

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

**DC Van Der Heever**  
**27 June 2024**

**Chief Audit Executive**

**(028) 313 5035**

**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 Local Government: Municipal Planning and Performance Management Regulations, 2001 and the reporting requirements as per paragraph 3.7 of the JAPAC Charter, approved by Council on 29 March 2023.

**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)(iii) of the Municipal Planning and Performance Regulations, 2001  
Overstrand Municipality Joint Audit and Performance Audit Committee Charter

**6. Background/Discussion**

The reporting requirements in terms of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the JAPAC Charter provides that the JAPAC must submit an audit report to the Municipal Council on the operations of the Internal Audit Unit and the JAPAC at least twice during a financial year.

**7. Financial Implications**

None

**8. Staff Implications**

None

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

None

**10. Annexure**

Annexure A: Report 2 of the Joint Audit and Performance Audit Committee for the 2023/24 Financial Year

**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 :**

**31 JULY 2024**

Date: 26 June 2024

To: The Overstrand Municipal Council  
c/o The Speaker – Cllr Grant Cohen

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)

**REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL**

**REPORT 2 OF 2023/24 FINANCIAL YEAR**

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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 report 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 October 2023 to 30 June 2024.

Yours truly



**PIETER STRAUSS**

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

Email: [pieter.strauss@mweb.co.za](mailto:pieter.strauss@mweb.co.za)

**OVERSTRAND MUNICIPALITY****REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL****REPORT 2 OF 2023/24 FINANCIAL YEAR****1. REPORT ON ACTIVITIES OF THE JAPAC**

During the period 01 October 2023 to 30 June 2024, the JAPAC convened three (4) meetings, namely:

- JAPAC meeting held on 14 November 2023 (in-person).
- Special JAPAC meeting with the Auditor-General of South Africa (AGSA) held on 24 November 2023 (virtual).
- JAPAC meeting held on 07 February 2024 (in-person).
- JAPAC meeting held on 26 June 2024 (in-person).

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

Member	JAPAC meeting held on 14 November 2023	Special JAPAC meeting held on 24 November 2023	JAPAC meeting held on 07 February 2024	JAPAC meeting held on 26 June 2024
Mr P Strauss ( <i>JAPAC Chairperson</i> )	Attended	Attended	Attended	Attended
Mr T Blok ( <i>JAPAC member</i> )	Attended	Attended	Attended	Attended
Mr C Pieterse ( <i>JAPAC member</i> )	Attended	Attended	Attended	Attended
Mr D Smith ( <i>JAPAC member</i> )	Attended	Attended	Attended	Attended

**2. INTERNAL AUDIT REPORTS**

During the period 01 October 2023 to 30 June 2024, the following internal audit reports/documents were presented by the Chief Audit Executive and considered by the committee:

Meeting date	Internal Audit Reports
14/11/2023	1. Evaluating the Risk Management Process
	2. Combined Assurance Bi-Annual review 2 re 2022/23
	3. Electricity distribution losses and outages
	4. Theft and Vandalism (municipal infrastructure)
	5. Municipal compliance with fire safety regulations and SANS codes
	6. Adequacy of stormwater infrastructure
	7. Key Control Assessment (Bi-annual review 1) re 2023/24
07/02/2024	1. Loss of records
	2. Loss of/ unavailability of key personnel

**OVERSTRAND MUNICIPALITY****REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL****REPORT 2 OF 2023/24 FINANCIAL YEAR**

	3. Ad hoc request re alleged misconduct committed by a Senior Municipal official during the disaster of 25 September 2023
	4. Ad hoc request re Overtime & Standby hours claimed by certain municipal officials for the preparation of food during the disaster of 25 September 2023
26/06/2024	1. Key Controls Assessment (Bi-annual review 2) re 2023/24
	2. Division of Revenue Act 2023

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

**3. INTERNAL AUDIT STAFFING**

The JAPAC noted that the Internal Audit Services is currently operating at 50% permanent staff and 50% contract (fixed term) staff (approved and budgeted Internal Audit Staff establishment is 4). The JAPAC takes note of the fact that the recruitment process to fill the two (2) vacant Internal Auditor posts has been finalised. Two (2) successful candidates were appointed, one (1) will start with effect from 01 July 2024 and the other 01 August 2024.

**4. RESOLUTIONS OF THE JAPAC**

The approved minutes of the JAPAC will contain details of all resolutions of the JAPAC.

The following minutes of the JAPAC meetings have been approved during this reporting period and are hereby attached:

1. JAPAC meeting held on 26 April 2023 (in-person) – **Annexure B**
2. Special JAPAC meeting held on 29 June 2023 (virtual) – **Annexure C**
3. Special JAPAC meeting held on 28 August 2023 (in-person) – **Annexure D**
4. JAPAC meeting held on 14 November 2023 (in-person) – **Annexure E**
5. Special JAPAC meeting held on 24 November 2023 (virtual) – **Annexure F**
6. JAPAC meeting held on 07 February 2024 (in-person) – **Annexure G**

In addition to the abovementioned minutes, the Action Register of the JAPAC, which provides a summary of outstanding action items identified and requested for follow-up emanating from the JAPAC meetings, is included as **Annexure H** of this report.

**5. REPORT ON PERFORMANCE MANAGEMENT**

At the JAPAC meetings held during the period 01 October 2023 to 31 March 2024, the following quarterly report(s) in respect of performance management were presented and considered by the JAPAC:

4 <sup>th</sup> Quarter Reports re 2022/2023 (01 April 2023 to 30 June 2023)	1. Internal Audit Report: Predetermined Objectives for quarter 4 – 2022/23
	2. Quarterly Budget and SDBIP report for Quarter 4 re 2022/2023

**OVERSTRAND MUNICIPALITY****REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL****REPORT 2 OF 2023/24 FINANCIAL YEAR**

1 <sup>st</sup> Quarter Reports re 2023/2024 (01 July 2023 to 30 September 2023)	1. Internal Audit Report: Predetermined Objectives for quarter 1 – 2023/24
	2. Quarterly Budget and SDBIP report for Quarter 1 re 2023/2024
2 <sup>nd</sup> Quarter Reports re 2023/2024 (01 October 2023 to 31 December 2023)	1. Internal Audit Report: Predetermined Objectives for quarter 2 – 2023/24
	2. Quarterly Budget and SDBIP report for Quarter 2 re 2023/2024
3 <sup>rd</sup> Quarter Reports re 2023/2024 (01 October 2023 to 31 December 2023)	1. Internal Audit Report: Predetermined Objectives for quarter 3 – 2023/24
	2. Quarterly Budget and SDBIP report for Quarter 3 re 2023/2024

In reviewing the quarterly report(s) and the performance management system, anomalies concerning the usefulness and reliability of the reported information were identified. 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 thereof.

**6. REPORT ON RISK MANAGEMENT**

At the JAPAC meetings held during the period 01 October 2023 to 31 March 2024, the following quarterly reports in respect of risk management were presented and considered by the JAPAC:

Meeting dates	Risk Management Reports
14/11/2023	1. Risk Management Report – quarter 4 re 2022/23
	2. Risk Management Report – quarter 1 re 2023/24
	3. Combined Assurance Status Report – quarter 4 re 2022/23
	4. Combined Assurance Status Report – quarter 1 re 2023/24
	5. Risk Action Report as at 27 July 2023
	6. Risk Action Report as at 05 October 2023
	7. Key Risk Register as at 24 July 2023
	8. Key Risk Register as at 30 September 2023
07/02/2024	1. Risk Management Report – quarter 2 re 2023/24
	2. FARMCO Minutes 23 October 2023
26/06/2024	1. Risk Assessment Report 2024
	2. FARMCO minutes 26 January 2024 and 12 April 2024

**OVERSTRAND MUNICIPALITY****REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL****REPORT 2 OF 2023/24 FINANCIAL YEAR**

Meeting dates	Risk Management Reports
	3. Combined Assurance Status Report

The JAPAC takes cognizance of the fact that there is some improvement required regarding the Risk Management process of the Overstrand Municipality to optimise maturity and effectiveness thereof. Mr Tom Blok has been seconded as a permanent invitee at FARMCO meetings to assist with the Risk Management process.

**7. OTHER MATTERS**

The JAPAC would like to have regular interactions with MAYCO to improve communication governance. These dates will be agreed upon between JAPAC and MAYCO.

**8. AUDIT OUTCOME re 2022/23 FINANCIAL YEAR**

The Audit Report of the Auditor General for the 2022/2023 financial year has been reviewed by the JAPAC and we commend the Municipality in maintaining its clean audit status for the eleventh consecutive year. This audit outcome is a result of the good governance practices that has been embedded in the organisation as well as a commitment to excellence by management and staff within the organisation.

**9. NEXT MEETING**

The next meeting date of the JAPAC is 22August 2024 to discuss the 2023/24 Draft Annual Financial Statements.

**END**



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 26 APRIL 2023  
(WEDNESDAY/WOENSDAG)

**VENUE / PLEK:** COMMITTEE ROOM/ KOMITEEKAMER  
INTERNAL AUDIT OFFICES  
09 NERINA HOUSE/ HUIS,  
HERMANUS

**TIME / TYD:** 14:00 HRS/UUR





**MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM, INTERNAL AUDIT SERVICES, NERINA ROAD, HERMANUS ON WEDNESDAY, 26<sup>TH</sup> OF APRIL 2023 AT 14:00**

**1. OPENING AND WELCOMING**

The Chairperson, Mr PAL Strauss, opened the meeting with a prayer and welcomed everyone present to the fifth JAPAC meeting in respect of the 2022/2023 financial year.

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

Apologies were received from the following official(s)/ member(s):

1. Mr D O'Neill (Municipal Manager)
2. Ms R Louw (Senior Manager: Strategic Services)
3. Mr S Müller (Director: Infrastructure and Planning)
4. Mr S Madikane (Director: Economic & Social Development & Tourism)
5. Ms V Silolo (Intern: Risk Management Unit)
6. Cllr C Tafu-Nwonkwo (Municipal Public Accounts Committee [MPAC] Chairperson)

Persons present - see the attached attendance register.

**3. DECLARATION OF INTERESTS**

The Joint Audit and Performance Audit Committee (JAPAC) members and attendees declared that they have no interest(s) in any of the items on the agenda.

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

**4.1. ADDITION(S) TO THE AGENDA**

**VAT on library services**

**Feedback on MAYCO meeting**

**Status re the organisational restructuring process**

**Feedback on the external audit process**

**Baboon management**

**Appointment of the FARMCO Chairperson**

**5. CONFIRMATION OF PREVIOUS MINUTES**

**01 February 2023: Ordinary JAPAC meeting**

No correction(s) and/ or amendment(s) were made to the minutes.

**RESOLVED**

The JAPAC adopted the minutes of the JAPAC meeting held on 01 February 2023 with no amendment(s).

**6. MATTERS ARISING FROM PREVIOUS MINUTES**

**Action Item 1 of 10/11/2022 (Re: 5)**



In progress – the Municipal Manager (MM) to provide feedback.

**Action item 2 of 10/11/2022 (Re: 6.1.5)**

In progress – Three (3) policies are done and are awaiting workshop by the Fraud and Risk Management Committee (FARMCO).

**Action item 3 of 10/11/2022 (Re: 6.2.4)**

In progress – the MM to provide feedback.

**Action item 10 of 10/11/2022 (Re: 8)**

Item to be closed in the JAPAC action register once elevated to the FARMCO level.

**Action item 01 of 01/02/2023 (Re: 4)**

Item closed.

**Action item 02 of 01/02/2023 (Re: 4.1)**

In progress – the CFO to forward the budget *re* audit fees to the JAPAC immediately when the CFO receives the budget from the AGSA prior to approval by Council.

**Action item 04 of 01/02/2023 (Re: 9)**

Item closed.

## 7. MATTERS OF MANAGEMENT INVOLVEMENT

### 7.1. RISK MANAGEMENT

The JAPAC expressed its concern over the cancelled FARMCO meeting, which was initially scheduled to take place on 20 April 2023, stating that it is not ideal for FARMCO meetings to be cancelled and that this matter must be brought to the attention of the MM.

