

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE ON POLOKWANE HOUSING ASSOCIATION (PHA)

We are pleased to present our report for the financial year ended 30 June 2023.

Audit and Performance Audit Committee Structure

Polokwane Housing Association had total number of 8 Audit Committee members during the 2022/2023 financial comprised of independent members and reports directly to Council. Attendance of meeting was as follows:

Initials and Surname	Position	Ordinary meeting	Special meeting
SAB Ngobeni	Chair	4/4	9/9
MP Ramutsheli**	Member	4/4	8/8
MF Kekana*	Member	1/1	0/0
JM Mabuza*	Member	1/1	0/0
A Mabitsela***	Member	1/1	4/4
TA Lekoloane***	Member	1/1	4/4
MD Mogano***	Member	1/1	4/4
R Maboe	Member	3/4	9/9

* Term ended on 31 July 2022

** Term ended in June 2023

*** Appointed in March 2023

Audit and Performance Audit Committee Responsibility

The Audit and Performance Audit Committee reports that it has complied with its responsibilities arising from Section 166 and 165 of the Municipal Finance Management Act and Treasury Regulation 3.1.13. The Audit and Performance Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Performance Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein and the related code of conduct, policies, and practices.

Stakeholder Engagement/s

The committee has been able to engage with the following stakeholders:

- National Treasury
- Limpopo Provincial Treasury
- Limpopo Department of Corporate Governance, Human Settlement and Traditional Affairs
- Limpopo SALGA
- Limpopo Provincial Auditor General (AGSA)

The Effectiveness of Internal Control

Based on the results of the formal documented review of the design, implementation and effectiveness of the entity's system of internal controls conducted by the internal audit and AGSA during the financial year ended 30 June 2023, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Audit and Performance Audit Committee concluded that the entity's system of internal financial controls is partial effective and several material internal control breaches come to the Committee's attention.

Risk Management

The Audit and Performance Audit Committee reviewed the entity's policies on risk management and strategy (including IT Governance) and monitored the implementation of risk management policy and strategy and concluded that the entity's risk management maturity level is satisfactorily and improving.

In-Year Management and Monthly/Quarterly Report

Based on the quarterly review of in-year monitoring systems and reports, the Audit and Performance Audit Committee is somewhat satisfied with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the entity in-year reporting systems. However, the year-end reporting should improve to avoid adjustment of the annual financial statements after submission to the AGSA.

Internal Audit Arrangement

The Audit and Performance Audit Committee:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function.
- Considered the reports of the Internal Auditors on the entity's systems of internal control.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto.

Combined assurance

The Audit and Performance Audit Committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that these were adequate to address all significant risks facing the entity.

Compliance with the relevant laws and regulations

The Audit and Performance Audit Committee considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the entity did not fully comply with the enabling laws and regulations as well as its entity policies and standard operating procedures, especially in the areas of addressing the quality of annual financial statement.

Evaluation of Annual Financial Statements

Following the review by the Audit and Performance Audit Committee of the draft annual financial statements for the year ended 30 June 2023 before the audit, the committee is of the view that, annual financial statements fairly present the financial performance of the entity for the year under review and can be incorporated into the annual report.

Evaluation of Annual Performance Report

Following the review by the Audit and Performance Audit Committee of the annual performance report for the year ended 30 June 2023 and after the audit, the committee is of the view that, draft annual performance report fairly presents the non-financial performance of the entity for the year under review and can be incorporated into the annual report, with exception of areas raised by AGSA.

Consideration of the Final Audit report

The Audit and Performance Audit Committee considered final audit report and concurred with the AGSA's unqualified audit opinion. Furthermore, the Audit and Performance Audit Committee commended the entity for obtain the unqualified audit opinion.

Final Annual Report

The Audit Committee has also somewhat satisfied itself as to the integrity of the remainder of the annual report.

Auditor-General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.

One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the entity and other key members from the municipality to discuss actions to be taken to address the internal control deficiencies.

Conclusion

The Audit Committee wishes to acknowledge the commitment and support of Council, Honourable Executive Mayor, Municipal Manager, AGSA staff, Internal Audit, management and staff of the municipality. The political and administrative leadership stability in the municipality played ultimate and big role towards and improved and positive financial and non-financial performance.



SAB Ngobeni

Chairperson of the Audit and Performance Audit Committee

Date 30 November 2023