

**8. REPORT OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) TO THE OVESTRAND MUNICIPAL COUNCIL**

**3/2/3/12**

**DC Van Der Heever**

**(028) 313 5035**

**Internal Audit Services**

**14 August 2017**

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**1. Executive Summary**

The purpose of the report is to present Council with the Report of the Joint Audit and Performance Audit Committee (JAPAC) in terms of the reporting requirements as per paragraph 3.7 of the JAPAC Charter, approved by Council on 31 May 2017.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Office of the Municipal Manager  
Internal Audit Services

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003

Regulation 14(4)(a) of the Municipal Planning and Performance Regulations  
Overstrand Municipality Joint Audit and Performance Audit Committee Charter

**6. Background/Discussion**

The reporting requirements as per the Joint Audit and Performance Audit Committee (JAPAC) Charter provides that the chairperson of the audit committee will report on a quarterly basis to the Overstrand Municipal Council on the operations of the Internal Audit Unit and the JAPAC.

**7. Financial Implications**

None

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

None

**10. Annexures**

Annexure A: Report, dated 14 August 2017, prepared by the Chairperson of the JAPAC

Annexure B: Minutes of the JAPAC meeting dated 05 December 2016

Annexure C: Minutes of the JAPAC meeting dated 27 February 2017

Annexure D: Minutes of the JAPAC meeting dated 29 May 2017

**RECOMMENDATION TO THE COUNCIL:**

that the report from the JAPAC to the Overstrand Municipal Council **be noted**.

**RESPONSIBLE OFFICIAL :****DC VAN DER HEEVER****TARGET DATE FOR IMPLEMENTATION :****30 AUGUST 2017**

Date: 14 August 2017

To: The Overstrand Municipal Council  
c/o The Speaker – Alderman A Coetzee

Copied to:

- Members of the Joint Audit and Performance Audit Committee (for information)
- The Executive Mayor (for information)
- The Municipal Manager (for information)
- Chief Audit Executive (for information)

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**Reporting Requirement(s)**

In terms of paragraph 3.7 of the JAPAC Charter, the chairperson of the committee is required to report to the Overstrand Municipal Council on the operations of the Internal Audit unit and the Joint Audit and Performance Audit Committee/ Audit Committee. The reporting should include a summary of the work performed by Internal Audit and the Joint Audit and Performance Audit Committee/ Audit Committee against the annual work plan, issues, and related recommendations.

Attached, please find the following:

Annexure A: Report of the Joint Audit and Performance Audit Committee for the period 01 April 2017 to 30 June 2017.

Yours truly



**BURTON VAN STAADEN**

*Chairman of Joint Audit and Performance Audit Committee  
Overstrand Municipality*

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**OVERSTRAND MUNICIPALITY  
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**1. REPORT ON ACTIVITIES OF THE JAPAC**

During the period 01 April 2017 to 30 June 2017, the JAPAC convened two meetings, namely:

- JAPAC Meeting on 29 May 2017
- JAPAC Meeting on 28 June 2017

The attendance of JAPAC members at the meetings of the JAPAC was as follows:

<b>Member</b>	<b>JAPAC Meeting 29 May 2017</b>	<b>JAPAC Meeting 28 June 2017</b>
Mr B van Staaden (Chairperson)	Attended	Attended
Mrs K Montgomery	Attended	Attended
Mr H Liebenberg	Attended	Attended
Mr R Kingwill	Attended	Attended

The Chairperson of the JAPAC attended the Performance Evaluation of the Municipal Manager and Directors for the period (June 2016 - December 2016) on the 8<sup>th</sup> of June 2017.

**2. REPORT ON INTERNAL AUDIT**

During the period 01 April 2017 to 30 June 2017 the following internal audit reports were presented by the Chief Audit Executive and considered by the committee:

<b>Meeting date</b>	<b>Internal Audit Reports</b>
29/05/2017	1. Administration of EPWP Seasonal Workers *
	2. Limited specialised emergency vehicle
	3. Systems Compatibility (ICT)
28/06/2017	4. Evaluating the Risk Management Process
	5. Key Controls Assessment_ Q2 201617 financial year
	6. Key Controls Assessment_ Q3 201617 financial year
	7. Adequacy of Traffic & Law Enforcement vehicles
	8. Audit and Review of Financial Statements Sec 67 MFMA *
	9. Salary & Wage Increase 201718 Financial Year *

\* = Ad hoc audits/ investigations

The JAPAC is satisfied that adequate remedial action is being implemented by management in instances where findings of fundamental or high significance has been reported.

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**3. INTERNAL AUDIT STAFFING**

The JAPAC noted that the Internal Audit Services has been experiencing difficulty in filling a vacancy for one Internal Auditor position and that the unit was operating at 75% of its staff capacity.

During the reporting period, an Internal Audit: Intern was appointed, with effect from the 18<sup>th</sup> of April 2017.

**4. RESOLUTIONS OF THE JAPAC**

Copies of the minutes of the JAPAC meetings will be forwarded to Council once the minutes has been approved by the JAPAC. The approved minutes of the JAPAC meetings will contain details of all resolutions of the JAPAC.

The following minutes of JAPAC meeting(s) has been approved during this reporting period and is hereby attached:

1. Minutes of JAPAC Quarterly Meeting held on 05 December 2016 – Annexure B
2. Minutes of JAPAC Quarterly Meeting held on 27 February 2017 – Annexure C
3. Minutes of JAPAC Quarterly Meeting held on 29 May 2017 – Annexure D

**5. REPORT ON PERFORMANCE MANAGEMENT**

At the JAPAC meeting held on 29 May 2017, the following quarterly reports in respect of performance management were presented and considered by the JAPAC:

3 <sup>rd</sup> Quarter Reports (01 January 2017 to 31 March 2017)	1. Service Delivery and Budget Implementation Plan
	2. High Level Summary Report: Predetermined Objectives
	3. Internal Audit Report: Predetermined Objectives

In reviewing the quarterly reports and the performance management system there were no material findings concerning the usefulness and reliability of the reported information. Where anomalies were identified, appropriate corrective action(s) were taken by management, as per Internal Audit Services recommendations, which included pro-active action by management to prevent a re-occurrence there-of.

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**6. OTHER MATTERS**

**6.1 AUDIT COMMITTEE CHARTER**

The proposed revised JAPAC Charter, after amendment by Council, was approved by Council on 31 May 2017.