The JAPAC recommended that loadshedding be dealt with at FARMCO level and be looked at holistically as it affects all operations and not just finances.

**Action 01 of 26 April 2023**

The JAPAC requested that Loadshedding be a standing item on the JAPAC agenda.

#### 7.1.1. Key Risks as at 17 April 2023

The Chief Risk Officer gave a high-level overview of the Key Risks as at 17 April 2023, no comments/ questions were raised by the JAPAC in respect of that report.

#### RESOLVED

The JAPAC takes note of the Key Risks faced by the municipality as at 17 April 2023.

#### 7.1.2. Risk Action Report as at 13 April 2023

The CRO gave a high-level overview of the risk action report.

The JAPAC recommended that there should be a discussion at the FARMCO level about the concept of risk velocity, which refers to how fast a particular risk may affect the



municipality, to evaluate the adequacy and appropriateness of the response(s) to the respective risks faced by the municipality.

The newly appointed Chairperson of FARMCO, Ms. J Gunther, noted the remarks from the JAPAC.

**RESOLVED**

The JAPAC takes note of the Risk Action Report as at 13 April 2023.

**7.1.3. Combined Assurance Status Report for Quarter 3 re 2022/2023**

The CRO gave a high-level overview of the Combined Assurance status report for Quarter 3 of 2022/2023, stating that this document is still a work-in-progress document and that the CRO is trying her best to make the document user friendly.

The JAPAC recommended that the CRO performs an assessment of overall assurance coverage and include the results of that assessment in the Combined Assurance status reports.

The FARMCO Chairperson added that going forward, all risks faced by the municipality should be included in the Combined Assurance report as assurance should be provided to all risks and not just high residual risks.

The JAPAC noted that there is a notable improvement in the Risk Management processes of the municipality and that it is a work-in-progress.

The CRO noted all the remarks from the JAPAC and the FARMCO Chairperson.

**RESOLVED**

The JAPAC takes note of the Combined Assurance status report for Quarter 3 of 2022/2023.

**7.1.4. Emerging risks Identified by management**

No major issues were brought to the attention of the JAPAC by management.

**7.1.5. Chairperson of the Risk Committee**

The JAPAC welcomed the new Chairperson of FARMCO, Ms J Gunther.

**RESOLVED**

The JAPAC takes note of the fact that the new independent Chairperson of FARMCO has been appointed.

**7.2. FINANCIAL MANAGEMENT AND CONTROLS**

**7.2.1. Quarterly Budget and SDBIP Report for Quarter 3 re 2022/23**

The JAPAC stated that it did not have enough time to go through the Quarterly Budget and SDBIP Report for quarter 3 re 2022/23 as the report was distributed only a night before the meeting.



The CFO duly apologised for the late distribution of the report gave an overview thereof, upon which few queries that were raised by the JAPAC were duly attended to by the CFO.

#### **RESOLVED**

The JAPAC takes note of the Quarterly Budget and SDBIP Report for Quarter 3 *re* 2022/2023 financial year.

#### **7.2.2. Report on Debt Collection Process as at 31 March 2023**

The CFO gave a high-level overview of the report on Debt Collection Process as at 31 March 2023 and no major concerns were highlighted by the CFO in so far as the Debt Collection Process is concerned.

#### **RESOLVED**

The JAPAC takes note of the Report on Debt Collection Process as at 31 March 2023.

#### **7.2.3. Top 20 creditors as at 31 March 2023**

The CFO gave an overview of the report on the top 20 creditors of the municipality as at 31 March 2023 and no major concerns were highlighted by the CFO in so far as the report is concerned.

#### **Action 02 of 26 April 2023**

The JAPAC noted a payment made by Mr SD Fourie and requested the CFO to provide feedback/ further details at the next JAPAC meeting.

#### **RESOLVED**

The JAPAC takes note of the report on the top 20 Creditors as at 31 March 2023.

#### **7.2.4. Audit Action Plan as at 29 March 2023**

The CFO gave an overview of the Audit Action Plan (AAP) as at 29 March 2023.

The JAPAC stated that the Auditor General of South Africa (AGSA) should confirm whether they are satisfied with the process in place *re* the implementation of the agreed action(s) regarding item number 1 on the AAP as this item dates to 2012/2013 financial year. If the AGSA is satisfied, the item should be removed from the AAP.

The CFO noted the remarks from the JAPAC.

#### **RESOLVED**

The JAPAC takes note of the Audit Action Plan as at 29 March 2023.

### **7.3. INTERNAL AUDIT REPORTS**

#### **7.3.1. Key Controls Assessment Bi-Annual Review 2**

The CAE gave an overview of the report, and the JAPAC raised queries regarding the fact that the "Key Controls Assessment" report indicates that the Governance, Risk Management and Control processes are adequate, appropriate and effective while there are several Internal Audit reports that indicated breakdowns in internal controls.



The CAE explained that the "Key Controls Assessment" audit is a follow-up audit on the implementation of the agreed upon actions by management to address findings that were previously raised by the AGSA in the management report. The CAE further explained that IAS uses the AAP to track agreed upon actions that fall under or within the period that IAS performs the "Key Controls Assessment" audit, i.e., 01 July 2022 to 31 December 2022 in this instance.

The JAPAC noted the explanation from the CAE while stating that IAS should be careful of the name of the report, as the name of this reports sounds as though all controls are assessed and that the internal audit opinion is based on all controls.

The CAE noted the remarks from the JAPAC.

### 7.3.2. Predetermined Objectives for Quarter 3 re 2022/23

The CAE gave an overview of the report, highlighting that 3 (three) KPIs, all of which were rated as "Positive", were selected for auditing purposes.

The JAPAC enquired what exactly does IAS look at when auditing PDOs?

The CAE responded that IAS looks at the body of evidence to confirm that it corresponds to the "Source of evidence" as indicated on the Ignite system, and that the target and the KPI are logically linked. Based on those, IAS assesses whether the KPI meets the audit criteria of "Usefulness" and "Reliability". The CAE went further to explain that IAS does not focus on the actual performance, although IAS mentions as an observation instance(s) where targets are not met, notwithstanding the KPI having met the audit criteria of "Usefulness" and "Reliability".

The JAPAC noted the response from the CAE.

### 7.3.3. Division of Revenue Act 2022 (DoRA)

The CAE gave an overview of the report, highlighting that most of the findings that were raised in the previous year's DoRA audit are resolved and only 1 (one) finding is still outstanding. The major issue as far as this report is concerned was the scope limitation encountered by IAS in respect of the Integrated National Electrification Programme (INEP) and Energy Efficiency and Demand-Side Management (EEDSM) grants.

The JAPAC commented that it has noted the scope limitation matter in the CAE status report and that the MM, who was not present in this meeting, must address the scope limitation matter.

The JAPAC also noted that there was "limited commentary" in terms of management comments in the report, stating that IAS should not accept limited commentary from management. The JAPAC went further to explain that "limited commentary" refers to management comments without a clear plan of action to address the findings raised by IAS.

The JAPAC concluded by stating that Internal Audit reports should be deliberated in TMT meetings and the CAE should be invited to TMT meetings in which Internal Audit report(s) will be deliberated.

### 7.3.4. IAS Ad hoc investigation re Theft and Fraud at Traffic Roadworthy



The Director: Management Services gave an update on the progress of the investigation, indicating that IAS verified a financial loss by the municipality amounting to R130 730 for the period 01/07/2021 – 28/02/2022. Furthermore, after it was confirmed that the official who committed an act of serious misconduct in the form of fraud and theft whilst in the employ of Overstrand Municipality ("the official"), has sufficient funds in her retirement fund, it was agreed upon with the official that Overstrand Municipality will deduct funds from the official's retirement funds in an attempt to recover the financial loss it has suffered as a result of the official's act of serious misconduct.

#### 7.3.5. IAS Ad hoc investigation re Theft of fuel & Fleet Management Process

The JAPAC noted and confirmed that it received the report *re* IAS Ad hoc investigation re Theft of fuel & Fleet Management Process on 29 March 2023.

#### RESOLVED

The JAPAC takes note of the Internal Audit Reports for the Third Quarter *re* 2022/23 financial year.

#### 7.4. AUDIT FINDING(S) TRACKING REGISTER

The JAPAC noted that majority of findings in the register are resolved.

#### RESOLVED

The JAPAC takes note of the Audit Finding(s) Tracking Register as at 20 April 2023.

### 8. INTERNAL AUDIT AND JAPAC MATTERS

#### 8.1. INTERNAL AUDIT MATTERS

##### 8.1.1. CAE Status Report for Quarter 3 *re* 2022/2023

The CAE gave an overview of his status report for Quarter 3 *re* 2022/2023 financial year, highlighting the following matters:

#### *Re Staffing*

The CAE stated that employment contracts for the two (2) interns in the Internal Audit Services (IAS) were extended for a further 12 months to minimize the impact of the resource limitations while the municipality undergoes an organizational restructuring.

#### **Action 03 of 26 April 2023**

The JAPAC requested the CAE to follow-up with the MM or the consultant to find out when must the organisational structure be approved by Council.

The CAE noted the remarks from the JAPAC.

#### *Re Scope limitation(s)*

The CAE highlighted that there was a scope limitation i.t.o. the INEP and EEDSM grants during the audit *re* Division of Revenue Act 2022 (DoRA). IAS made numerous attempts to request for the information to be provided and IAS escalated the failure to provide the information to Senior Management, however, when finalising the DoRA report, the information was still not provided.

The JAPAC expressed its concerns over the scope limitation encountered by IAS.



### Re Quality Assurance and Improvement Program (QAIP)

#### Action 04 of 26 April 2023

The JAPAC stated that IAS must perform a quality self-assessment in line with the new Global Internal Audit Standards (GIAS) during the 2023/2024 financial year.

The CAE noted the remarks from the JAPAC.

### Re Status of audit projects (RBIAP)

The CAE requested the JAPAC to provide input into the 2023/2024 Risk Based Internal Audit Plan (RBIAP) prior to its finalisation and approval.

The JAPAC agreed to provide advice to IAS with the preparation of the RBIAP. The JAPAC proposed that the CAE prepares the RBIAP first, then set up a special meeting with the JAPAC to discuss the content thereof, and for the JAPAC to provide their input thereto.

The JAPAC also stated that requests for IAS to perform ad hoc audits must go through the JAPAC, and the JAPAC must approve those prior to them being added to the RBIAP.

#### Action 05 of 26 April 2023

The CAE to set up a special audit planning meeting with the JAPAC during the first or second week of June 2023 to discuss the content of the RBIAP and for the JAPAC to provide their advisory input thereto only when the risk assessment processes has been finalised.

### RESOLVED

The JAPAC takes note of the CAE Status Report for Quarter 3 re 2022/2023 financial year.

#### 9. GENERAL

There were no items for discussion.

#### 10. NEXT MEETING

The JAPAC resolved that the next JAPAC meeting be held on **29 JUNE 2023**.

#### 11. CLOSING

The meeting closed at 16:15.

