

ANNUAL REPORT OF THE REGIONAL AUDIT COMMITTEE OF THE WEST RAND DISTRICT MUNICIPALITY FOR YEAR ENDED 30 JUNE 2025

The Regional Audit Committee is pleased to present its Annual Report for the West Rand District Municipality for the financial year ended 30 June 2025.

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 Audit Committee has two sub-Committees namely the independent Performance Audit Committee (PAC) and the Risk Management Committee (RMC) made up of Senior Management and an independent Chairperson. Both chairpersons of the sub-committees have standing invite to all ordinary Audit Committee meetings with the main purpose of reporting back on the activities of the sub-Committees.

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 Municipal Planning and Performance Regulations. The RMC also adopted its RMC Charter in line with Sec 62 of MFMA.

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. Six meetings were held during 2024/25 financial year. Special meetings were held to review the Annual Financial Statements and the outcome of the year end audit by the Office of the Auditor General. The management team, representatives from Provincial Treasury and CoGTA, representatives from the Internal auditors and External auditors attended the Committee meetings by invitation. The Internal and External auditors have unrestricted access to the Committee and separate meetings can be held with

the auditors. The Audit Committee's Resolution Register 2024/25 is available upon request.

AUDIT COMMITTEE MEMBERS

It should be noted that the term of office for the Governance Committees ended on 28 February 2025 and the new Committees were appointed in May 2025. The table below reflect a consolidated status of attendance.

Below is attendance to meetings from 1 July 2024 to 30 June 2025.

Name of Member	Attendance	Apology	Total	Percentage attendance
Dr L Konar CA(SA)	6	0	6	100%
Mr M Maseko	6	0	6	100%
Mr C Makgopa	1	0	1	100%
Ms O Sehunelo	1	0	1	100%
Ms K Mathatho	1	0	1	100%
Mr L Mangquku CA(SA)	5	0	5	100%
Mr L Ravhuhali CA(SA)	5	0	5	100%
Mr B Ahmed CA(SA)	5	0	5	100%

ROLES AND RESPONSIBILITIES

The effectiveness of internal controls over Information and Communication Technology (ICT) Governance

The Audit Committee considered the following ICT governance areas:

ICT Strategy and Alignment

- Alignment of ICT strategy to the IDP and service delivery priorities
- Integration of ICT planning with budgeting and performance management

ICT Policies and Procedures

- Availability and approval of ICT-related policies
- Currency and relevance of policies
- Communication and enforcement of policies

ICT Risk Management

- Identification and management of ICT risks
- Cybersecurity and data protection risks
- Business continuity and disaster recovery arrangements

ICT Controls and Security

- User access management
- Change management controls
- Data backup and recovery processes
- System availability and integrity

ICT Compliance and Assurance

- Compliance with legislative and governance requirements
- Internal Audit ICT reviews and findings
- Management responses and corrective actions

Based on the information presented to the Committee, the key observations were that due to financial constraints, the municipality could not implement significant ICT requirements which are at par with best practises.

INTERNAL AUDIT

The Audit Committee confirms that:

- Internal Audit operates under an approved Internal Audit Charter.
- The function has unrestricted access to records, personnel, and information.
- Internal Audit reports functionally to the Audit Committee and administratively to the Municipal Manager.
- Independence and objectivity have been maintained throughout the period.

The Audit Committee reviewed and approved the risk-based Internal Audit Plan, which was aligned to:

- The municipal strategic and operational risk registers
- Strategic objectives and service delivery priorities.
- Areas of high audit and governance risks.

Internal Audit coverage included, but was not limited to:

- Governance, risk management, and compliance
- Financial and performance management
- Supply Chain Management
- Information and Communication Technology (ICT)
- Audit of Predetermined Objectives (AOPO)
- Follow-up on prior audit findings

During the reporting period, Internal Audit:

- Executed audits in accordance with the approved plan.
- Issued reports with practical and value-adding recommendations.
- Conducted follow-up reviews on management action plans.
- Provided advisory services where appropriate.
- Supported management in improving control environments.

