

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

**3/2/3/12**

**DC Van Der Heever**

**(028) 313 5035**

**Internal Audit Services**

**11 June 2020**

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**1. Executive Summary**

The purpose of the report is to present Council with the Reports of the Joint Audit and Performance Audit Committee (JAPAC) in terms of the reporting requirements as per paragraph 3 of the JAPAC Charter, approved by Council on 21 May 2017.

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

Office of the Municipal Manager  
Internal Audit Services

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

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

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

**6. Background/Discussion**

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

**7. Financial Implications**

None

**8. Staff Implications**

None

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

None

**10. Annexures**

Annexure A: Report 1 of the Joint Audit and Performance Audit Committee for the 2019/20 Financial Year

Annexure B: Report 2 of the Joint Audit and Performance Audit Committee for the 2019/20 Financial Year

Annexure C: Report 3 of the Joint Audit and Performance Audit Committee for the 2019/20 Financial Year

**RECOMMENDATION TO THE COUNCIL:**

that the reports from the Joint Audit and Performance Audit Committee to the Overstrand Municipal Council **be noted**.

**RESPONSIBLE OFFICIAL :****DC VAN DER HEEVER****TARGET DATE FOR IMPLEMENTATION :****24 JUNE 2020**

Annexure A  
1/30

Date: September 2019

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

Copied to:

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

**REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 1 OF 2019/20 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 reporting should include a summary of the work performed by Internal Audit and the Joint Audit and Performance Audit Committee/ Audit Committee against the annual work plan, issues, and related recommendations.

Attached, please find the following:

Annexure A: Report of the Joint Audit and Performance Audit Committee for the period 01 July 2019 to 30 September 2019.

Yours truly



**BURTON VAN STAADEN**

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

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)  
Cell: 073 212 4875  
PO Box 285, CAPE GATE, 7562  
84c Barnard Street, BELLVILLE, 7530

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 1 OF 2019/20 FINANCIAL YEAR**

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

During the period 01 July 2019 to 30 September 2019, the JAPAC convened two (2) meetings, namely:

- JAPAC Special Meeting held on 21 August 2019
- JAPAC Meeting held on 17 September 2019

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

Member	JAPAC Special Meeting 21 August 2019	JAPAC Meeting 17 September 2019
Mr B van Staaden (Chairperson)	Attended	Attended
Mr R Kingwill	Attended	Attended
Mr. M Mdludlu	Attended	Attended
Mr. G Serfontein	Attended	Attended
Ms. M Koekemoer	Attended	Attended

**2. REPORT ON INTERNAL AUDIT**

During the period 01 July 2019 to 30 September 2019 the following internal audit reports/ documents were presented by the Chief Audit Executive and considered by the committee:

Meeting date	Internal Audit Reports
17/09/2019	1. mSCOA Implementation Project and Service Delivery Expectations re Vendor Capacity
	2. Management of Solid Waste (Waste Management)
	3. Management Illegal Structures/ Buildings

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

**3. INTERNAL AUDIT STAFFING**

The JAPAC noted that the Internal Audit Services is operating at 75% staffing.

**4. RESOLUTIONS OF THE JAPAC**

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

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

1. Minutes of JAPAC Meeting held on 21 August 2019 – Annexure B

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 1 OF 2019/20 FINANCIAL YEAR**

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2. Minutes of JAPAC Meeting held on 25 June 2019 – Annexure C

**5. REPORT ON PERFORMANCE MANAGEMENT**

At the JAPAC meeting held on 17 September 2019, the following quarterly report(s) in respect of performance management were presented and considered by the JAPAC:

4 <sup>th</sup> Quarter Reports (01 April 2019 to 30 June 2019)	1. Service Delivery and Budget Implementation Plan
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In reviewing the quarterly report(s) and the performance management system there were no material findings concerning the usefulness and reliability of the reported information. Where anomalies were identified, appropriate corrective action(s) were taken by management, as per Internal Audit Services recommendations, which included pro-active action by management to prevent a re-occurrence there-of.

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 1 OF 2019/20 FINANCIAL YEAR**

**6. REPORT ON RISK MANAGEMENT**

At the JAPAC meeting held on 17 September 2019, the following quarterly reports in respect of risk management were presented and considered by the JAPAC:

Meeting dates	Risk Management Reports
17/09/2019	1. Risk Action Report (July 2018 – June 2019)
	2. Risk Assist Report

The JAPAC noted the reports with concern owing to the fact that there has not been an adequate update of the risk register. However, the JAPAC obtained management assurance that there is a sound process in place.

**7. OTHER MATTERS**

**7.1 JAPAC REVIEW OF ANNUAL FINANCIAL STATEMENTS (AFS) FOR THE 2019/20 FINANCIAL PERIOD**

In reviewing the municipality's AFS there were no material findings concerning the fair presentation of the reported information. Where uncertainties/ concerns were identified, robust and positive discussions were held with management, which included pro-active action (where necessary) by management.

**7.2 FUNCTIONING OF JAPAC**

The JAPAC noted the newly appointed JAPAC members, Mr G. Serfontein and Ms M Koekemoer effective from 03 June 2019.

**8. NEXT MEETING**

The next meeting of the JAPAC will be held on 19 November 2019.

**END**



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 21 AUGUST 2019  
(WEDNESDAY / WOENSDAG)

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

**TIME / TYD** 14:00HRS

**Nolusindiso Tsholoba - FW: Draft minutes of 21 August 2019 JAPAC meeting**

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**From:** "Burton van Staaden" <burtonvs@gmail.com>  
**To:** <kingwillr@mweb.co.za>, <mariskakoeckemoer9@gmail.com>, <mmdludlu@telkoms...>  
**Date:** 2019/12/06 14:56  
**Subject:** FW: Draft minutes of 21 August 2019 JAPAC meeting  
**Cc:** "Nolusindiso Tsholoba" <ntsholoba@overstrand.gov.za>, "Dominic vander..."  
**Attachments:** Draft minutes of 21 August 2019 JAPAC meeting

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*Fellow JAPAC Members*

*Attached, please find the minutes in respect of the Special JAPAC meeting held on 21 August 2019 (Review of 2019 AFS). These minutes has not been tabled at a JAPAC meeting for approval.*

*Please advise whether there is any object to us reviewing it on a round robin basis and approving it. Your immediate response will be appreciated.*

*Yours truly,*

**BURTON VAN STAADEN**

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

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)

Cell: 073 212 4875

PO Box 285, CAPE GATE, 7562

84c Barnard Street, BELLVILLE, 7530

**From:** Burton van Staaden <burtonvs@gmail.com>  
**Sent:** 06 December 2019 11:32 AM  
**To:** 'Nolusindiso Tsholoba' <ntsholoba@overstrand.gov.za>  
**Cc:** 'Dominic vanderheever' <dvanderheever@overstrand.gov.za>; kingwillr@mweb.co.za; mariskakoeckemoer9@gmail.com; gideon@bdtcc.co.za; mmdludlu@telkomsa.net  
**Subject:** RE: Draft minutes of 21 August 2019 JAPAC meeting

*Good day Nolusindiso*

*I am not sure if these minutes (Special JAPAC Meeting: AFS Review) have ever been tabled at a JAPAC meeting for approval... please check and confirm if this is correct.*

*If it has not been approved, then I suggest that the JAPAC review and approve it on a round robin basis.*

*Yours truly,*



**BURTON VAN STAADEN**

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

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)

Cell: 073 212 4875

PO Box 285, CAPE GATE, 7562

84c Barnard Street, BELLVILLE, 7530

**From:** Nolusindiso Tsholoba <[ntsholoba@overstrand.gov.za](mailto:ntsholoba@overstrand.gov.za)>  
**Sent:** 06 December 2019 08:52 AM  
**To:** [burton@vsb.co.za](mailto:burton@vsb.co.za)  
**Cc:** Dominic vanderheever <[dvanderheever@overstrand.gov.za](mailto:dvanderheever@overstrand.gov.za)>  
**Subject:** Re: Draft minutes of 21 August 2019 JAPAC meeting

Dear Mr van Staaden,

I trust that this email finds you in good health.

The email below refers (dated 2019/09/18), please be kindly reminded that IAS has not yet received the reviewed/approved draft JAPAC minutes of the special JAPAC meeting held on 21 August 2019 for inclusion in the JAPAC to Council report.

Kind Regards,

**Nolusindiso Tsholoba**

Intern: Internal Audit

Internal Audit

Overstrand Municipality

**T:** +27 (0) 28 313 8005 | **F:** +27 (0) 28 313 2962 | **E:** [ntsholoba@overstrand.gov.za](mailto:ntsholoba@overstrand.gov.za)

**Overstrand Municipality**

**A:** 1 Magnolia Street, Hermanus, 7200 | **P:** P.O Box 20, Hermanus, 7200

**T:** +27 (0) 28 313 8000 | **F:** +27 (0) 28 312 1894

**E:** [enquiries@overstrand.gov.za](mailto:enquiries@overstrand.gov.za) | **W:** [www.overstrand.gov.za](http://www.overstrand.gov.za)

Vision Statement: *"To be a centre of excellence for the community"*

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in terms of this e-mail. By replying to this e-mail or opening any attachment you agree to be bound by the provisions of the disclaimer.

Please consider the environment before printing this correspondence.

>>> Dominic vanderheever 2019/09/18 11:34 >>>

Good morning JAPAC members,

Attached please find the draft JAPAC minutes of the special JAPAC meeting held on 21 August 2019 for your consideration and review.

Kind regards

**DOMINIC VAN DER HEEVER**  
**CHIEF AUDIT EXECUTIVE**

**OVERSTRAND MUNICIPALITY**  
**INTERNAL AUDIT SERVICES**

TEL : 028 313 5035

FAX : 086 467 0577

CELL: 061 792 6691

EMAIL: [dvanderheever@overstrand.gov.za](mailto:dvanderheever@overstrand.gov.za)



**MINUTES OF A MEETING OF THE SPECIAL JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS) CIVIC CENTRE, HERMANUS ON WEDNESDAY, 21<sup>st</sup> OF AUGUST 2019 AT 14:00**

**1. OPENING BY CHAIRPERSON**

The Chairperson, Mr Van Staaden, welcomed everyone present at the Special Joint Audit & Performance Audit Committee meeting, during which the draft Annual Financial Statements (AFS) for the year ended 30 June 2019 was discussed.

