

AUDIT COMMITTEE'S REPORT

REPORT OF THE AUDIT COMMITTEE REQUIRED BY TREASURY REGULATIONS 27.1.7 AND 27.1.10 (B) AND (C) IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT 1 OF 1999, AS AMENDED.

1. OVERVIEW

We are pleased to present our report for the financial year ended 31 March 2009.

1.1 Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder. As per its terms of reference, the committee is required to meet at least 5 times a year. During the year under review, 5 meetings were held.

Name of member	Period of membership	Number of meetings attended
J Njeke - <i>Chairperson</i>	1 April 2008 – 31 March 2009	4
Prof S Buthelezi	1 April 2008 – 31 March 2009	4
E Heynes	1 April 2008 – 31 March 2009	4
T Nodada-Qhali	1 April 2008 – 31 March 2009	1
R Nicholls	1 April 2008 – 31 March 2009	4

1.2 Audit Committee responsibility

The Audit Committee is a committee of the Board and has discharged its responsibilities accordingly in terms of section 51 (1) a (ii) of the PFMA and 27.1.8 of the Treasury Regulations. The Audit Committee adopted a formal terms of reference, has regulated its affairs in compliance with these terms of reference and has discharged its responsibilities contained therein.

1.2.1 Effectiveness of internal control

During the year various reports of the Internal Auditors as well as the Audit Report on the Annual Financial Statements and Management Letter of the Auditor General indicated that the system of internal control has shortcomings. The Audit Committee has noted these and based on the outcome of such reviews and the information provided by Management, the Audit Committee is of the opinion that the internal controls of the Corporation operated effectively throughout the year under review.

The Audit Committee is also of the view that progress has been made with respect to the control environment, especially in view of the fact that the Corporation has achieved its third successive unqualified audit report.

1.2.2 Risk management and governance

A risk management framework and policy was adopted and approved by the Board during the current financial year. A process of enterprise wide risk management was implemented by the Corporation wherein risk assessments are conducted and updated on an annual basis by the Internal Audit function at both senior management and Board level.

During the year the Corporation adopted and approved various policies and procedures to strengthen the control environment. The governance of the various management committees was also improved, with the adoption and approval of formal terms of references.

1.2.3 Monthly and quarterly performance information

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Corporation during the year under review.

1.2.4 Internal audit

The Audit Committee reviewed the activities of the internal audit function and has concluded the following:

- the function is effective and that there were no unjustified restrictions or limitations;
- the internal audit reports were reviewed at quarterly meetings, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to issues raised therein.

1.2.5 External auditors

The Auditor-General acted as the external auditors throughout the year. The Audit Committee reviewed the external auditors' scope and work plan to ensure that key risk areas of the business were being addressed during the audit process.

2. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed with the Auditor-General and the Accounting Authority the audited annual financial statements to be included in the Annual Report;
- reviewed the Auditor-General's audit report, the management letter and management responses thereto; and
- reviewed the significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General and the Directors' Report. The Audit Committee agrees that the adoption of the going concern premise is appropriate in preparing the annual financial statements.



J Njeke
Chairperson of the Audit Committee
3 August 2009