**PAL STRAUSS**  
**CHAIRPERSON**

15 November 2023

**DATE**



Joint Audit & Performance Audit Committee Meeting  
Minutes of the Meeting: 26 April 2023

**ATTENDANCE REGISTER**



**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE  
AUDIT COMMITTEE (JAPAC) MEETING HELD ON MONDAY, 26 APRIL 2023  
AT 09:30 IN THE INTERNAL AUDIT SERVICES BOARDROOM, HERMANUS**

1. Do you or your partner have any financial or other interest in the subject matter of the meeting, which may be considered as constituting a real, potential, or apparent conflict of interest? **Y/N**
2. Is there anything else, or the perception by others, that could affect your objectivity and independence in this meeting? **Y/N**

*By signing this register, I hereby declare that the disclosed information is correct and no other situation of real, potential or apparent conflict of interest is known to me. I undertake to inform the meeting of any status changes that may be brought to light as a result of any issue that may arise as the meeting progresses. I also undertake to timely inform the department of any changes in these circumstances during the period.*

**JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr P A L Strauss	Chairperson		N	N
Mr T Blok	Member		N	N
Mr D H Smith	Member		N	N
Mr C C C Pieterse	Member		N	N

**INTERNAL AUDIT SERVICES**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D Van Der Heever	Chief Audit Executive (CAE)		N	N
Mr E Essop	Internal Auditor		N	N
Ms N Tsholoba	Intern: Internal Audit		N	N
Mr S Makwetu	Intern: Internal Audit		N	N





Joint Audit & Performance Audit Committee Meeting  
Minutes of the Meeting: 26 April 2023

ATTENDANCE BY INVITATION

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D O'Neill	Municipal Manager	Apology		
Ms S Reyneke-Naude	Director: Finance (CFO)		N	N
Ms D Arrison	Director: Management Services		N	N
Ms R Louw	Senior Manager: Strategic Services	APOLG4		
Mr N Michaels	Director: Protection & Security Services		N	N
Ms Z Mazuthu	Chief Risk Officer		N	N
Ms V Silolo	Intern: Risk Management Unit	APOLG4		
Mr C Tafu-Nwonkwo	MPAC Chairperson	Apology		
Ms J. <del>Prober</del> GURAR	FARMCO Chairperson		N	N



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 29 JUNE 2023  
(THURSDAY/DINSDAG)

**VENUE / PLEK:** VIRTUAL (*via MICROSOFT TEAMS*)

**TIME / TYD:** 09:00 HRS/UUR



**MINUTES OF THE MEETING OF THE JAPAC HELD VIRTUALLY (via MICROSOFT TEAMS) ON THURSDAY, 29<sup>TH</sup> OF JUNE 2023 AT 09H00**

**1. OPENING AND WELCOMING**

Mr CCC Pieterse opened the meeting with a prayer and the Chairperson, Mr PAL Strauss, welcomed everyone present to the sixth JAPAC meeting in respect of the 2022/2023 financial year.

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

No apologies were received for this meeting. The attendance register is as per the MS Teams records and Mr D Smith (JAPAC member) attended the meeting in person at Internal Audit Services, 09 Nrina road, Hermanus.

**3. DECLARATION OF INTERESTS**

The Joint Audit and Performance Audit Committee (JAPAC) members declared that they have no interest(s) in any of the items on the agenda.

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

**4.1. ADDITION(S) TO THE AGENDA**

**Feedback re VAT on libraries**

The Chairperson enquired whether the Chief Audit Executive ("CAE") received correspondence or information from the Chief Financial Officer regarding VAT on libraries and the CAE responded that he hasn't received any correspondence(s) from the CFO regarding that matter.

The Chairperson stated that he will follow-up with the CFO.

**Feedback re investigation**

The Chairperson requested the CAE to provide the JAPAC with an update on the fraud investigation re the FNB matter.

The CAE provided feedback and indicated that the Municipality are following the necessary due processes and consequence management has already been implemented. The matters identified by the investigation has been reported to the South African Police Services (SAPS) and the Directorate of Priority Crimes Investigation (DPCI) commonly referred to as the "HAWKS". Three (3) municipal officials have been suspended, however 1 (one) of the municipal officials resigned prior to facing a disciplinary process.

**Municipality's audit readiness**

The Chairperson enquired from the CAE whether from the CAE's perspective the municipality is ready for the Auditor-General of South Africa's (AGSA) audit and the CAE responded that he does not foresee a problem as the Finance Team under the leadership of the CFO are busy with the normal year-end preparations and year-end procedures for the audit.



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**5. PURPOSE OF THE MEETING**

The Chairperson explained that the main purpose of the meeting is to discuss the Risk-Based Internal Audit Plan for the 2023/2024 financial year ("the RBIAP"). The Chairperson further explained that the RBIAP to be discussed in this meeting is a "working document" and that at the end of this meeting, the RBIAP will be approved subject to the discussions and decisions that will be made in this meeting.

**5.1. DISCUSSION OF THE RISK-BASED INTERNAL AUDIT PLAN FOR THE 2023/2024 FINANCIAL YEAR**

**5.1.1. The Process of Risk Assessments**

The Chairperson request the JAPAC member who is a permanent invitee in Fraud and Risk Management Committee (FARMCO) meetings to brief the JAPAC on how the process of Risk Assessments was carried out from the JAPAC perspective, and whether Risk Management is moving towards the right direction in so far as maturity is concerned.

The JAPAC member who is a permanent invitee in FARMCO meetings explained that the process followed by the Risk Management Unit ("RMU") in performing Risk Assessment is a standard one, where the Chief Risk Officer ("the CRO") and her team engaged with all Directorates to determine risks to be retained, removed or added to the risk registers, as well as obtaining management's inputs and assistance in determining the likelihood and impact of the various risks, the basis on which the concepts of inherent risk and residual risk are developed.

**5.1.2. The Annual Risk Assessment Report to JAPAC**

The CAE gave a high-level overview of the Annual Risk Assessment Report to JAPAC prepared by the CRO, indicating that the total number of *Strategic Risks* identified per the recent risk assessments performed by the RMU is 14, of which 5 were indicated to have a High Residual Risk (rating/ exposure). The total number of *Operational Risks* identified is 65, of which 7 were indicated to have a High Residual Risk (rating/ exposure).

The Chairperson noted the overview given by the CAE. However, the Chairperson enquired, based on the fact that several incidents of fraud within the municipality, which include procurement processes, have been reported and investigated, why does such an area, and other area that are prone to fraud risk in the municipality, not appear anywhere amongst the high-risk areas of the municipality as per the Annual Risk Assessment Report?

The CAE responded that when the CAE posed a similar question to the CRO, the CRO's response highlighted that the response from management regarding the controls in place indicated that the procurement process is not an area of concern to them and that the controls employed mitigate the risk(s) in that process to an acceptable level.

The JAPAC member who is a permanent invitee in FARMCO meetings added that the overall level of maturity of Risk Management in Overstrand Municipality is elementary



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not only due to the capacity issues, but also at the management level, as the management struggles to differentiate between inherent risk and residual risk. Inherent risk in the procurement space will always be high and management indicating that that is not an area of concern due to the controls employed suggests that management do not understand the concept of inherent risk and residual risk exposure. Therefore, there is some work to be done in so far as the maturity of Risk Management from the management level is concerned and it will take some time.

The JAPAC member who is a permanent invitee in FARMCO meetings also stated that the risk registers should not be the only source of risks to be considered for inclusion in the RBIAP. The CAE should, as referenced in the RBIAP, also consider the high-risk areas identified/ indicated by the AGSA (e.g., the issue around Indigent Policy management), as well as procurement & supply chain processes, and Capital Expenditure ("Capex") planning.

The Chairperson concurred with the remarks of the JAPAC member who is a permanent invitee in FARMCO meetings.

**5.1.3. The Methodology re preparation and developing the 2023/24 RBIAP**

The Chairperson requested the CAE to explain the process/ methodology followed in preparing the 2023/24 RBIAP prior to discussing the RBIAP itself.

The CAE explained that the municipality's Risk Registers formed an integral part in the preparation and developing of the RBIAP. The CAE further explained that in terms of the methodology, Internal Audit Services (IAS) identified and considered all the top Strategic and Operational risks of the municipality (*i.e.*, whose risk appetites are above 40) as per the risk registers and the management interventions in so far as mitigating those risks is concerned. In addition, based on International Standard for the Professional Practice of Internal Auditing ("Standard") 2010, IAS also considered emerging risks, including those identified by the AGSA.

The JAPAC enquired from the CAE whether consideration was given to auditing the areas/ risks where inherent risk exposure is considered to be high and residual risk exposure is considered to be low, which normally means that controls in place to mitigate that particular risk is adequate.

The CAE responded that consideration was given to risks whose inherent risk exposure is considered high and residual risk exposure is considered to be medium per the risk registers, as indicated on pages 12 to 13 of the RBIAP.

The JAPAC enquired from the CAE whether risks with high or very high inherent risk exposure and low risk exposure were considered in the preparation of the RBIAP.

The CAE responded that that concept was considered as well but none of the risks in the risk registers are considered to have high or very high inherent risk exposure and low residual risk exposure, hence the selection of risks with inherent risk exposure and medium risk exposure.



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#### 5.1.4. The Risk-Based Internal Audit Plan (RBIAP)

##### **RE - Background and Objective**

The JAPAC referred the CAE to sub-paragraph 5 of paragraph 2 (Background and Objective) of the RBIAP, where it is stated that *“Based on Internal Audit Services review of the Risk Registers, auditable units (risks) were identified for audit purposes where the Inherent Risk Exposure (IR) and Residual Risk Exposure (RR) were classified as **VERY HIGH** and **HIGH**, before and after controls were implemented by management to mitigate the respective risks.*

Based on this, the JAPAC suggested that auditable units (risks) where the inherent risk exposure and residual risk exposure are classified as “very high” and “high”, before and after controls were implemented by management to mitigate the respective risks, should not be audited as the current controls in place is ineffective/ inadequate to mitigate the respective risks to an acceptable level. Instead, these should be referred back to the Risk Management Unit to ensure that the correct controls are in place to mitigate the risks to an acceptable level, or to management to make decisions on those.

The JAPAC further stated that IAS should focus on the areas/ risks where the controls in place are indicated to be very effective, effective, or moderately effective. By so doing, IAS can add value by confirming that the controls that are indicated to be in place and/ or effective are indeed in place and/ or effective or provide recommendations where there are areas of improvement.

The JAPAC recommended that the CAE should revise the wording in paragraph 2 of the RBIAP to ensure that the understanding of the auditable risks is mutual amongst IAS and JAPAC.

The CAE noted the remarks from the JAPAC.

The JAPAC also resolved to discuss the matter regarding the capacity of the “RMU”, which were again highlighted in an IAS report, with the Municipal Manager as a matter of concern.

##### **RE - Internal Audit Statement**

The JAPAC commented that the table regarding the alignment of IAS’s strategy (vision and mission) to that of the municipality is too detailed/ comprehensive to be included in the RBIAP.

The CAE explained that this table is included in the RBIAP to give effect to Standard 2010, which states that *“The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.”* The CAE further explained that IAS get assessed (during the External Quality Assessment) on whether there is any reference on the audit activity’s strategy (vision and mission) to that of the municipality in the RBIAP.

The JAPAC commented that a comprehensive explanation and/ or comparison on the alignment between IAS’s strategy (vision and mission) and that of the municipality



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should be outlined in the Internal Audit Charter, and a "one-liner" statement referring to that can instead be included in the RBIAP. The JAPAC further indicated that the same should apply to paragraphs 4 and 5 (Internal Audit Mandate and Core Principles for the Professional Practice of Internal Auditing, respectively) of the RBIAP.

**Action 01 of 29 June 2023**

The JAPAC stated that the CAE should ensure that a comprehensive explanation and/ or comparison on the alignment between IAS's strategy (vision and mission) and that of the municipality, as well as the Internal Audit Mandate and Core Principles for the Professional Practice of Internal Auditing, are included in the Internal Audit Charter.

The CAE noted the remarks from the JAPAC.

**RE - The Strategic Approach**

The JAPAC stated that what it would like to see under the strategic approach are the categories of the audit projects included in the RBIAP.

For example, audit projects can be categorised as follows:

- Strategic and Operational Risk registers.
- Risks/ findings emanating from the AGSA Management Report.
- Compliance with laws and regulations.
- As per assessments by IAS and JAPAC.
- Request(s) from management.
- Findings from other assurance providers.
- Ad hoc audits.

The JAPAC further stated that most of these categories are covered in sub-paragraph 3 of paragraph 6 of the RBIAP, and that the CAE just needs to refine that paragraph.

The JAPAC went on to emphasise that risks with high/ very high inherent and residual risk exposure should not be included in the RBIAP as part of the audit projects as management has effectively indicated that the controls in place to mitigate those risks are not adequate and/ or effective. The CAE should consider listing all the risks with high/ very high residual risk exposure as an appendix to the RBIAP, indicating the reasons why these risks were not considered for inclusion in the RBIAP. The rationale for not including should be stated as "Management's assessment of the current controls in place are ineffective and/ or inadequate to mitigate the risk(s).

The CAE noted the remarks from the JAPAC.