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

**Apologies received from the following officials/members:**

R Louw (Senior Manager: Strategic Services)

R Africa (Internal Auditor)

**Persons present** - as per attached attendance register.

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

The Chairperson thanked the CFO and finance team for their remarkable effort in preparing the draft AFS and for preparing responses/ feedback on questions/ comments from the JAPAC.

The Chairperson also thanked the JAPAC members for a comprehensive review of the draft AFS.

No further statements and communications were expressed by the Chairperson.

**4. PRESENTATION: DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The Chairperson granted the CFO an opportunity to present the draft AFS and to provide feedback on questions/ comments raised by the JAPAC members.

The CFO provided feedback on all questions/ comments that were received from the JAPAC beforehand. See *Annexure A*.

**5. FOLLOW-UP QUESTIONS/ COMMENTS I.R.O. THE DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The following questions/ comments were raised by JAPAC members during the meeting:

**1. Note 41 – Contingencies: Contingent asset - New Republic Bank**

*The JAPAC indicated that if the municipality decided to keep the impairment as the contingent asset, a note should be made to reflect/ indicate what the municipality has decided on.*

*The CFO indicated that the finance department noted the JAPAC suggestion and will look into the matter.*





2. Note 45 – Unauthorised Expenditure

The CFO indicated that there was no over spending of the total amount appropriated in the municipality's approved operational budget for the period under review.

The JAPAC indicated that the heading is misleading to the reader as the first paragraph indicates that there was no over spending of appropriated amount, yet the capital budget has been overspent.

The CFO indicated that they will attend to the matter.

3. Note 46 – Fruitless and Wasteful Expenditure

The CFO indicated that actions were taken regarding three instances of fruitless and wasteful expenditure that were incurred in the prior year and are currently being investigated, the final outcome will be presented to Municipal Public Accounts Committee (MPAC).

The JAPAC suggested that a note should be made to inform the reader/ user(s) that the matter has been dealt with by Council or that it is in progress, to inform the public as the information is not only for Council.

The CFO indicated that the finance team are making notes and will attend to the matter, however, she is not certain in terms of GRAP requirements as to what extent/ level additional comments should be disclosed on the face of the AFS.

4. Note 47 – Irregular Expenditure

The CFO indicated that the list of all irrecoverable items (expenditure) forms part of reporting to Council in terms of section 52 of the Municipal Finance Management Act (MFMA), this list is also provided to the Auditor General (AG). The CFO further indicated that there is no requirement from GRAP to disclose detailed information regarding this and that they try to align as close as possible with GRAP requirements.

The JAPAC indicated that due to the sensitivity of irregular expenditure, fruitless and wasteful expenditure, it would be advisable from the stakeholders' perspective, to include an appendix, where possible, reflecting municipal actions addressing these matters.

5. Note 50 – Deviation from Supply Chain Management Regulations

The JAPAC pointed out that again the same principle as in point 4 above should apply.

The Municipal Manager provided additional comments in that comprehensive reports on these matters serve before Council and this information can also be obtained from the municipality's website.

6. Note 52 - Awards to close family members of persons in the service of the state

The JAPAC pointed out that the information is not connected/ linked to anything and thus suggested that for information purposes, it should also be referenced as an annexure.

The matter was noted by the CFO.

7. Note 54 – Budget variances

The JAPAC suggested that there should be a clear wording and/ or explanation of general





terms used in the AFS for the reader to understand and to avoid any misinterpretations.

The CFO noted the matter.

8. *Prior year queries from the AG*

The JAPAC enquired whether the previous year queries from AG were addressed and considered when compiling the current draft AFS.

The CFO indicated that based on the management report issued by AG, an audit action plan is compiled indicating all AG's findings, related action plans and implementation dates, to address identified deficiencies.

9. *Quality of the draft AFS submitted for review*

The JAPAC indicated that although they take cognizance of the challenges in compiling a complete set of AFS, their expectation is that when the AFS are submitted to the JAPAC for review, it should reflect the municipality's best effort and not a work in progress document.

The MM indicated that it should be noted that the municipality does not make use of consultants to do the job, there is in-house and limited staff and thus extremely difficult to provide accurate draft AFS for review within a limited timeframe.

10. *Changes in accounting reporting standards*

The JAPAC further inquired whether the municipality has considered the new changes/ amendments, in terms of GRAP standards and IFRS, relating to the current year.

The CFO indicated that the finance team attend the Municipal Accounting Forum and Accounting Working Group meetings, where consideration of new standards are presented and discussed.

11. *Ratio's*

The JAPAC raised some questions/ comments regarding the following:

- cost coverage ratio (6.53), whether it means that the municipality will be able to operate for six months should something happen; and
- whether the ratio's are in line with the norm.

The CFO indicated and confirmed that indeed the municipality would be able to operate with available cash for six months and that the ratio's are within the norm.

12. *Trade debtors and Consumer debtors*

The JAPAC advised that the wording "receivables from exchange transactions" and "receivables from non-exchange transactions" under trade debtors and consumer debtors creates a confusion and that the wording for note 10 and 11 should change to read "other receivables from exchange transactions" and "other receivables from non-exchange transactions".

The CFO and finance team agreed to this suggestion.



12/30

13. *Unspent Human Settlement Grant*

*The JAPAC indicated that due to the sensitivity of government grants, there should be a note explaining why the grant was paid back and not used.*

*The CFO indicated that they will consider that.*

14. *Employee related costs – defined contribution plans*

*The JAPAC enquired as to why there is such a huge difference between the prior year figure and the current years' figure and whether it is a cost to the municipality.*

*The CFO indicated that it is not an actual cost but a provision and the increase is due to a review (new valuation) of the matter by the actuarial consultants.*

15. *Key significant changes*

*The JAPAC enquired if there were any key staff and policy changes during the year.*

*The CFO indicated that there were no significant changes and the finance team and other key role players are still the same as the previous year.*

16. *Submission of AFS*

*The JAPAC indicated that the due date i.e. 31 August 2019 for the submission of the AFS falls on a Saturday and that they expect the municipality to submit before time.*

*The CFO indicated that all municipalities received a notification from National Treasury that the AFS should be submitted to AG on Friday 30 August 2019.*

*The Chairperson thanked the CFO and the finance team for the commendable work they have done.*

**RESOLVED**

That cognizance be taken of the content of the draft Annual Financial Statements, for the year ended 30 June 2019 and that satisfactory responses were received from the CFO and the finance team on questions/ comments raised by the JAPAC.

**6. GENERAL**

No further items were listed for discussion.

**7. CLOSING**

The meeting closed at 15:27.

  
**B VAN STAADEN**  
**CHAIRPERSON**

03/03/2020  
**DATE:**





**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE AUDIT  
COMMITTEE (JAPAC) MEETING**

Hold in the Committee Room (Glaskas) White House, Civic Centre, HERMANUS  
on Wednesday, 21 August 2019 at 14:00.

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 when I am still serving as an Audit Committee member.*

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
B Van Staaden	Chairperson JAPAC		No	No
R Kingwill	Member			
M Mdludlu	Member		No	No
M Koekemoer	Member			
G Serfontein	Member		No	No

NAME	POSITION	SIGNATURE
Ald D Coetzee	Executive Mayor	
Cllr R de Coning	Finance Portfolio	
Cllr A Komani	Management Services Portfolio	
C Groenewald	Municipal Manager	
D Arrison	Director: Management Services	
S Reyneke- Naude	Director: Finance (CFO)	
R Louw	Senior Manager: Strategic Services	
D Van Der Heever	Chief Audit Executive (CAE)	
R Africa	Internal Auditor	
Z Mazuthu	Internal Auditor	
E Essop	Internal Auditor	
N Tsholoba	Intern. Finance	
S Makwetu	Intern. Internal Audit	
C Le Roux	BD: Finance & SCM	
B.A. Rind	SA: Finance & SCM	



OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

**Joint Audit and Performance Audit Committee (JAPAC) Meeting**

**21 August 2019 at 02:00**

**Mayoral Committee Room (Glaskas) White House, Civic Centre,  
HERMANUS**

**Annual Financial Statements – Questions & Answers 2019**





OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

5.	<p>Please confirm if the municipal audit file is prepared in line with the applicable standards and guidance contained in MFMA Circular 50.</p> <p>Yes</p>
7.	<p>Is there anything in financial statements that is of concern to management and that the Audit Committee should take note of?</p> <p>None</p>
8.	<p>What key financial statement preparation control procedures were implemented to ensure that the financial statements produced are accurate and complete and comply with GRAP financial reporting standard, (i.e. review of reconciliations, consistency reviews, etc).</p> <p>A comprehensive financial year-end / AFS Programme, inclusive of weekly meetings to monitor progress, which started in May, were followed, to facilitate submission of information and allow for discussions where relevant;</p> <p>Consistency reviews by Drakenstein Municipality &amp; Provincial Treasury will also be done and the process of detailed internal review is currently underway.</p> <p>Note: The numerous errors on the financial statements indicates that a proper internal review of the financial statements was not performed prior to submitting this for review by the audit committee. Why is this the case?</p> <p>Multiple areas highlighted in feedback received relate to a large extent to cosmetic considerations as indicated by Ms Koekemoer;</p> <p>As for those items otherwise indicated, specific responses are provided:</p> <p>The process of review of the AFS is also, as from 16 August a focus area for the administration. The content of the Draft AFS received up to this date had an almost focus on financials and completeness. A parallel review process is now followed, together with Drakenstein Municipality and Provincial Treasury</p>
9.	<p>Did management evaluate key financial ratios and if so, what are their interpretation thereof?</p> <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Financial position</li> </ul> <p>National KPI's for financial viability and management:</p> <p><u>Cost Coverage:</u> Available cash + investments / monthly fixed operational expenditure 6,54 (from 5,12 for 2017/18)</p> <p><u>Debt Coverage:</u> Total Opex Revenue - Opex Grants / Total service payments due within financial year 22,94 (from 15,79 for 2017/18)</p> <p><u>Outstanding Debtors to Revenue:</u> Total outstanding service debtors/annual revenue received for services 10,02% (from 10,55 for 2017/18)</p> <p>Debtors Collection Rate status over the past 3 years from: 99,44%(2016/2017), 99,64%(2017/2018) to 98,67 (2018/2019). This performance is impacted by escalating Fire Service charges outstanding and more than one developer currently in process of debt collection, these being factors over and above the regular areas impacting on revenue collection annually</p> <p>Also refer Annual Report - Chapter 5, and Financial Health Overview</p>

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OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