The following amendments made by Council to the JAPAC Charter as proposed by the JAPAC, may adversely impact on the independence of the JAPAC and the independence of the Chief Audit Executive:

*Para 2.2: "outside legal advise" deleted*

Text proposed by JAPAC	<p>The Overstrand Municipal Council authorises the JAPAC to fulfil the responsibilities as set out in this charter. In doing so, the JAPAC is authorised to:</p> <p>2.2.1 ....</p> <p>2.2.2 seek any information it requires from external parties, obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary.</p> <p>Any such appointments shall be made subject to normal tender and procurement procedures of the municipality;</p>
Text approved by Council	<p>The Overstrand Municipal Council authorises the JAPAC to fulfil the responsibilities as set out in this charter. In doing so, the JAPAC is authorised to:</p> <p>2.2.1</p> <p>2.2.2 seek any information it requires from external parties, obtain other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary. Any such appointments shall be made subject to normal tender and procurement procedures of the municipality;</p>

*Para 4.1: "concur" changes to "be consulted"*

Text proposed by JAPAC	<p><b>Internal Audit</b></p> <p>The JAPAC shall concur with the appointment, replacement and/or dismissal, of the head of the Internal Audit unit. In the event of replacement, dismissal, resignation or early retirement of the head of the Internal Audit unit, the full detail of the circumstances surrounding the action must be revealed to the JAPAC.</p>
Text approved by Council	<p><b>Internal Audit</b></p> <p>The JAPAC shall be consulted with the appointment, replacement and/or dismissal, of the Chief Audit Executive. In the event of replacement, dismissal, resignation or early retirement of the head of the Internal Audit unit, the full detail of the circumstances surrounding the action must be revealed to the JAPAC.</p>

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**JAPAC Recommendation:**

The JAPAC recommends that Council reconsider the approval of the original text in the JAPAC Charter as proposed by the JAPAC as the amendments made may adversely impact on the independence of the JAPAC and the independence of the Chief Audit Executive.

**6.2 PERFORMANCE EVALUATION OF SECTION 57 APPOINTEES**

The oversight report by the JAPAC Chairperson relating to the Performance Evaluation of the Municipal Manager and Directors for the period (June 2016 - December 2016) held on the 8<sup>th</sup> of June 2017 has not yet been issued as the final performance evaluation reports have not yet been presented to JAPAC Chairperson.

**7. NEXT MEETING**

The next meeting of the JAPAC will be held on 25 August 2017.

**END**



**MEETING OF THE JOINT AUDIT AND PERFORMANCE  
AUDIT COMMITTEE**

**VERGADERING VAN DIE GESAMENTLIKE PRESTASIE  
ODUIT EN OUDIT KOMITEE**

**MINUTES / NOTULE**

**DATE / DATUM:** 05 DECEMBER 2016  
(THURSDAY / DONDERDAG)

**VENUE / PLEK** COMMITTEE ROOM / KOMITEEKAMER  
(INTERNAL AUDIT – NERINA HOUSE)  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

**TIME / TYD** 10:00HRS





**Audit Committee**  
Minutes of meeting: 05 December 2016

**MINUTES OF A MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM ((NERINA HOUSE), INTERNAL AUDIT, HERMANUS CIVIC CENTRE ON THURSDAY, 5<sup>th</sup> DECEMBER 2016 AT 10:00**

**1. OPENING BY CHAIRPERSON**

The Chairperson, B van Staaden welcomed everyone present at the JAPAC meeting and stated that it is the last meeting for the year (2016).

**2. APPLICATION(S) FOR LEAVE OF ABSENCE**

Apologies received from the following officials/members:

1. Cllr R Smith (Executive Mayor)
2. Cllr R de Coning (Management Services Portfolio)
3. S Reyneke – Naude (Director: Finance)
4. R Louw (Senior Manager: Strategic Services)
5. A Riddles ( Chief Risk Officer)

Persons present - see the attached attendance register.

**3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON**

**The Chairperson**

- 3.1 The Chairperson indicated that he received a correspondence from the Municipal Manager (MM) on 02 December 2016 and that the JAPAC members requested a meeting with the MM after the conclusion of the JAPAC meeting on 05 December 2016, to engage on matters encapsulated on the MM's correspondence.

**Resolved**

The JAPAC resolved in its caucus that the MM's correspondence be noted.

- 3.2 The chairperson indicated that on the 28<sup>th</sup> of September 2016 he attended the evaluation of the Senior Managers of the municipality. The JAPAC attended the Audit Steering Committee (ASC) meeting with Auditor General (AG) held on the 24<sup>th</sup> of November 2016, minutes of the said meeting were part of the agenda of the JAPAC meeting.

- 3.3 The Chairperson enquired from the MM if there is anything that he would like to share with the committee and the MM responded by indicating that management attended the last ASC meeting with AG and that on the 30<sup>th</sup> of November 2016 he received the management report and audit report from the AG, but those reports are not yet for public purposes.

The Chairperson commended the MM on the positive results of the AG report. He further enquired the MM if there is any matter that he wished to add on the agenda or under general. There was nothing to be added from MM's side.

- 3.4 The Chairperson indicated that there is an additional item on the agenda, item 7.5 (JAPAC Activities Calendar).

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 24 August 2016: Ordinary JAPAC meeting**

The minutes of the JAPAC meeting dated 24 August 2016 were considered and few amendments were made.

**RESOLVED**

That the minutes of the JAPAC meeting dated 24 August 2016 be adopted with few amendments to be made as identified.



**Audit Committee**  
**Minutes of meeting: 05 December 2016**

**4.2 01 September 2016: Special JAPAC meeting**

The minutes of the special JAPAC meeting dated 01 September 2016 were considered by JAPAC members and few amendments were made.

**Resolved**

That the minutes of the JAPAC meeting dated 01 September 2016 be adopted with few amendments to be made as identified.

**5. MATTERS ARISING FROM THE PREVIOUS MINUTES**

5.1 *Re: Register of action items.* All the action items were considered and dealt with accordingly.

5.2 *Re: Draft JAPAC Charter and Internal Audit Charter.* The Chairperson indicated that the purpose of the special meeting on the 1<sup>st</sup> of September 2016 was to discuss the charters (JAPAC Charter and Internal Audit Charter) which were later sent to the MM for consideration. The Chairperson indicated that the JAPAC would like to know what was the status of the documents in discussion.

