

ANNUAL REPORT OF THE REGIONAL AUDIT COMMITTEE OF THE WEST RAND DISTRICT MUNICIPALITY FOR YEAR ENDED 30 JUNE 2024

The Regional Audit Committee is pleased to present its Annual Report for the West Rand District Municipality for the financial year ended 30 June 2024.

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 the period under review. Special meetings were held to consider 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 2023/24 is available upon request.

AUDIT COMMITTEE MEMBERS

Below is attendance to meetings from 1 July 2023 to 30 June 2024.

Name of Member	Attendance	Apology	Total	Percentage attendance
Dr L Konar CA(SA)	6	0	6	100%
Mr B Ahmed CA(SA)	6	0	6	100%
Mr L Mangquku CA(SA)	6	1	5	83%
Mr L Ravhuhali CA(SA)	6	1	5	83%
Mr M Maseko	6	1	5	83%

ROLES AND RESPONSIBILITIES

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

West Rand District Municipality remained under financial constraint which limited the implementation of all necessary ICT Governance requirements. The funding from COGTA ALLEVIATED the challenges. ICT equipment eg the servers, computers, network switches etc, were procured. There is a lot more to be done on the ICT aging infrastructure in order to bring the infrastructure to normal best practices. The Committee also observed the lack of measures to deal with cyber threats. This area has become vulnerable with the continuous developments in the tech environment. The municipality is required to implement measures to protect itself against cyber attacks.

INTERNAL AUDIT

The Audit Committee is satisfied that the Internal Audit plan represented a clear alignment with the key risks, had adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits.

Internal audit work conducted during the year focused on Expenditure management, Payroll administration, Fleet administration, Asset management, Environment management, Political administration, Supply Chain management, Bank reconciliations, ICT Systems, Fraud preventions, Disaster management, Fire & Rescue Services, Municipal Health Systems, Human Resource management,

Enterprise Risk management, AOPO, Financial statements review, Quality Assurance review on SDBIP and Annual Report. The Internal Audit reports were issued to management and management did provide management comments and remedial actions for the findings raised. The Committee noted the progress made in the implementation of corrective measures for findings raised by both Internal and External Auditors in the previous financial years.

The Committee is pleased that Internal Auditors possess the minimum requirements for qualifications and experience in various auditing disciplines. The Internal auditors are also affiliated to the Institute of Internal Auditors South Africa (IIASA). The IIA has reviewed and issued new Global Internal Audit Standards effective from 9 January 2025. Internal Auditors are required to comply fully with the new Standards.

PERFORMANCE MANAGEMENT

The Committee as represented by the Performance Audit Committee noted the robust deliberations regarding the performance information of the municipality. The Committee considered quarterly performance reports which were presented by the PAC Chairperson. It was commendable that Management had processes in place to monitor performance on monthly basis and consequence management for sub standard performance. As a result, the external auditors did not raise any findings during the year end audit cycle. The Committee noted continued improvements in this aspect.

RISK MANAGEMENT

The Committee considered the quarterly reports from the RMC Chairperson. The risk maturity level of the municipality remained below three (3) in a scale of 1 to 5, and Management was encouraged to strengthen the risk management processes and ensure that these processes are embed into day-to-day activities. The Provincial Treasury is required to upscale its role of support to the municipality in this area. There were significant Occupational Health and Safety risks identified which require immediate mitigations but due to financial constraints, these risks remained high and unresolved. The Committee noted an incident regarding the fictitious changes to the banking details of a service provider and this resulted in the municipality suffering a financial loss due to the scam. The Committee is aware that the matter is being investigated. Internal controls must be improved in this regard.

ANNUAL FINANCIAL STATEMENTS 2023/24

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General SA and the Accounting Officer;
- Reviewed the Audit Report of the Auditor-General SA;
- Reviewed the Auditor-General SA's Management Report and Management's responses thereto;
- Noted and reviewed the Auditor-General SA's assessment of the usefulness and reliability of performance information examined
- Reviewed the Municipality's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Committee commended Management for obtaining the Clean Audit opinion with no material findings. This is as a result of sound financial management processes adopted by Management. The Supply Chain Management processes remained above board as no findings have been raised by the external auditors for the five financial years.

RECOMMENDATIONS

1. The Audit Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements 2023/24 and other legal and regulatory matters, and is of the view that the audited Annual Financial Statements 2023/24 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.
3. Management must enhance the processes of Enterprise Risk Management and ICT systems.



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Dr Len Konar
Chairperson of the Audit Committee
Date: 21 January 2025