The Audit Committee notes the following:

- Internal Audit reports were of an acceptable standard and quality.
- Findings were risk-focused and relevant.
- Management responsiveness to audit findings requires continued improvement

The Audit Committee assessed the adequacy of Internal Audit resourcing and noted that:

- Skills and competencies are generally adequate although IIA certifications are advantageous.
- Capacity constraints may affect coverage and turnaround times.
- Continuous training and development remain essential.

The Audit Committee concludes that the Internal Audit function is generally effective and provides reasonable assurance on the adequacy and effectiveness of governance, risk management, and internal controls.

PERFORMANCE MANAGEMENT

The Audit Committee considered the following aspects of performance management:

Planning and Alignment

- Alignment between the IDP, SDBIP, budget, and performance indicators
- Appropriateness of Key Performance Indicators (KPIs) and targets

Monitoring and Reporting

- Quarterly monitoring of performance against targets
- Timeliness and quality of performance reports submitted to Council
- Adequacy of explanations and corrective actions for underperformance

Performance Information and Evidence

- Credibility, completeness, and verifiability of performance evidence
- Record management practices supporting reported performance

Internal Audit and Oversight

- Internal Audit reviews on Audit of Predetermined Objectives (AOPO)
- Follow-up on prior performance-related audit findings

Based on information presented to the Audit Committee, through the PAC Chairperson's reports, the following were noted:

- Performance planning processes are generally in place.
- Weaknesses persist in the quality and consistency of performance evidence
- Quarterly monitoring is conducted; however, corrective actions are not always implemented timeously.

RISK MANAGEMENT

The Audit Committee noted that the municipality has established a risk management framework which includes:

- An approved Risk Management Policy and Strategy
- A Risk Management Committee
- An updated strategic and operational risk registers
- Assigned risk owners and mitigation actions

While the framework is in place, its effectiveness depends on consistent implementation, monitoring, and integration into day-to-day management.

The Audit Committee considered the following aspects of risk management:

Risk Identification and Assessment

- Identification of strategic, operational, financial, ICT, fraud, and compliance risks
- Annual and periodic risk assessments
- Alignment of risks to the IDP and service delivery priorities

Risk Mitigation and Controls

- Adequacy of risk mitigation plans
- Implementation status of control measures
- Assignment of accountability for risk ownership

Monitoring and Reporting

- Regular risk reporting to management and governance structures
- Escalation of high and critical risks
- Monitoring of residual risk levels

Assurance and Oversight

- Internal Audit reviews of risk management processes
- Alignment between the risk register and the Internal Audit Plan
- Coordination within the combined assurance model

Based on reports and engagements, the Audit Committee noted the following:

- Risk management processes are generally established, but not consistently embedded across all departments.
- Some high-risk areas show slow implementation of mitigation actions due to financial constraints.

- Risk reporting is conducted; however, quality and depth of analysis require improvement.
- Risk management is not always fully integrated into planning, budgeting, and performance management.

ANNUAL FINANCIAL STATEMENTS 2024/25

In fulfilling its mandate, the Audit Committee has:

- Reviewed the draft AFS prior to submission for audit
- Considered the accounting policies and significant accounting judgments
- Evaluated the adequacy of disclosures and compliance with GRAP
- Assessed the municipality's financial reporting processes and controls
- Monitored the resolution of prior-year audit findings

The Committee commended Management for maintaining the Clean Audit opinion with no material findings. This is as a result of sound financial management processes adopted by Management. The Committee appreciates the good work done by Management.

RECOMMENDATIONS

1. The Audit Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements 2024/25 and other legal and regulatory matters and is of the view that the audited Annual Financial Statements 2024/25 be accepted and read together with the report of the AGSA.
2. Management must develop the Audit Action plan to address the findings raised in the Management report.



Dr Len Konar
Chairperson of the Audit Committee
Date: 20 January 2026