The MM provided feedback and indicated that in his correspondence to the JAPAC Chairperson he indicated that there is a new procedure that is to be followed before an item/policy is submitted to Council - that firstly the document has to be submitted to the Executive Management Team for consideration. When there is a necessity for the document to be amended those amendments will have to be workshopped before tabling to the Portfolio Committee and Council, hence the document has not yet served before Council. The MM further indicated that there are no major issues and that he agrees with amendments made on the JAPAC Charter except for the issue of "concur" versus that of "consult" which he mentioned that he would like it to be addressed later on during a closed meeting.

**6. STANDING ITEMS**

**6.1. QUARTERLY BUDGET STATEMENT REPORT  
 FIRST QUARTER (JULY 2016 – SEPTEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017**

The JAPAC committee reviewed the Budget Statement Report for the first quarter (July 2016 – September 2016) for the financial year 2016/2017. The committee raised few questions/ comments on the following aspects of the report:

- Provision for the landfill site.
- Financial Performance – Outstanding Debtors to Revenue (Debtors Collection Rate).
- Report on Cost Containment Measures (Annexure A of the Budget Statement Report).

**6.2. REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)  
 FIRST QUARTER (JULY 2016 – SEPTEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017**

The JAPAC committee reviewed the SDBIP for the first quarter (July 2016 – September 2016) for the financial year 2016/2017. Few questions/ comments were raised in respect of KPI's not met (Annexure D of the SDBIP report).

The Director: Management Services indicated that KPI's not met are manageable and there are corrective measures in place to ensure that those KPI's will materialise. She further emphasized that management focus on KPI's that have an impact on service delivery.

**RESOLVED**

That cognizance be taken of the content of the Quarterly Budget Statement Report and SDBIP for the first quarter (July 2016 – September 2016) for the financial year 2016/2017.

**6.3. RISK MANAGEMENT**



**Audit Committee**  
Minutes of meeting: 05 December 2016

The JAPAC committee reviewed the Risk Management report and the Chairperson indicated that the report is a good overview of the current state of the municipality's risk profile.

The Director: Management Services indicated that Mr Riddles tendered an apology for not attending the meeting due to another meeting that he had to attend, however she can assist in responding to questions in relation to Risk Management. She further indicated that the municipality is fortunate to have the skill of the shared CRO in our area and scared that the CRO might be poached and as such the Technical Committee of the municipality revisited the CRO's contract and decided to increase some of the benefits of the CRO's contract.

**RESOLVED**

That cognizance be taken of the content of the Risk Management report dated 05 December 2016.

<b>Action Item 01 of 27 February 2017</b>
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The Committee agreed that the CRO will be invited to do a presentation on the municipality's risk management process in the next JAPAC meeting, during the caucus session.
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**6.4. AUDIT ACTION PLAN AS AT 31 OCTOBER 2016**

The Chairperson indicated that because the new Audit Action Plan (AAP) after the audit by Auditor General (AG) has not been concluded, this item will be discussed in the next meeting.

Mr Kingwill (JAPAC member) suggested/ requested that management should make sure that audit action plans are closed off by the end of a financial year end, and when management agrees on the due dates they should make sure that they select realistic timeframes and are capable of implementing the audit action plans, to avoid repeat audit findings and associated risks.

**RESOLVED**

That the new/ updated AAP be discussed in the next JAPAC meeting.

**6.5. COMPLIANCE WITH GIFT POLICY – GIFT REGISTERS FROM DIRECTORATES**

A short discussion took place regarding the necessity of tabling the gift registers/ declarations to the Committee for consideration.

**RESOLVED**

That cognizance be taken of the content of the gift registers that were received.

<b>Action Item 02 of 27 February 2017</b>
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The CAE was requested by the Committee to find out the basis/ guideline requiring this item to be considered by the Committee.
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**6.6. INTERNAL AUDIT SERVICES (IAS) INDEPENDENCE AND OBJECTIVITY**

*IAS Declaration of Independence and Objectivity is based on the International Standards for the Professional Practice of Internal Auditing. The following standards are quoted:*

**Standard 1100 – Independence and Objectivity**

*The Internal Audit Activity (IAA) must be independent, and internal auditors must be objective in performing their work*

**Standard 1110 – Organizational Independence**

*The Chief Audit Executive (CAE) must report to a level within the organization that allows the IAA to fulfill its responsibilities. The CAE must confirm to the Audit Committee, at least annually, the organizational independence of the IAA.*

**Standard 1120 – Individual Objectivity**



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*Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.*

**RESOLVED**

That cognizance be taken of IAS Independence and Objectivity declaration.

**6.7. SCOPE LIMITATIONS**

The CAE indicated that there were no scope limitations to be reported i.r.o the reviews done recently.

**RESOLVED**

That cognizance be taken of the reporting i.r.o no scope limitations experienced.

**6.8. CAE STATUS REPORT**

The CAE informed the Committee about the status of the audit reviews and Internal Audit staffing.

**RESOLVED**

That cognizance be taken of the CAE status report.

<b>Action Item 03 and 04 of 27 February 2017</b>
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3. The Chairperson requested the MM to have a discussion with the CAE regarding external quality assurance that needs to be done for Internal Audit in terms of the Internal Audit Standards, and they should report back to the Committee.
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4. The Chairperson requested the CAE to include the status of previous pending audit reports which were not yet tabled to the Committee in the next CAE status report.
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**7. ITEM(S) FOR DISCUSSION/ NOTING**

**7.1 mSCOA**

Mr King (Senior Manager: Budget and Financial Services) presented to the Committee the status of the mSCOA implementation project. Please find a document presented to Council on mSCOA implementation attached as *Annexure A*. Mr King mentioned that the municipality was appointed by the National Treasury to run a pilot site for the mSCOA project. Municipal Regulations on Standard Chart of Accounts Gazette No 37577 was introduced for municipalities to prepare for a new reform on financial systems and processes (mSCOA), which will be effective for implementation by all municipalities on 01 July 2017. He indicated that although the municipality might not be 100% mSCOA compliant by 01 July 2017, however the municipality will be able to do budgeting and transacting on mSCOA web environment.

Mr King further indicated that the mSCOA risk register, which is updated regularly, is also attached on the document that served before Council (*Annexure B*).