**RE - Co-Ordination of Internal Audit/ Resource Planning**

The JAPAC enquired from the CAE why is it indicated in paragraph 7 of the RBIAP that "the CAE and Internal Auditor will be assisted by the two Internal Auditor interns", with the word "assisted" bold and underlined? The JAPAC further stated that in its understanding, the interns were going to be appointed on a permanent basis from the first of July 2023.

The CAE explained that the two Internal Audit interns are still in the training process



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and their contracts have been extended to allow them to complete their studies and training, after which the two vacant posts in the Internal Audit department will be advertised internally and all due processes will be followed accordingly.

The JAPAC suggested that the CAE removes the underline and bold font from the word "assisted", as the interns can be used as Junior Internal Auditors.

The CAE noted the remarks from the JAPAC.

**RE - Organisational Audit Universe**

The JAPAC enquired whether there is a documented audit universe, and the CAE responded that there is none.

The JAPAC stated that the CAE must have a fully documented audit universe, which indicates at a minimum the systems, processes, locations, functions (within each Directorate), etc., that must be covered by IAS. The JAPAC further stated that it understands that this exercise cannot be done overnight, but the CAE should include it in his short-term plan.

The CAE noted the remarks from the JAPAC.

**RE - Input/ commentary on the Risk-Based Audit Plan from the AGSA**

The JAPAC noted the comments/ inputs provided by the AGSA on the RBIAP. The JAPAC requested the CAE and IAS to put an extra effort on the Service Delivery related KPIs when doing the quarterly PDO audits.

The CAE noted the remarks from the JAPAC.

**RE - Reporting and communication**

The JAPAC requested the CAE to include a line/ paragraph regarding the requirement to report to the Municipal Public Accounts Committee ("MPAC") under paragraph 11 of the RBIAP.

The CAE noted the remarks from the JAPAC.

**RE - Total hours (audit hours and non-audit hours)**

The CAE gave an overview breakdown of the budgeted hours in the RBIAP, indicating that total number of hours available for the 2023/24 financial year, with consideration of the available hours for the two Internal Audit interns, the CAE and the internal auditor, is 7 344, and that is where the budget/ planning starts.

**Action 02 of 29 June 2023**

The JAPAC requested the CAE to share with the JAPAC a breakdown of how the 7 344 hours is split amongst the staff members in the Internal Audit department at the next JAPAC meeting

The JAPAC also stated that hours for Formal Training, In-House (On-The-Job) Training, Conferences, Workshops and Continuous Professional Development ("CPD")





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should be split/ separated for the JAPAC to track how much time goes to each of those components.

The JAPAC further proposed that since leave hours are unproductive hours, the CAE should revisit/ reconsider the allocations thereof, and any extra hours should be put under "ad hoc" hours for utilisation later during the year. The JAPAC made a reference to one of the internal audit functions in the public sector that did some benchmarking in terms of productive hours, where it was found that the productive hours in the internal audit function are split as follows:

- CAE – about 1000 productive hours per year.
- Senior Internal Auditor/ Audit Senior – about 1250 to 1300 productive hours per year.
- Junior Internal Auditor – about 1450 productive hours per year.

The CAE noted the remarks from the JAPAC.

**RE - The proposed RBIAP for 2023/24 (Individual audits and budgeted hours)**

The CAE gave a high-level overview of the proposed RBIAP (audit projects and budgeted hours) for 2023/24, making the point:

- The number of hours allocated to each audit project are allocated based on the experience of the CAE and the internal auditor on those specific audit projects and/ or functions/ processes.
- The first 10 audit projects on the proposed RBIAP are prescribed by legislation and considered as compliance/ cyclical audits.
- IAS will do a more detailed work/ testing on the quarterly Predetermined Objectives reviews ("PDO") given the inputs received from the AGSA.
- IAS will consider the previous audit reports/ findings on the two audit projects listed as follow-up audits to determine the type of audit engagement suitable for those, as well as the extent of testing.

The JAPAC noted the points made by the CAE and made the following remarks:

- The CAE must revise the allocation of hours to each audit project and as requested above, indicate to the JAPAC the number of hours available for each staff member in the internal audit function.
- The internal audit report on Risk Management has a lot of findings and therefore the Risk Management Review should be listed in the RBIAP as a follow-up rather than a full audit.
- The number of hours allocated for Combined Assurance Reviews appears to be too much for the work done *re* Combined Assurance Review. Combined Assurance falls under the RMU and there should already be an ongoing communication between IAS and RMU.
- Number 6 – "Risk Management Review", Number 9 and Number 10 – "Key Controls Assessment 1 and 2" respectively, as well as Number 20 – "Follow-up on previous Internal Audit findings", are all follow-up audits and consideration should be given to combining them under one line item as far as time allocation is concerned to avoid duplication.
- In terms of the scope *re* Number 12 – "Loss of records", the focus should be on



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records management.

- Regarding Number 14 – “Loss of critical business data – Business Continuity”, the scope and objective must be clearly indicated (*i.e.*, whether the focus will be on Business Continuity or Disaster Recovery as this will have an impact on the number of hours allocated on the audit project).
- The above statement (*i.e.*, clear indications of scope/ work to be done) also applies to Number 13 – “Insufficient number of childcare / partial care facilities in Overstrand”, and Number 16 – “Loss of/ unavailability of key personnel”.
- The line item named “Management ad-hoc requests” should be removed and the hours allocated thereto should be allocated on more assurance engagements. If management requests arise during the financial year, the JAPAC and the CAE will discuss and decide on what engagements should be removed (sacrificed) from the RBIAP to create a space for the ad hoc request from management. These changes will then necessitate the RBIAP to be amended which must be approved by the JAPAC accordingly.

**Action 03 of 29 June 2023**

The JAPAC proposed that there should be a discussion about whether an external body should be appointed to conduct an audit/ review on the risk *re* protection/ security of ICT infrastructure and business systems.

The CAE noted all the remarks from the JAPAC.

**RESOLVED**

The JAPAC resolved to approve the 2023/24 Risk-Based Internal Audit Plan for the subject to the discussions and ensuing recommendations of this meeting.

**Action 04 of 29 June 2023**

The CAE must present the amended RBIAP to the JAPAC at the next JAPAC meeting for JAPAC to ensure that all recommendations made in this meeting have been considered and/ or incorporated accordingly.

**6. GENERAL**

There were no items for discussion.

**7. NEXT MEETING**

The JAPAC resolved that the next JAPAC meeting be held on **28 August 2023** for the review and discussion of the 2022/23 Draft Annual Financial Statements. The JAPAC would then also take time after the meeting to discuss the 2023/24 RBAIP with the recommended changes.

**8. CLOSING**

The meeting closed at 11:59.

**PAL STRAUSS  
CHAIRPERSON**

15 November 2023

**DATE**

**Internal Audit Services**

*"Your partner in  
assurance excellence"*



**MINUTES OF THE MEETING OF THE JAPAC HELD VIRTUALLY (via MICROSOFT TEAMS) ON THURSDAY, 29<sup>TH</sup> OF JUNE 2023 AT 09H00**

**MS TEAMS ATTENDANCE SHEET**

<b>Full Name</b>	<b>User Action</b>	<b>Timestamp</b>
Elrich Essop	Joined	6/29/2023, 8:47:09 AM
Nolusindiso Tsholoba	Joined before	6/29/2023, 8:47:09 AM
Nolusindiso Tsholoba	Left	6/29/2023, 11:58:59 AM
Chessy Pieterse (Guest)	Joined	6/29/2023, 8:51:10 AM
Chessy Pieterse (Guest)	Left	6/29/2023, 11:59:10 AM
Dominic Van Der Heever	Joined	6/29/2023, 8:52:40 AM
Dominic Van Der Heever	Left	6/29/2023, 9:01:01 AM
Dominic Van Der Heever (Guest)	Joined	6/29/2023, 8:53:27 AM
Dominic Van Der Heever (Guest)	Left	6/29/2023, 9:11:30 AM
Sandiso Makwetu	Joined	6/29/2023, 8:53:33 AM
Sandiso Makwetu	Left	6/29/2023, 11:59:13 AM
Pieter Strauss (Guest)	Joined	6/29/2023, 8:58:28 AM
Pieter Strauss (Guest)	Left	6/29/2023, 11:59:03 AM
Tom Blok	Joined	6/29/2023, 8:59:19 AM
Tom Blok	Left	6/29/2023, 9:02:08 AM
Tom Blok	Joined	6/29/2023, 9:02:31 AM
Tom Blok	Left	6/29/2023, 9:04:16 AM
Tom Blok	Joined	6/29/2023, 9:09:31 AM
Tom Blok	Left	6/29/2023, 9:11:47 AM
Tom Blok	Joined	6/29/2023, 9:16:27 AM
Tom Blok	Left	6/29/2023, 11:59:03 AM
Tom Blok	Joined	6/29/2023, 9:04:49 AM
Tom Blok	Left	6/29/2023, 9:04:51 AM
Tom Blok	Joined	6/29/2023, 9:06:24 AM
Tom Blok	Left	6/29/2023, 9:09:43 AM
Tom Blok	Joined	6/29/2023, 9:12:19 AM
Tom Blok	Left	6/29/2023, 9:16:39 AM



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 28 AUGUST 2023  
(MONDAY/ MAANDAG)

**VENUE / PLEK:** COMMITTEE ROOM/ KOMITEEKAMER  
INTERNAL AUDIT OFFICES  
09 NERINA HOUSE/ HUIS,  
HERMANUS

**TIME / TYD:** 09:00 HRS/UUR



**MINUTES OF THE SPECIAL MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM, INTERNAL AUDIT SERVICES, NERINA ROAD, HERMANUS ON MONDAY, 28<sup>TH</sup> OF AUGUST 2023 AT 09:00**

**1. OPENING AND WELCOMING BY THE CHAIRPERSON**

The Chairperson, Mr PAL Strauss, welcomed everyone present to the first JAPAC meeting in respect of the 2023/2024 financial year.

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

Apologies were received from the following official(s)/ member(s):

1. Mr E Essop (Internal Auditor)
2. Ms Z Mazuthu (Chief Risk Officer)

**Persons present** - see the attached attendance registers. Ms N Mlobeli (from the Auditor-General of Suth Africa [AGSA]) attended the meeting virtually (via MS Teams).

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

No statements/ matters for this meeting.

**4. CONFIRMATION OF PREVIOUS MINUTES**

None for this meeting.

**5. ITEM(S) FOR DISCUSSION**

**5.1. AGSA – Audit Strategy Discussion**

The JAPAC expressed its gratitude to Ms N Mlobeli for making herself available for this meeting.

**RE – Audit Engagement Letter**

The JAPAC asked Ms N Mlobeli to present briefly the Audit Engagement Letter to the JAPAC before moving on to the Audit Strategy.

Ms N Mlobeli presented briefly the Audit Engagement Letter, explaining amongst other factors, the responsibilities of all parties involved in the audit.

The JAPAC noted the Audit Engagement Letter and the presentation thereof and made a remark that whenever there is a disagreement between the AGSA and management during the audit, and/ or there is an identified Material Irregularity (MI), the AGSA must inform the JAPAC as soon as possible and not only inform the JAPAC towards the end of the audit when there is little to no value that the JAPAC can add.

The JAPAC further enquired how does the AGSA ensure that all the Generally Recognized Accounting Practice (GRAP) principles are adhered to within the municipality?

Ms N Mlobeli responded that the AGSA has a GRAP checklist that they complete as part of their audit procedures, which helps them ensure that all GRAP principles are adhered to.



The JAPAC noted the response from Ms N Mlobeli and asked her to proceed with the presentation of the Audit Strategy.

#### **RE – Audit Strategy**

Ms N Mlobeli presented the Audit Strategy, explaining that the purpose of the Audit Strategy is to set the scope, timing and direction of the audit.

The JAPAC noted the Audit Strategy and the presentation thereof, and made the following recommendations:

- Regarding the table in paragraph 6 of the Audit Strategy, that “*Material irregularity (MI) notification and other MI related communications (if applicable)*” be communicated with those charged with governance as well, that being the JAPAC, and not just the Accounting Officer.
- Audit fees must be discussed and agreed with management.

Ms N Mlobeli noted the recommendations by the JAPAC.

