

XHARIEP DISTRICT MUNICIPALITY
REPORT OF THE SHARED AUDIT COMMITTEE
For the year ended 30 June 2012

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee hereby reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and has regulated its affairs in compliance with the approved audit committee charter for the year ending 30 June 2012.

AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE OF MEETINGS

The Audit Committee consists of four (4) members which were appointed for a three year term with effect from 31 March 2011 and was scheduled to meet four (4) times per annum in terms of its approved terms of reference. During the year for which this report refers, five (5) meetings were held and attendance of members is indicated hereunder:

Member	Period	Number of meetings held	Number of meetings attended
Mr. M Segalo (Chairperson)	01/03/2012 to date	5	5
Mr. K. Rapulungoane	01/03/2012 to date	5	4
Mr. S. Majola	01/03/2012 to 23/02/2012	5	1
Mr. V. Vapi	01/03/2012 to date	5	4
Mrs. T. Molelle	01/06/2012 to date	5	1

EFFECTIVENESS OF FINANCIAL CONTROLS

Based on the reports presented to the Committee by the Internal Audit unit, the Committee noted that significant progress was being made to improve the internal control system in the Municipality. It is noted that management has implemented adequate controls in most areas within the Municipality to provide reasonable assurance that all major inherent financial risks are appropriately identified and the applicable legislation is adhered to.

EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Xhariep District Municipality has established an Internal Audit Unit that is independent of management and reports functionally to the Audit Committee. The three year rolling plan and the Annual audit plan for 2011/12 were prepared and approved by the Audit Committee. The Internal Audit unit has operated effectively during the financial year ended 30 June 2012.

The Committee is satisfied with the work performed by the internal audit unit. The Internal Audit Unit achieved a score of 90% as assessed by Provincial Treasury. The Committee also noted that the audit unit is very proactive in ensuring that the Committee performs in terms of its charter.

RISK MANAGEMENT

Xhariep District Municipality has developed and approved a risk management strategy; however the Risk Management Committee was not functional in managing and monitoring risks on an ongoing basis. During the period ending 30 June 2012, reports relating to risk management were presented to the Audit Committee. Based on the risk management reports presented, the Committee is satisfied that risk within the Municipality is adequately identified.

The Committee is satisfied that the Municipality has identified significant risks that may impact on the achievement of its objectives. Although risk management unit obtained a score of 80% as assessed by Provincial Treasury, the following issues still warrant management attention to effectiveness of Risk Management Committee

ACCOUNTING POLICIES

SAPC reviewed the accounting policies adopted by XDM and did not identify any material differences.

ACCURACY AND RELIABILITY OF FINANCIAL REPORTING

Based on the information reviewed, the Committee is satisfied that the financial reporting of the Municipality is reliable and generally accurate.

EFFECTIVE GOVERNANCE

During interaction with the members of management, the Committee noted that leadership provided within the municipality is very strong and effective. The management style adopted by Leadership of the Municipality enhances a strong sense of accountability and responsibility. The Committee further noted the extent of involvement of the Leadership of the District in enhancing effectiveness of governance within the Local Municipalities.

ANNUAL FINANCIAL STATEMENTS

Shared Audit and Performance Committee reviewed the Annual Financial Statement using the tool that was provided by National Treasury and is satisfied that the AFS conform to GRAP.

COMPLIANCE WITH MFMA AND DORA

During the analysis of reports presented to the Committee, no material issues of non-compliance with the MFMA and DORA were noted. The Committee is of the view that Municipality has complied with applicable legislation.

PERFORMANCE MANAGEMENT

The District Municipality has established a performance management function and has implemented an effective performance management system during the year ended 30 June 2012.

Based on the reports considered for the 2011/12 financial year, the Audit and Performance Committee is satisfied that the Municipality has implemented an effective system of monitoring progress with the achievement of performance targets.



MM Segalo

Chairperson

Xhariep Shared Audit and Performance Committee