The Committee raised questions/ comments on the mSCOA presentation i.r.o the following aspects:

- Change on the effective date for mSCOA implementation.
- User-friendliness of the new system.
- Readiness by AG to adapt to the new system – exporting of information.
- Different versions of mSCOA and data volume.
- Role of Internal Audit on mSCOA implementation.

**RESOLVED**

That cognizance be taken of the presentation/ status report on the mSCOA implementation.

**7.2 MINUTES OF THE AGSA STEERING COMMITTEE MEETING 24/11/2016**

The Chairperson indicated that he requested the minutes from AG so that the Committee can



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**Minutes of meeting: 05 December 2016**

take note of the issues discussed in that meeting and to track important issues.

**RESOLVED**

That cognizance be taken of the content of the minutes of the AG Steering Committee dated 24/11/2016.

**7.3 COMMUNICATION: SCM REGULATION 22**

Mr Kingwill indicated that the Committee should take note of the amount and audit time taken on this issue (MFMA definition of *long-term contract* versus *long-term nature*) and that it should be discussed with AG as audit time and taxpayers money was wasted.

The MM indicated that the feedback he received is that National Treasury and AG agreed that something that is not specifically mentioned (defined) cannot be audited, thus the finding was nullified.

The MM further indicated that the National Treasury will issue a circular to all municipalities to clarify the matter.

**RESOLVED**

That cognizance be taken of the content of the communication/ feedback on SCM Regulation 22.

**7.4 JAPAC WORKPLAN**

The JAPAC workplan was tabled and adopted by the JAPAC Committee.

The Chairperson indicated that the CAE will monitor compliance to the workplan.

**RESOLVED**

That cognizance be taken of the content of the JAPAC workplan.

**7.5 JAPAC CALENDAR**

JAPAC members discussed their availability for upcoming meetings.

**RESOLVED**

That the JAPAC members will submit to the CAE their availability for the upcoming meetings to compile the final document.

**8. INTERNAL AUDIT REPORTS**

**8.1 INTERNAL CONTROL REPORTS**

**8.1.1 MANAGEMENT OF FIRE SERVICES**

The CAE provided comments that this is the report which the MM indicated in the previous meeting that he is happy with the work conducted by Internal Audit.

The MM indicated that previously he mentioned the issue regarding fire services at specific municipalities. He indicated that he attended a forum meeting where municipal managers had discussions with the HOD of the Department of Local Government and requested that the issue of the fire services that has been dragging for a long period should receive serious attention.

He further indicated that following that meeting there was another meeting with the Director for Disaster Management who indicated that the Minister of Local Government decided that the status quo be maintained - that the Overberg District Municipality (ODM) will provide fire services for Theewaterkloof, Cape Aghulas and Swellendam municipalities and in the



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Overstrand Municipality, ODM will only provide veld fire services.

Further comments were by the Committee members regarding the following:

- Structure/ level of management comments.
- Dates of action plan(s) implementation.
- Consulting versus assurance engagement – the Committee agreed on the suggestion that where there are no internal controls in place, the Internal Audit should rather perform a consulting engagement to add more value to the municipality.

**RESOLVED**

That cognizance be taken of the content of the Internal Audit Report *re* Management of Fire Services.

**8.1.2 MEMORANDUM: DISASTER MANAGEMENT**

The Committee reviewed the contents of the memorandum, and no questions were raised.

The MM indicated that this is yet another duty imposed on Local Government in terms of the Legislation, thus the municipality has to implement it.

**RESOLVED**

That cognizance be taken of the content of the Internal Audit Memorandum *re* Disaster Management. The JAPAC noted the memorandum.

**8.1.3 PROCUREMENT PROCESS - MEDICAL EMERGENCIES**

The Committee reviewed the contents of the Internal Audit Report on Procurement Process - Medical Emergencies, and no questions/comments were raised.

**RESOLVED**

That cognizance be taken of the content of the Internal Audit Report *re* Procurement Process - Medical Emergencies. The JAPAC noted the report.

**8.2 COMPLIANCE REPORTS**

**8.2.1 DoRA 2015/16**

The Committee reviewed the contents of the Internal Audit Report: DoRA 2015/16, and no questions/comments were raised.

**RESOLVED**

That cognizance be taken of the content of the Internal Audit Report on DoRA for the financial year 2015/2016. The JAPAC noted the report.

**8.2.2 PREDETERMINED OBJECTIVES (PDO):  
FIRST QUARTER (JULY 2016 – SEPTEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017**

The Predetermined Objectives (PDO): First Quarter (July 2016 – September 2016) for the Financial year 2016/2017 was tabled.

The Committee requested that the worksheet should not be attached on the report.

**RESOLVED**

That cognizance be taken of the content of the Predetermined Objectives (PDO): First Quarter (July 2016 – September 2016) for the Financial year 2016/2017

**11. GENERAL**

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There were no general items discussed or raised during the meeting.



Audit Committee  
Minutes of meeting: 05 December 2016

12. **NEXT MEETING**

The date for the next JAPAC meeting will be 27 February 2017.

13. **CLOSING**

The meeting closed at 12:30



**E. VAN STAADEN**  
CHAIRPERSON

29/05/2017

DATE:



**MEETING OF THE JOINT AUDIT AND PERFORMANCE  
AUDIT COMMITTEE**

**VERGADERING VAN DIE GESAMENTLIKE PRESTASIE  
OUDIT EN OUDIT KOMITEE**

**MINUTES / NOTULE**

**DATE / DATUM:** 27 FEBRUARY 2017  
(MONDAY / MAANDAG)

**VENUE / PLEK** COMMITTEE ROOM / KOMITEEKAMER  
(INTERNAL AUDIT – NERINA HOUSE)  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

**TIME / TYD** 14:00HRS





Joint Audit and Performance Audit Committee  
Minutes of ordinary meeting: 27 February 2017

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**MINUTES OF A MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) MEETING HELD IN THE COMMITTEE ROOM (GLASKAS), HERMANUS CIVIC CENTRE ON MONDAY, 27<sup>TH</sup> OF FEBRUARY 2017 AT 14:00**

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**1. OPENING BY CHAIRPERSON**

The Chairperson, B van Staaden welcomed everyone present at the JAPAC meeting and specially welcomed the Executive Mayor, Management, the Chief Risk Officer and Risk Management: Intern.

