

Company Secretarial Function

The Company Secretary is an independent, competent, qualified and experienced individual who has proven competencies and experience in the relevant laws. The Company Secretary's performance is assessed by the Board as part of its annual performance assessment process.

The Company Secretary provides appropriate guidance, advice, orientation, induction and training to directors and public officers on their roles, duties and responsibilities and ensures compliance with laws in the interests of good governance. All Directors have access to the advice and services of the Company Secretary and external legal advice as and when required.

During the year under review, the role of the Company Secretary was combined with the Compliance function of the JPC.

Some of the key responsibilities included:

- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Preparing and/or reviewing the shareholder compact; delegations of authority; terms of reference of the Board and Board committees; work plan and schedules as well as the agenda for Board and committee meetings in conjunction with the chairperson; and
- Maintaining statutory records, registers, minute books and related documents.

Risk Management and Internal Controls

Effective risk management is integral to the Company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the financial statements as set out in Chapter 5.

In order to meet its responsibility of providing reliable financial information, JPC maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisational structure, visions of responsibility and established policies and procedures, including a code of ethics to foster a strong ethical climate. These aspects are communicated to the parent municipality. The entity also carefully selects, trains and develops its Employees in this regard.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to Management and the Board of Directors. Corrective action is taken to address control deficiencies and other opportunities for improving the system as they are defined. The Board, operating through its Audit and Risk Committee, provides supervision of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. There are no undue, unexpected or unusual risks to be disclosed in the reporting period.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A documented and tested business continuity plan exists to ensure the continuity of business-critical activities. JPC assessed its internal control systems as at 30 June 2015 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual.

Risk Management and Internal Controls continued

The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the Company believes that, as at 30 June 2015, its system of internal control over financial reporting and the safeguarding of assets against unauthorised acquisitions, use or disposition met that criteria.

Internal Audit Function

The Company appointed Nexia SAB & T as its internal auditors for a period of three years. This service provider successfully rolled out the annual internal audit plan for the financial year under review and the internal auditors carried out the audits in line with the approved internal audit plan.

The table below indicates the outcome of the preliminary assessment of audited activities of the 2014/2015 auditable areas:

No.	Audit area	Conclusion on internal control
1.	Anti-Fraud and Corruption	Partially Adequate and Partially Effective
2.	Property Management	Adequate and Partially Effective
3.	Audit of Pre-determined Objectives (Q1)	Adequate and Partially Effective
4.	Audit of Pre-determined Objectives (Q2)	Adequate and Partially Effective
5.	Finance	Adequate and Effective
6.	Revenue	Adequate and Effective
7.	Verification of Compliance Risk Report	Adequate and Effective
8.	Audit of Pre-determined Objectives (Q3)	Adequate and Effective
9.	Contract Management	Adequate and Effective
10.	Human Resources and Payroll	Adequate and Effective
11.	Supply Chain Management/Procurement	Adequate and Effective

The overall internal control environment assessment was found to be adequate and effective for the current financial year.

Internal audit's role is that of an objective and independent value-adding assurance provider that embraces a risk based audit approach in line with the King III Report. The Internal Audit function is also accountable to the Audit and Risk Committee. The Committee has periodic meetings with internal audit in management's absence.

Resolving Auditor-General's Findings

The AG recently finalised their 2014/15 Audit, in which two issues were raised and subsequently resolved by Management. All the previous findings raised by AG with respect to prior audit periods were also resolved.