5	<p>Were all material issues in prior reports by the AGSA been appropriately accounted for, resulting in fair presentation?</p> <p>All material matters adjusted with prior AFS during audit process, these matters now form part of our annual process.</p>
6	<p>Were there any changes in accounting policies which impacted the current year's financial statements?</p> <p>No</p>
<b>AFS SPECIFIC</b>	
7	<p>Note 9. Why no movement in Low cost housing properties not transferred to beneficiaries?</p> <p>Process followed to verify with relevant department – information correct (No transfers)</p>
8	<p>Note 10: is Prepayments correct – Rml?</p> <p>Yes</p>
9	<p>Note 10. What is Trade debtors (included under Receivables from exchange transactions) = Unbilled Revenue (Accrued)</p> <p>and how does it differ from Consumer Debtors. Trade Debtors has a relationship to Consumer Debtors and does not form part there off. (Note 13)</p>
10	<p>Note 13: page 15. I find the headings "Included in above is receivables from exchange transactions" and "Included in above is receivables from non-exchange transactions." confusing as Receivables from exchange transactions and Receivables from non-exchange transactions are separate line items on balance sheet (notes 10 &amp; 11). It almost look like duplication of debtors.</p> <p>The presentation of Consumer Debtors in our AFS is stated as a separate line item on the Balance Sheet. Thus also necessary to disclose the non-exchange/exchange portions of the Consumer Debtors for fair presentation in the notes to the AFS.</p>
11	<p>Note 24. Heading to be "Transfers and subsidies" to agree to Statement of Financial Performance?</p> <p>Noted, heading to be updated to agree to Statement of Financial Performance.</p>
12	<p>Note 25: page 43 (1) What is reason why R10m of Provincial Human Settlement grant was repaid? (2) What is the debtor of R4.9 million and why is it part of reconciliation?</p> <p>R10m received for a particular pilot project – the concept was ultimately not approved by Dept of Human Settlements and had to be re-paid.</p> <p>Spending on 2019/2020 housing budget and claim submitted prior to 30 June 2019, however paid out in July, as part of provincial budget released as from 1 April 2019.</p>
13	<p>Note 27. Why is there such a large increase in Defined benefit contribution plans expense in comparison to prior year? CF: R48.5m, PY: R11.4m.</p> <p>Previous fin period assumptions reviewed and changed by actuarial consultant, e.g. average retirement age due to latest trends.</p>





OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

14	<p>Note 28: Why did remuneration of mayoral committees members decrease (4 members in PY and CY)?</p> <p>Vacancy for a period, difference approx R200 000</p>
15	<p>Note 34 ... page 47 'What is "Maintenance of Unspecified assets"? Please provide more info / breakdown.</p> <p>This item relates to all other assets, other than infrastructure ... [long description] Maintenance on the mSCDA classification framework.</p>
16	<p>Note 41: Consider changing "... court postponing the matter sine die" to "court postponing the matter indefinitely" (For the non-legals to understand)</p> <p>The information presented in the format as received from the attorneys, cautious to amend</p>
17	<p>Note 43: Significant corrections to inventories was made as prior year adjustments for 2017 (R15m) and 2018 (R17m). (1) What gave rise to adjustments? (2) What assurance can be provided that 2019 inventory value (R39m) is a fairly stated?</p> <p>This matter was listed in the Audit Action Plan for the 2018/2019. Documentation and verification was obtained from Housing Department and Infrastructure and Planning and re-worked.</p>



OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

Comments and suggestions received: Ms Mariska Koekemoer

Dear CFO

Please find attached my comments on the 2019 draft financials.

My comments are mainly cosmetic of nature. Please note that my comments on justification, the use of capitals and sorting are based on my personal preferences when I prepare financials and you can take it as suggestions and follow where you feel appropriate.

Many thanks.

Kind regards/Vriendelike groete

*Mariska Koekemoer*

Chartered Accountant (SA)

Cell: 071 645 2956

E-mail: [mariskakoekemoer9@gmail.com](mailto:mariskakoekemoer9@gmail.com)

**Response:**

- All inputs valued and considered.
- Changes/updates/corrections were considered in context of instances particular reasons for formats/sorting sequences.
- General point of reference: Fonts, alignments, presentation in accordance to previous years' presentation.
- For example: Some of the formats/sorting sequences of reporting directly as a result of mSCOA. This also speaks to notes that not in numerical order, as the item sequence dictates.
- Correction of a comma in one instance, updates throughout the Gateway document.
- Updates/corrections were updated as applicable after due consideration to recommendations. Consistency throughout document will be attended to.
- **Note 4: Intangible assets -**  
Only Computer software
- **Note 13: Consumer Debtors (Impairment) -**  
Provision for impairment, Grap 21/26 requirements adhered to (not actual or recoverable debt)
- **Note 51: Multi-employer retirement benefit information -**  
Information correct, valuation every second year.

5 | Page



19/30

OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

Comments and suggestions received: Mr Bonnie Kingwill

10. Receivables from exchange transactions

Trade debtors  
Prepaid benefits  
Deposits  
Accounts receivable  
Other debtors

2018	2017
21,424,524	13,114,413
799,124	1,042,414
2,643,082	621,322
31,870,730	14,799,149

In determining the recoverability of receivables from exchange transactions, the Overstrand Municipality considers the credit quality of the trade and other receivables from the debtors.

11. Receivables from non-exchange transactions

Fines  
Government grants and subsidies

2018	2017
12,000,758	12,669,190
5,981,400	3,664,693
3,664,693	4,799,307
21,646,851	21,133,190

Ronnie  
Not Sure this is non-exchange (based on heading)

Confirmed as exchange

11. Receivables from non-exchange transactions

Fines  
Government grants and subsidies  
Control accounts

2018	2017
12,000,758	12,669,190
5,981,400	3,664,693
3,664,693	4,799,307
21,646,851	21,133,190

In determining the recoverability of receivables from non-exchange transactions, the Overstrand Municipality considers the credit quality of the trade and other receivables.

Receivables from non-exchange transactions from

Revenue from fines recognised for the period amount

Ronnie  
This should be non-exchange

Fines receivable from non-exchange transactions after the provision of impairment amounted to R 15,669,758 (2017: R 15,669,190).

The amount provided for impairment was R 32,457,461 (2018: R 39,226,523).

Noted, corrected thank you

Movements during the year

Balance at the beginning of the year  
Additions during the year  
Provision recognised during the year

2018	2017
75,473,499	6,475,253
73,051,505	124,461,241
62,333,193	106,517,382
75,992,924	21,776,694

The nature and extent of government grants recognised in the accounts of the municipality are disclosed in the notes to the financial statements. The municipality has disclosed the conditions and other contingencies attaching to government grants.

See note 25 for reconciliation of grants from National/Provincial governments and other grants to the public corporations.

Ronnie  
Where is source of this reconciliation as does not align to any other source or note

1. Prior period adjustment - noted, for investigation.
2. Noted, for investigation
3. Refer note 25 and 26 also.





OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

Note 34: Contracted Services

The sequence of reporting is directly as a result of mSCOA

New Republic Bank

The municipality has an investment with New Republic Bank. The bank is under receivership since October 1999. Interest only accrued until 31 December 2007. There is no guarantee that the municipality will receive the full value of the investment. After the 2013 financial year-end, a dividend of R0 5268 in the form of the capital amount still outstanding has been received. Therefore the a portion of the impairment was reversed. This brings the total payout to 99,15% of the original investment.

Due to the fact that the majority of the debt still to be collected, by the receivers, involve some form of legal action, it is not possible to determine a date as to when the liquidation process will be completed.

Management impaired this investment from R2 821 821 to Rnil in the 2010/2011 financial year. The exposure is approximately R405 181.

42. Related parties

Relationships

Senior management and councillors

Ronnie

There were no related party transactions for

If the impairment was to nil how is there still and

Auditors required full impairment, however the municipality decided to keep it as a contingent asset until such time that the curator has wound the process up.

45. Unauthorized expenditure

There was no overspending of the total amount appropriated approved operational budget for the period under review.

Overspending of the total amount appropriated in the municipality

- Electricity
- Sport and recreation
- Finance and administration
- Waste management
- Housing

Ronnie

The above paragraph indicates there was no overspending of amount appropriated yet the capital budget has been overspent. Are these paragraphs in

2 191	-
4 773	-
<b>24 986,571</b>	

Above relates to operating Budget – No overspending.



OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

46. Futile and wasteful expenditure

Opening balance at previously reported  
Opening balance as restated  
Refund paid to costs incurred relating to an RFP  
Cashed as irrecoverable and written off / recovered / condoned  
Closing balance

	36 374	36 374
	26 374	26 374
	14 264	-
	14 264	-
	36 374	36 374



Response  
What is status of prior years Futile and Wasteful expenditure? What action has been taken?

47. Irregular expenditure

Opening balance  
Procuring Goods and Services without following the official procurement process  
Opening balance as restated  
Cashed as irrecoverable and written off / recovered / condoned  
Closing balance

	1267 205	
	106 400	216 157



The report serviced twice before the MPAC, referred back.

47. Irregular expenditure

Opening balance  
Procuring Goods and Services without following the official procurement process  
Opening balance as restated  
Cashed as irrecoverable and written off / recovered / condoned  
Closing balance

	216 157	18 000
	177 248	24 277
	373 566	216 157



Response  
Is there a list of these items that have been classified as irrecoverable?

48. Actual operating expenditure versus budgeted operating expenditure  
Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

Yes, these items are included in the quarterly SCM Reporting to Council.

49. Deviation from supply chain management regulations

Paragraph 12(1)(b)(ii) of Government Gazette No. 27626 issued on 31 May 2016 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.  
Paragraph 34 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council. Includes a note to the annual financial statements.

SCM Policy	Description
Clause 36(1)(a)(ii)	Emergency
Clause 36(1)(a)(iii)	Available from single provider only
Clause 36(1)(a)(iv)	Impractical or impossible to follow the normal procurement process

	6 317 247	2 042 200
	6 100 280	993 000
	2 200 000	1 049 200
	26 960 786	11 786 200



Response  
Is this list complete?

Yes, these items are included in the quarterly SCM Reporting to Council.



OVERSTRAND MUNICIPALITY  
AFS QUERIES - 2019

52 Awards to close family members of persons in the service of the state		
Refer to page 69 for detail related to awards made to close family members of persons in the service of the state for the year		
Bonnie		
Surely this should be referenced to an appendix??		
Technical losses	1 621 329	266 - 0%
Risk value		

Disclosed in the notes, not in an appendix.

