

FINANCE AND PERFORMANCE AUDIT COMMITTEE REPORT 2013-2014

The Committee is supposed to be constituted of four members. No replacement was appointed following the resignation of a member in 2013.

Audit Committee members and attendance:

		Meetings	Attendance
JLW de Clercq	Chairperson	4	All
P. Mntambo	Member	4	3
PP Sithole	Member	4	All

The Committee experienced challenges with the death of the previous acting Manager of Internal Audit and a period of five months without an internal audit service. A service provider was appointed in February 2014. This has caused delays in the submission of quarterly performance reports for consideration by the Committee. It also made it impossible for the chairperson of the Committee to submit regular reports to Exco. In spite of this, the Committee had four meetings of which one was a special meeting.

The Committee performed, to the best of its ability, the responsibilities in terms of the Municipal Finance Management Act and the Audit Committee Charter. It had difficulty in overseeing compliance with the Internal Audit Charter mainly because of the absence of a functioning Internal audit unit for several months. Both the Audit Committee Charter and Internal Audit charter were approved and are in compliance with the Treasury Circular 65 of 2012.

The Committee was hoping to perform its tasks in accordance with an Audit Plan which was approved for the 2013-2014 financial year. Unfortunately the illness of the acting Manager and her death made it very difficult to implement the Audit plan within the timeframes specified. The appointed service provider managed to comply with the main studies which were listed in the Audit Plan and submitted reports to the Audit Committee. It was however very difficult to ensure that follow up audits be done.

The Audit Plan was designed based on the high risk issues in the Municipality as identified in the risk assessment process leading up to June 2013. It was satisfied that the risk register was still relevant for the 2013-2014 period. It is unfortunate that the risk assessment process was not formalised after the death of the acting Manager with the result that no formal update of the risk register was made. This created a risk in itself. The Risk Management Committee also did not meet and no Internal audit strategy was prepared for the financial year.

The Committee had to assess the functionality of the financial administration in terms of the quarterly performance audit reports and was concerned about the progress made with the action plan to address issues raised by the Auditor General in his report on the 2013 AFS. In addition it was found that some internal administrative controls specifically in respect of human resources issues were not satisfactory and the Committee got the assurance from management that the issues would be addressed. Concern was still expressed regarding the management of SCM, in spite of assurances that the major issues raised in previous investigations, were addressed.

Assurances were given to the Committee that the internal financial reporting was in place and that regular reports were submitted to the Council as required by law.

Having raised concerns about the issue of governance and consistency in management structures, the Committee was pleased to learn that some key posts in top management have been filled. This development will surely result in better performance and greater consistency in service delivery by all departments. The Committee appreciated the commitment shown by the acting Accounting Officer to the rectification of critical issues to ensure a sound and effective administration in the Municipality. There can however be no doubt that the delays with the appointment of a permanent incumbent in this post has had an impact on good governance and stability in leadership in the Municipality.

The status of the performance management system and accurate reports on compliance remained a cause of concern for the Audit Committee. It was difficult for the Committee to evaluate the overall performance of the Municipality in terms of stated objectives and the implementation of the SDBIP because of questions raised regarding the targets set in the IDP and the alignment thereof with the SDBIP.

The Draft Financial statements were discussed by the Committee and it was satisfied that, with some suggested amendments to the statements, it reflected a true account of the financial situation of the Municipality at the end of the financial year.

The Committee appreciates the trust shown by the Council, the Exco and Management in the objective assessments of the Audit Committee under abnormal conditions.



Prof. J.L.W. de Clercq
Chairperson of the Committee