<b>Action 01 of 28 August 2023</b>
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The JAPAC requested the Chief Audit Executive (CAE) to provide proposed/provisional dates for JAPAC meetings re 2023/2024 financial year.
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The CAE noted the request by the JAPAC.

The JAPAC enquired from Ms N Mlobeli what are the materiality levels regarding the audit?

Ms N Mlobeli responded that the materiality level is about 1% of expenditure.

The JAPAC noted the response by Ms N Mlobeli.

#### **RESOLVED**

That the Audit Strategy of the AGSA be referred to management for the audit to proceed, subject to:

- Management approving the Audit Strategy without any material changes.
- Management doing analysis of and finalising the audit fee with the AGSA.
- The recommendations made by the JAPAC in this meeting regarding the Audit Strategy, and the implementation thereof.

#### **5.2. Draft Annual Financial Statements (AFS) for 2022/2023 financial year**

The JAPAC requested the CFO to brief the committee on the process of the Annual Financial Statements (AFS) from preparation to submission, as well as how does the municipality ensure quality on the AFS, before the CFO presents the AFS to the JAPAC.

The CFO expressed her gratitude to the JAPAC for the platform given to her and stated that the Financial Services Department is the department responsible for the compilation of the AFS.

The CFO explained that the municipality normally begins with its financial year-end processes in May, and all departments in the Finance Directorate work together to



assist in the compilation of the AFS by providing the necessary working papers and other relevant information to the Manager: Financial Accounting and her team.

The CFO further stated that the municipality has a peer-review arrangement of the AFS with Drankenstein Municipality and the Provincial Treasury (PT), where Drankenstein Municipality and PT provide feedback to the municipality after their review of the AFS.

The JAPAC enquired whether there were any significant issues raised by Drankenstein Municipality and the PT upon their peer review of the 2022/2023 AFS.

The CFO responded that there were only two (2) comments received from Drankenstein Municipality and ten (10) comments received from the PT, all of which are not significant issues.

The JAPAC noted the responses from the CFO and requested the CFO to provide a high-level overview of the AFS. The JAPAC also stated that the committee will later get to the notes to AFS in detail.

The CFO gave a high-level overview of the AFS, starting with the Statement of Financial Position.

Subsequent to the high-level overview given by the CFO, the JAPAC enquired whether the CFO is happy with the overall financial position of the municipality.

The CFO responded that she is happy with the overall financial position of the municipality. The CFO explained that her major concern is the impact of load shedding, which has had a negative impact on the cash reserves and working capital.

The JAPAC noted the response from the CFO and recommended that for better readability of the Statement of Comparison of Budget and Actual Amounts, the "Difference between final budget and actual" column should be flagged as a percentage (%) as the figures in that column represent percentages.

The CFO noted the recommendation by the JAPAC.

The JAPAC enquired whether there are any significant changes to the accounting policies from the previous (2021/22) financial year that the JAPAC needs to be aware of.

The CFO responded that no significant changes to the accounting policies from the previous year.

Regarding accounting policy "1.8 Intangible assets", the JAPAC enquired what is meant or represented by "other" in the line item "Computer software, other"?

The Deputy Director: Finance and SCM responded that the only other intangible asset that the municipality has at the moment is water rights, as the municipality has the right to a dam where the municipality can utilise the first 2 million litres of water per annum.

The JAPAC recommended that a new line item called "Water rights" should be added to enable the reader to understand what intangible assets of Overstrand Municipality consists of, as the computer software and water rights are diverse in nature.



The Deputy Director: Finance and SCM responded that from amortisation perspective, they can delete the "other" as municipality does not amortise water rights.

The JAPAC then recommended that the "other" be removed from the "Computer software" line item under the accounting policies and under note 4 of the notes to the AFS.

The CFO and the Deputy Director: Finance and SCM noted the recommendation by the JAPAC.

The JAPAC enquired about the overtime amount of over R42 million in note "29. Employee related costs", stating that the fact that about 10% of the total employee related costs.

The MM responded that overtime expense is a concern for him as well. The MM went further to explain that the previous practice with regard to overtime, specifically at operational department, consisted of overtimes being approved for any call that is logged at operational department, even if there is no emergency. The MM further stated that he has ordered that going forward, overtime must be approved only for emergency situations and after the work has been done.

The JAPAC noted the response from the MM and enquired what has caused the significant increases in (a) Business and Advisory, (b) Sewerage and Water Services, and (c) Traffic Fines Management under note "36. Contracted services - Outsourced Services"?

Regarding Sewerage and Water Services, the CFO responded that the municipality added on its plants during the year under review.

Regarding Traffic Fines Management, the MM responded that from the current financial year going forward, Traffic Fines Management will be done inhouse from the current (2023/2024) financial year.

The JAPAC noted the responses from management and made remarks that management should look into the Business and Advisory costs and should determine and ensure that the municipality really needs those services. The JAPAC further recommended that due to its significance, the increase in Sewerage and Water Services costs from the previous year should be explained by a text in the notes to AFS.

The JAPAC also recommended that, regarding note "39. Auditors' remuneration", the amount indicated as "Fees" should be split between remuneration and disbursements, as disbursements and remuneration are not the same thing.

The CFO noted the recommendation by the JAPAC.

Regarding note "59. Distribution losses", the JAPAC recommended that norms and standards in terms of water and electricity losses be indicated in order to paint a picture of where the municipality is regarding management thereof.

**RESOLVED**





That the Draft AFS for the year ended 30 June 2023 be submitted to AGSA for auditing, subject to the discussions and recommendations made in this meeting.

### 5.3. Draft Annual Performance Report (APR) for 2022/23

The JAPAC asked for the feedback on the performance of the municipality for the year, and whether the Portfolio of evidence (POE) is in place and ready.

The Director: Management Services responded that the POEs are kept readily available throughout the year and that the municipality audits itself in that regard to ensure that everything is intact in so far as POEs are concerned. The Director: Management Services also referred the committee to the first note in the Draft Annual Performance Report (APR), which reads, quoted verbatim, "*Note: Due to year end, the financial figures cited are preliminary and subject to the draft Annual Financial Statements (AFS) that will be issued to the AG on 31 August 2023. The draft AFS figures will be verified in the draft unaudited Annual Report before submission to the AG on 31 August 2023.*" The Director: Management Services further stated that there could still be changes in the APR as a result of the abovementioned note.

The JAPAC noted the statements from the Director: Management Services and made a recommendation regarding the summary of overall performance for the year on page 2 of the APR, that the "met" and "almost met" categories should be combined in the last paragraph on that page to create a more positive picture for the reader, explaining that the first line could read better if it reads "Overall, the municipality met or almost met 44 (93.62%) of a total number of 47 Top Layer key performance indicators (KPIs) for the period 01 July 2022 – 30 June 2023. The JAPAC further stated that the report should state which of the "met" KPIs exceeded the expectations/ target(s).

The Director: Management Services noted the recommendations by the JAPAC and stated that the last paragraph on page 2 will be reworded to action the recommendations of the JAPAC.

The JAPAC recommended that regarding the comments under "Corrective Measure" of TL32, the word "demolished" should be removed and rather replaced with "discontinued" since it refers to indigent categories.

The CFO noted the recommendation from the JAPAC.

### RESOLVED

That the Draft APR for the 2022/2023 financial year be approved, subject to the discussions and recommendations made in this meeting.

### 6. GENERAL

No matters were raised/ listed for discussion under general.

### 7. CLOSING

The meeting closed at 12:10



*Pal Strauss*

PAL STRAUSS  
CHAIRPERSON

15 November 2023

DATE

**ATTENDANCE REGISTER**

**JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr P A L Strauss	Chairperson	<i>Pal Strauss</i>	N	N
Mr T Blok	Member	<i>T Blok</i>	N	N
Mr D H Smith	Member	<i>D H Smith</i>	N	N
Mr C C C Pieterse	Member	<i>C C C Pieterse</i>	N	N

**INTERNAL AUDIT SERVICES**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D Van Der Heever	Chief Audit Executive (CAE)	<i>D Van Der Heever</i>	NO	NO
Mr E Essop	Internal Auditor	<i>E Essop</i>		
Ms N Tsholoba	Intern: Internal Audit	<i>N Tsholoba</i>	N@	NO
Mr S Makwetu	Intern: Internal Audit	<i>S Makwetu</i>	N	N

**ATTENDANCE BY INVITATION**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D O'Neill	Municipal Manager	<i>D O'Neill</i>	N	N
Ms. S Reyneke-Naude	Director: Finance (CFO)	<i>S Reyneke-Naude</i>	N	N
Mr. B King	Senior Manager: Financial Services	<i>B King</i>	N	N
Mr. C Le Roux	Deputy Director.: Finance & SCM	<i>C Le Roux</i>	N	N
Ms. D Arrison	Director: Management Services	<i>D Arrison</i>	NONE	NONE
Ms. V Allen	Manager: Financial Accounting	<i>V Allen</i>	N	N
Ms. R Louw	Senior Manager: Strategic Services	<i>R Louw</i>	N	N
Ms. Z Mazuthu	Chief Risk Officer	<i>Z Mazuthu</i>		
Ms. V Silolo	Intern: Risk Management Unit	<i>V Silolo</i>	N	N



### MICROSOFT TEAMS ATTENDANCE LIST

<b>Name</b>	<b>First Join</b>	<b>Last Leave</b>	<b>In-Meeting Duration</b>
Sandiso Makwetu	8/28/23, 9:00:05 AM	8/28/23, 9:37:04 AM	36m 59s
Ncebakazi Mlobeli	8/28/23, 9:00:20 AM	8/28/23, 9:36:59 AM	36m 38s



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 14 NOVEMBER 2023  
(TUESDAY/ DINSDAG)

**VENUE / PLEK:** COMMITTEE ROOM/ KOMITEEKAMER  
INTERNAL AUDIT OFFICES  
09 NERINA HOUSE/ HUIS,  
HERMANUS

**TIME / TYD:** 14:00 HRS/UUR



**MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM, INTERNAL AUDIT SERVICES, NERINA ROAD, HERMANUS ON TUESDAY, 14 NOVEMBER 2023 AT 14:00**

**1. OPENING AND WELCOMING**

Mr CCC Pieterse opened the meeting with a prayer and the Chairperson, Mr PAL Strauss, welcomed everyone present to the second JAPAC meeting in respect of the 2023/2024 financial year.

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

Apologies were received from the following official(s)/ member(s):

1. Mr S Madikane (Director: Economic & Social Development & Tourism)

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

**3. DECLARATION OF INTERESTS**

The Joint Audit and Performance Audit Committee (JAPAC) members and attendees declared that they have no interest(s) in any of the items on the agenda.

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

- a) The Chairperson congratulated the municipality for the way the municipality dealt with the storms that occurred on the weekend of 23 and 24 September 2023, and the aftermath thereof. The Chairperson stated that although some of the reports will show breakdowns in controls, but the way the municipality dealt with this matter was exceptional.
- b) The Chairperson also recommended that as the agenda and pack of this meeting has quarter 4 (2022/23) and quarter 1 (2023/24) reports, the quarter 4 reports should just be noted and only the quarter 1 reports should be discussed, unless there is a specific matter or question arising from the quarter 1 report. In which case, that matter will be discussed accordingly.

**4.1. ADDITION(S) TO THE AGENDA**

**a) Status on the progress of restoring infrastructure damaged by the storms**

The MM provided an update on the progress *re* restoration of infrastructure damaged by the storms that occurred on the weekend of 23 and 24 September 2023.

**b) VAT on library services**

The matter was discussed briefly by the JAPAC and the CFO.

**c) Status *re* the organisational redesign process**

**Action 01 of 14 November 2023**

The JAPAC requested that the organisational redesign process be a standing item on the agenda of the next JAPAC meeting for MM to provide feedback to the JAPAC on the major changes in the organisational structure once it is approved.

**d) Feedback on the external audit process**

The CFO gave a brief update on the external audit process.



#### 4.2. DELIBERATIONS RE PRE-MEETING

The following resolutions were made in the JAPAC pre-meeting of 14 November 2023, that:

- The minutes of the undermentioned JAPAC meetings (see paragraph 5 below) be adopted in the main meeting with few/ minor amendments to be made.
- The amended 2023/24 Risk Based Internal Audit Plan be approved.
- The CAE status report be noted in the main meeting, as it was already deliberated in the pre-meeting.

