

ANNUAL REPORT OF THE REGIONAL AUDIT COMMITTEE OF THE WEST RAND DISTRICT MUNICIPALITY FOR YEAR ENDED 30 JUNE 2022

The Regional Audit Committee is pleased to present its Annual Report for the West Rand District Municipality for the financial year ended 30 June 2022.

BACKGROUND OVERVIEW

The Audit Committee is an independent statutory and advisory committee appointed by the Council. Further duties are delegated to the Committee through a set of approved terms of reference often termed "The Audit Committee Charter". This report seeks to report back to Council on the implementation of the Audit Committee mandate in line with the Charter and Sec 166 of the Municipal Finance Management Act.

COMPOSITION

The Regional Audit Committee was duly constituted by Council in 2017 for three-year term and later the term was extended to 31 December 2021. The Council reconstituted the new Committees in March 2022, subsequent to the Local Government Elections in November 2021. The Regional Audit Committee had two sub-Committees, namely the Regional Performance Audit Committee (PAC) and the Risk Management Committee (RMC) which are made up of Senior Management from respective municipalities and an independent Chairperson. Both chairpersons of the sub- committees have standing invite to all ordinary Audit Committee meetings.

The Audit Committee adopted an Audit Committee Charter in the year under review, which sets out the fundamental roles and responsibilities of the Committee. The Charter is informed by the requirements of Sec 166 of the Municipal Finance Management Act (MFMA). The Performance Audit Committee also adopted the PAC Charter which also set out the fundamental roles and responsibilities of the PAC in line with the Municipal Systems Act and the Local Government Performance Regulations. Each RMC also adopted its RMC Charter, which was approved by RMC Chairperson and the respective Municipal Managers.

The Audit Committee reports that it has complied with its responsibilities arising from the abovementioned charters.

ATTENDANCE TO MEETINGS

The Committee consisted of five independent members who collectively have sufficient qualifications and experience to fulfil the duties as stipulated in the Charter. In terms of the approved Charter, five meetings were held during the period under review.

The table below reflect the attendance by members to the meetings held up to 31 December 2021.

Name of Member	Attendance	Apology	Total	Percentage attendance
Mr B Ahmed CA(SA)	4	0	4	100%
M L Malinga	4	0	4	100%
Mr L Mangquku CA(SA)	4	0	4	100%
Mr T Nemadzhilili	4	4	0	0%
Mr P Mongalo	4	0	4	100%

The table below reflects that attendance by the new Committee to the meetings held up to 30 June 2022.

Name of Member	Attendance	Apology	Total	Percentage attendance
Dr L Konar CA(SA)	1	0	1	100%
Mr B Ahmed CA(SA)	1	1	0	0%
Mr L Mangquku CA(SA)	1	0	1	100%
Mr L Ravhuhali CA(SA)	1	0	1	100%
Mr M Maseko	1	0	1	100%

ROLES AND RESPONSIBILITIES

The Audit Committee operates within the boundaries of the Audit Committee Charter approved by Council in a financial year. The Audit Committee Charter is informed by the legislative requirements as stipulated in Section 166 of MFMA.

The Audit Committee has deliberated and advised Senior Management on the respective business processes of the municipality. Reference must be made to the attached *Annexure* referred to as the “*Audit Committee Recommendations 2021/22*”

RECOMMENDATIONS

The Audit Committee makes recommendations on the following areas:

1. Key vacant positions must be filled in order to improve service delivery and governance accountability.
2. Budget resources are required in order to implement the ICT governance framework. This ensures that the municipality is adequately protected from adversities of all ICT risks.
3. The municipality is not capacited with ICT audit competencies and no budget resources are allocated to outsource these specialties. The Committee advises the District to explore the District wide solution.
4. The going concern of the municipality is largely compromised due to significant reliance on grants, significant impairments, liabilities exceeding assets, and deficits incurred over the years. The municipality must continue to pursue the allocation of powers and functions to minimise the unfunded and underfunded mandates.