54 Budget variances	120 167 110 - 110 - 0%
Material variances between budget and actual amounts	
Changes from the approved budget to the final budget	
The changes between the approved and final budget are a consequence of changes in the overall budget parameters.	
Explanations for variances greater than 10% between budget and actual figures (eg. 10% or more variance)	
Statement of Comparison of Budget and Actual Amounts	
Revenue:	
Other income - 10 21% - Insurance claims received in excess of estimate	Consistency in the final budget
Interest received - 39 69% - Slower Capital Budget implementation and more cash available for investing	
Property Rates Penalties - 30 02% - More than anticipated penalties imposed for defaulters.	
Public contributions and donations - 100% - Non-cash contributions primarily from survey projects and sports complex infrastructure that vested to the municipality	
Fines, Penalties and Forfeits - 16 00% - Less fines issued	
Other revenue and costs:	
Loss on disposal of assets - 100% - Budgeting subject to m...	
Bonnie	
This was R2fm, which is substantial and should this be shown in more detail??	

Information above has been disclosed in accordance with GRAP 24, please clarify.

54 Budget variances (continued)	
PROJECT ASSETS - 0 00% - Expenditure 79% of estimated	
Unspent conditional grants - 22 32% - Budgeting subject to impracticalities for the determination of the outcome of advance such as the Disaster Management Grant only received in June 2019	
Cash flow statements	
Interest income - 26 72% - Slower Capital Budget implementation and more cash available	
Other receipts - 30 25% - Public contributions of R20 9m received	
Movement of housing development fund and self insurance fund - 100% - The budget movement in the housing development fund and the self insurance fund and transfer should need to be seen as a whole to determine the actual variance which will then be	
Bonnie	
This is a R5m variance should there not be a more specific explanation?	

Please refer note 15 for more information





**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE AUDIT  
COMMITTEE (JAPAC) MEETING**

Held in the **Committee Room (Glaskas) White House, Civic Centre, HERMANUS,**  
on **Wednesday, 21 August 2019 at 14:00.**

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 when I am still serving as an Audit Committee member.*

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
B Van Staaden	Chairperson JAPAC		No	No
R Kingwill	Member			
M Mdludlu	Member		no	no
M Koekemoer	Member			
G Serfontein	Member		N	N

NAME	POSITION	SIGNATURE
Ald D Coetzee	Executive Mayor	
ClIr R de Coning	Finance Portfolio	
ClIr A Komani	Management Services Portfolio	
C Groenewald	Municipal Manager	
D Arrison	Director: Management Services	
S Reyneke- Naude	Director: Finance (CFO)	
R Louw	Senior Manager: Strategic Services	
D Van Der Heever	Chief Audit Executive (CAE)	
R Africa	Internal Auditor	
Z Mazuthu	Internal Auditor	
E Essop	Internal Auditor	
N Tsholoba	Intern: Finance	
S Makwetu	Intern: Internal Audit	
C le Roux	BD: Finance & Sem	
B.A. KING	SM: Financial Services	
V Allen	Man. Financial Accounting	



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 25 JUNE 2019  
(TUESDAY / DINSDAG)

**VENUE / PLEK:** COMMITTEE ROOM / KOMITEEKAMER  
(GLASKAS) MAGNOLIA HOUSE/ HUIS,  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

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



**MINUTES OF A MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS), CIVIC CENTRE, HERMANUS ON TUESDAY, 25<sup>TH</sup> OF JUNE 2019 AT 14:00**

**1. OPENING BY CHAIRPERSON**

The Chairperson, B Van Staaden welcomed everyone present at the last JAPAC meeting for the financial year. The Chairperson specially welcomed the two new JAPAC members, and asked everyone present at the meeting to introduce themselves.

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

Apologies received from the following officials/ members:

1. Mr. R Kingwill (JAPAC member)
2. Cllr A Komani (Management Services Portfolio)

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

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

**The Chairperson**

- The Chairperson asked the Municipal Manager for a closed session after the JAPAC meeting.
- The previously scheduled JAPAC meeting on 30 May 2019 did not take place due to the fact that the Chairperson was sick and the remaining JAPAC members did not constitute a quorum.
- The Chairperson indicated that he received an invitation to attend an assurance workshop hosted by Provincial Treasury, but he could not attend.
- The Chairperson indicated that Provincial Treasury issued a checklist for the review of the financial statements, and asked that the CAE engage with Provincial Treasury to obtain a copy of the checklist and distribute it to the JAPAC.
- The Chairperson requested that the CFO communicate the date on which the AG (SA) plan to present their audit plan.
- The Executive Mayor indicated that the JAPAC previously requested a breakdown of traveling expenses of the AG (SA) and how it relates to them determining the audit fees.

**Action Item 01 of 25 June 2019**

The CAE to follow up on the breakdown of traveling expenses of the AG (SA) and how it relates to them determining the audit fees.

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 26 February 2019: Ordinary JAPAC meeting**

- Page 5 of 8 re Item 7.1.1: the JAPAC referred the Illegal Structures audit report back to the Internal Audit unit.
- The Chairperson indicated that the report was not presented to the JAPAC as yet, and requested feedback as to the status of the report.

**RESOLVED**

The JAPAC adopted the minutes of the ordinary JAPAC meeting dated 26 February 2019 as correct.

**Action Item 02 of 25 June 2019**

The Illegal structures report to be tabled/ presented at the next JAPAC meeting.



## 5. MATTERS ARISING FROM THE PREVIOUS MINUTES

- 5.1 Item 01 of 26/02/2019 The CFO indicated that the draft annual financial statements will be ready for submission to the JAPAC on 16 August 2019.
- 5.2 Item 02 of 25/06/2019 The CAE gave an update on the progress of the Quality Assessment Review. The JAPAC and MM indicated that the Quality Assessment Review report be distributed to the JAPAC and administration as soon as possible/ when received.
- 5.3 Item 03 of 26/02/2019 The JAPAC indicated that the Risk Management report be distributed during the subsequent JAPAC meeting to the JAPAC members.
- The Municipal Manager gave background information on the Overberg District Risk Management Shared Services and his concerns regarding the permanent position of the Chief Risk Officer.
  - The Municipal Manager indicated that the Overstrand Municipality has withdrawn from the Overberg District Risk Management Shared Services. The position of the Chief Risk Officer at the Overstrand Municipality will be advertised and filled as soon as possible.
  - The Risk Management department will fall directly under the Municipal Manager.
  - The Chairperson posed a question to Management with regards to Risk Management and asked if the Risk Management processes has totally collapsed?
  - The Director Management Services informed the JAPAC about the status quo of Risk Management within the Municipality and the way forward.

## 6. STANDING ITEMS

### 6.1. QUARTERLY BUDGET STATEMENT REPORT

#### THIRD QUARTER (JANUARY 2019 – MARCH 2019) FOR THE FINANCIAL YEAR 2018/2019

The Budget Statement Report was presented to the JAPAC, a few comments/ questions were raised:

- On page 28 re Top 10 capital projects: The JAPAC asked the CFO if there are any big infrastructure projects that the municipality will be underspending on.

The CFO gave an overview of the report and addressed the comments/ questions raised by the JAPAC.

#### RESOLVED

The JAPAC noted the Budget Statement Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/2019.

### 6.2.1 REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

#### THIRD QUARTER (JANUARY 2019 – MARCH 2019) FOR THE FINANCIAL YEAR 2018/2019

The Director Management Services gave an overview of the third quarter SDBIP report.

The JAPAC reviewed the content of the report, since no comments/ questions were raised the JAPAC noted the content of the third quarter SDBIP report.

#### RESOLVED

The JAPAC noted the SDBIP Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/2019.

### 6.2.2. REPORT: REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2018/2019

The JAPAC reviewed the content of the report, since no comments/ questions were raised the JAPAC noted the content of the revised third quarter SDBIP report

#### RESOLVED

The JAPAC noted the Revised Top Layer SDBIP Report: Third Quarter (January 2019 –



March 2019) for the financial year 2018/2019.

**6.2.3. REPORT: DRAFT TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2019/ 2020**

The Director Management Services gave an overview of the third quarter SDBIP report.

The JAPAC reviewed the content of the report, since no comments/ questions were raised the JAPAC noted the content of the 2019/ 2020 draft SDBIP report

**RESOLVED**

The JAPAC noted the 2019/ 2020 Draft Top Layer SDBIP Report.

**6.3. DEBT COLLECTION REPORT**

The Debt Collection Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/ 2019 was presented to the JAPAC for review, a few comments/ questions were raised:

- The JAPAC raised concern about the increase of debt from previous years to the prior year, that the increase was more than R5 Million.
- The JAPAC asked about the collection rate, what the trend was?

The CFO gave an overview of the report and addressed the comments/ questions that was raised.

**RESOLVED**

The JAPAC noted the Debt Collection Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/ 2019.

**6.4. CREDITORS REPORT**

The Creditors Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/ 2019 was presented to the JAPAC for review, a few comments/ questions were raised:

- The JAPAC queried the two unpaid creditors at month end, 29 March 2019.

The CFO gave an overview of the report and addressed the comments/ questions that was raised.

**RESOLVED**

The JAPAC noted the Creditors Report: Third Quarter (January 2019 – March 2019) for the financial year 2018/ 2019.

**6.5. AUDIT ACTION PLAN AS AT 18 APRIL 2019**

The JAPAC reviewed the content of the Audit Action Plan, since no comments/ questions were raised the JAPAC noted the content of the Audit Action Plan.

**RESOLVED**

The JAPAC noted the Audit Action Plan as at 18 April 2019 for the financial year 2018/ 2019.

**6.6. RISK MANAGEMENT**

The JAPAC reviewed the content of the Risk Assist report, since no comments/ questions were raised the JAPAC noted the content of the Risk Assist report.

**RESOLVED**

The JAPAC noted that the formal risk management processes have collapsed and the municipality is in the process of addressing the issue, and appointing a Chief Risk Officer.



#### 6.7. COMPLIANCE WITH GIFT POLICY: GIFT REGISTERS FROM DIRECTORATES

Gift registers/ declarations were submitted to the JAPAC for noting.

##### RESOLVED

The JAPAC noted the gift register/ declaration that was submitted.

#### 6.8. CAE STATUS REPORT

The CAE informed the committee about the status of the audit reviews and made declarations with regards to the independence and objectivity of the Internal Audit Services.

- The JAPAC enquired if all "open" findings and shortcomings emanating from the IA reports were tracked?
- The CAE indicated that there is no separate tracking schedule except for listing "open" findings and shortcomings as follow ups.

##### Action Item 03 of 25 June 2019

Internal Audit Services to prepare a tracking schedule of audit findings found in the IA reports to be presented to the JAPAC.

