

Annexure B
Report of the Audit Committee

ANNUAL AUDIT COMMITTEE REPORT OF THE AMAJUBA DISTRICT MUNICIPALITY

The Audit Committee is pleased to submit its Annual Report in terms of Section 166 of the Local Government Municipal Finance Management Act, 56 of 2003. This report covers work done by the Audit Committee for the year ended 30 June 2016.

1. AUDIT COMMITTEE MEMBERS IN ATTENDANCE OF MEETINGS

The Audit Committee is new. The new members were appointed in May 2016. The committee has met three times to date to discuss matters within its area of jurisdiction. The following members' term of office ended on the 31st January 2016:

- Mr. B Mbange
- Mr. S.A Ngwenya

The following members resigned in March 2016:

- Mr S.E.S Ngwenya
- Ms T.C Ndlela

For the committee to constitute a quorum the following additional members were appointed in May 2016, of which they commenced during the 2016/2017 financial year:

- Ms Z. Khanyile
- Mr N. Sifumba
- Mr M. Gwala

The committee current comprises of four members. As per the Audit Committee Charter, the committee is required to meet at least four times per annum. However, additional meetings are on need basis. Members in attendance of meetings are listed herein under:

Name of Member	Appointment Date	Resignation Date/Expiry Date	No. of Meetings per Audit Committee	No. of meetings attended
Mr. B. Mbange	December 2013	January 2016	4	4
Mr. S.E.S Ngwenya	February 2014	March 2016 (Resigned)	4	3
Mr. S.A Ngwenya	December 2013	January 2016	4	2
Mr. B.I Dladla	February 2014		4	2
Ms T.C Ndlela	February 2014	March 2016 (Resigned)	4	2
Mr. N. Sifumba	May 2016		4	-
Mr. Z. Khanyile	May 2016		4	-
Mr. M. Gwala	May 2016		4	-

2. THE STANDARD INVITEES WERE THE FOLLOWING

- The Municipal Manager
- Chief Financial Officer (Acting)
- Internal Audit
- Heads of Department
- CoGTA
- Office of the Auditor General
- SALGA
- The Honourable Mayor

3. THE AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee is constituted in terms of section 166 (2) and section 166 (6)(b) of the Local Government Municipal Systems Act and Section 3.1.13 of the Treasury Regulations. The Audit Committee is an independent advisory body which must advise the Municipality and Council on matters pertaining the following:

- Internal Audit
- Risks Management
- Financial Reporting
- Performance Management
- Governance
- Compliance with Legislation and Policies and
- Any other issues referred to it by the municipality

4. REPORT ON MATTERS AS DISPOSED BY THE AUDIT COMMITTEE

4.1 AUDIT COMMITTEE PLAN

The Audit Committee Plan for 2015/2016 was presented during the meeting of the 27th August 2015 and the committee recommended that it be resubmitted during its meeting of the 15th January 2016.

4.2 ANNUAL INTERNAL AUDIT PLAN

The Annual Internal Audit Plan for 2015/2016 was presented for approval by the committee. The Committee approved the Plan with the following recommendations:

- The plan should reflect activities and periods covered and reasons thereof;
- The three year rolling plan should be included in the plan.

4.3 DRAFT ANNUAL FINANCIAL STATEMENTS 2014/2015

The draft Annual Financial Statements were presented and noted by the Committee which advised accordingly. The Audit Committee recommended that:

- Cash Flow Statement be revised as it was out of balance
- Final Draft Annual Financial Statements be submitted to committee members via emails for review prior to submission to the Office of the Auditor General, as the presented set was a draft.

4.4 DRAFT ANNUAL PERFORMANCE REPORT 2014/2015

The Draft Annual Performance Report was presented and noted by the audit committee which advised accordingly. The Performance Committee recommended that:

- The reasons for deviations be completed in the Draft Annual Performance Report
- The Draft Annual Performance Report be reviewed and audit committee recommendations be implemented.

4.5 AUDIT REPORT AND AUDIT RESPONSE PLAN FOR 2014/2015

The Municipal Manager presented the Audit Report and the Audit Response Plan. The committee noted the report and advised accordingly. The committee recommended that:

- A progress report on the work performed to towards the deadlines be submitted in the next meeting to enable the committee to track and make relevant comments on the progress thereof.
- The issues raised under the following sections of the Management Report should be submitted to them along with the Response Action Plan;
 - ✓ Auditor General Report Issues;
 - ✓ Management Letter Issues and;
 - ✓ Internal Audit Issues.

4.6 RISKS MANAGEMENT AND GOVERNANCE PROCESS

The Enterprise Risks Assessment Project was undertaken by the Municipality during the previous financial year. A dedicated Risks Management Committee was established by the Municipality. The risks register consisting of the significant risks was also approved by the Risks Committee.

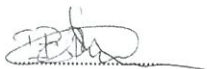
4.7 PERFORMANCE MANAGEMENT

The Audit Committee looked at the Quarterly Performance Reports, the Annual Performance Report. Challenges were identified and corrective measures established by Management.

5. CONCLUSION

It is my considered view that the instability in the Municipality may have been exacerbated by the recent local government elections. However, the current administration is adamant that things will turn around in the municipality, therefore I am confident.

Bheki Dladla



AUDIT COMMITTEE CHAIR