Arenkwe Governance & Ethics Advisory (Pty) Ltd

BUSINESS PROFILE

Ethics First, Governance Always

ARENKWE GOVERNANCE AND ETHICS ADVISORY

Founded in 2010, Arenkwe Governance and Ethics Advisory, a subsidiary of Arenkwe Holdings, has carved out a notable presence in the governance ecosystem over the past 15 years. Our journey, steeped in a value-driven approach, has established us as a trusted partner committed to excellence at every juncture.

15TH ANNIVERSARY MILESTONES OF SUSTAINABILITY

Our achievements reflect our commitment to fostering ethical leadership and business excellence:

- Ethical Leadership: Our practices are a testament to enduring ethical standards and practices.
- Incubation Lab: A nurturing hub for young professionals, producing 42 graduates.
- Financial and Business Sustainability: Robust strategies ensuring long-term sustainability.
- Global Reach: Serving clients across four continents.
- Global Strategic Partners: Collaborations that transcend borders.
- Customer-Centric AI Solutions: Tailored innovations driving client success.
- Bespoke Training Academy: Cultivating governance, ethics and compliance expertise.

OUR APPROACH TO GOVERNANCE AND ETHICS

In a world of constant regulatory evolution and increasing stakeholder demands, governance should be a catalyst for performance, not a hindrance. Our advisory services are designed to help clients from public companies, JSE-listed entities, Financial Institutions, to family trusts and high-growth SMEs—craft governance and ethics frameworks that are both agile and compliant. Our solutions provide clarity, context, and proportionality, bridging the gap between business objectives, compliance requirements and good performance.

TAILORED SERVICES

For Public Sector, JSE Listed Companies and Financial Institutions

Arenkwe empowers the above entities to transcend mere compliance and become paragons of ethical leadership and governance leading to sustainable outcomes. Our comprehensive suite includes but is not limited to:

- Governance and statutory reviews/audits
- Governance and ethics reviews aligned with King IV™ and global best practices
- Development and implementation of governance and regulatory frameworks
- Board, Committee & Executive Management evaluations and skills audits
- Internal control design and compliance risk assessments
- Development and reviews of ethics codes of business conduct and ethics handbooks
- Ethics audits



FOR PUBLIC SECTOR

- PFMA Practice Notes
- Supporting National and Provincial Officials in Achieving Clean/Unqualified Audits

PRACTICE NOTE 1: BUDGET MONITORING & CONTROL

1. What the Law Says

1.1 PFMA Sections: Section 38(1)(g): Accounting Officers must ensure effective, efficient, and transparent systems of financial and risk management and internal control.

1.2 Treasury Regulation 5.2.1–5.3.4: Requires monthly monitoring, variance reporting, and corrective action.

2. Why It Matters

2.1 Budget control ensures that:

i. Funds are spent according to the approved plan.

ii. Overspending and underspending are flagged early.

iii. Departments can deliver on their mandates while mitigating financial mismanagement.

Value Add: Prevents audit findings related to unauthorised or irregular expenditure and enhances service delivery planning.

3. Key Compliance Requirements

3.1 Monitor monthly spending against the approved budget.

3.2 Submit In-Year Monitoring (IYM) reports to the Treasury by the 15th of each month.

3.3 Provide variance explanations and corrective actions for deviations.

3.4 Record all requirements and shifts with proper approvals.

3.5 Review and adjust spending plans quarterly where necessary.

4. Common Mistakes to Avoid

4.1 Late or missing IYM reports.

4.2 No clear explanation of variances.

4.3 Ignoring underspending until year-end.

4.4 Failure to realign budget when policy priorities change.

5. Practical Steps & Tools

5.1 Budget Monitoring Template

5.2 Variance Tracker

5.3 Spending Calendar

5.4 Dashboard Reports

6. Roles & Responsibilities

6.1 CFO: Lead monthly monitoring and submit IYM reports.

6.2 Programme Managers: Review and explain spending variances.

6.3 Internal Audit: Validate budget performance reporting processes.

6.4 Accounting Officer: Sign off on corrective actions and adjustments.

7. Audit Readiness Tips

7.1 Keep proof of IYM submissions and Treasury acknowledgements.

7.2 Store variance reports with action plans per month.

7.3 Ensure approval letters for virements or budget shifts are archived.

7.4 Maintain minutes of management budget review meetings.

7.5 Monitor action items to completion.



PRACTICE NOTE 2: SUPPLY CHAIN MANAGEMENT (SCM) COMPLIANCE

1. What the Law Says

1.1 PFMA Sections: Section 38(1)(a)(iii): Ensure effective procurement and provisioning systems.

1.2 Treasury Regulations: 16A.3–16A.6 - Preferential Procurement Policy Framework Act (PPPFA) and National Treasury SCM Instructions

2. Why It Matters

2.1 Sound procurement is central to:

i. Transparency and value for money.

ii. Avoiding irregular and wasteful expenditure.

iii. Fair competition and empowerment.

Value Add: Enables clean audits and builds public trust in service delivery.

3. Key Compliance Requirements

i. Use approved procurement methods (quotations, bids, transversal contracts).

ii. Advertise bids on eTender Portal and departmental website.

iii. Apply the correct PPPFA preference points system.

iv. Ensure Bid Committee Members are properly appointed and documented.

v. Keep complete audit trails (specifications, minutes, quotes, approvals, etc.)