##### RESOLVED

The JAPAC noted the content of the CAE status report and declarations made.

#### 7. DOCUMENT(S) CONSIDERED AND REVIEWED BY THE JAPAC

##### 7.1.1 Joint Audit & Performance Audit Committee Charter

The Joint Audit & Performance Audit Committee Charter was presented to the JAPAC, since no comments/ questions were raised the JAPAC considered and noted the content of the Joint Audit & Performance Audit Committee Charter.

##### RESOLVED

That JAPAC reviewed the Joint Audit & Performance Audit Committee Charter.

##### 7.1.2 Internal Audit Charter

The Internal Audit Charter was presented to the JAPAC with amendments, since the previous version. The JAPAC reviewed and approved the amendments to the IA Charter.

##### RESOLVED

The JAPAC reviewed and approved the Internal Audit Charter.

##### 7.1.3 Operational Risk Based Audit Plan & Internal Audit Program for the financial period 2019/2020

The Operational Risk Based Audit Plan & Internal Audit Program for the financial period 2019/ 2020 was presented to the JAPAC, since no comments/ questions were raised, the JAPAC noted and approved the content of the Internal Audit Charter.

##### RESOLVED

The JAPAC approved the Operational Risk Based Audit Plan & Internal Audit Program for the financial period 2019/ 2020.

#### 8. INTERNAL AUDIT REPORTS

##### 8.1.1 Theft and vandalism

The report was presented to the JAPAC, a few comments/ questions were raised:

- Page 10 – Root cause and recommendations: The JAPAC asked if the deadlines for the recommendations were realistic.



- The Director Management Services indicated that she approved a few appointments within the electrical department which were identified as shortcomings emanating from the Theft and Vandalism report.

**RESOLVED**

That cognizance is taken of the report on the Theft and Vandalism report, for the financial year 2018/ 2019.

**8.1.2 Armed robberies (susceptibility of armed robberies at municipal buildings)**

The report was presented to the JAPAC, a few comments/ questions were raised:

- Page 10 – Audit opinion and conclusion: The JAPAC asked if disciplinary actions were implemented against the people responsible?
- The MM referred the JAPAC members to his comments on page 23, and indicated that if there is instructions, and the instructions is not obeyed, then disciplinary action will follow.

The CAE gave an overview on the report.

**RESOLVED**

That cognizance is taken of the report on the Armed Robberies (susceptibility of armed robberies at municipal buildings) report, for the financial year 2018/ 2019.

**8.1.3 Evaluating the Risk Management Process**

The report was presented to the JAPAC, a few comments/ questions were raised:

- Page 2 – Audit report classification: The JAPAC enquired whether the "rating" of the report should not change from "Medium" to "High."
- The JAPAC asked management what will be different once the position of the CRO is filled?
- The Director Management Services responded by indicating that:
  1. policies will be updated.
  2. a new risk assessment will be completed.

**RESOLVED**

That cognizance is taken of the report on the Evaluating the Risk Management Process, for the financial year 2018/ 2019.

**8.1.4 Follow-up: Not all municipal buildings used as partial care facilities comply with the norms and standards for such facilities.**

The report was presented to the JAPAC, since no comments/ questions were raised the JAPAC noted the content of the report.

**RESOLVED**

That cognizance is taken of the report on the Follow-up: Not all municipal buildings used as partial care facilities comply with the norms and standards for such facilities report, for the financial year 2018/ 2019.

**8.1.5 Follow-up: Ageing and deterioration of fleet and small plant**

The report was presented to the JAPAC, a few comments/ questions were raised:

- The JAPAC asked when the CAE referred to monitoring, does that mean Internal Audit Services will perform a formal follow up report.
- The CAE addressed the question and indicated that an informal follow up will be done to monitor the agreed management actions and the implementation thereof.

**RESOLVED**

That cognizance is taken of the report on the Follow-up: Ageing and deterioration of fleet and small plant report, for the financial year 2018/ 2019.



### 8.1.6 Combined Assurance – First & Second Bi-Annual review.

The report was presented to the JAPAC, since no comments/ questions were raised the JAPAC noted the content of the report.

#### RESOLVED

That cognizance is taken of the report on the Combined Assurance – First & Second Bi-Annual review, for the financial year 2018/ 2019.

## 9. COMPLIANCE REPORTS

### 9.1.1 HIGH LEVEL REPORT & DETAILED REPORT

The high level and detailed report was presented to the JAPAC, since no comments/ questions were raised the JAPAC noted the content of the report.

#### RESOLVED

That cognizance is taken of the report on the Predetermined Objectives (PDO): high level and detailed, Third Quarter (January 2019 – March 2019) for the financial year 2018/ 2019

### 9.1.2 Key Controls Assessment: Second Bi-Annual (July – December 2018) for the financial year 2018/2019

Key Controls Assessment: Second Bi-Annual (July – December 2018) for the financial year 2018/ 2019 was presented to the JAPAC,

- The CAE gave background information on the Key Controls Assessment to the new JAPAC members.
- The JAPAC requested the CAE to consider reporting over a three year period, to show a rolling three year trend.

#### RESOLVED

That cognizance is taken of the report on the Key Controls Assessment: Second Bi-Annual (July – December 2018) for the financial year 2018/ 2019

## 9. GENERAL

The CAE indicated that the municipality was requested to submit documents to the State Capture Commission of Enquiry, with documents dating back as far as 2008 up until 30 June 2018. The deadline for submission is 28 June 2019.

#### RESOLVED

The JAPAC noted the request from the State Capture Commission of Enquiry.

## 10. NEXT MEETING

The next JAPAC meeting is scheduled for 21 August 2019.

## 11. CLOSING

The meeting closed at 16:00

**B VAN STAADEN**  
CHAIRPERSON

27/09/2019

DATE



Annexure B

1/11

Date: December 2019

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

Copied to:

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

**REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 2 OF 2019/20 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 reporting should include a summary of the work performed by Internal Audit and the Joint Audit and Performance Audit Committee/ Audit Committee against the annual work plan, issues, and related recommendations.

Attached, please find the following:

Annexure A: Report of the Joint Audit and Performance Audit Committee for the period 01 October 2019 to 31 December 2019.

Yours truly



**BURTON VAN STAADEN**  
*Chairman of Joint Audit and Performance Audit Committee*  
*Overstrand Municipality*

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)  
Cell: 073 212 4875  
PO Box 285, CAPE GATE, 7562  
84c Barnard Street, BELLVILLE, 7530

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 2 OF 2019/20 FINANCIAL YEAR**

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

During the period 01 October 2019 to 31 December 2019, the JAPAC convened one (1) meeting, namely:

- JAPAC Meeting held on 19 November 2019

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

<b>Member</b>	<b>JAPAC Meeting 19 November 2019</b>
Mr B van Staaden (Chairperson)	Attended
Mr R Kingwill	Attended
Mr. M Mdludlu	Attended
Mr. G Serfontein	Attended
Ms. M Koekemoer	Attended

**2. REPORT ON INTERNAL AUDIT**

During the period 01 October 2019 to 31 December 2019 the following internal audit report(s)/ document(s) were presented by the Chief Audit Executive and considered by the committee:

<b>Meeting date</b>	<b>Internal Audit Reports</b>
19/11/2019	1. Loss of records
	2. Key Control Assessment

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

**3. INTERNAL AUDIT STAFFING**

The JAPAC noted that the Internal Audit Services is operating at 50% staffing.

**4. RESOLUTIONS OF THE JAPAC**

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

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

1. Minutes of JAPAC Meeting held on 17 September 2019 – **Annexure B**

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 2 OF 2019/20 FINANCIAL YEAR**

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**5. REPORT ON PERFORMANCE MANAGEMENT**

At the JAPAC meeting held on 19 November 2019, the following quarterly reports in respect of performance management were presented and considered by the JAPAC:

1 <sup>st</sup> Quarter Reports <i>(01 July 2019 to 30 September 2019)</i>	1. Service Delivery and Budget Implementation Plan
	2. Internal Audit Report: Predetermined Objectives (Q4 and Q1)

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

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 2 OF 2019/20 FINANCIAL YEAR**

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**6. REPORT ON RISK MANAGEMENT**

At the JAPAC meeting held on 19 November 2019, the following quarterly reports in respect of risk management were presented and considered by the JAPAC:

Meeting dates	Risk Management Reports
19/11/2019	1. Risk Management Activities and Implementation Plan
	2. Risk Register as at 30 October 2019
	3. Risk Action Report as at 30 October 2019

The JAPAC noted the reports Risk register & Risk action report and indicated that the newly appointed CRO be given some time to settle in.

**7. OTHER MATTERS**

**7.1 DRAFT MANAGEMENT REPORT – OVERSTRAND MUNICIPALITY**

The Draft Management Report was presented to the JAPAC. A few matters on the report were raised and discussed, that may result in the municipality getting a Qualified Audit Opinion from the Auditor General South Africa (AGSA) in their audit report for the 2018/2019 financial year.

The Municipal Manager (MM) confirmed that the municipality is currently communicating and discussing the matters with the AGSA in an attempt to resolve these without getting a Qualified Audit Opinion.

The MM also stated that if the municipality does not come successful in their attempt to challenge AGSA on these matters, the municipality will call for assistance on the JAPAC, where a special meeting will be called, with the MM and AGSA present in the meeting.

**8. NEXT MEETING**

The next meeting of the JAPAC will be confirmed in due course 2019.

**END**



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 17 SEPTMEBER 2019  
(TUESDAY / DINSDAG)

**VENUE / PLEK:** COMMITTEE ROOM / KOMITEEKAMER  
(GLASKAS) MAGNOLIA HOUSE/ HUIS,  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

**TIME / TYD:** 15:30HRS



**MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS), CIVIC CENTRE, HERMANUS ON TUESDAY, 17<sup>TH</sup> OF SEPTEMBER 2019 AT 15:30**

**1. OPENING BY CHAIRPERSON**

The Chairperson, Mr B Van Staaden welcomed everyone present at the second JAPAC meeting in respect of 2019/20 financial year.

