

We are pleased to present our report for the financial year ended 30 June 2016

The audit committee reports that it has complied with its responsibilities arising from section 166(a) of the MFMA.

The committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### **Statutory Requirements**

Section 166 of the MFMA clearly state that each municipality must have an Audit Committee. The Audit Committee is an independent advisory body that advises council, political officer bearers, accounting officer and staff of the municipality on the following:

- Internal financial control and internal audits;
- Risk Management;
- Accounting policies;
- The adequacy, reliability, and accuracy of the financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation;
- Performance evaluation;
- Any other issues referred to by the Municipality;
- Review the annual financial statements so as to provide authoritative and credible view of the financial position, on the overall compliance with MFMA, DoRA, etc.
- Respond to Council on any matters raised by the Auditor-General (AGSA);
- Carry out investigation into financial affairs of the municipality as may be prescribed from time to time.

The principle of King III Report customised to municipal environment advice that the Audit Committee should:

- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- Satisfy itself of the expertise, resource and experience of the municipality Finance Function;
- Be responsible for overseeing of Internal Audit and
- Be integral component of risk management process.

## 1. Audit committee members and attendance

The audit committee consists of the independent members listed hereunder and should meet at least for four (4) times per annum as per approved terms of reference. During the current year five (5) meetings were held.

Name of Member	Ordinary Meetings	Special Meetings	Total Meetings	Total Meetings attended
Adv. L Thubakgale (Chairperson) (Terminated October 2016)	4	1	5	4
# Mr J N Mpjane	4	1	5	5
Mr S Simelane	4	1	5	4
Adv. T M Malatjie	4	1	5	2

# Mr J N Mpjane was appointed as the Chairperson of the Audit Committee effectively from November 2016.

The following although not members of the audit committee, have the standing invitation to Audit Committee meetings:

- (i) The Accounting Officer
- (ii) The Chief Financial Officer
- (iii) The Section 56 Managers
- (iv) The Auditor-General
- (v) The National Treasury
- (vi) Limpopo Provincial Treasury
- (vii) Limpopo Department of Cooperative Governance, human Settlement and Traditional Affairs (CoGHSTA)
- (viii) South African Local Government Association (SALGA)
- (ix) Chairperson of Municipal Public Accounts Committee (MPAC)
- (x) Internal Audit (Secretariat Function)

## 2. The Effectiveness of Internal Controls

The Audit Committee is of the opinion that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audit. However, it should also be noted that the Internal Audit unit was not entirely staffed as some staff members were interns.

Our review of the findings of the Internal Audit work, which was based on the risk assessment conducted in the municipality revealed certain weakness, which were then raised with the municipality.

There has been improvement in the system of internal controls of the municipality and reducing disclaimer issues raised in the previous year. In certain instances, the matters reported previously have not been fully and satisfactory addressed. The audit committee notes management's commitment to correct the deficiencies.

The Audit Committee recommends that all the internal audit recommendation be taken serious as they repeated during the external audit process. To ensure that internal audit findings are receiving attention, the internal audit reports should be a standing agenda item of management meetings.

The Audit Committee has:

- reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor General and Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's responses thereto;
- reviewed the municipalities compliance with legal and regulatory provisions and
- reviewed significant adjustment resulting from the audit.

The Audit Committee has:

- reviewed and discussed the performance report to be included in the annual report with the Auditor-General and Accounting Officer;
- reviewed the reasons for provided by management for material deviation from planned targets; and
- recommended that contract management process be improved to ensure service delivery.

The Audit Committee concurs and accepts the conclusion of the Auditor General on the Annual Financial Statement and is of the opinion that the audited Financial Statements be accepted and read together with the report of the Auditor-General.

The audit committee congratulates Greater Tubatse Municipality for improving the audit comes from a disclaimer to a qualified opinion. We are committed to fully execute our oversight function and in strengthening Corporate Governance.



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**Mr J N MPJANE CA(SA) RA**  
Chairperson: Audit Committee

**Date:** 15 December 2016