CONCLUSION

The Audit Committee has considered the Management report and the Audit report for financial year ended 30 June 2022. The Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements and other legal and regulatory matters, and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA



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Dr L Konar
Chairperson of the Audit Committee
Date: 14 December 2022





AUDIT COMMITTEE RECOMMENDATIONS

2021/22

SPECIAL AC MEETING- 30 June 2021				
ITEM/ SECTION	RESOLUTION	BY WHOM	BY WHEN	PROGRESS
Review of the standardised AC Charter and IA Charter 2021/22	<ol style="list-style-type: none"> 1. The Charters be amended with the inputs from the Committee and circulated to Members and CAEs. 2. Each municipality to circulate the Charters to Senior Management and Council for approval. 3. The approval process to run concurrently between the District and the local municipalities. 4. The Charters be tabled at the next AC meeting for noting and approval of the IA Charter. 	CAEs	31 July 2021	<ol style="list-style-type: none"> 1. The Charters were amended and circulated to members and CAEs. 2. The Charters were circulated to Senior Management/ EXCO and Council for approval in Council meetings of July 2021. 3. The Charters were circulated at the AC meeting of November 2021 and the IA charter was approved.

SPECIAL AC MEETING- 29 August 2021				
ITEM/ SECTION	RESOLUTION	BY WHOM	BY WHEN	PROGRESS
Review of the Annual Financial Statements 2020/21	<ol style="list-style-type: none"> 1. All the inputs made by the Audit Committee be considered by Management and incorporated in the draft AFS. 2. The municipality to seek external advice, especially on matters relating to discontinued operations. 3. The amended AFS be circulated to the Committee and submitted to AGSA on 31 August 2021. 	CFO	31 August 2021	<ol style="list-style-type: none"> 1. The Annual Financial Statements were amended with the AC inputs 2. GPT also submitted their report on the AFS review, and their inputs were considered. 3. The AFS were submitted to the office of the AGSA, and relevant stakeholders on 31 August 2021.

AC MEETING - 19 November 2021

ITEM/SECTION	RESOLUTION	BY WHOM	BY WHEN	PROGRESS
Internal Audit- Quarterly Internal Audit report 30 June 2021	<ol style="list-style-type: none"> The Quarterly report should incorporate details of the audit staff, hours spent, the budget, training and vacancies for the IA unit. Tools of trade to be made available to allow remote working environment in compliance to Covid 19 restrictions. The ICT findings from the AGSA be presented to the Committee for consideration. 	<p>Manager IA</p> <p>ICT</p> <p>EM Corporate Services</p>	<p>Quarterly</p> <p>Ongoing</p> <p>30 November 2021</p>	<ol style="list-style-type: none"> Done The current laptops used by Audit staff are obsolete and personal laptops are used to improve productivity. The procurement of laptops has been done in phases due to cash flow challenges. The AGSA presented their final management report on 15 December 2021 to the Committee inclusive of ICT findings.
Internal Audit- 3Y Strategic IA plan and Annual IA plan 2021/22	<ol style="list-style-type: none"> The Audit staff must be affiliated to the IIA SA and the municipality to assist with membership fees. Management must enhance the risk assessment processes to ensure that the risk profile of the municipality aligns with the current financial status of the municipality. The 3Y Strategic IA plan and Annual IA plan were approved. 	<p>Manager IA and CFO</p> <p>RMC</p> <p>AC</p>	<p>30 June 2022</p> <p>30 June 2022</p> <p>19 Nov 2021</p>	<ol style="list-style-type: none"> All audit staff have applied for affiliation to the IIA SA and the municipality is paying the membership fees. The RMC Chairperson is in the process of revamping the risk management processes for the District and the local municipalities. GPT has been requested to provide the necessary support. Noted.

AGSA- The presentation of the Audit strategy 2020/21	1. The Committee requested Management to provide full cooperation with the external auditors in ensuring that information is submitted as requested and management comments are responded to within stipulated time lines. 2. The Audit Strategy 2020/21 is approved.	CFO	19 Nov 2021	1. Noted 2. Noted
Internal Audit- Internal Audit Methodology 2021/22	1. The Internal Audit methodology 2021/22 is approved.	Manager IA	19 Nov 2021	1. Noted
Internal Audit - AC Charter and IA Charter 2021/22	1. The AC Charter 2021/22 is approved by Council. 2. The IA Charter 2021/22 is approved by the Audit Committee	Council AC	19 Nov 2021	1. The AC Charter 2021/22 was approved by Council on 28 July 2021. 2. Noted
Corporate Services	1. The departmental reports submitted to AC must be signed off. 2. Progress on VBS contingent asset be provided to the Committee regularly.	EM Corporate Services	Ongoing	1. Noted. 2. Noted.
ERM	1. The ERM report to be tabled at the next AC meeting.	RMC Chairperson	Next AC meeting	1. Noted

