

Audit committee Report

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and should meet at least two times per annum as per its approved terms of reference. During the current year four meetings were held and attendance was as tabled.

Name of Member	Number of Meetings Attended
Ms G. Taylor (appointed 01/10/2009): Independent Chairperson	2
Ms E. Modiadia (appointed 01/10/2009): independent	2
Ms D. Tshabalala: independent	1
Mr A. Keyser (appointed 14/02/2009): Board member	4
Mr M. Macebele (appointed 14/02/2009): Board Member	4
Mr J.F.J. Scheepers (term ended Aug. 2009)	2
Ms T. Mahlati (term ended Aug 2009)	1

Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 51(1) (a)(ii) of the PFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this charter.

Internal audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audits. The Internal Audit completed their 2009/10 annual plan as approved by the Audit Committee.

We have met with the Internal Audit during the year to ensure that the function is executed effectively and objectively (from management).

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors of the entity during the year under review.

The quality of in year management and quarterly reports submitted in terms of the PFMA

We reviewed the in year quarterly reports submitted together with internal audit comments thereon. We noted improvement in the content and quality of reports prepared and submitted by management.

The effectiveness of internal control

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent.

In line with the PFMA and the recommendations from King III 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 Internal Auditors, the Audit Report on the annual financial statements and the management letter of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from.

Accordingly, we can report that the system of internal control over the financial reporting period under review was efficient and effective.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; internal auditors and the Chief Executive Officer;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and noted none resulting from the audit.

We concur with and accept the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.



Ms G. Taylor

Chairperson of the Audit Committee

19 July 2010