual enhancement developing the internal control framework. It is conclusive that the robust relationship between RM and IA is of paramount significance for sustainability and development, facets which would benefit the TVET College. By reflecting on deliberations as above, it is hypothesised that there is a positive inter-relatedness
between the operational functions of IA and robust RM practise. The fundamental outcome of the paper is that TVET college governance compliance is enhanced through the mutual implementation of the IA and RM functions. This further deduces that service delivery to the college’s principal client, the student, could be effective and efficient by realising the key function of skills advancement and development of the country’s economy. Resulting from this discourse, TVET colleges as public service institutions of learning are urged to embrace a RM function sustained through pioneering IA processes.

8. CONCLUSION AND CONSIDERATIONS

The CET Act mandates public colleges to accomplish compliant IA and RM functions. The paper highlights the unique inter-connected relationship of RM and IA that work mutually to ensure organisational compliance, and the achievement of business determinations. In the case of the TVET college sector, operational and strategic compliance ensures that students achieve quality education and training. The authors emphasise the necessity for TVET colleges to implement robust RM and IA processes simultaneously towards the realisation of the strategic intent of the college. The findings suggest the TVET college sector implement CLASS; populated as Culture, Leadership, Alignment, Systems and Structure sustaining effective corporate governance to sustain the inter-connected relationship of RM and IA.

It is urged that TVET college management and staff undergo comprehensive training keeping abreast of constant advances in RM and IA development as it is observed that misinterpretation of risk and audit philosophy is prevalent amongst practitioners. The need for further empirical research to assess the significance of TVET colleges’ IA and RM relationship through comparative approaches is suggested. TVET college leadership is recommended to implement an effective IA function and RM framework to enhance good corporate governance. In conclusion, the authors assert that the function of vocational learning as service delivery of TVET colleges is enriched through the dynamic interdependence of both an effective IA and robust RM implementation.

9. REFERENCES