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

Apologies received from the following officials/ members:

1. Cllr A Komani (Management Services Portfolio)

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

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

**The Chairperson indicated that:**

- The purpose of the meeting is to formally close-off the outstanding review of the reports from the previous year, 2018/19 financial year.
- The JAPAC submitted the report on the JAPAC activities up to 30 June 2019 to the Council on 17 July 2019.
- The JAPAC note that the Annual Financial Statements (AFS) for 2018/19 financial year were submitted to the AGSA on 30 August 2019.
- The first Audit Steering Committee meeting with the Auditor-General South Africa (AGSA) was held on 17 of September 2019.
- On 12 September 2019 the Chairperson attended the formal evaluation of the Municipal Manager and the Directors in respect of the period ending 30 June 2019.
- The JAPAC received a circular from Provincial Circular, issued on 30 August 2019, regarding the annual conference for local government assurance providers that will be held on 10 October 2019, in Stellenbosch. The Chief Risk officers, Chief Audit Executives and the Chairpersons of the Audit Committees are encouraged to attend the event.
- On 3 September 2019 the JAPAC sent its response to the AGSA regarding Request For Information no. 4 (RFI no.4).
- The JAPAC noted the correspondence received on the progress of the housing investigation.

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 25 June 2019: Ordinary JAPAC meeting**

The JAPAC adopted the minutes of the JAPAC meeting dated 25 June 2019 as correct.

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

**5.1 Item 01 of 26/02/2019** The Chairperson indicated that this item is closed, as the AFS for 2018/19 financial year were submitted as agreed to the JAPAC.

**5.2 Item 02 of 26/02/2019** The CAE indicated that he was informed by the assessment team that the report on external quality assessment review will be finalised by the end of September 2019.

The Chairperson requested that as soon as this report is obtained the CAE must distribute it to the JAPAC members and management and should serve in the next JAPAC meeting.



- 5.3 Item 03 of 26/02/2019 The Chairperson indicated that the JAPAC requested a formal report on the status risk management within the municipality, as there is no Risk Officer since December 2018.

The Municipal Manager (MM) indicated that the Chief Risk Officer (CRO) position was advertised internally and the closing date was on Friday, 13 September at 15h00 and interviews will be conducted in the following week. Three (3) applications were received for this post.

The Director: Management Services also indicated that the post was advertised internally first to comply with or implement the succession planning policy and to give qualifying candidates an opportunity to grow.

- 5.4 Item 01 of 25/06/2019 The JAPAC suggested that the item should be kept on the action register as the JAPAC is still awaiting for feedback from the AGSA.

- 5.5 Item 03 of 25/06/2019 The CAE indicated that the IAS compiled a template to track all internal audit findings issued for the current year, and the item will be a standing agenda item for JAPAC meetings.

The CAE also indicated that the prior year internal audits have already been listed as the follow up audits and included in the current audit coverage plan for follow-up and thus findings relating to the previous financial period *i.e.* 2018/19 will not be included in the newly compiled tracking report.

## 6. STANDING ITEMS

### 6.1. QUARTERLY BUDGET STATEMENT REPORT FOURTH QUARTER (APRIL 2019 – JUNE 2019) FOR THE FINANCIAL YEAR 2018/2019

The Budget Statement Report was presented to the JAPAC and the CFO assured the JAPAC that there has been a positive movement in terms of orders issued in respect of capital budget/ expenditure.

#### RESOLVED

The JAPAC noted the Budget Statement Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/2019.

### 6.2.1 REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOURTH QUARTER (APRIL 2019 – JUNE 2019) FOR THE FINANCIAL YEAR 2018/2019

The Director: Management Services gave an overview of the Fourth Quarter SDBIP report, few comments/ questions were raised and discussed, pertaining Key Performance Indicators (KPI's) not met.

#### RESOLVED

The JAPAC noted the SDBIP Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/2019.

### 6.2.2. REPORT: REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2018/2019

The JAPAC reviewed the content of the report, no comments/ questions were raised.

#### RESOLVED

The JAPAC noted the Revised Top Layer SDBIP Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/2019.



### 6.3. DEBT COLLECTION REPORT

The Debt Collection Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019 was presented to the JAPAC for review, a few comments were raised regarding declining trend in debt collection.

The CFO gave an overview of the report indicating that there has been a slight regression in the trend in terms of the collection rate however, there are particular reasons for it and that the municipality is currently taking action to address the issue.

Action Item 01 of 17 September 2019
The JAPAC requested the CFO to raise the regression trend regarding debt collection rate in the risk register as an emerging risk.

#### RESOLVED

The JAPAC noted the Debt Collection Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019.

### 6.4. CREDITORS REPORT

The Creditors Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019 was presented to the JAPAC for review, no comments/ questions raised.

#### RESOLVED

The JAPAC noted the Creditors Report: Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019.

### 6.5. AUDIT ACTION PLAN AS AT 12 JULY 2019

The JAPAC reviewed the content of the Audit Action Plan, no comments/ questions were raised.

#### RESOLVED

The JAPAC noted the Audit Action Plan as at 12 July 2019 for the financial year 2018/ 2019.

### 6.6. RISK MANAGEMENT

The Director: Management Services gave an overview of the Risk Action Report and the current Risk Register. The JAPAC reviewed the content of the two reports, a few comments were raised.

The JAPAC suggested that management should compile a high level summary report which clearly indicate processes in place in terms of managing municipal risks, with management signature confirming and acknowledging these risks.

Management agreed to the recommendation made by the JAPAC.

#### RESOLVED

The JAPAC noted the reports with concern owing to the fact that there has not been an adequate update of the risk register. However, the JAPAC obtained management assurance that there is a sound process in place.





## 6.7. CAE STATUS REPORT

The CAE indicated that there were no impairments experienced regarding the independence and objectivity of the Internal Audit Services, during the fourth quarter period.

The CAE also informed the committee about the status of the audit reviews and that IAS is currently operating at 75% staffing with Mr Rayno Africa who resigned – his last date of employment 30 August 2019.

### RESOLVED

The JAPAC noted the content of the CAE status report and declarations made.

## 7. INTERNAL AUDIT REPORTS

### 7.1.1 MSCOA Implementation Project and Service Delivery Expectations re Vendor Capacity

The report was presented to the JAPAC, few comments/ questions were raised and discussed. The JAPAC requested IAS to perform a follow-up on reported issues after six (6) months – thus by March 2020.

### RESOLVED

That cognizance be taken of the report on the mSCOA Implementation Project and Service Delivery Expectations re Vendor Capacity for 2018/ 2019 financial year.

### 7.1.2 Management of Solid Waste (Waste Management)

The report was presented to the JAPAC, no comments/ questions were raised.

### RESOLVED

That cognizance be taken of the report regarding Management of Solid Waste (Waste Management), for the financial year 2018/ 2019.

### 7.1.3 Management of Illegal Structures/ Buildings

The report was presented to the JAPAC, a long discussion ensued on the findings raised in the report.

### RESOLVED

That cognizance be taken of the report regarding Management of Illegal Structures/ Buildings.

## 9. GENERAL

### 9.1.1 Induction of new members

The JAPAC enquired about the orientation/ induction of new JAPAC members. The CAE indicated that he will arrange it.

## 10. NEXT MEETING

The next JAPAC meeting is scheduled for 06 November 2019.

## 11. CLOSING

The meeting closed at 17:28

  
B. VAN STAADEN  
CHAIRPERSON

19/11/2019

DATE





Annexure C  
1/20

Date: 05 June 2020

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

Copied to:

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

**REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 3 OF 2019/20 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 reporting should include a summary of the work performed by Internal Audit and the Joint Audit and Performance Audit Committee/ Audit Committee against the annual work plan, issues, and related recommendations.

Attached, please find the following:

Annexure A: Report of the Joint Audit and Performance Audit Committee for the period 01 January 2020 to 31 March 2020.

Yours truly



**BURTON VAN STAADEN**  
*Chairman of Joint Audit and Performance Audit Committee  
Overstrand Municipality*

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)  
Cell: 073 212 4875  
PO Box 285, CAPE GATE, 7562  
84c Barnard Street, BELLVILLE, 7530

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 3 OF 2019/20 FINANCIAL YEAR**

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

During the period 01 January 2020 to 31 March 2020, the JAPAC convened one (1) meeting, namely:

- JAPAC Meeting held on 03 March 2020

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

<b>Member</b>	<b>JAPAC Meeting 03 March 2020</b>
Mr B van Staaden (Chairperson)	Attended
Mr R Kingwill	Attended
Mr. M Mdludlu	Attended
Mr. G Serfontein	Attended
Ms. M Koekemoer	Attended

**2. REPORT ON INTERNAL AUDIT**

During the period 01 January 2020 to 31 March 2020 the following internal audit report(s)/ document(s) were presented by the Chief Audit Executive and considered by the committee:

<b>Meeting date</b>	<b>Internal Audit Reports</b>
03/03/2020	1. Key Controls Assessment: Bi-Annual Review 2 (July 2019 – December 2019)
	2. Combined Assurance Bi-Annual Review 1 & 2

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

**3. INTERNAL AUDIT STAFFING**

The JAPAC noted that the Internal Audit Services is operating at 50% staffing.

**4. RESOLUTIONS OF THE JAPAC**

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

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

**OVERSTRAND MUNICIPALITY  
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL  
REPORT 3 OF 2019/20 FINANCIAL YEAR**

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1. Minutes of JAPAC Meeting held on 21 August 2019 – Annexure B
2. Minutes of JAPAC Meeting held on 19 November 2019 – Annexure C

**5. REPORT ON PERFORMANCE MANAGEMENT**

At the JAPAC meeting held on 03 March 2020, the following quarterly reports in respect of performance management were presented and considered by the JAPAC:

2 <sup>nd</sup> Quarter Reports (01 October 2019 to 31 December 2019)	1. Service Delivery and Budget Implementation Plan
	2. Internal Audit Report: Predetermined Objectives (Q2)

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

**6. REPORT ON RISK MANAGEMENT**

At the JAPAC meeting held on 03 March 2020, the following quarterly reports in respect of risk management were presented and considered by the JAPAC:

Meeting dates	Risk Management Reports
03/03/2020	1. Risk Register Report as at 06 February 2020 (High Risks)
	2. Risk Management Activities and Implementation Plan

The JAPAC noted the reports Risk Register Report and the progress with the Risk Management Activities and Implementation Plan.

**7. OTHER MATTERS**

Due to the declaration of a National State of Disaster in South Africa and national lockdown in response to the outbreak of the COVID-19 pandemic, there has been a significant disruption in the functioning of the JAPAC and the municipality in general. We expect that the lockdown would have adversely affected all assurance providers in terms of the combined assurance framework and an assessment regarding the full impact in this regard needs to be done.

**8. NEXT MEETING**

The next meeting of the JAPAC is scheduled for 24 June 2020.