#### 5. CONFIRMATION OF PREVIOUS MINUTES

The minutes of the following meetings were considered:

- a) JAPAC pre-meeting of 14 November 2023
- b) JAPAC meeting of 26 April 2023
- c) JAPAC meeting of 29 June 2023
- d) Special JAPAC meeting of 28 August 2023

#### RESOLVED

The minutes of the abovementioned meetings were adopted with few/ minor amendments to be made (regarding MS Teams attendance registers, and one typo in the minutes).

#### 6. MATTERS ARISING FROM PREVIOUS MINUTES (JAPAC ACTION REGISTER)

##### 6.1. Action item 1 of 10/11/2022 (Re: 5)

Item closed.

##### 6.2. Action Item 2 of 10/11/2022 (Re: 6.1.5)

Item closed.

##### 6.3. Action item 3 of 10/11/2022 (Re: 6.2.4)

Item closed.

##### 6.4. Action Item 10 of 10/11/2022 (Re: 8)

Ongoing – IAS to perform an audit (compliance review *re* POPIA) in quarter 4.

##### **Action 02 of 14 November 2023**

The RBIAP (scheduling of audit engagements) should be amended to include compliance review *re* POPIA in quarter 4.

##### 6.5. Action item 02 of 01/02/2023 (Re: 4.1)

Item closed.

##### 6.6. Action item 01 of 26/04/2023 (Re: 7.1)

Item closed.



**6.7. Action item 02 of 26/04/2023 (Re: 7.2.3)**

Item closed.

**6.8. Action item 03 of 26/04/2023 (Re: 8.1.1)**

In progress – reviewed organisational structure to be approved by Council at the end of November 2023

**6.9. Action item 04 of 26/04/2023 (Re: 8.1.1)**

Continuous – the quality self-assessment is continuously performed during the 2023/24 financial year.

**6.10. Action item 05 of 26/04/2023 (Re: 8.1.1)**

Item closed.

**6.11. Action item 01 of 29/06/2023 (Re: 5.1.4)**

Item closed.

**6.12. Action item 02 of 29/06/2023 (Re: 5.1.4)**

Item closed.

**6.13. Action item 03 of 29/06/2023 (Re: 5.1.4)**

In progress.

**6.14. Action item 04 of 29/06/2023 (Re: 5.1.4)**

Item closed.

**6.15. Action item 04 of 01/02/2023 (Re: 9)**

Item closed.

**7. MATTERS OF MANAGEMENT INVOLVEMENT**

**7.1. RISK MANAGEMENT**

**7.1.1. Risk Management Report**

***Re Quarter 4 (2022/23)***

The report was noted by the JAPAC.

***Re Quarter 1 (2023/24)***

The report was tabled by the CRO and discussed accordingly. The following remarks and recommendations were made:

- a) There is a noteworthy improvement in Risk Management reporting.
- b) The quarterly Risk Management Reports must be signed by the Chairperson of FARMCO.
- c) Refer to action item no. 3 below.



**Action 03 of 14 November 2023**

The status of all audit and Risk Management related actions should be a standing item on the agenda of the TMT meetings.

d) Refer to action item no. 4 below.

**Action 04 of 14 November 2023**

The minutes of FARMCO should form part of the JAPAC agenda (PACK).

**RESOLVED**

The JAPAC takes note of the quarterly Risk Management Reports for quarter 4 (2022/23) and quarter 1 (2023/24).

**7.1.2. Combined Assurance Status Report for Quarter 3 re 2022/2023**

**Re Quarter 4 (2022/23)**

The report was noted by the JAPAC.

**Re Quarter 1 (2023/24)**

The report was tabled by the CRO and discussed accordingly. The following remarks and recommendations were made:

- a) The Combined Assurance report is a work-in-progress.
- b) The JAPAC raised a concern over the fact that there is only 1 (one) risk in the Combined Assurance where adequate assurance was provided according to the control self-assessment.
- c) The Combined Assurance report indicates that JAPAC did not provide any assurance in any of the risks in the Combined Assurance report.

**Action 05 of 14 November 2023**

The role of the JAPAC in relation to Combined Assurance should be reviewed/ looked at in the next JAPAC and FARMCO meetings.

**RESOLVED**

The JAPAC takes note of the Combined Assurance Status Report for quarter 4 (2022/23) and quarter 1 (2023/24).

**7.1.3. Key Risk Registers**

The Key Risk Registers, which contain the key risks of the municipality, were noted by the JAPAC as an annexure to the Risk Management Report, which has already been discussed.

**RESOLVED**

The JAPAC takes note of the Key Risk Registers as at 24 July 2023 and 30 September 2023.

**7.1.4. Risk Action Reports**

The JAPAC noted that no action status update (response) was provided in some of the risks in the Risk Action reports due to unavailability of some of the risk action owners. The





JAPAC also stated that it is cognizant of the fact that the post for the Director: Community Services has been advertised.

**RESOLVED**

The JAPAC takes note of the Risk Action Reports as at 27 July 2023 and 05 October 2023.

**7.1.5. Emerging risks identified by management**

The following issues were identified and brought to the attention of, and were duly noted by the JAPAC:

- a) **Organisational re-design (changes in organogram)** – includes changes in culture, there is a risk of unhappy employees.
- b) **Elections (political) season approaching** – with political season approaching, there is a risk of unrest.

**RESOLVED**

The JAPAC takes note of the issues identified as emerging risks by management.

**7.1.6. Loadshedding**

The matter was discussed and upon the discussion, it was determined that there are controls in place to address the impact of loadshedding and that it should be removed from the agenda of the JAPAC as a standing item.

**RESOLVED**

Loadshedding to be removed from the agenda of the JAPAC as a standing item.

**7.2. FINANCIAL MANAGEMENT AND CONTROLS**

**7.2.1. Quarterly Budget and SDBIP Report**

**Re Quarter 4 (2022/23)**

The report was noted by the JAPAC.

**Re Quarter 1 (2023/24)**

The CFO gave a high-level overview of the Budget Report, upon which few questions that were raised by the JAPAC were duly addressed.

**RESOLVED**

The JAPAC takes note of the Quarterly Budget and SDBIP Reports for quarter 4 (2022/23) and quarter 1 (2023/24).

**7.2.2. Report on Debt Collection Process as at 30 September 2023**

The CFO gave a high-level overview of the report on Debt Collection Process as at 30 September 2023 and no major concerns were highlighted by the CFO in so far as the Debt Collection Process is concerned.

**RESOLVED**



The JAPAC takes note of the Report on Debt Collection Process as at 30 September 2023.

#### **7.2.3. Top 20 creditors as at 30 September 2023**

The CFO gave an overview of the report on the top 20 creditors of the municipality as at 30 September 2023 and no major concerns were highlighted by the CFO in so far as the report is concerned.

The JAPAC commended management for the short and precise report on the 20 creditors of the municipality.

#### **RESOLVED**

The JAPAC takes note of the report on the top 20 Creditors as at 31 March 2023.

#### **7.2.4. Audit Action Plan as at 26 October 2023**

The CFO gave high-level overview of the AAP and no questions/ comments were raised concerning that report.

#### **RESOLVED**

The JAPAC takes note of the Audit Action Plan as at 26 October 2023.

### **7.3. INTERNAL AUDIT REPORTS**

#### **Quarter 4 (2022/2023) Internal Audit Reports for noting by JAPAC**

##### **7.3.1. Evaluating the Risk Management Process**

The report was tabled and discussed. Upon discussion, it was stated that Internal Audit Services will perform a consulting engagement regarding Risk Management Process and Combined Assurance of the municipality.

##### **7.3.2. Combined Assurance Bi-Annual review 2 re 2022/23**

The report was tabled and discussed. Upon discussion, it was stated that Internal Audit Services will perform a consulting engagement regarding Risk Management Process and Combined Assurance of the municipality.

##### **7.3.3. Electricity distribution losses and outages**

The report was tabled and discussed. The Director: Infrastructure and Planning indicated that regarding back-up power at critical water and wastewater facilities, the Water Treatment Works are all covered, but the pump stations are not all covered.

The comments from the Director were noted.

##### **7.3.4. Theft and Vandalism (municipal infrastructure)**

The report was tabled and discussed. The JAPAC stated that management should not "note" the report in their comments, management should acknowledge the issues/ observations raised by IAS and indicate what actions will be taken to address the issues raised.



### 7.3.5. Municipal compliance with fire safety regulations and SANS codes

The JAPAC noted that the report contains significant non-compliance issues and stated that actions must be taken to address the identified issues.

### 7.3.6. Adequacy of stormwater infrastructure

The report was tabled and discussed. The JAPAC made remarks that IAS should focus more on what controls are in place to mitigate the risk, and not the technical components. The engineers will deal with the technical components.

### Quarter 1 (2023/2024) Internal Audit Reports for consideration by JAPAC

#### 7.3.7. Predetermined Objectives – Quarter 4 re 2022/23

The report was tabled and discussed. The JAPAC noted that for some of the KPIs, the POE was supposed to be minutes of the meeting but instead an agenda was uploaded. An agenda is not evidence that the meeting took place, but the minutes of a meeting serve as evidence that the meeting took place.

The JAPAC therefore recommended that minutes, and attendance register be uploaded as POE for KPIs that require evidence that a meeting took place.

#### 7.3.8. Predetermined Objectives – Quarter 1 re 2023/24

The report was tabled and discussed. No comments/ questions were raised.

#### 7.3.9. Key Control Assessment (Bi-annual review 1) re 2023/24

The report was tabled and discussed. The JAPAC noted the report.

#### RESOLVED

The JAPAC takes note of the Internal Audit Reports for quarter 4 (2022/23) and quarter 1 (2023/24)

### 7.4. AUDIT FINDING(S) TRACKING REGISTER

The register was tabled and discussed.

#### Action 06 of 14 November 2023

The JAPAC recommended that deadlines should only be extended by the MM in instances where deadlines are not met (*i.e.*, findings are not resolved by the deadlines/ target dates).

#### RESOLVED

That this report would be part of the discussion with the MM in a closed session between the MM and the JAPAC after the meeting. The JAPAC takes note of the Audit Finding(s) Tracking Register as at 08 November 2023.

## 8. INTERNAL AUDIT AND JAPAC MATTERS

### 8.1. INTERNAL AUDIT MATTERS

#### 8.1.1. CAE Status Report for Quarter 1 re 2023/2024



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The report was dealt with in the pre-meeting and will not be discussed in the main meeting. The JAPAC recommended that the CAE shares the amended RBIAP with management and MM.

**RESOLVED**

The JAPAC takes note of the CAE Status Report for Quarter 1 re 2023/2024 financial year.

**9. GENERAL**

There were no items for discussion.

**10. NEXT MEETING**

The JAPAC resolved that the next JAPAC meeting be held on **07 FEBRUARY 2024**.

**11. CLOSING**

The meeting closed at 15:55.