SPECIAL AC MEETING - 15 December 2021				
ITEM/ SECTION	RESOLUTION	BY WHOM	BY WHEN	PROGRESS
AGSA- Presentation of the Audit report 2020/21	1. The Management report and the Audit report 2020/21 financial year is noted. 2. The audit action plan be developed and submitted in the next AC meeting.	AC and management	15 Dec 2021	1. Noted 2. The Audit Action plan was developed and reviewed by Internal Audit.

AC MEETING - 03 May 2022

ITEM/ SECTION	RESOLUTION	BY WHOM	BY WHEN	PROGRESS
Internal Audit- Quarterly Internal Audit report 31 March 2022	1. The quarterly internal audit report should incorporate the actual hours spent, actual expenditure incurred and actual date that the report was sent to management for comments.	Manager IA.	Quarterly.	Noted.
	2. Each audit report should incorporate evaluation of internal controls.	Manager IA.	Quarterly.	Noted
	3. Follow-up audit report should be included in the quarterly audit reports presented to AC.	Manager IA.	Quarterly.	Done. Included in the AC pack.
	4. Internal audit report on the effectiveness of risk management to be tabled at the next RMC meeting and then to AC meeting.	Manager IA.	Next RMC meeting	Awaiting the convening of the RMC meeting.
	5. AC members to be provided with the 2021/2022 approved internal audit plan.	Manager IA.	Next AC meeting.	Done.
	6. An item should be prepared for Council to consider IT Auditor as a critical post.	AO.	Next Council meeting.	The revision of the Organisational structure has made provision for the post of the IT auditor but the post remains unfunded.

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	7. Cognisance is taken of the Quarterly internal audit reports.	AC members.	03 May 2022.	Noted.
Corporate Services Reports.	1. A proper complete ICT business continuity incorporating AC inputs should be tabled at the next AC meeting.	Executive Manager Corporate Services.	Next AC meeting.	The ICT Business continuity is encapsulated in Disaster Recovery Plan and Categorises three phases of disaster each of which invokes a particular continuity response.
	2. Changes made to ICT documents by ICT steering committee should be shared with AC members.	Executive Manager Corporate Services.	As and when.	Noted.
	3. HR administration reports should state employee's number instead of employee's names.	Executive Manager Corporate Services.	Quarterly.	Noted
	4. Litigations and contingency report was referred to in-committee by AC Chairperson.	AC Chairperson.	03 May 2022	
	5. Cognisance is taken of the Quarterly ICT Governance report and the Quarterly HR report.	AC members.	03 May 2022.	Noted.
Finance	1. Quarterly financial report should include a year to date column.	CFO.	Quarterly.	Noted

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	2. Cognisance is taken of the Quarterly Financial report	AC members.	03 May 2022.	Noted.
ERM	1. Risk registers will be enhanced to ensure that the risk profile of the municipality aligns with the current financial status of the municipality and performance.	RMC Chairperson.	Ongoing	1. The process has started and all relevant stakeholders have been consulted, all risk registers are almost at the final stage.
	2. The RMC Chairperson to report back to AC on the progress of standardising Risk management processes across the West Rand region.	RMC Chairperson.	Ongoing	2. In addressing standardising of risk management processes across the region, Chief Risk Officer Committee meeting for West Rand Region was held on the 27 th May 2022, attended by the District Municipality, all local municipalities within the region and Gauteng Provincial Treasury responsible for Risk Management within the Region. The process of standardisation will be an ongoing process.
Regional Planning & Performance Management	1. Cognisance is taken of the Performance Management report.	AC members	03 May 2022	Noted

TOTAL AC RESOLUTIONS FOR 2021/22 FY 40
RESOLUTIONS IMPLEMENTED 40

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