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 21 AUGUST 2019  
(WEDNESDAY / WOENSDAG)

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

**TIME / TYD** 14:00HRS

**Nolusindiso Tsholoba - FW: Draft minutes of 21 August 2019 JAPAC meeting**

**From:** "Burton van Staaden" <burtonvs@gmail.com>  
**To:** <kingwillr@mweb.co.za>, <mariskakoeckemoer9@gmail.com>, <mmdludlu@telkoms...>  
**Date:** 2019/12/06 14:56  
**Subject:** FW: Draft minutes of 21 August 2019 JAPAC meeting  
**Cc:** "Nolusindiso Tsholoba" <ntsholoba@overstrand.gov.za>, "Dominic vander...  
**Attachments:** Draft minutes of 21 August 2019 JAPAC meeting

*Fellow JAPAC Members*

*Attached, please find the minutes in respect of the Special JAPAC meeting held on 21 August 2019 (Review of 2019 AFS). These minutes has not been tabled at a JAPAC meeting for approval.*

*Please advise whether there is any object to us reviewing it on a round robin basis and approving it. Your immediate response will be appreciated.*

*Yours truly,*

**BURTON VAN STAADEN**

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

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)

Cell: 073 212 4875

PO Box 285, CAPE GATE, 7562

84c Barnard Street, BELLVILLE, 7530

**From:** Burton van Staaden <burtonvs@gmail.com>  
**Sent:** 06 December 2019 11:32 AM  
**To:** 'Nolusindiso Tsholoba' <ntsholoba@overstrand.gov.za>  
**Cc:** 'Dominic vanderheever' <dvanderheever@overstrand.gov.za>; kingwillr@mweb.co.za; mariskakoeckemoer9@gmail.com; gideon@bdtcc.co.za; mmdludlu@telkomsa.net  
**Subject:** RE: Draft minutes of 21 August 2019 JAPAC meeting

*Good day Nolusindiso*

*I am not sure if these minutes (Special JAPAC Meeting: AFS Review) have ever been tabled at a JAPAC meeting for approval... please check and confirm if this is correct.*

*If it has not been approved, then I suggest that the JAPAC review and approve it on a round robin basis.*

*Yours truly,*



**BURTON VAN STAADEN**

Chairman of Joint Audit and Performance Audit Committee  
Overstrand Municipality

Email: [burton@vsb.co.za](mailto:burton@vsb.co.za)

Cell: 073 212 4875

PO Box 285, CAPE GATE, 7562

84c Barnard Street, BELLVILLE, 7530

**From:** Nolusindiso Tsholoba <[ntsholoba@overstrand.gov.za](mailto:ntsholoba@overstrand.gov.za)>  
**Sent:** 06 December 2019 08:52 AM  
**To:** [burton@vsb.co.za](mailto:burton@vsb.co.za)  
**Cc:** Dominic vanderheever <[dvanderheever@overstrand.gov.za](mailto:dvanderheever@overstrand.gov.za)>  
**Subject:** Re: Draft minutes of 21 August 2019 JAPAC meeting

Dear Mr van Staaden,

I trust that this email finds you in good health.

The email below refers (dated 2019/09/18), please be kindly reminded that IAS has not yet received the reviewed/approved draft JAPAC minutes of the special JAPAC meeting held on 21 August 2019 for inclusion in the JAPAC to Council report.

Kind Regards,

**Nolusindiso Tsholoba**

Intern: Internal Audit

Internal Audit

Overstrand Municipality

**T:** +27 (0) 28 313 8005 | **F:** +27 (0) 28 313 2962 | **E:** [ntsholoba@overstrand.gov.za](mailto:ntsholoba@overstrand.gov.za)

**Overstrand Municipality**

**A:** 1 Magnolia Street, Hermanus, 7200 | **P:** P.O Box 20, Hermanus, 7200

**T:** +27 (0) 28 313 8000 | **F:** +27 (0) 28 312 1894

**E:** [enquiries@overstrand.gov.za](mailto:enquiries@overstrand.gov.za) | **W:** [www.overstrand.gov.za](http://www.overstrand.gov.za)

Vision Statement: *"To be a centre of excellence for the community"*

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in terms of this e-mail. By replying to this e-mail or opening any attachment you agree to be bound by the provisions of the disclaimer.

Please consider the environment before printing this correspondence.

>>> Dominic vanderheever 2019/09/18 11:34 >>>

Good morning JAPAC members,

Attached please find the draft JAPAC minutes of the special JAPAC meeting held on 21 August 2019 for your consideration and review.

Kind regards

**DOMINIC VAN DER HEEVER**  
**CHIEF AUDIT EXECUTIVE**

**OVERSTRAND MUNICIPALITY**  
**INTERNAL AUDIT SERVICES**

TEL : 028 313 5035

FAX : 086 467 0577

CELL: 061 792 6691

EMAIL: [dvanderheever@overstrand.gov.za](mailto:dvanderheever@overstrand.gov.za)



**MINUTES OF A MEETING OF THE SPECIAL JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS) CIVIC CENTRE, HERMANUS ON WEDNESDAY, 21<sup>st</sup> OF AUGUST 2019 AT 14:00**

**1. OPENING BY CHAIRPERSON**

The Chairperson, Mr Van Staaden, welcomed everyone present at the Special Joint Audit & Performance Audit Committee meeting, during which the draft Annual Financial Statements (AFS) for the year ended 30 June 2019 was discussed.

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

**Apologies received from the following officials/members:**

R Louw (Senior Manager: Strategic Services)

R Africa (Internal Auditor)

**Persons present** - as per attached attendance register.

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

The Chairperson thanked the CFO and finance team for their remarkable effort in preparing the draft AFS and for preparing responses/ feedback on questions/ comments from the JAPAC.

The Chairperson also thanked the JAPAC members for a comprehensive review of the draft AFS.

No further statements and communications were expressed by the Chairperson.

**4. PRESENTATION: DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The Chairperson granted the CFO an opportunity to present the draft AFS and to provide feedback on questions/ comments raised by the JAPAC members.

The CFO provided feedback on all questions/ comments that were received from the JAPAC beforehand. See *Annexure A*.

**5. FOLLOW-UP QUESTIONS/ COMMENTS I.R.O. THE DRAFT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The following questions/ comments were raised by JAPAC members during the meeting:

**1. Note 41 – Contingencies: Contingent asset - New Republic Bank**

*The JAPAC indicated that if the municipality decided to keep the impairment as the contingent asset, a note should be made to reflect/ indicate what the municipality has decided on.*

*The CFO indicated that the finance department noted the JAPAC suggestion and will look into the matter.*





2. Note 45 – Unauthorised Expenditure

The CFO indicated that there was no over spending of the total amount appropriated in the municipality's approved operational budget for the period under review.

The JAPAC indicated that the heading is misleading to the reader as the first paragraph indicates that there was no over spending of appropriated amount, yet the capital budget has been overspent.

The CFO indicated that they will attend to the matter.

3. Note 46 – Fruitless and Wasteful Expenditure

The CFO indicated that actions were taken regarding three instances of fruitless and wasteful expenditure that were incurred in the prior year and are currently being investigated, the final outcome will be presented to Municipal Public Accounts Committee (MPAC).

The JAPAC suggested that a note should be made to inform the reader/ user(s) that the matter has been dealt with by Council or that it is in progress, to inform the public as the information is not only for Council.

The CFO indicated that the finance team are making notes and will attend to the matter, however, she is not certain in terms of GRAP requirements as to what extent/ level additional comments should be disclosed on the face of the AFS.

4. Note 47 – Irregular Expenditure

The CFO indicated that the list of all irrecoverable items (expenditure) forms part of reporting to Council in terms of section 52 of the Municipal Finance Management Act (MFMA), this list is also provided to the Auditor General (AG). The CFO further indicated that there is no requirement from GRAP to disclose detailed information regarding this and that they try to align as close as possible with GRAP requirements.

The JAPAC indicated that due to the sensitivity of irregular expenditure, fruitless and wasteful expenditure, it would be advisable from the stakeholders' perspective, to include an appendix, where possible, reflecting municipal actions addressing these matters.

5. Note 50 – Deviation from Supply Chain Management Regulations

The JAPAC pointed out that again the same principle as in point 4 above should apply.

The Municipal Manager provided additional comments in that comprehensive reports on these matters serve before Council and this information can also be obtained from the municipality's website.

6. Note 52 - Awards to close family members of persons in the service of the state

The JAPAC pointed out that the information is not connected/ linked to anything and thus suggested that for information purposes, it should also be referenced as an annexure.

The matter was noted by the CFO.

7. Note 54 – Budget variances

The JAPAC suggested that there should be a clear wording and/ or explanation of general





terms used in the AFS for the reader to understand and to avoid any misinterpretations.

The CFO noted the matter.

8. *Prior year queries from the AG*

The JAPAC enquired whether the previous year queries from AG were addressed and considered when compiling the current draft AFS.

The CFO indicated that based on the management report issued by AG, an audit action plan is compiled indicating all AG's findings, related action plans and implementation dates, to address identified deficiencies.

9. *Quality of the draft AFS submitted for review*

The JAPAC indicated that although they take cognizance of the challenges in compiling a complete set of AFS, their expectation is that when the AFS are submitted to the JAPAC for review, it should reflect the municipality's best effort and not a work in progress document.

The MM indicated that it should be noted that the municipality does not make use of consultants to do the job, there is in-house and limited staff and thus extremely difficult to provide accurate draft AFS for review within a limited timeframe.

10. *Changes in accounting reporting standards*

The JAPAC further inquired whether the municipality has considered the new changes/ amendments, in terms of GRAP standards and IFRS, relating to the current year.

The CFO indicated that the finance team attend the Municipal Accounting Forum and Accounting Working Group meetings, where consideration of new standards are presented and discussed.

11. *Ratio's*

The JAPAC raised some questions/ comments regarding the following:

- cost coverage ratio (6.53), whether it means that the municipality will be able to operate for six months should something happen; and
- whether the ratio's are in line with the norm.

The CFO indicated and confirmed that indeed the municipality would be able to operate with available cash for six months and that the ratio's are within the norm.

12. *Trade debtors and Consumer debtors*

The JAPAC advised that the wording "receivables from exchange transactions" and "receivables from non-exchange transactions" under trade debtors and consumer debtors creates a confusion and that the wording for note 10 and 11 should change to read "other receivables from exchange transactions" and "other receivables from non-exchange transactions".

The CFO and finance team agreed to this suggestion.





