

MALUTI-A-PHOFUNG MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2010

We are pleased to present our report for the financial year ended 30 June 2010.

Audit Committee Members and Attendance:

The Audit Committee consisted of the members listed hereunder. During the current year, six (6) meetings were held as follows.

Name of Member	Meetings Attended	Apologies
Mr. GA Ntsala (Chairperson)	4	2
Mr. EM Mohlahlo	4	2
Mr. M P Mothekge	6	0
Mr. MP Tshake	5	1

All four (4) members of the Audit Committee are independent, with no interest in the management or conduct of the business of the Municipality.

Audit Committee Responsibility

The committee reports that it has complied with its responsibilities arising from section 166 (2) of the Municipal Finance Management Act, 56 of 2003.

The Audit Committee further reports that, it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

In line with the MFMA and the King Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Municipality's Internal Audit Unit, it was noted that there were breach of internal controls and in some areas controls put in place were neither effective nor adequate to prevent misuse or abuse of the municipality's systems put in place to prevent misuse of the municipality's resources.

Management need to institute effective measures to address, on a **sustainable basis**, control weaknesses identified by both internal and external auditors.

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GA Ntsala
Chairperson of the Audit Committee