**2. APPLICATION(S) FOR LEAVE OF ABSENCE**

Apologies received from the following officials/members:

1. Ald D Coetzee (Executive Deputy Mayor)
2. Cllr R de Coning (Portfolio Chairperson: Management Services Portfolio)
3. Mr C Groenewald (Municipal Manager)

**Persons present** - see the attached attendance register.

**3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON**

**The Chairperson**

- 3.1 The Chairperson indicated that on the 23<sup>rd</sup> January 2017 he attended a Special Council Meeting, where the Annual Report for 2015/16 financial year was considered. The Annual Report with comments from the community/ public was to be considered by Council again on the 29<sup>th</sup> March 2017.
- 3.2 The Chairperson further indicated that the annual performance evaluation of the Municipal Manager and Directors was scheduled for the 10<sup>th</sup> of March 2017.

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 05 December 2016: Ordinary JAPAC meeting**

The minutes of the Ordinary JAPAC meeting dated 05 December 2016 were considered by the JAPAC members and few changes were made.

**RESOLVED**

That the minutes of the JAPAC meeting dated 05 December 2016 be adopted with few amendments to be made as identified.

**5. MATTERS ARISING FROM THE PREVIOUS MINUTES**

- 5.1 Quality assurance review (QAR) – the CAE gave feedback to the committee on the status of QAR and the discussion with the MM on the matter. A meeting between the CAE and Provincial department was scheduled for 17 March to discuss the matter.
- 5.2 JAPAC Charter - was not part of the action register, it should have been included in the register. The CAE gave feedback on the progress of the JAPAC Charter. The JAPAC Charter, with amendments made by the JAPAC, was scheduled to be tabled at the next Council meeting i.e. 29 March 2017



## 6. STANDING ITEMS

### 6.1. QUARTERLY BUDGET STATEMENT REPORT SECOND QUARTER (OCTOBER 2016 – DECEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017

The JAPAC reviewed the Budget Statement Report for the Second Quarter (October 2016 – December 2016) for the financial year 2016/2017. The committee raised few questions/ comments on the following aspects of the report:

- Revenue raised and collection
- Expenditure
- Capital budget/ expenditure
- Financial Performance – Outstanding Debtors to Revenue (Debtors Collection Rate).

#### RESOLVED

That cognizance be taken of the content of the Quarterly Budget Statement Report for the Second Quarter (October 2016 – December 2016) for the financial year 2016/2017. The JAPAC noted the report.

### 6.2. REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) SECOND QUARTER (OCTOBER 2016 – DECEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017

The JAPAC reviewed the Second Quarter SDBIP (October 2016 – December 2016) for the financial year 2016/2017. Few questions/ comments were raised in respect of KPI's not met (Annexure D of the SDBIP report).

The Director: Management Services indicated that the mid year review was done and approved the previous week. It was done in conjunction with the adjustment budget.

The chairperson indicated that the expectation of the JAPAC is that where targets of key performance indicators are not met, that an explanation/ comment is added or corrective steps included and what remedial action was or will be taken.

Action Item 01 of 27 February 2017
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That explanations/ comments be added or corrective steps included and what remedial action was or will be taken where targets of key performance indicators are not met.
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#### RESOLVED

That cognizance be taken of the content of the Second Quarter SDBIP (October 2016 – December 2016) for the financial year 2016/2017. The JAPAC noted the report.

### 6.3. DEBT COLLECTION REPORT

The JAPAC reviewed the Debt Collection Report for the Second Quarter (October 2016 – December 2016) for the financial year 2016/2017. The committee raised few questions/ comments.

K Montgomery expressed her concern(s) and raised the issue of a debt creep in the debtors. The CFO gave an explanation of why the debt is increasing but gave assurance that it is being monitored and attended to.

#### RESOLVED

That cognizance be taken of the content of the Debtors Collection Report. The JAPAC noted the report.

### 6.4. CREDITORS REPORT

The JAPAC reviewed the Creditors Report for the Second Quarter (October 2016 – December



2016) for the financial year 2016/2017. The committee raised few questions/ comment in respect of the following aspect(s).

- ❖ Unpaid creditor at month end - TRF Sport: protective clothing. This was satisfactorily responded to by Management.

**RESOLVED**

That cognizance be taken of the content of the Creditors Report for the Second Quarter (October 2016 – December 2016) for the financial year 2016/2017. The JAPAC noted the report.

**6.5. AUDIT ACTION PLAN AS AT 31 JANUARY 2017**

The Chairperson raised a comment indicating that the objective of the plan is that targets/ action plans should be met/ completed on specific target dates.

The Chief Financial Officer indicated that the Audit Action Plan is based on the latest ( 2015/16) Audit Report from the Auditor General and noted the comments by the Chairperson

**RESOLVED**

That cognizance be taken of the content of the Audit Action Plan as at 31 January 2017. The JAPAC noted the report.

**6.6. RISK MANAGEMENT**

The Chief Risk Officer (CRO), Mr A Riddles gave a presentation and provided an update on the status of risk management in the Overstrand municipality

The CRO indicated that risk management will take over the combined assurance function and that the combined assurance framework will be presented to the JAPAC at the last meeting of the year.

The CRO also indicated that:

1. Risk Management Unit is busy with a business continuity plan and that it is in the final stages of completion.
2. A District ethics workshop was rolled out on 02 March 2017 for Senior Managers.
3. Municipal risk assessment sessions were scheduled to start on 28 February 2017.

The committee raised few questions/ comments in respect of the following aspect(s), based on the risk management report:

- risk management in the Overstrand municipality
- district ethics workshop
- water shortages in the Western Cape and the status of Overstrand Municipality.

**RESOLVED**

That cognizance be taken of the content of the Risk Management report dated 27 February 2017. The JAPAC noted the report.

<b>Action Item 02 of 27 February 2017</b>
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The combined assurance framework will be presented to the JAPAC at the last meeting of the year.
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**6.7. COMPLIANCE WITH GIFT POLICY – GIFT REGISTERS FROM DIRECTORATES**

A short discussion took place regarding the necessity of tabling the gift registers/ declarations to the JAPAC for consideration.

**RESOLVED**

That cognizance be taken of the content of the gift registers that were received.



That the JAPAC continue with the request from management to keep the gift registers as a standing item on the JAPAC Agenda.

