

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND THE COUNCIL OF THE DRAKENSTEIN MUNICIPALITY

The Audit Committee presents its report for the financial year ended 30 June 2016.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

As requested by its Charter, the Audit Committee listed below, is required to meet at least 4 times per annum, although additional meetings may be scheduled as the need arises. Six meetings were held during the 2015/16 financial year.

	<u>MEETINGS ATTENDED</u>
Mr. R. Kingwill	6
Dr. W. Sewell	6
Mr. T. Arendse	6
Ms. K. Montgomery	6

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has as far as possible, complied with the responsibilities arising from its terms of reference, including relevant legislative requirements.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee is pleased that the Auditor-General issued an unqualified audit opinion with no other matters on the financial statements of the municipality for the year ended 30 June 2016. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No 1 of 2015) (DoRA).

The Committee is of the opinion that the audited financial statements should be accepted and read together with the Report of the Auditor-General.

PERFORMANCE MANAGEMENT

The Committee reviewed the quarterly performance results presented by Management as well as the quarterly reports of Internal Audit on the verification of the reported performance results. The Committee noted the success of the effort made by Management to ensure a credible performance management system and reliable performance results.

This is reflected in the positive outcome of the Auditor-General's review of the Municipality's predetermined objectives. Management is further encouraged to ensure that the business processes underlying the preparation and presentation of performance information is further embedded and that management oversight of reported results is strengthened.

INTERNAL CONTROL & RISK MANAGEMENT

The Committee received quarterly progress reports from Internal Audit on the execution of the revised operational internal audit plan and the results of the audits conducted. Where instances of control weakness were reported, Management committed to implementing the necessary action plans to address the reported control weaknesses. These will be reviewed at our quarterly meetings.

The Committee reviewed the risk profile of the Municipality when the Internal Audit Plan priorities were determined. A member of the Committee has been co-opted to serve on the Fraud and Risk Committee (FARMCO) of the Municipality. The Committee remains concerned that progress of embedding a risk management culture in the processes of the Municipality still needs attention. This applies particularly to the number of funded vacancies which may lead to control breakdowns.

The Committee also noted the Auditor-General's report that no significant deficiencies were identified in internal control.

CONCLUSION

The Audit Committee congratulates the Management team on achieving an unqualified audit opinion with no other matters and wishes the Municipal Council, Executive Mayor and Municipal Management and staff success in their quest to make Drakenstein a "Place of Excellence built on cost-effective outcomes".



Ronnie Kingwill

Audit Committee Chairperson

Date: 12 December 2016