



DIRECTORATE  
OFFICE OF THE  
CITY MANAGER

# **AUDIT COMMITTEE REPORT TO THE MANGAUNG METROPOLITAN COUNCIL**

**REPORT NUMBER. 01-2020/21**

**20 JULY 2020**

### **AUDIT COMMITTEE MEMBERS**

Mr. MNG Mahlatsi (Chairperson) – Reappointed 01 March 2020

Ms. PME Kaota – Reappointed 01 March 2020

Ms. TPN Lebenya – Reappointed 01 March 2020

Ms. NP Mdaka – Reappointed 01 March 2020

### **Support Staff**

Mr. GA Ntsala (General Manager: Internal Audit Unit)

Ms. A Schmidt (Manager: Performance and Specialised Audit Services)

Ms. F Moeng (Senior Internal Auditor)

### **Accounting Officer**

Adv. T Mea

### **Chief Financial Officer**

Mr. SE Mofokeng

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## 1. INTRODUCTION

The Audit Committee is pleased to submit its report to the Council of Mangaung Metropolitan Municipality in accordance with the provisions of Section 166(2) of the Municipal Finance Management Act, 56 of 2003 for consideration. This report covers the work performed by the committee during its Ordinary Meeting held on 20 July 2020.

The following members of the Committee were in attendance;

Mr. MNG Mahlatsi (Chairperson)

Ms. PME Kaota

Ms. TPN Lebenya

Ms. NP Mdaka

The Committee further reports that, it has conducted the affairs of the above-cited meeting according to its approved terms of reference as outlined in the Audit Committee Charter.

## 2. REPORTS/ DOCUMENTS CONSIDERED BY THE COMMITTEE DURING THE MEETING OF 20 JULY 2020

The Committee discussed and resolved on the following reports/submissions as presented before it by management of the municipality;

### 2.1 2020/21 Audit Committee Schedule of meetings

The Committee discussed and approved the schedule of its meetings for 2020/21 as presented before it by the Chief Audit Executive.

After inputs and amendments to the submitted schedule, the Committee resolved to approve it as a guiding document for its 2020/21 scheduled meetings.

The schedule is hereto attached as **annexure A**.

### 2.2 Audit Committee Charter (Revised)

The Committee discussed the **Revised Audit Committee Charter** for 2020/21 implementation as presented before it by the Chief Audit Executive.

After discussing the submitted **Revised Audit Committee Charter**, the Committee resolved to approve it as a guiding document for its 2020/21 meetings proceedings, subject to the inclusion of the inputs made by the members to the document.

The Audit Committee Charter is hereto attached as **annexure B**.

### 2.3 Internal Audit Charter (Revised)

The Committee discussed the **Revised Internal Audit Charter** for 2020/21 implementation as presented before it by the Chief Audit Executive

After making inputs and amendments to the submitted Internal Audit Charter, the Committee resolved to approve it as a guiding document for the 2020/21 internal audit unit activities.

The Revised Internal Audit Charter is hereto attached as **annexure C**.

### 2.4 Risk Management

The Committee discussed the **Risk Management Report** as presented before it by the Chief Risk Officer.

After discussing the submitted **Risk Management Report**, the Committee resolved to note its content emphasising on the importance of addressing identified risks by Management and the sitting of the Risk Management Committee.

The Committee further noted with great concern the emerging risks relating to the Internal Audit and the Audit Committee during the 2019/20 financial year *albeit* some of the risks have already been addressed during the 2019/20 financial year. The following were the emerging risks that the Committee emphasised that Management should properly manage them to ensure that they are adequately addressed;

- Lack of Internal Audit representation at EMT meetings - Internal Audit not invited to EMT meetings anymore, (*Management assured the Committee that this risk will be addressed, and a report is expected by the Committee at its next meeting of 28 August 2020*)
- Audit Committee term of office expired on 30 September 2019. New Audit Committee members not yet appointed. (*This risk was addressed on 28 February 2020 when members of the Audit Committee were appointed by Council*)
- Submitted Audit Committee reports not serving in Council. (*The risk has not yet been addressed as the outstanding 2018/19 submitted Audit Committee reports did not serve in Council.*)

## **2.5 2020/21 Internal Audit Plan (Functionality of Internal Audit Unit under Lockdown Regulations)**

The Committee discussed this matter of the Functionality of Internal Audit Unit under Lockdown Regulations. After having received verbal presentations from the GM: Internal Audit on the impact of the Lockdown on the functionality of the Internal Audit Unit; and the City Manager on the plans to phase in the returning of some officials whose services were not initially declared as essential services according to the proclaimed Covid-19 Regulations (internal auditors included), the Committee then directed that, Internal Audit should be fully functional and should be provided with the necessary resources to work from home.

## **3. CONCLUSION**

This report is submitted to Council in accordance with the provisions of section 166(2) of the MFMA for consideration and approval.

The Committee assures Council that, it remains committed and dedicated to performing its responsibilities without any fear or favour and with honesty and integrity.

A handwritten signature in black ink, appearing to read 'Godfrey Mahlatsi', is written over a horizontal dotted line.

**Mr Godfrey Mahlatsi**  
**Audit Committee Chairperson**