4. Common Mistakes to Avoid

i. Splitting orders to avoid thresholds.

ii. Using expired panel contracts or deviations without approval.

iii. Incomplete bid files (missing minutes, scoring sheets).

iv. Using suppliers who are not tax-compliant or not registered on the CSD.

5. Practical Steps & Tools

i. SCM Compliance Checklist

ii. Bid Evaluation Template

iii. Supplier Vetting Tracker

iv. Deviation Register

6. Roles & Responsibilities

i. SCM Manager: Oversee process integrity and compliance.

ii. End Users: Draft specs and request procurement.

iii. Bid Committees: Evaluate, recommend and award fairly.

iv. CFO: Ensure financial oversight and internal controls.

7. Audit Readiness Tips

i. File each procurement in a standard bid file structure.

ii. Include request, specifications, evaluation criteria, committee appointment letters, scoring sheets, compliance proof, approval notes and purchase order.

iii. Review monthly for completeness and CSD validation.



MFMA PRACTICE NOTES

- Supporting Municipal Officials in Achieving Clean/Unqualified Audits

PRACTICE NOTE 1: BUDGET MONITORING & CONTROL

1. What the Law Says

MFMA Sections:

1.1 Section 52(d): The Mayor must ensure quarterly reporting on the implementation of the budget.

1.2 Section 71: The Accounting Officer must submit monthly budget statements to the Mayor and Provincial Treasury.

2. Why It Matters

2.1 Regular monitoring:

i. Ensures municipal funds are managed responsibly.

ii. Promotes transparency and proactive decision-making.

Value Add: Prevents overspending, improves cash flow and audit outcomes.

3. Key Compliance Requirements

3.1 Submit Section 71 reports by the 10th of each month.

3.2 Quarterly report to Council via the Mayor (Section 52(d)).

3.3 Monitor and respond to revenue and expenditure trends.

3.4 Appropriately approve and record budget adjustments.

4. Common Mistakes to Avoid

4.1 Non-submission or late submission of Section 71 reports.

4.2 Inadequate variance explanations.

4.3 No evidence of management response to deviations.

5. Practical Steps & Tools

5.1 Monthly Budget Monitoring Templates.

5.2 Variance Justification Forms.

5.3 Budget Control Dashboards.

5.4 Quarterly Review Meeting Schedules.

6. Roles & Responsibilities

6.1 CFO: Consolidates monthly reporting.

6.2 Mayor: Reviews and presents quarterly progress.

6.3 MM: Oversees overall compliance and monitoring.

6.4 Managers: Provide explanations and adjustments.

7. Audit Readiness Tips

7.1 Archive Section 71 reports and Treasury submissions.

7.2 Maintain evidence of internal reviews and action plans.

7.3 Keep proof of quarterly presentations to Council.



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PRACTICE NOTE 2: SUPPLY CHAIN MANAGEMENT (SCM) COMPLIANCE

1. What the Law Says

MFMA Sections:

1.1 Section 112: Municipalities must have SCM policies that are fair, equitable, transparent, competitive, and cost-effective.

1.2 SCM Regulations and Preferential Procurement Policy Framework Act (PPPFA).

2. Why It Matters

2.1 Proper SCM practices:

i. Ensure accountability and integrity in procurement.

ii. Promote local economic development.

Value Add: Minimises irregular expenditure and boosts public confidence.

3. Key Compliance Requirements

3.1 Implement Council-approved SCM Policy.

3.2 Use correct thresholds: petty cash, 3 quotations, competitive bidding.

3.3 Ensure supplier vetting (CSD, SARS, B-BBEE).

3.4 Maintain full bid documentation.

3.5 Record deviations and emergency procurement properly.

4. Common Mistakes to Avoid

4.1 Using non-compliant suppliers.

4,2 No documented specifications or evaluation criteria.

4.3 Poor record-keeping (missing minutes, scores).

4.4 Improper use of Section 36 deviations.

5.Practical Steps & Tools

5.1 SCM Compliance Checklist.

5.2 Supplier Vetting Form.

5.3 Bid Evaluation Report Template.

5.4 Deviation Register with justifications.

6. Roles & Responsibilities

6.1 SCM Practitioner: Ensures policy and procedural compliance.

6.2 End Users: Prepare clear specs and motivate procurement.

6.3 Bid Committees: Evaluate and recommend fairly.

6.4 MM & CFO: Provide oversight and review.

7. Audit Readiness Tips

7.1 File all bid documentation using a standard structure.

7.2 Include all evaluation records, supplier checks, approval notes.

7.3 Review the SCM deviation register monthly.

For Family Trusts and Foundations

We support Trustees in fulfilling their fiduciary duties with ease and accountability, offering:

- Fiduciary governance frameworks aligned with Trust Deeds and regulatory requirements
- Risk-based governance and compliance plans
- Guidance for sustainable stewardship and impact-led governance
- Trustee onboarding and performance tools
- Development of ethics-related policies

For Small Medium Enterprises (SMEs) and SMMEs

Recognising the unique challenges faced by SMEs, we collaborate with entrepreneurs and directors:

- Setting up entities – start up requirements
- Build compliant governance frameworks
- Develop risk registers, risk plans and risk appetite statements
- Decision-making protocols
- Provide adaptable board advisory services
- Prepare entities for funding and sustainable growth

Our enduring and steadfast client relationships, spanning from listed companies to entrepreneurial ventures, are a testament to the trust and growth that inspire our mission.

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Arenkwe Holdings (Pty) Ltd

Arenkwe Holdings – Ethical Leadership, Governance, and Growth Since 2010.

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