

## **AUDIT COMMITTEE ANNUAL REPORT 2022/2023**

We are pleased to present our report for the financial year ended 30 June 2023.

### **1. Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

### **2. Audit Committee members and attendance**

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference, however additional special meetings may be called as the need arises.

### **3. The Effectiveness of Internal Controls**

Our review of the internal control environment revealed that there were no material breaches of the system of internal controls during the year under review. However, there are several deficiencies in the system of internal controls and/or deviations were reported by the internal auditors and the Auditor General South Africa (AGSA). Nevertheless, the Audit Committee noted management's commitment and action plans to correct such deficiencies.

### **4. In-Year Management and Monthly or Quarterly Report**

The municipality does have an effective monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA).

### **5. Performance and Risk Management**

The Audit Committee has reviewed functionality of the performance and risk management system and they appear to be adequate. However, there is a room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timely.

### **6. Compliance with laws and regulations**

Several non-compliance with the enabling laws and regulations were revealed by Audit Committee, AGSA, and Internal Audit during the year. Thus, there is a room for improvement regarding the establishment of an effective system for monitoring compliance with laws and regulations.

### **7. Internal Audit**

The Audit Committee is satisfied with the effectiveness of Internal Audit and commend Management and Council for capacitating this unit.

**8. Progress in implementation of AGSA findings from prior year**

AGSA, Audit Committee and Internal Audit's recommendations affecting the audit report were partially implemented by Management at the time of this report, which is commendable.

**9. Evaluation of the Annual Financial Statements**

Following the review by the Audit Committee of the Annual Financial Statements for the year ended 30 June 2023 before and after the audit, the Committee is of the view that, in all material respects, it complied with the relevant provisions of the MFMA and GRAP and fairly presents the financial position at that date and the results of its operations and cash flows for the year then ended.

**10. Evaluation of Annual Performance Report**

Following the review by the Audit Committee of the Annual Performance Report for the year ended 30 June 2023 before and after the audit, the Committee is of the view that, in all material respects, the Municipality complied with the relevant provisions of the MFMA and Framework for Managing Programme Performance Information (FMPPI) and fairly presents the performance of the Municipality at that date. Furthermore, the Audit Committee concurs with reasons for deviations and measures proposed to address the underachieved contained in the report.

**11. Final Auditor General South Africa's Report**

The Audit Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements which is unqualified with findings, and unqualified audit opinion on Annual Performance Report. Consequently, the Audit Committee is of the opinion that the audited Annual Financial Statements and Annual Performance Report be accepted and read together with the report of the AGSA.

Having achieved unqualified audit opinion for the financial year, the Audit Committee commend His Worship the Mayor, Council, Municipal Manager and municipal staff for receiving an unqualified audit opinion.

**12. Conclusion**

The Audit Committee wishes to acknowledge the commitment from Council, Management and staff of the Municipality. The stability in terms of the political and administrative leadership of the Municipality has contributed to these improvements reported above. We would also like to thank and appreciate the Mayor for his support, Councillors, Senior Management for their efforts and Internal Audit for their contribution.



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**Ms MP Ramutsheli**  
**Chairperson of the Audit Committee**  
**Greater Tzaneen Municipality**  
**January 2024**