11/20

13. *Unspent Human Settlement Grant*

*The JAPAC indicated that due to the sensitivity of government grants, there should be a note explaining why the grant was paid back and not used.*

*The CFO indicated that they will consider that.*

14. *Employee related costs – defined contribution plans*

*The JAPAC enquired as to why there is such a huge difference between the prior year figure and the current years' figure and whether it is a cost to the municipality.*

*The CFO indicated that it is not an actual cost but a provision and the increase is due to a review (new valuation) of the matter by the actuarial consultants.*

15. *Key significant changes*

*The JAPAC enquired if there were any key staff and policy changes during the year.*

*The CFO indicated that there were no significant changes and the finance team and other key role players are still the same as the previous year.*

16. *Submission of AFS*

*The JAPAC indicated that the due date i.e. 31 August 2019 for the submission of the AFS falls on a Saturday and that they expect the municipality to submit before time.*

*The CFO indicated that all municipalities received a notification from National Treasury that the AFS should be submitted to AG on Friday 30 August 2019.*

*The Chairperson thanked the CFO and the finance team for the commendable work they have done.*

**RESOLVED**

That cognizance be taken of the content of the draft Annual Financial Statements, for the year ended 30 June 2019 and that satisfactory responses were received from the CFO and the finance team on questions/ comments raised by the JAPAC.

**6. GENERAL**

No further items were listed for discussion.

**7. CLOSING**

The meeting closed at 15:27.

  
**B VAN STAADEN**  
**CHAIRPERSON**

03/08/2020  
**DATE:**



**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE AUDIT  
COMMITTEE (JAPAC) MEETING**

Held in the Committee Room (Glaskas) White House, Civic Centre, HERMANUS,  
on Wednesday, 21 August 2019 at 14:00.

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 when I am still serving as an Audit Committee member.*

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
B Van Staaden	Chairperson JAPAC		No	No
R Kingwill	Member			
M Mdludlu	Member		No	No
M Koekemoer	Member			
G Serfontein	Member		N	N

NAME	POSITION	SIGNATURE
Ald D Coetzee	Executive Mayor	
Cllr R de Coning	Finance Portfolio	
Cllr A Komani	Management Services Portfolio	
C Groenewald	Municipal Manager	
D Arrison	Director: Management Services	
S Reyneke- Naude	Director: Finance (CFO)	
R Louw	Senior Manager: Strategic Services	
D Van Der Heever	Chief Audit Executive (CAE)	
R Africa	Internal Auditor	
Z Mazuthu	Internal Auditor	
E Essop	Internal Auditor	
N Tsholoba	Intern: Finance	
S Makwetu	Intern: Internal Audit	
C le Roux	DD: Finance & Sem	
B.A. King	SA: Financial Services	
V Allen	Man. Financial Accounting	



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

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

**MINUTES / NOTULE**

**DATE / DATUM:** 19 NOVEMBER 2019  
(TUESDAY / DINSDAG)

**VENUE / PLEK:** COMMITTEE ROOM / KOMITEEKAMER  
(GLASKAS) MAGNOLIA HOUSE/ HUIS,  
CIVIC CENTRE / BURGERSENTRUM  
HERMANUS

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





**MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS), CIVIC CENTRE, HERMANUS ON TUESDAY, 19<sup>TH</sup> OF NOVEMBER 2019 AT 14:00**

**1. OPENING BY CHAIRPERSON**

The Chairperson, Mr B Van Staaden welcomed everyone present, including the newly appointed Chief Risk Officer at the third JAPAC meeting in respect of 2019/20 financial year.

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

Apologies received from the following officials/ members:

1. Cllr A Komani (Management Services Portfolio)

Persons present - see the attached attendance register.

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

The Chairperson indicated that:

- The JAPAC received an email from the Chief Audit Executive regarding the appointment of Zintle Mazuthu as the Chief Risk Officer effective from 15 October 2019.
- The last Audit Steering Committee meeting was held on the 13<sup>th</sup> of November 2019 and attended by Ms Mariska Koekoemoer (JAPAC member) and the Chairperson.

**4. CONFIRMATION OF PREVIOUS MINUTES**

**4.1 17 September 2019: Ordinary JAPAC meeting**

The JAPAC made the following changes to the minutes:

- Page 4: paragraph 2 under item 6.3, last line to read, "the municipality is currently taking action to address the issue."
- Page 5: first line under item 6.7, "experienced" misspelt as "experianced" to be corrected accordingly.

**RESOLVED**

The JAPAC adopted the minutes of the JAPAC meeting dated 17 September 2019 as correct.

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

5.1 Item 02 of 26/02/2019 was dealt with in this meeting (closed off).

5.2 Item 03 of 26/02/2019 was dealt with in this meeting (closed off).

5.3 Item 01 of 17/09/2019 was dealt with in this meeting (closed off).

**6. STANDING ITEMS**

**6.1. QUARTERLY BUDGET STATEMENT REPORT**

**FIRST QUARTER (JULY 2019 – SEPTEMBER 2019) FOR THE FINANCIAL YEAR 2019/2020**

The Budget Statement Report was presented to the JAPAC and the CFO assured the JAPAC that there has been a positive movement in terms of orders issued in respect of capital budget/ expenditure and that all revenue realised and spending were in line with projections and trends.

**RESOLVED**

The JAPAC noted the Budget Statement Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020.



**6.2 REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)  
FIRST QUARTER (JULY 2019 – SEPTEMBER 2019) FOR THE FINANCIAL YEAR 2019/2020**

The Director: Management Services gave an overview of the First Quarter SDBIP report. A few comments/ questions were raised and discussed, pertaining to a large number (404) of Organisational Performance Indicators.

**RESOLVED**

The JAPAC noted the SDBIP Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020.

**6.3. DEBT COLLECTION REPORT**

The Debt Collection Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020 was presented to the JAPAC for review, no comments/ questions raised.

The CFO gave an update on the decline in the trend of debt collection and indicated that it is not a continuing trend, the municipality is stable in terms of debt collection and is aware of the areas of concern and is currently taking action to address them.

**RESOLVED**

The JAPAC noted the Debt Collection Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020.

**6.4. CREDITORS REPORT**

The Creditors Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020 was presented to the JAPAC for review, no comments/ questions raised.

**RESOLVED**

The JAPAC noted the Creditors Report: First Quarter (July 2019 – September 2019) for the financial year 2019/2020.

**6.5. AUDIT ACTION PLAN AS AT 23 SEPTEMBER 2019**

The JAPAC reviewed the content of the Audit Action Plan, no comments/ questions were raised.

**RESOLVED**

The JAPAC noted the Audit Action Plan as at 23 September 2019 for the financial year 2019/2020.

**6.6. RISK MANAGEMENT**

**6.6.1 Risk Management Activities and Implementation Plan**

The Chief Risk Officer (CRO) presented and gave an overview of the Risk Management Activities and Implementation Plan.

In addition to the CRO's presentation, the Director: Management Services indicated that the Risk Management Intern post has been advertised and closed on the 4<sup>th</sup> of November 2019. With close to 300 applications received, the municipality is currently busy with the shortlisting and is hoping to appoint the intern by the 1<sup>st</sup> of January 2020.

The JAPAC requested the CRO to incorporate the updated status of the Risk Management Activities and Implementation Plan into the status report.

**RESOLVED**

The JAPAC noted the reports (# 6.6.2 Risk register and # 6.6.3 Risk action report) and indicated that the CRO be given some time to settle in.







**RESOLVED**

The JAPAC noted the content of the CAE status report and declarations made.

**9. INTERNAL AUDIT REPORTS**

**9.1 Key Controls Assessment: Bi-Annual (January 2019 – June 2019) for the financial year 2018/ 2019**

The report was presented to the JAPAC. The CAE indicated that the report is positive and no comments/ questions were raised with regard to the report.

**RESOLVED**

The JAPAC noted the report relating to Key Controls Assessment: Bi-Annual (January 2019 – June 2019) for the financial year 2018/ 2019.

**9.2 Predetermined Objectives (PDO's): Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019**

The report was presented to the JAPAC. The CAE indicated that the report is positive and no comments/ questions were raised with regard to the report.

**RESOLVED**

The JAPAC noted the report relating to Predetermined Objectives (PDO's): Fourth Quarter (April 2019 – June 2019) for the financial year 2018/ 2019

**9.3 Loss of records**

The report was presented to the JAPAC. The CAE indicated that the municipality is currently in a process of putting all the building plans on a system called 'Collab' and that there is an attempt to get in temporary employees just to scan the documents and building plans.

The Chairperson recommended that there should be a timeframe set to allow the process of scanning of building plans so that a follow-up can be done in due course to see if the agreed actions were implemented.

**RESOLVED**

The JAPAC noted the report relating to Loss of Records.

**9.4 Predetermined Objectives (PDO's): First Quarter (July 2019 – September 2019) for the financial year 2019/ 2020**

The report was presented to the JAPAC. The CAE indicated that the report is positive and no comments/ questions were raised with regard to the report.

**RESOLVED**

The JAPAC noted the report relating to Predetermined Objectives (PDO's): First Quarter (July 2019 – September 2019) for the financial year 2019/ 2020.

**10. AUDIT FINDING(S) TRACKING REGISTER (FOLLOW-UP REGISTER)**

The CAE gave an overview of the Audit finding(s) tracking register, few comments/ questions were raised and discussed, pertaining to agreed actions from last year's audits.

**RESOLVED**

The JAPAC noted the Audit finding(s) tracking register.

**11. GENERAL**

No items were listed for discussion.



Joint Audit & Performance Audit Committee Meeting  
Minutes of Meeting: 19 November 2019

12. NEXT MEETING

The next JAPAC meeting date to be confirmed in due course.

13. CLOSING

The meeting closed at 16:20

B VAN STAADEN  
CHAIRPERSON

02/23/2020

DATE

19/20



**ATTENDANCE REGISTER OF THE JOINT AUDIT AND PERFORMANCE AUDIT  
COMMITTEE (JAPAC) MEETING**

Held in the Committee Room (Glaskas) White House, Civic Centre, HERMANUS,  
on Tuesday, 19 November 2019 at 14:00.

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
B Van Staaden	Chairperson		No	No
R Kingwill	Member		No	No
M Mdludlu	Member		No	No
M Koekemoer	Member		No	No
G Serfontein	Member		No	No

**INTERNAL AUDIT SERVICES**

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
D Van Der Heever	Chief Audit Executive (CAE)		NO	No
E Essop	Internal Auditor		NO	NO
N Tsholoba	Intern: Finance		NO	NO
S Makwetu	Intern: Internal Audit		No	NO

