

## SIYANDA DISTRICT MUNICIPALITY

### 1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2012. This audit committee was appointed in December 2011 and inducted in January 2012. The term of office of the previous audit committee ended in September 2011.

### 2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of section 166(4)(b) of MFMA, an audit committee must meet at least quarterly. In addition, Treasury Regulations, section 3.1.16, provides that an audit committee must meet at least annually with the Auditor-General. The audit committee met more than four times during the year in compliance with the MFMA and also met with the Auditor General. In addition, the audit committee met with the Mayor and further reported to the Council of the municipality.

The names of the members of the audit committee as well as the number of meetings attended by the members are tabulated below.

	Name of members	Designation	Number of meetings attended
1	Ms. Boipelo Oageng	Chairperson (Term expired on 30 September 2011)	2 out of 4
2	Ms. Amanda Van Zyl	Member (Term expired on 30 September 2011)	4 out of 4
3	Mr. Hyacinth Chineme Ogu	Chairperson (member up to 30 September 2011 and Chairperson from December 2011)	8 out of 8
4.	Mr. Nico Erasmus	Member (Appointed in December 2011)	4 out of 4
5	Ms. Adele Delpport Viljoen	Member (Appointed in December 2011)	4 out of 4

The audit committee is therefore composed of three external members. However, the Municipal Manager and managers reporting directly to the municipal manager as well as the head of internal audit and the risk manager are invited to meetings of the audit committee.

In addition, the audit committee reported twice to the Council on 12 September 2011 and 30 May 2012.

### 3. AUDIT COMMITTEE RESPONSIBILITY

3.1 The audit committee discharged its responsibilities as stipulated on Section 166(2) of the MFMA as well as Treasury Regulation 3.1.

3.2 The audit committee charter was reviewed during the year and has been approved by the audit committee subsequent to year-end. It was further adopted by Council in the meeting of the Council held on 30 August 2012

3.3 The audit committee complied with the provisions of the audit committee charter during the year.

#### **4. THE EFFECTIVENESS OF INTERNAL CONTROL**

4.1 The audit committee is satisfied that significant improvements have been made on the efficiency and effectiveness of the system of internal controls of the municipality.

4.2 The audit committee noted its reservations with management regarding the effectiveness, efficiency and transparency of the risk management of the municipality. Management has implemented remedial measures subsequent to year end to improve the overall effectiveness, efficiency and transparency of risk management.

4.3 The audit committee reviewed the draft annual financial statements for the year ended 30 June 2012 and matters of concern were discussed with management.

4.4 The audit committee has discussed the management report of the Auditor-General with the Auditor-General as well as management. Management will prepare a detailed action plan to address all the issues raised in the management letter of the Auditor-General and present it to the audit committee in the meeting to be held in the quarter January to March 2013 for the review of the audit committee and subsequent monitoring of the implementation thereof.

4.5 The audit committee reviewed the in-year management and monthly/quarterly reports submitted in terms of the MFMA and is satisfied as to the quality thereof.

#### **5. EVALUATION OF FINANCIAL STATEMENTS**

5.1 The audit committee has reviewed the draft financial statements for the year ended 30 June 2012 and has discussed matters of concern with management. The audit committee further reviewed the audited financial statements and discussed the statements with the Auditor-General as well as the Accounting Officer

5.2 The audit committee reviewed the accounting policies as part of the review of the audited financial statements and is satisfied that the financial statements have been prepared in terms of the accounting policies and that there were no significant changes in the accounting policies.

5.3 The audit committee reviewed the municipality's compliance with legal and regulatory provisions as part of the review of the audited financial statements and noted that instances of non-compliance have been disclosed in terms of the unauthorised, irregular, fruitless and wasteful expenditure.

5.4 The audit committee reviewed the information on predetermined objectives to be included in the annual report as part of the review of the audited financial statements and have discussed concerns thereof with management.

5.5 The audit committee reviewed significant adjustments resulting from the audit as part of the review of the audited financial statements and is satisfied as to the validity of the adjustments.

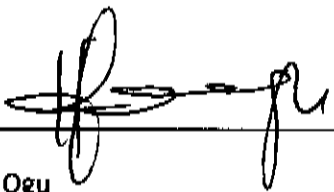
5.6 The audit committee concurs with the unqualified opinion of the Auditor-General on the annual financial statement, however with reservation on the points on emphasis of matter raised by the Auditor-General.

## 6. INTERNAL AUDIT

The audit committee reviewed the effectiveness of the internal audit function and noted that for certain part of the year subsequent to February 2012 the internal audit function was not fully effective in addressing the risks pertinent to the municipality. Management has however implemented remedial measures to capacitate the internal audit function to enhance its effectiveness.

## 7. AUDITOR-GENERAL SOUTH AFRICA

The audit committee met with representatives from the Office of the Auditor-General South Africa on 22 August 2011 and 11 June 2012 to discuss issues of mutual concern and ensure that there are no unresolved issues. The audit committee could not however meet with the Auditor-General prior to finalisation of the audit report due to financial constrain on the part of the municipality



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C. Ogu

Chairperson of the Audit Committee

Date: 2013-01-14