**PAL STRAUSS**  
**CHAIRPERSON**

10 April 2024

**DATE**



### ATTENDANCE REGISTER



#### ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) MEETING HELD ON TUESDAY, 14 NOVEMBER 2023 AT 14:00 IN THE INTERNAL AUDIT SERVICES BOARDROOM, HERMANUS

1. Do you or your partner have any financial or other interest in the subject matter of the meeting, which may be considered as constituting a real, potential, or apparent conflict of interest? Y/N
2. Is there anything else, or the perception by others, that could affect your objectivity and independence in this meeting? Y/N

*By signing this register, I hereby declare that the disclosed information is correct and no other situation of real, potential or apparent conflict of interest is known to me. I undertake to inform the meeting of any status changes that may be brought to light as a result of any issue that may arise as the meeting progresses. I also undertake to timely inform the department of any changes in these circumstances during the period.*

#### JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr P A L Strauss	Chairperson		N	N
Mr T Blok	Member		N	N
Mr D H Smith	Member		N	N
Mr C C C Pieterse	Member		N	N

#### INTERNAL AUDIT SERVICES

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D Van Der Heever	Chief Audit Executive (CAE)		N	N
Mr E Essop	Internal Auditor		N	N
Ms N Tsholoba	Intern: Internal Audit		N	N
Mr S Makwetu	Intern: Internal Audit		N	N



Joint Audit & Performance Audit Committee Meeting  
Minutes of the Meeting: 14 November 2023

**ATTENDANCE BY INVITATION**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D O'Neill	Municipal Manager		No	No
Ms. S Reyneke-Naude	Director: Finance (CFO)		No	No
Ms. D Arrison	Director: Management Services		No	No.
Ms. R Louw	Senior Manager: Strategic Services		No	No
Ms. Z Mazuthu	Chief Risk Officer		NO	NO
Ms. V Silolo	Intern: Risk Management Unit		NO	NO
Mr. N Michaels	Director: Protection Services		Do	Do
Mr. S Madikane	Director: Economic & Social Development & Tourism			
Mr. S Muller	Director: Infrastructure and Planning		No	No
Mr. J Solomons	<del>Director: Community Services</del>		No	No

Senior Manager:  
Operational Services



**SPECIAL MEETING OF THE JOINT AUDIT AND  
PERFORMANCE AUDIT COMMITTEE WITH AGSA**

**SPESIALE VERGADERING VAN DIE GESAMENTLIKE  
PRESTASIE OUDIT EN OUDIT KOMITEE MET AGSA**

**MINUTES / NOTULE**

**DATE / DATUM:** 24 NOVEMBER 2023  
(FRIDAY/ VRYDAG)

**VENUE / PLEK:** VIRTUAL (*via MICROSOFT TEAMS*)

**TIME / TYD:** 09:00 HRS/UUR



**MINUTES OF THE SPECIAL MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD VIRTUALLY (via MICROSOFT TEAMS) ON FRIDAY, 24<sup>TH</sup> OF NOVEMBER 2023 AT 09:00**

**1. OPENING AND WELCOMING BY THE CHAIRPERSON**

Mr CCC Pieterse opened the meeting with a prayer and the Chairperson, Mr PAL Strauss, welcomed everyone present to the third JAPAC meeting in respect of the 2023/2024 financial year.

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

No apologies were received for this meeting. The attendance register is as per the MS Teams records. Mr D Van Der Heever (CAE), Mr E Essop (IA), Mr S Makwetu (IA intern) and Ms N Tsholoba (IA intern) were all attending the meeting on the same PC at HR Training Room, Harmony Ave, Hermanus.

**3. DECLARATION OF INTERESTS**

The JAPAC members declared that they have no interest(s) in any of the items on the agenda.

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

**4.1. ADDITIONS TO THE AGENDA**

**a) Progress on the audit fees**

Ms N Mlobeli (AGSA) provided progress on the audit fees, highlighting that the AGSA is still within the agreed budget as far as the audit fees are concerned.

**b) JAPAC minutes**

The deliberations of the JAPAC pre-meeting should be incorporated in the minutes of the main meeting and the minutes of the pre-meeting should be approved by the JAPAC in the main meeting.

**5. PURPOSE OF THE MEETING**

The Chairperson explained that the purpose of the meeting is to discuss the Draft Management Report for the year ended 30 June 2023, as well as the progress of the audit by AGSA.

**5.1. 2022/23 Draft Management Report**

Ms N Mlobeli presented the report to the JAPAC, indicating, inter alia, that:

- There are few format changes in the report and that the JAPAC is welcome to provide its inputs on the format changes made in the report.
- The municipality's audit outcome for 2022/23 has remained unchanged from the prior year, which means that the municipality has obtained an unqualified opinion with no material findings on predetermined objectives and compliance for three (3) consecutive years.

The JAPAC enquired whether any of the issued COMAFs will influence the final audit report?





Ms N Mlobeli responded that the issued COMAFs will not influence the audit opinion in the final audit report.

The JAPAC noted those remarks and made the following recommendations:

- a) The AGSA should not accept management responses on COMAFs that are in the first person (*i.e.*, beginning with "I"). Management responses should be collective responses, beginning with either "*Management*" or "*The municipality*".
- b) The Final Management Report should be distributed to the JAPAC as agreed with by management.

**Action 01 of 24 November 2023**

The JAPAC requested that the Final Management Report be distributed to the JAPAC once finalised.

**RESOLVED**

The JAPAC takes note of the 2022/23 Draft Management Report, awaiting distribution of the report to the JAPAC on Tuesday, 28 November 2023.

**5.2. Progress on the audit by AGSA**

Ms N Mlobeli gave a high-level overview on the progress of the audit, indicating that the draft audit report contains an unqualified opinion with no material findings.

**RESOLVED**

The JAPAC takes noted of the progress on the audit by AGSA and accepts the "clean" audit report, subject to no material changes when the report is finalised.

**5.3. JAPAC Report to Council**

The report was tabled and discussed. The JAPAC made the following recommendations:

- a) That matters after the end of the quarter, which will include the JAPAC congratulating the municipality on the "clean" audit, should be included in the report prior to the report being tabled before Council in January 2024.
- b) The JAPAC Action Register should be included as an annexure to the report to provide a summary of outstanding action items identified and requested for follow-up emanating from the JAPAC meeting minutes.

**5.4. JAPAC Report to MPAC**

The report was tabled and discussed. The JAPAC is satisfied with the format and contents of this report. Furthermore, the JAPAC is satisfied with communication between the JAPAC and Council as the minutes of the MPAC, which includes the JAPAC report(s) to MPAC, are also tabled before Council.

**6. GENERAL**

There were no items for discussion.

**7. CLOSING**

The meeting closed at 10:07



*Pal Strauss*

**PAL STRAUSS  
CHAIRPERSON**

4 April 2024

**DATE**

**MICROSOFT TEAMS ATTENDENCE LIST**

<b>Name</b>	<b>First Join</b>	<b>Last Leave</b>
Elrich Essop	11/24/23, 8:49:02 AM	11/24/23, 10:08:18 AM
Danie Smith (Guest)	11/24/23, 8:56:32 AM	11/24/23, 10:15:40 AM
pieter.strauss	11/24/23, 8:56:46 AM	11/24/23, 10:12:35 AM
chessy pieterse	11/24/23, 8:58:45 AM	11/24/23, 10:12:43 AM
Ncebakazi Mlobeli	11/24/23, 8:59:51 AM	11/24/23, 9:53:14 AM
Tom Blok	11/24/23, 9:00:18 AM	11/24/23, 10:12:50 AM
Luthando Mehlomakhulu (SM)	11/24/23, 9:02:17 AM	11/24/23, 9:53:13 AM



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 07 FEBRUARY 2024  
(WEDNESDAY/ WOENSDAG)

**VENUE / PLEK:** COMMITTEE ROOM/ KOMITEEKAMER  
INTERNAL AUDIT OFFICES  
09 NERINA HOUSE/ HUIS,  
HERMANUS

**TIME / TYD:** 09:45 HRS/UUR



**MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM, INTERNAL AUDIT SERVICES, NERINA ROAD, HERMANUS ON WEDNESDAY, 07 FEBRUARY 2024 AT 09:45**

**1. OPENING AND WELCOMING**

Mr CCC Pieterse opened the meeting with a prayer and the Chairperson, Mr PAL Strauss, welcomed everyone present to the fourth JAPAC meeting in respect of the 2023/2024 financial year.

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

Apologies were received from the following official(s)/ member(s):

1. Mr E Essop (Internal Auditor)

**Person's present** - see the attached attendance register. Ms Z Mazuthu (Chief Risk Officer) attended the meeting virtually (via MS Teams).

**3. DECLARATION OF INTERESTS**

The Joint Audit and Performance Audit Committee (JAPAC) members and attendees declared that they have no interest(s) in any of the items on the agenda.

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

The Chairperson noted the feedback provided by the Municipal Manager (MM) on the status of wildfires in Overstrand, and that there was no loss of life reported.

**4.1. ADDITION(S) TO THE AGENDA**

No items listed.

**5. CONFIRMATION OF PREVIOUS MINUTES**

The minutes of the following meetings were considered:

- a) JAPAC meeting of 14 November 2023
- b) Special JAPAC meeting 24 November 2023.

**RESOLVED**

The minutes of the abovementioned meetings were adopted with no amendments to be made.

**6. MATTERS ARISING FROM PREVIOUS MINUTES (JAPAC ACTION REGISTER)**

The JAPAC stated that matters that were discussed in the pre-meeting will not be discussed in detail but only noted in the main meeting.

**6.1. Action Item 10 of 10/11/2022 (Re: 8)**

Item closed.

**6.2. Action item 03 of 26/04/2023 (Re: 8.1.1)**

Item closed.

**6.3. Action Item 04 of 26/04/2023 (Re: 8.1.1)**



**In progress** – the budget for the External Quality Assessment (EQA) will be in the 2024/2025 budget and the tender for the EQA will be issued/ advertised in the first quarter of the 2024/25 financial year.

**6.4. Action item 03 of 29/06/2023 (Re: 5.1.4)**

Item closed – refer to paragraph 8.1.2 below.

**6.5. Action item 01 of 14/11/2023 (Re: 4.1)**

Item closed.

**6.6. Action item 02 of 14/11/2023 (Re: 6.4)**

Item closed.

**6.7. Action item 03 of 14/11/2023 (Re: 7.1.1)**

Item closed.

**6.8. Action Item 04 of 14/11/2023 (Re: 7.1.1)**

Item closed.

**6.9. Action item 05 of 14/11/2023 (Re: 7.1.2)**

Item closed.

**6.10. Action item 06 of 14/11/2023 (Re: 7.1.2)**

Item closed.

**6.11. Action Item 07 of 14/11/2023 (Re: 7.4)**

Item closed.

**Action 01 of 07 February 2024**

The JAPAC recommended that outstanding audit findings (re Audit Findings Tracking Register) be a standing item on TMT meetings to be dealt with at that level, wherein the CAE should sit as an invitee.

**6.12. Action item 01 of 24/11/2023 (Re: 5.1)**

Item closed.

**7. MATTERS OF MANAGEMENT INVOLVEMENT**

**7.1. RISK MANAGEMENT**

**7.1.1. Risk Management Report Re Quarter 2 (2023/24)**

The report was tabled by the Chief Risk Officer (CRO) and discussed accordingly.

**Action 02 of 07 February 2024**

The JAPAC to be provided with a confirmation that the findings/ gaps identified and/ or reported by Internal Audit are being addressed accordingly and that the loops are being closed. The JAPAC recommended that this can be done by the CRO and the CAE sitting in TMT meetings for 10 – 15 minutes whilst the action plans to address



outstanding findings and identified risks are being discussed.

The JAPAC further stated that the Fraud Incident Register and the Litigation Incident Register are two important registers that should feed FARMCO. The JAPAC noted that there is a draft Fraud Incident Register that is already being compiled by the CRO.

The CRO and the CAE noted the remarks from the JAPAC.

#### RESOLVED

The JAPAC takes note of the Risk Management Report for quarter 2 *re* 2023/24.

#### 7.1.2. FARMCO Minutes 23 October 2023

The JAPAC stated that the provided FARMCO minutes (of 23 October 2023) are the incorrect set of minutes for this meeting as the latest FARMCO meeting was held on 26 January 2024.

##### Action 03 of 07 February 2024

The JAPAC requested that the minutes of FARMCO meeting that was on held on 26 January 2024 must be distributed to the JAPAC.

#### RESOLVED

The JAPAC takes note of the FARMCO minutes of 23 October 2023.

#### 7.1.3. The role of the JAPAC in relation to Combined Assurance

The role of the JAPAC in relation to Combined assurance was discussed accordingly and the JAPAC made the following remarks:

- Combined Assurance should reside within and be driven (championed) by the Risk Management Unit (RMU).
- At the beginning of the financial year, there should be a plan about where will assurance come from in respect of each of the risks faced by the municipality during the financial year. This can be determined by IAS and RMU by way of meeting and discussing with the Directors (Risk Owners) as to where will that assurance potentially come from for their respective risks in order to assess how much assurance will be given to each risk, and that exercise is a combined plan.
- At the end of each quarter, IAS and RMU to meet and discuss/ assess what has happened and how much assurance has been given to each risk during the quarter, and the results thereof will form part of reporting to FARMCO and JAPAC.
- The committees (*i.e.*, FARMCO and JAPAC) are not there to provide any assurance on the effectiveness of the controls. The role of the committees is to provide oversight as to whether the process is properly followed, and all risks are adequately covered in the process.

