

The Audit Committee presents its report for the financial year ended 30 June 2017.

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 2016/17 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 Audit 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 Audit Committee is pleased that the Auditor-General of South Africa issued an unqualified audit opinion with no other matters on the financial statements of the municipality for the year ended 30 June 2017. 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, 2016 (Act No 3 of 2016) (DoRA).

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

PERFORMANCE MANAGEMENT

The Audit 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 Audit Committee noted the ongoing improvements 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 again 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. This in particular relates to the completeness and accuracy of the portfolios of evidence which supports the outcomes reported.

INTERNAL CONTROL AND RISK MANAGEMENT

The Audit 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 continue to be reviewed at our quarterly meetings.

The Audit Committee reviewed the risk profile of the Municipality when the Internal Audit Plan priorities were determined. A member of the Audit Committee remains co-opted to serve on the Fraud and Risk Management Committee (FARMCO) of the Municipality. The Audit Committee is encouraged that progress of embedding a risk management culture in the processes of the Municipality is progressing well and that the capacity building within the department has been good.

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

CONCLUSION

The Audit Committee congratulates the Management team on achieving a clean audit opinion and wishes the Municipal Council, Executive Mayor and Mayco, Municipal Management and staff success in their quest to make Drakenstein a "CITY OF EXCELLENCE".



Ronnie Kingwill

Audit Committee Chairperson

Date: 12 December 2017