



2024/2025 ANNUAL REPORT OF THE AUDIT COMMITTEE TO COUNCIL

2024/2025 Annual Report of the Audit Committee

We are pleased to present our report to the George Municipal Council for the 2024/2025 financial year (*to be included in the Municipal Annual Report*).

1. AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee (*hereafter referred to as "the committee"*) fulfils its responsibilities in terms of its approved Charter as well as Section 166 of the Municipal Finance Management Act No. 56 of 2003 (MFMA). The Committee has an independent oversight role with accountability to both the Council, Accounting Officer and other stakeholders. It does not assume the functions of management, which remain the responsibility of the Accounting Officer, Directors and Senior Management. The Committee only acts in an advisory and oversight capacity and makes objective and independent recommendations to Council on internal control, risk management and governance processes with the aim of assisting the Municipality in achieving its objectives.

2. COMPOSITION OF THE AUDIT COMMITTEE

The committee was duly appointed by the George Municipal Council and as at 30 June 2025 the Committee consisted of the following five (5) independent members:

- Ms L Stevens (Chairperson)
- Mr E Le Roux
- Mr G Mellett
- Ms B Gulwa
- Mr MP Rakgwale

It is also of importance to highlight the following changes made to the composition of the Audit Committee during the year under review:

- Mr K Olivier (Audit Committee Member) – First term came to an end on 24 August 2024. Member opted not to renew for a second term.
- Mr G Mellett (Audit Committee Member) – First term came to an end on 26 August 2024. Performance evaluation conducted and Council approved the renewal of member to serve for a second term on 29 August 2024.
- Mr E Le Roux (Audit Committee Member) – Mr Le Roux resigned as Chairperson of the Audit Committee but will however continue to serve as an Audit Committee member for the remainder of his term.
- Ms L Stevens (Audit Committee Chairperson) – Appointment for first term as committee member was approved by Council on 19 September 2024. Appointed as Chairperson on 24 April 2025.
- Mr MP Rakgwale (Audit Committee Member) – Appointment for first term was approved by Council on 19 September 2024.

3. FREQUENCY OF MEETINGS OF THE COMMITTEE

Date of meeting	Reason for meeting	Ms L Stevens	Mr E Le Roux	Mr K Olivier	Mr G Mellett	Ms B Gulwa	Mr MP Rakgwale
26/07/2024	Continuation of FY 2023/2024 Quarter 4, Quarterly Committee Meeting	N/A	√	Apology	√	√	N/A
23/08/2024	Special AC Meeting to discuss: <ul style="list-style-type: none"> • Draft 2023/2024 Annual Financial Statements • Draft 2023/2024 Annual Performance Report 	N/A	√	√	√	√	N/A
27/09/2024	Quarterly Committee Meeting	Apology	√	N/A	√	√	√
17/10/2024	Special AC Meeting to discuss: <ul style="list-style-type: none"> • AGSA Presentation • 2023/2024 Audit Strategy 	Apology	√	N/A	√	√	√

Date of meeting	Reason for meeting	Ms L Stevens	Mr E Le Roux	Mr K Olivier	Mr G Mellett	Ms B Gulwa	Mr MP Rakgwale
26/11/2024	Quarterly Committee Meeting	√	√	N/A	√	√	√
29/11/2024	Special AC Meeting to discuss: • 2023/2024 Audit Report	Apology	√	N/A	√	√	√
18/02/2025	Special AC Meeting to discuss: • AGSA Presentation • Status of commitments made for the 2022/2023 audit • High risk/emerging risk areas identified from the prior year's audit	√	√	N/A	√	√	√
07/03/2025	Quarterly Committee Meeting	√	√	N/A	√	√	√
21/04/2025	AC Charter Workshop	√	√	N/A	√	√	√
21/04/2025	Special AC Meeting to discuss: • Draft IDP, Budget and SDBIP	√	√	N/A	√	√	√
22/05/2025	AC Chair meet and greet with Executive Mayor; Municipal Manager; Directors and internal audit staff	√	N/A	N/A	N/A	N/A	N/A
26/06/2025	Quarterly Committee Meeting	√	Apology	N/A	√	Apology	√

The Committee is satisfied that it has fulfilled its statutory obligations in this regard.

4. INTERNAL CONTROL SYSTEMS

The Audit Committee reviewed and discussed various reports related to the internal control environment of the municipality and based on these reports the Committee concluded overall that the key internal controls and key financial controls are in place, however some deficiencies were identified by Internal Audit. Management committed to implement the recommended actions, within the agreed upon timeframes, for any areas where gaps were identified. The Audit Committee will continue to monitor the progress of implementation.

5. RISK MANAGEMENT/ COMBINED ASSURANCE

The committee was provided with an update of Risk Management Activities for the municipality, including a Progress Update on the annual Risk Assessment processes and Combined Assurance Implementation. The committee also welcomed the appointment of the new Chief Risk Officer from 1 Jan 2025. The Risk Register and Risk Management Policy documents was also tabled to the Audit Committee for notification purposes.

