

Draft Statement by the Audit Committee Chairperson of the City of Johannesburg for inclusion in the 2005/06 Group Annual Financial Statements

In terms of a Council Resolution of 19 February 2001 and in compliance with section 166 of the Local Government Municipal Finance Management Act of 2003 the Audit Committee was established and an Audit Committee Charter was approved.

The Committee serves as a link between the Council, departmental heads, internal and external auditors and municipal entities. The committee reviews the financial reporting by the external auditors as well as the activities of internal audit. The Chairperson of the Audit Committee reports regularly to the Mayoral Committee and annually to the Council.

Four Audit Committee members are external and independent and have extensive business and financial experience. M J Lesejane resigned on 2 August 2005 and was replaced by K Mzondiki with effect from 25 August 2005. Three Councillors served as Audit Committee members and ceased to be members after 2 August 2005 in terms of the Municipal Finance Management Act of 2003.

Five Audit Committee meetings were held during the period under review. During these meetings, risk areas were identified, internal control measures were evaluated and the implementation of corrective measures was monitored.

The attendance by members at Audit Committee meetings during the year was as follows:

	2 Aug 05	2 Nov 05	13 & 14 Mar 06	20 Mar 06	16 May 06
B Hawksworth (Chairperson)	X	X	X	X	X
HH Hickey		X	X	X	X
Dr. L Konar	X				X
MJ Lesejane	X				
K Mzondiki			X	X	
Councillor TZ Phakathi	X				
Councillor P Tau	X				
Councillor MS Moriarty	X				

In respect of the financial year ended 30 June 2006, internal controls in most entities improved in comparison to the previous financial year according to individual Audit Reports from the Auditor-General. However, despite these improvements, internal controls in a number of entities should still be upgraded in the City.

The Auditor-General has issued a qualified audit opinion.

In light of the above the Audit Committee has recommended that the following be implemented –

- Strengthening of the internal audit capacity of the entities,
- Ensuring the more effective operation of the entities audit committees, and
- Continued engagement with the Auditor-General.

Operation Clean Audit Report (OPCAR) has revealed improved results and should be continued.

The Audit Committee would like to express their gratitude to all officials and the Auditor-General for all the hard work in contribution towards the achievement of the goals of the City of Johannesburg.

B M Hawksworth
Chairperson of the Audit Committee
City of Johannesburg
15/02/2006