#### 6.8. INTERNAL AUDIT SERVICES (IAS) INDEPENDENCE AND OBJECTIVITY

*IAS Declaration of Independence and Objectivity is based on the International Standards for the Professional Practice of Internal Auditing. The following standards are quoted:*

##### **Standard 1100 – Independence and Objectivity**

*The Internal Audit Activity (IAA) must be independent, and internal auditors must be objective in performing their work*

##### **Standard 1110 – Organizational Independence**

*The Chief Audit Executive (CAE) must report to a level within the organization that allows the IAA to fulfill its responsibilities. The CAE must confirm to the Audit Committee, at least annually, the organizational independence of the IAA.*

##### **Standard 1120 – Individual Objectivity**

*Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.*

#### **RESOLVED**

That cognizance be taken of IAS Independence and Objectivity declaration.

#### 6.9. SCOPE LIMITATIONS

The CAE indicated that there were no scope limitations to be reported i.r.o the reviews done recently.

#### **RESOLVED**

That cognizance be taken of the reporting i.r.o no scope limitations experienced.

#### 6.10. CAE STATUS REPORT

The CAE presented a status report and updated audit plan to the JAPAC regarding the status of the audit reviews and Internal Audit staffing.

#### **RESOLVED**

That cognizance be taken of the content of the CAE status report. The JAPAC noted the report.

<b>Action Item 03 of 27 February 2017</b>
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Amended/ revised audit plan will be signed off by the MM and CAE and be presented to the JAPAC at the next JAPAC meeting.
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#### 7. INTERNAL AUDIT REPORTS

##### 7.1.1 CAPACITY CONSTRAINTS: SOCIAL DEVELOPMENT

Internal Audit Services is of the opinion that whilst a limited control framework is in place, a breakdown in key controls was noted i.e.:

- ❖ the non-existence of an approved policy relating to social development and,
- ❖ capacity constraints (both human resource and funding)

which are curtailing the Social Development department's efforts in ensuring that all the social development upliftment objectives and initiatives are being implemented and achieved in so far as it relates to the vulnerable/ marginalized groups in the Overstrand municipal jurisdiction.



## RESOLVED

That cognizance be taken of the content of the Internal Audit Report *re Capacity Constraints: Social Development*. The JAPAC noted the report.

### 7.1.2 MEMORANDUM: TREATMENT & DISTRIBUTION (WATER & SEWAGE SERVICES)

The JAPAC reviewed the contents of the memorandum, and no questions were raised.

Internal Audit Services is of the opinion that as the risk is low and poses no threat to the municipality, assurance on the adequacy and effectiveness of controls in this area is not necessitated.

## RESOLVED

That cognizance be taken of the content of the Internal Audit Memorandum *re Treatment & Distribution (water & sewage services)*. The JAPAC noted the report.

### 7.1.3 MEMORANDUM: DELAY IN OPERATIONS

The JAPAC reviewed the contents of the memorandum, and no questions were raised.

Internal Audit Services is of the opinion that as the risk is low and poses no threat to the municipality, assurance on the adequacy and effectiveness of controls in this area is not necessitated.

## RESOLVED

That cognizance be taken of the content of the Internal Audit Memorandum *re Delay in operations*. The JAPAC noted the report.

### 7.1.4 MEMORANDUM: ENERGY SUPPLY CAPACITY FOR MUNICIPAL AREA

The JAPAC reviewed the contents of the memorandum, and no questions were raised.

Internal Audit Services is of the opinion that as the risk is low and poses no threat to the municipality, assurance on the adequacy and effectiveness of controls in this area is not necessitated.

## RESOLVED

That cognizance be taken of the content of the Internal Audit Memorandum *re Energy supply capacity for municipal area*. The JAPAC noted the report.

## 7.2 COMPLIANCE REPORTS

### 7.2.1 PREDETERMINED OBJECTIVES (PDO): HIGH LEVEL REPORT SECOND QUARTER (OCTOBER 2016 – DECEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017

The Predetermined Objectives (PDO): High level report for the Second Quarter (October 2016 – December 2016) for 2016/2017 financial year 2016/2017, was tabled to the committee, no questions/ concerns were raised.

## RESOLVED

That cognizance be taken of the content of the Predetermined Objectives (PDO): High level report for the Second Quarter (October 2016 – December 2016) for 2016/2017 financial year.

### 7.2.2 PREDETERMINED OBJECTIVES (PDO): DETAILED REPORT SECOND QUARTER (OCTOBER 2016 – DECEMBER 2016) FOR THE FINANCIAL YEAR 2016/2017

The Predetermined Objectives (PDO): Second Quarter (October 2016 – December 2016) for 2016/2017 financial year, was tabled to the committee, no questions/ concerns were raised.



Joint Audit and Performance Audit Committee  
Minutes of ordinary meeting: 27 February 2017

**RESOLVED**

That cognizance be taken of the content of the Predetermined Objectives (PDO): Detailed report for the Second Quarter (October 2016 – December 2016) for 2016/2017 financial year.

**9. GENERAL**

No matters raised by the JAPAC

**10. NEXT MEETING**

The date for the next JAPAC meeting will be 29 May 2017.

**11. CLOSING**

The meeting closed at 15:30



**B VAN STAADEN**  
CHAIRPERSON

29/05/2017

**DATE:**



**MEETING OF THE JOINT AUDIT AND PERFORMANCE  
AUDIT COMMITTEE**

**VERGADERING VAN DIE GESAMENTLIKE PRESTASIE  
OUDIT EN OUDIT KOMITEE**

**MINUTES / NOTULE**

**DATE / DATUM:** 29 MAY 2017  
(MONDAY / MAANDAG)

**VENUE / PLEK** COMMITTEE ROOM / KOMITEEKAMER  
(GLASKAS)  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

**TIME / TYD** 14:00HRS



Joint Audit & Performance Audit Committee meeting  
Minutes of meeting: 29 May 2017

MINUTES OF A MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS), HERMANUS CIVIC CENTRE ON MONDAY, 29<sup>TH</sup> OF MAY 2017 AT 14:00

**1. OPENING BY CHAIRPERSON**

The Chairperson, B van Staaden welcomed everyone present at the JAPAC meeting and specially welcomed the Executive Deputy Mayor & Finance Portfolio, Municipal Manager, Management and the JAPAC members.

**2. APPLICATION(S) FOR LEAVE OF ABSENCE**

Apologies received from the following officials/members:

1. Ald. R Smith (Executive Mayor)
2. Z Mazuthu (Internal Auditor)

Persons present - see the attached attendance register.