The Committee raised a concern on the low maturity level of Risk Management within the Municipality and urges management to implement the corrective actions to improve the risk management processes of the municipality. The committee will continue to monitor the progress made with the implementation of risk management within the municipality.

6. PERFORMANCE MANAGEMENT

The Committee is satisfied that the George municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

During the year under review, the Audit Committee focused significant attention on performance management. The Audit Committee reviewed the municipality's performance management system focusing on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned. Improvements in performance management were noted, and management are recommended to continue improving the controls over performance management systems. The Audit Committee noted management's commitment to accountability and consequence management, which should improve overall performance and the quality of performance reporting.

7. ACCOUNTING/ FINANCIAL INFORMATION

The committee believes that the Chief Financial Officer (CFO) possess the appropriate qualifications and experience to perform his responsibilities effectively. The CFO is more than capable to lead the financial department of the municipality, as required by the MFMA.

The committee reviewed the Annual Financial Statements (AFS) of the George Municipality for the period 1 July 2024 to 30 June 2025, the committee is in a position to give an authoritative and credible view of the financial position of the municipality, its effectiveness and efficiency, and its overall level of compliance with relevant legislation. **The committee's view is that in general the financial position of the municipality is relatively positive and that the municipality has also complied with the required audit procedures and applicable legislation.** The Committee is also pleased to note the commencement of the upgrade to the Management Information System (MIS); including the migration of the financial system to SAMRAS Platinum and urges management to continue to monitor the risks associated with the implementation.

8. AUDITOR-GENERAL/ EXTERNAL AUDIT

In addition to the above-mentioned meetings held during the 2024/25 financial year, the committee also subsequently met on the following dates to review and discuss matters related to the external audit processes:

- 27 August 2025 (To review the draft Annual Financial Statements and Annual Performance Report)
- 10 October 2025 (To discuss the Auditor-General Audit Engagement Letter and Audit Strategy)
- 28 November 2025 (To discuss the 2024/25 Draft Management and Audit Reports)

George municipality has maintained its Unqualified audit opinion with no material findings on performance management or compliance (Clean Audit) for the 2024/2025 financial year. The committee wishes to congratulate the George Municipal Council and Administration on achieving a "Clean Audit" Opinion from the Office of the Auditor General for the 2024/2025 Financial Year. This is truly a remarkable achievement for the municipality, and it confirms the accuracy and transparency with which finances of the municipality have been handled and reported. This is due to effective leadership and the positive commitment of senior management and officials. The Committee is also satisfied with the independence and objectivity of the Auditor-General. **However, the committee expressed concern over the high audit fees being charged to the Municipality and will continue to interrogate and challenge the audit fees.**

9. INTERNAL AUDIT

The George Municipality has a co-sourced internal audit function, employing a Chief Audit Executive, Manager: Internal Audit, Senior Internal Auditor and an Internal Auditor with the support of an external service provider rendering internal audit services to the municipality. A number of audits have been completed during the year under review and these reports have been presented to the committee for discussion. The committee will monitor the progress on the implementation of the deficiencies identified by Internal Audit.

The committee is pleased with the progress of the Internal Audit Department's implementation of the new Global Internal Audit Standards (GIAS) which came into effect on 9 January 2025, the municipality also conducted a Gap Analysis and Readiness Assessment which instilled the revised practices towards full compliance of the new standards.

The committee also notes the below extract from the 2024/2025 AGSA Management Report with regards to the Internal Audit: *"The relevant and risk-based audits conducted by the internal audit functions, is commendable. These reports could be used by management to further strengthen the control environment and take action against officials where required, in accordance with the municipality's policies and procedures."*

The committee also expresses their appreciation to the Chief Audit Executive and Internal Audit staff for the work done and is satisfied with the current operation of the activity. The committee believes that the Internal Audit Activity has been effective in carrying out its function in the municipality. The committee is also satisfied with the organizational independence of the Internal Audit Activity.

10. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

ICT is a rapidly advancing discipline within the public sector, and management should allocate sufficient resources to the effective functioning of the ICT environment.-The committee wishes to express its gratitude with regards to management addressing the findings as identified by the Auditor General in prior financial years. The committee will continue to monitor the progress made by Management towards the improvement of the ICT governance and risk environment.

11. COMPLIANCE WITH KEY LEGISLATION

The Internal Audit function conducted various Compliance Reviews, on compliance with the MFMA; MSA and DORA. These reports were tabled and discussed by the committee. No material concerns were brought to the Committee's attention relating to non-compliance with legislation, regulations, or other governance issues.

12. QUARTERLY REPORTING TO COUNCIL

The committee submits quarterly reports to the Municipal Council on the matters referred to in Section 166 (2) of the Municipal Finance Management Act.

13. CONCLUDING STATEMENT BY THE AUDIT COMMITTEE

The committee is pleased with the continuous progress made by the George Municipality in improving the overall governance, internal control, and risk management environment.

Considering the above, the committee recommends that the Audited Financial Statements, together with the Audit Report of the Auditor General be accepted by the Council of the George Municipality.

On behalf of the Audit Committee



Ms L Stevens
Audit Committee Chairperson
10 December 2025