Audit and Performance Committee Report to the Council for the financial year ended 30 June 2015

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members

The Audit and Performance Committee has met four times during the financial year under review, in compliance with the approved terms of reference. The Internal Auditor is the permanent invitees to the Audit and Performance Committee, and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

The members of the audit committee are all independent members of the Municipality and include:

Name of the Member	Status
Mr K.P Ravhudzulo CA(SA) - Appointed 1 April 2015	Chairperson
Mr N.A Dzuguda - Bcom - Resigned 31 March 2015	Member
Adv. MO Nemugumoni - Resigned 31 March 2015	Member
Ms. F Tshikhudo –Bcom - Appointed 1 April 2015	Member
Mr. B Mbewu - Appointed 1 April 2015	Member
Adv. Lambani – Appointed 1 April 2015	Member

Audit committee responsibility

The audit and performance committee reports that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King III Report on the Best Practices on Corporate Governance for South Africa. The audit and performance committee also reports that it has adopted appropriate formal terms of reference as its audit and performance committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The systems of internal controls applied by the Municipality over financial and risk management are effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provided the audit committee and management with assurance that the internal controls of the Municipality have been fairly designed, are efficient and effective. This was as a result of adequate risk management process, as well as the implementation of identified corrective actions and suggested enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, it was noted that the Municipality maintained an unqualified audit opinion for the year under review. The Audit Committee would like to commend the municipality Council and Management for this achievement. We further recommend that management implement an action plan to address all the findings raised by the Auditor General in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

Evaluation of Annual Financial Statements

The audit and Performance committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Municipality management;
- Reviewed the Municipality compliance with legal and regulatory provisions;
- Reviewed the Auditor General's management report and audit report
- Reviewed significant adjustments resulting from the audit.

Internal audit

The audit and performance committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. Internal audit performed the audit of internal controls of the Municipality and through the information provided. The Audit and performance Committee is satisfied with the effectiveness of the internal controls during the financial year. The Committee has noted that there is adequate monitoring, oversight and implementation by Management in managing internal controls.

Risk management

The Audit and performance Committee is satisfied that risk management is continually improving within the Municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.

Pre-determined objectives

The Audit and Performance Committee is satisfied that preparation and reporting on pre-determined objectives of the Municipality is continually improving. It was recommended that continuous training should be provided to the Performance Management System Officers.

Auditor-General of South Africa

The Audit and Performance Committee in consultation with management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

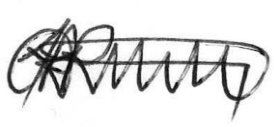
The audit and performance committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remain independent throughout the financial year.

Reporting

The Audit and performance Committee submitted quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

Appreciation

The Audit and performance Committee wishes to thank Municipality Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continue to add to the Municipality.



Mr K.P Ravhudzulo CA(SA)
Chairperson