**3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON**

**The Chairperson**

- 3.1 The chairperson indicated that the JAPAC submitted the third quarter JAPAC report to council. Council meeting scheduled for the 31 May 2017.
- 3.2 Two members of the JAPAC attended King IV training which took place at the Overberg District Municipality on the 16<sup>th</sup> May 2017 .

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 27 February 2017: Ordinary JAPAC meeting**

The members of the JAPAC considered the minutes of the ordinary JAPAC meeting dated 27 February 2017.

**RESOLVED**

That the minutes of the JAPAC meeting dated 27<sup>th</sup> February 2017 be adopted.

**5. MATTERS ARISING FROM THE PREVIOUS MINUTES**

- 5.1 Item 03 of 05/12/2016 - The CAE and the MM had a discussion on the quality assurance review (QAR). The CAE informed the MM that the costs of conducting the QAR varies between **R120 000 – R150 000**. It was agreed that the QAR would not be done at this stage, due to budget constraints.

The chairperson indicated that the cost of the QAR should be considered and compared against the internal audit budget over the next five (5) years. The QAR will reveal how effective the internal audit is, whether they complying with the standards. He also indicated that municipality does not have any independent assurance if the internal audit unit is effective in what they doing.

Mr Kingwill suggested that the audit committee and the municipality should consider other avenues for the "checking of the checker", to get some sort of independent assurance.

- 5.2 Item 05 of 05/12/2016 - Re: JAPAC charter - Tabling of the JAPAC charter to council for review/ approval. The CAE circulated the charter that will serve before council in their caucus session.





Joint Audit & Performance Audit Committee meeting  
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The Municipal Manager indicated that the Council has work shopped the JAPAC charter and that it will serve before Council. The municipal manager highlighted the following:

1. Council accepted that the JAPAC must be remunerated for preparation time.
2. The debate on the JAPAC charter stating concur vs consulted.
3. Vacancy on the JAPAC, that it be filled within 60 days.

Mr. R Kingwill raised a few concerns on behalf of the JAPAC regarding amendments made on JAPAC charter, that –

1. The members did not have the opportunity to provide input on the changes after it was work shopped by the Council.
2. The amendments regarding the wording concur vs consult and outside legal advice (removed from the charter) seriously impacts on the independence of the JAPAC
3. JAPAC members advise that when Council approves the Charter, consideration should be taken that the JAPAC is an independent statutory Committee and should discharge their duties/responsibilities independently.

- 5.3. Item 03 of 27/02/2017 - Combined assurance framework/ model will be tabled at the last meeting of the year

The combined assurance framework/ model were included in the pack and were discussed under risk management.

- 5.4. Item 04 of 27/02/2017 – Amended/ revised audit plan will be signed off by the MM and CAE and be presented to the JAPAC at the next meeting.

The plan was signed off by the MM, but not presented to the JAPAC at the JAPAC meeting. The chairperson requested that the plan be presented at the next JAPAC meeting.

<b>Action Item 01 of 29 May 2017</b>
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Amended/ revised audit plan be presented at the next JAPAC meeting.
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**6. STANDING ITEMS**

**6.1. QUARTERLY BUDGET STATEMENT REPORT  
THIRD QUARTER (JANUARY 2017 – MARCH 2017) FOR THE FINANCIAL YEAR 2016/2017**

The JAPAC committee reviewed the budget statement report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017. The committee raised a few questions/ comments on the following aspects of the report:

- Revenue collection and expenditure is in line with the municipal budget.
- Call investment deposits
- Increase in Inventory
- Capital budget/ expenditure trend

**RESOLVED**

That cognizance be taken of the content of the quarterly budget statement report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017.

**6.2. REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)  
THIRD QUARTER (JANUARY 2017 – MARCH 2017) FOR THE FINANCIAL YEAR 2016/2017**

The JAPAC committee reviewed the SDBIP for the third quarter (January 2017 – March 2017) for the financial year 2016/2017. The committee raised a few questions/ comments on the following aspects of the report:

- Year to date performance not reported on, only quarterly performances are reported on.
- KPI D4 - performance appraisals of S56 appointees. The impact of it not being done for the period.
- KPI D13 - key control assessment



Joint Audit & Performance Audit Committee meeting  
Minutes of meeting: 29 May 2017

**RESOLVED**

That cognizance be taken of the content of the SDBIP for the third quarter (January 2017 – March 2017) for the financial year 2016/2017.

**6.3. DEBT COLLECTION REPORT**

The JAPAC committee reviewed the debt collection report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017. The committee raised a few questions/ comments.

**RESOLVED**

That cognizance be taken of the content of the debtors collection report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017

**6.4. CREDITORS REPORT**

The JAPAC committee reviewed the creditors report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017. The committee raised a few questions/ comments.

**RESOLVED**

That cognizance be taken of the content of the creditors report for the third quarter (January 2017 – March 2017) for the financial year 2016/2017.

**6.5. AUDIT ACTION PLAN AS AT 31 APRIL 2017**

The committee raised few questions/ comments.

The Chief Financial Officer indicated that the municipality will conclude the mSCOA implementation in the next few days.

Mr Kingwill asked the following questions surrounding mSCOA:

1. Is the municipality ready to convert to mSCOA on the 1st of July 2017.
2. regarding the uncertainties relating to national treasury's guidelines that are lacking, has the municipality found alternative ways to deal with them.

The CFO gave assurance that municipality will do its the best to implement mSCOA, because they have no choice.

**RESOLVED**

That cognizance be taken of the content of the Audit Action Plan as at 31 April 2017.

**6.6. RISK MANAGEMENT**

**6.6.1. Report on risk management**

Mr. Kingwill indicated that the CAE (Internal Audit) is not represented on the risk management committee, and briefly explained the importance of that.

Director Management Services agreed and mentioned that there is a good relationship between IAS and risk management. She added that it will not be a problem for the CAE to attend the risk management meetings.

**6.6.2. Risk Management committee: Minutes**

No comments or questions were raised by the JAPAC members. The minutes of the risk management were noted by the committee.

**6.6.3. Combined assurance framework**

The chairperson commended the risk management on the good quality regarding combined assurance framework.



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The chairperson sought clarity on page 6, **Step 4: risk focus** of the combined assurance framework. The risk intern elaborated and gave an explanation on how step 4: risk focus is determined.

**6.6.4. Combined assurance model**

The chairperson commended the risk management on the good quality regarding combined assurance model.