The CRO noted the remarks from the JAPAC.

#### RESOLVED

##### Action 04 of 07 February 2024

The JAPAC requested the Risk Management Unit to table the first Combined Assurance report in the next JAPAC meeting that will be held on 19 April 2024.



#### 7.1.4. Feedback on the organisational re-design process

The MM stated that the draft organogram will be tabled during a Special Council meeting for approval which is scheduled for the 29 February 2024, after which the Minister of Local Government will be informed of the new structure and be given 30 days to provide feedback thereto. If the Minister does not have any significant changes on/ issues with the new structure, the process of placement will commence in April 2024 and will be completed by the end of the current (2023/2024) financial year.

##### Action 05 of 07 February 2024

The JAPAC requested a brief presentation by Director: Management Services on the new organisational structure once the new structure is approved.

The Director: Management Services noted the remarks from the JAPAC.

#### RESOLVED

The JAPAC takes note of the feedback on the organisational re-design process from the MM.

#### 7.1.5. Emerging risks identified by management

Management stated that there are no new/ emerging risks besides the recent flooding and the wildfires in the Overstrand jurisdiction which probably come because of climate change, which is already part of the strategic risks of the municipality.

#### RESOLVED

The JAPAC takes note of the remarks made by the management.

## 7.2. FINANCIAL MANAGEMENT AND CONTROLS

### 7.2.1. Quarterly Budget and SDBIP Report re Quarter 2 (2023/24)

#### Re Quarterly Budget Report

The CFO gave a high-level overview of the Quarterly Budget Report, and the report was discussed accordingly, upon which few questions that were raised by the JAPAC were duly addressed.

#### Re SDBIP Report

The Director: Management Services gave a high-level overview of the SDBIP Report, indicating that the municipality met 19 (76%) of a total number of 25 Top Layer Key Performance Indicators (KPIs) that were measured for the period 01 October 2023 to 31 December 2023. 5 (20%) of KPI's were almost met and 1 (4%) of the indicators were not met.

The report was discussed accordingly and a few questions that were raised by the JAPAC were duly addressed.

#### RESOLVED

The JAPAC takes note of the Quarterly Budget and SDBIP Report for quarter 2 (2023/24).



### 7.2.2. Report on Debt Collection Process as at 31 December 2023

The CFO gave a high-level overview of the report on Debt Collection Process as at 31 December 2023 and the report was discussed accordingly.

The JAPAC raised a concern regarding the ratio of outstanding debtors that are growing substantially. The observation of JAPAC was duly noted by management.

#### RESOLVED

The JAPAC takes note of the Report on Debt Collection Process as at 31 December 2023.

### 7.2.3. Top 20 Creditors as at 31 December 2023

The CFO gave an overview of the report on the top 20 creditors of the municipality as at 31 December 2023, upon which a few questions that were raised were duly addressed.

#### RESOLVED

The JAPAC takes note of the report on the top 20 Creditors as at 31 December 2023.

### 7.2.4. Audit Action Plan as at 22 December 2023

The report was tabled and discussed accordingly. A few questions that were raised by the JAPAC were duly addresses and no major issues were raised.

#### RESOLVED

The JAPAC takes note of the Audit Action Plan as at 22 December 2023.

### 7.2.5. Draft Audited Annual Report 2022/23

The Director: Management Services stated that the report is out for public comment and the due date for that is 28 February 2024.

The JAPAC noted that all the financial and performance information which the JAPAC is responsible for has been reviewed by the Auditor-General of South Africa (AGSA) and reflects under sections 3 and 5 of the Annual Report.

#### RESOLVED

The JAPAC takes note of the Draft Audited Annual Report i.r.o. 2022/2023.

## 7.3. INTERNAL AUDIT REPORTS

### 7.3.1. Predetermined Objectives – Quarter 2 re 2023/24

The report was tabled by the CAE, no questions/ comments were raised concerning the report.

### 7.3.2. Loss of records

The report was tabled and discussed. The JAPAC noted that there are no agreed action dates (deadlines) provided i.r.o the audit findings identified and that, together with the identified findings should be addressed at TMT meetings.





### 7.3.3. Loss of/ unavailability of key personnel

The report was tabled and discussed. The JAPAC noted that the report contains findings of significant nature and that those should reflect and be dealt with accordingly in the Audit Findings Tracking Register and TMT meetings.

### 7.3.4. Ad hoc request re alleged misconduct committed by a Senior Municipal official during the disaster of 25 September 2023

The JAPAC stated that this report was discussed in the pre-meeting and will not be discussed in the main meeting due to its confidential nature.

### 7.3.5. Ad hoc request re Overtime & Standby hours claimed by certain municipal officials for the preparation of food during the disaster of 25 September 2023

The JAPAC stated that this report was discussed in the pre-meeting and will not be discussed in the main meeting due to its confidential nature.

#### RESOLVED

The JAPAC takes note of the Internal Audit Reports.

### 7.3.6. AUDIT FINDING(S) TRACKING REGISTER

The JAPAC emphasised that deadlines can only be changed by the MM in the Audit Findings Tracking Register.

#### RESOLVED

The JAPAC takes note of the Audit Finding(S) Tracking Register.

## 8. INTERNAL AUDIT AND JAPAC MATTERS

### 8.1. INTERNAL AUDIT MATTERS

#### 8.1.1. 2<sup>nd</sup> CAE Status Report re 2023/2024

The JAPAC stated that the report was discussed in the pre-meeting wherein questions re overtime, training, admin hours, sick leaves and Quality Assessment Review were raised and dealt with accordingly. Therefore, the report will not be discussed in the main meeting.

#### RESOLVED

The JAPAC takes note of the 2<sup>nd</sup> CAE Status Report re 2023/2024.

#### 8.1.2. Appointment of a service provider re "Protection / security of ICT infrastructure and business systems"

The JAPAC deliberated over the Information Security Maturity Level Assessment Report prepared by State Information Technology Agency (SITA) for the Overstrand Municipality. After the deliberation, the JAPAC agreed that the report lacks depth, does not address some key elements, and does not address the need from the JAPAC's perspective.

#### RESOLVED

That:



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- 
- a) The report be referred to the ICT Steering Committee to deal with.
- b) The municipality proceeds with the tender process *re* appointment of a service provider to perform an audit on "*Protection / Security of ICT Infrastructure and business systems*" as per the approved Risk-Based Internal Audit Plan (RBIAP).

**9. GENERAL**

There were no items for discussion.

**10. NEXT MEETING**

The JAPAC resolved that the next JAPAC meeting be held on **19 APRIL 2024**.

**11. CLOSING**

The meeting closed at 11:57.

**PAL STRAUSS  
CHAIRPERSON**

28 June 2024

**DATE**



### ATTENDANCE REGISTER



**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE  
AUDIT COMMITTEE (JAPAC) MEETING HELD ON WEDNESDAY, 07  
FEBRUARY 2024 AT 09:30 IN THE INTERNAL AUDIT SERVICES  
BOARDROOM, HERMANUS**

1. Do you or your partner have any financial or other interest in the subject matter of the meeting, which may be considered as constituting a real, potential, or apparent conflict of interest? **Y/N**
2. Is there anything else, or the perception by others, that could affect your objectivity and independence in this meeting? **Y/N**

*By signing this register, I hereby declare that the disclosed information is correct and no other situation of real, potential or apparent conflict of interest is known to me. I undertake to inform the meeting of any status changes that may be brought to light as a result of any issue that may arise as the meeting progresses. I also undertake to timely inform the department of any changes in these circumstances during the period.*

#### **JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr P A L Strauss	Chairperson		N	N
Mr T Blok	Member		N	N
Mr D H Smith	Member		N	N
Mr C C C Pieterse	Member		N	N

#### **INTERNAL AUDIT SERVICES**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D Van Der Heever	Chief Audit Executive (CAE)		N	N
Mr E Essop	Internal Auditor			
Ms N Tsholoba	Intern: Internal Audit		N	N
Mr S Makwetu	Intern: Internal Audit		N	N



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**ATTENDANCE BY INVITATION**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
Mr D O'Neill	Municipal Manager	<i>[Signature]</i>	N	N
Ms. S Reyneke-Naude	Director: Finance (CFO)	<i>[Signature]</i>	N	N
Ms. D Arrison	Director: Management Services	<i>[Signature]</i>	N	N
Ms. R Louw	Senior Manager: Strategic Services	<i>[Signature]</i>	N	N
Ms. Z Mazuthu	Chief Risk Officer	<i>[Signature]</i>		
Ms. V Silolo	Intern: Risk Management Unit	<i>[Signature]</i>	N	N.
Mr. M Mbeki	Intern: Risk Management Unit	<i>[Signature]</i>	N	N
Mr. S Muller	Director: Infrastructure and Planning	<i>[Signature]</i>	N	N
<i>Judy Gunder</i>	<i>Risk Chair</i>	<i>[Signature]</i>	N	N.

**MICROSOFT TEAMS ATTENDANCE LIST**

Name	First Join	Last Leave	In-Meeting Duration
Sandiso Makwetu	2/07/24, 9:54:11 AM	2/07/24, 11:58:57 AM	2h 1m 24s
Zintle Mazuthu	2/07/24, 9:47:48 AM	2/07/24, 11:58:23 AM	2h 10m 34s



**OVERSTRAND MUNICIPALITY  
JAPAC ACTION REGISTER (OUTSTANDING ITEMS)**

A59/59

**PURPOSE OF JAPAC ACTION REGISTER:**

**TO LISTS AND MONITOR OUTSTANDING ITEMS IDENTIFIED AND REQUESTED FOR FOLLOW-UP EMANATING FROM THE JAPAC MEETING MINUTES.**

No.	ACTION ITEM	DETAIL(S)	REF. TO JAPAC MINUTES DATED	STATUS
<b>REF: JAPAC MEETING HELD ON 26 APRIL 2023</b>				
1.	04 of 26/04/2023 (Re: 8.1.1)	The JAPAC stated that IAS must perform a quality self-assessment in line with the new Global Internal Audit Standards (GIAS) during the 2023/2024 financial year.	26 April 2023	<b>In Progress</b> – budget for the Quality Assessments to be included in the 2024/2025 budget and the tender to be issued/ advertised in the first quarter of the 2024/25 financial year.
<b>REF: JAPAC MEETING HELD ON 07 FEBRUARY 2024</b>				
2.	01 of 07/02/2024 (Ref: 6.)	The JAPAC recommended that outstanding audit findings (re Audit Findings Tracking Register) be a standing item on TMT meetings to be dealt with at that level, wherein the CAE should sit as an invitee.	07 February 2024	<b>Completed</b> – outstanding audit findings are a standing item on TMT meetings.
3.	02 of 07/02/2024 (Ref: 7.1.1)	The JAPAC to be provided with a confirmation that the findings/ gaps identified and/ or reported by Internal Audit are being addressed accordingly and that the loops are being closed. The JAPAC recommended that this can be done by the CRO and the CAE sitting in TMT meetings for 10 – 15 minutes whilst the action plans to address outstanding findings and identified risks are being discussed.	07 February 2024	<b>Completed</b> – the CRO and CAE have a standing invitation at TMT meetings.
4.	03 of 07/02/2024 (Ref: 7.1.2)	The JAPAC requested that the minutes of FARMCO meeting that was on held on 26 January 2024 must be distributed to the JAPAC.	07 February 2024	<b>In progress</b> – to be distributed in the next JAPAC meeting
5.	04 of 07/02/2024 (Ref: 7.1.3)	The JAPAC requested the Risk Management Unit to table the first Combined Assurance report in the next JAPAC meeting that will be held on 19 April 2024.	07 February 2024	<b>In progress</b> – to be tabled in the next JAPAC meeting
6.	05 of 07/02/2024 (Ref: 7.1.4)	The JAPAC requested a brief presentation by Director: Management Services on the new organisational structure once the new structure is approved.	07 February 2024	<b>In progress</b> – MM to make the presentation in the next JAPAC meeting