**6.6.5 .Risk register for the 2017/18 financial year – April 2017**

The chairperson enquired about the municipality's response i.r.o risks with high residual ratings and where perceived control effectiveness is ineffective.

The risk intern indicated that they only compiled the risk register and no actions were formulated. Risk actions will be formulated in June and July for all the risks identified for 2017/18 financial year.

**Action Item 02 of 29 May 2017**

The municipality's Disaster Risk Management Plan must be presented to the JAPAC.

**RESOLVED**

That cognizance be taken of the content of the risk management report/s dated April 2017.

**6.7. COMPLIANCE WITH GIFT POLICY – GIFT REGISTERS FROM DIRECTORATES**

No gift registers/ declarations were submitted for consideration.

**RESOLVED**

The committee noted that no gift registers/ declarations were submitted for consideration.

**6.8. INTERNAL AUDIT SERVICES (IAS) INDEPENDENCE AND OBJECTIVITY**

*IAS Declaration of Independence and Objectivity is based on the International Standards for the Professional Practice of Internal Auditing. The following standards are quoted:*

**Standard 1100 – Independence and Objectivity**

*The Internal Audit Activity (IAA) must be independent, and internal auditors must be objective in performing their work*

**Standard 1110 – Organizational Independence**

*The Chief Audit Executive (CAE) must report to a level within the organization that allows the IAA to fulfill its responsibilities. The CAE must confirm to the Audit Committee, at least annually, the organizational independence of the IAA.*

**Standard 1120 – Individual Objectivity**

*Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.*

**RESOLVED**

That cognizance be taken of IAS independence and objectivity declaration.



#### 6.9. SCOPE LIMITATIONS

The CAE indicated that there were no scope limitations to be reported.

##### RESOLVED

That cognizance be taken of the reporting i.r.o no scope limitations experienced.

#### 6.10. CAE STATUS REPORT

The CAE informed the committee about the status of the audit reviews and internal audit staffing.

##### RESOLVED

That cognizance be taken of the CAE status report.

<b>Action Item 03 of 29 May 2017</b>
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Actual hours spent on internal audits to be indicated on the CAE status report.
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### 7. INTERNAL AUDIT REPORTS

#### 7.1.1 SPECIAL REQUEST/ INVESTIGATION - ADMINISTRATION OF EPWP SEASONAL WORKERS

The committee reviewed the contents of the report, and no questions were raised.

##### Audit Opinion/ Conclusion

While the overall objective of the EPWP is to provide work opportunities and income support to the poor and unemployed, internal audit services was and continues to be concerned with the attitude that some officials displayed around the issue(s) of non-payment(s) and/or incorrect payment(s) to the affected EPWP temporary workers. By downplaying, the precarious situation in which the affected EPWP temporary workers found themselves in, and to simply indicate that it was due to some or other internal process not being complied with left much to be desired.

Despite the above, no evidence could be found to suggest that:

- a. the affected EPWP temporary workers did not work during the period(s) for which they did not received payment(s) or incorrect payment(s), and
- b. the affected EPWP temporary workers were the master(s) of their own misfortune and some or other reason they were to blame for the resultant non-payment(s) or incorrect payments(s)

##### RESOLVED

That cognizance be taken of the report on the special request/ investigation - administration of EPWP seasonal workers.

#### 7.1.2 LIMITED SPECIALISED EMERGENCY VEHICLES (FIRE, RESCUE & DISASTER)

The committee reviewed the contents of the report, a few comments/questions were raised.

##### Audit Opinion/ Conclusion

Internal audit services (IAS) is of the opinion that a control framework is in place but general disregard for procedures or breakdown in a key control.

##### RESOLVED

That cognizance be taken of the report on limited specialised emergency vehicles (fire, rescue and disaster).

#### 7.1.3 ICT-SYSTEMS COMPATIBILITY

The committee reviewed the contents of the memorandum, a few comments/ questions were raised.

##### Audit Opinion/ Conclusion



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Internal audit services is of the opinion that the audit of the systems compatibility (ICT) be kept in abeyance until such time the municipality has implemented MFMA Circular 80, as required for mSCOA implementation, which in our opinion will have an impact on the risk of the audit area.

**RESOLVED**

That cognizance be taken of the report on ICT systems compatibility.

**7.2 COMPLIANCE REPORTS**

**7.2.1 PREDETERMINED OBJECTIVES (PDO): HIGH LEVEL  
THIRD QUARTER (JANUARY 2017 – MARCH 2017) FOR THE FINANCIAL YEAR 2016/2017**

The predetermined objectives (PDO): third quarter (January 2017 – March 2017) for the financial year 2016/2017 was tabled before the committee for consideration.

**RESOLVED**

That cognizance be taken of the report on the predetermined objectives (PDO): high level report, third quarter (January 2017 – March 2017) for the financial year 2016/2017.

**7.2.2 PREDETERMINED OBJECTIVES (PDO): DETAILED REPORT  
THIRD QUARTER (JANUARY 2017 – MARCH 2017) FOR THE FINANCIAL YEAR 2016/2017**

The predetermined objectives (PDO): third quarter (January 2017 – March 2017) for the financial year 2016/2017 was tabled before the committee for consideration.

**RESOLVED**

That cognizance be taken of the report on the predetermined objectives (PDO): detailed report, third quarter (January 2017 – March 2017) for the financial year 2016/2017.

**9. GENERAL**

Karwyderskraal landfill site

The Municipal Manager gave background information on the Karwyderskraal landfill site. He indicated that there is a disagreement between the Overberg District Municipality and Overstrand Municipality relating to the fees payable by Overstrand Municipality for the use of the landfill site. The MM stated that the municipality will have a problem with waste disposal if agreement cannot be reached with Overberg District Municipality.

Action Item 04 of 29 May 2017

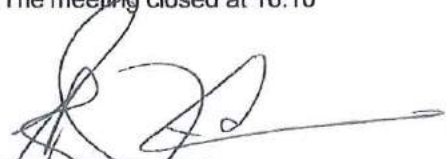
Copies of the Integrated Development Plan (IDP) be made available to the JAPAC members.

**10. NEXT MEETING**

The next JAPAC meeting is scheduled for 28 June 2017.

**11. CLOSING**

The meeting closed at 16:10

  
**B VAN STAADEN**  
CHAIRPERSON

28/06/2017

DATE: