



**ORDINARY MEETING OF THE MAYORAL
COMMITTEE**

**GEWONE VERGADERING VAN DIE
BURGEMEESTERSKOMITEE**

**INTLANGANISO YESIQHELO YEKOMITI
KASODOLOPHU**

A G E N D A

I-AJENDA

**DATE / DATUM / UMHLA : 31 MARCH / MAART / MATSHI
2021
VIRTUAL**

TIME / TYD / IXESHA : 10:00

MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND

Office of the Municipal
Manager
Municipal Offices
HERMANUS

26 March 2021

NOTICE TO ALL ALDERMEN AND COUNCILLORS

NOTICE IS HEREBY GIVEN that, due to the Covid-19 lockdown, an **ORDINARY MEETING** of the **MAYORAL COMMITTEE** will be held by means of a virtual platform on **WEDNESDAY, 31 MARCH 2021** at **10:00** of which the agenda will be available on the Overstrand Website (www.overstrand.gov.za).

D O'NEILL
MUNICIPAL MANAGER

26 Maart 2021

KENNISGEWING AAN ALLE RAADSHERE EN RAADSLEDE

KENNIS WORD HIERMEE GEGEE dat, weens die Covid-19 inperking, 'n **GEWONE VERGADERING** van die **BURGEMEESTERSKOMITEE** gehou sal word by wyse van 'n virtuele platform op **WOENSDAG, 31 MAART 2021** om **10:00** welke agenda op die Overstrand Webtuiste beskikbaar sal wees (www.overstrand.gov.za).

D O'NEILL
MUNISIPALE BESTUURDER

26 Matshi 2021

ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA

INTLANGANISO YESIQHELO YEKOMITI KASODOLOPHU WE-OVERSTRAND

OKU KUKWAZISA ukuba, ngenxa yokuvalwa okubangelwe yintsolongwane i-Covid-19, intlanganiso **YESIQHELO yeKOMITI KASODOLOPHU**, izakubanjwa ngeqonga elibonakalisayo **NGOLWESITHATHU UMHLA, 31 MARCH 2021** ngeye-**10:00** Apho i-ajenda iya kufumaneka kwiwebhusayithi ye-Overstrand.

D O'NEILL
UMPHATHI KAMASIPALA

AGENDA/...

1. OPENING

2. APPLICATIONS FOR LEAVE OF ABSENCE

3. CONFIRMATION OF MINUTES

3.1 Minutes of an **Ordinary Meeting** of the **Mayoral Committee** held on **Wednesday, 24 February 2021 at 10:00**

4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE EXECUTIVE MAYOR / DEPUTY EXECUTIVE MAYOR

**5.
REPORT OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC)
TO THE OVESTRAND MUNICIPAL COUNCIL**

3/2/3/12

**DC Van Der Heever
16 March 2021**

(028) 313 5035

Internal Audit Services

1. Executive Summary

The purpose of the report is to present Council with the Report of the Joint Audit and Performance Audit Committee (JAPAC) in terms of the reporting requirements as per paragraph 3 of the JAPAC Charter, approved by Council on 24 February 2021.

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. Annexure

Annexure A: Report 2 of the Joint Audit and Performance Audit Committee for the 2020/21 Financial Year

RECOMMENDATION TO THE COUNCIL:

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

RESPONSIBLE OFFICIAL :**DC VAN DER HEEVER****TARGET DATE FOR IMPLEMENTATION :****31 MARCH 2021**

Date: 15 March 2021

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 2020/21 FINANCIAL YEAR**

Reporting Requirement(s)

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

Attached, please find the following:

Annexure A: Report of the Joint Audit and Performance Audit Committee for the period 01 November 2020 to 28 February 2021.

Yours truly,



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

Email: 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 2020/21 FINANCIAL YEAR**

1. REPORT ON ACTIVITIES OF THE JAPAC

During the period 01 November 2020 to 28 February 2021, the JAPAC convened one (1) meeting, namely:

- JAPAC Meeting held on 24 February 2021 (Virtual)

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

Member	JAPAC Special Meeting 24 February 2021
Mr B van Staaden (Chairperson)	Attended
Mr R Kingwill	Attended
Mr. G Serfontein	Attended
Ms. M Koekemoer	Attended

2. REPORT ON INTERNAL AUDIT

During the period 01 November 2020 to 28 February 2021, the following internal audit reports/documents were presented by the Chief Audit Executive and considered by the committee:

Meeting date	Internal Audit Reports
24/02/2021	1. Key Controls Assessment 2
	2. mSCOA (Implementation Review)
	3. Combined Assurance (Bi – Annual) 1
	4. Follow-up re Armed Robberies (Susceptibility of armed robberies at municipal 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 continues to operate at a 50% staffing level.

4. RESOLUTIONS OF THE JAPAC

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

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

1. Minutes of JAPAC Meeting held on 27 October 2020 – Annexure B

**OVERSTRAND MUNICIPALITY
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL
REPORT 2 OF 2020/21 FINANCIAL YEAR**

5. REPORT ON PERFORMANCE MANAGEMENT

At the JAPAC meeting held on 27 October 2020, the following quarterly report(s) in respect of performance management were presented and considered by the JAPAC:

1 st Quarter Reports <i>(01 July 2020 to 30 September 2020)</i>	1. Service Delivery and Budget Implementation Plan (Q1)
	2. Internal Audit Report: Predetermined Objectives (Q1)
2 nd Quarter Reports <i>(01 October 2020 to 30 December 2020)</i>	3. Service Delivery and Budget Implementation Plan (Q2)
	4. Internal Audit Report: Predetermined Objectives (Q2)

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.

6. REPORT ON RISK MANAGEMENT

At the JAPAC meeting held on 24 February 2021, the following quarterly reports in respect of risk management were presented and considered by the JAPAC:

Meeting dates	Risk Management Reports
27/10/2020	1. High Risk Register as at 05 January 2021
	2. Progress Report on Risk Management Activities and Implementation Plan
	3. Fraud and Risk Management Committee minutes 08 October 2020
	4. Overstrand Municipality Combined Assurance Model

The JAPAC is satisfied with the progress made in the establishment of the risk management unit within the municipality.

7. OTHER MATTERS

The Audit Report of the Auditor General and Management Report for the 2019/2020 financial year have been reviewed by the JAPAC and we commend the Municipality in maintaining its clean audit status for the 8th consecutive year. This audit outcome is a result of the good governance practices that has been embedded in the organisation as well as a commitment to excellence by management and staff within the organisation.

The JAPAC expressed its concern over some of the IT control weaknesses that were reported by the Auditor General in the prior year that were not addressed in the 2019/20 financial year. The JAPAC will continue to monitor the implementation of management actions to address these as well as other control weaknesses identified by the Auditor General.

8. NEXT MEETING

The next meeting of the JAPAC is scheduled for 28 April 2021.

END



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

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

MINUTES / NOTULE

DATE / DATUM: 27 OCTOBER 2020
(TUESDAY/ DINSDAG)

VENUE / PLEK: VIRTUAL (*MICROSOFT TEAMS*)

TIME / TYD: 14:00 HRS



MINUTES OF THE MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD VIRTUALLY (VIA MICROSOFT TEAMS) TUESDAY, 27TH OF OCTOBER 2020 AT 14:00

1. OPENING BY CHAIRPERSON

The Chairperson, Mr B Van Staaden, welcomed everyone present to the video conference of the second JAPAC meeting in respect of the 2020/21 financial year.

2. APPLICATION(S) FOR LEAVE OF ABSENCE

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

1. Ms Z Mazuthu (Chief Risk Officer)
2. Mr G Serfontein (JAPAC Member)

Persons present - see the attached attendance register.

3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON:

- The chairperson shared with the JAPAC that he attended the formal performance evaluation of the MM and Directors that took place on Friday, 23 October 2020.
- The chairperson stated that he was very impressed with the performance of the MM and Directors under the conditions of Covid-19 lockdown restrictions, noting that although some KPI's were not met, he was still impressed with the overall performance of the MM and Directors.
- The chairperson indicated that Mr Groenewald's last day as the Overstrand Municipality's Municipal Manager is 30 October 2020 and Mr Dean O'Neill who is currently the Cape Agulhas Municipal Manager will resume office as the new Municipal Manager of Overstrand Municipality as of 01 November 2020.

4. CONFIRMATION OF PREVIOUS MINUTES

4.1 24 June 2020: Ordinary JAPAC Meeting

The JAPAC considered the minutes of the JAPAC meeting dated 24 June 2020.

The JAPAC made the following changes to the minutes:

Page 5 – item 8.1 - indicating that the JAPAC requested that the JAPAC Charter should be amended to the extent that it makes provision that the JAPAC must approve the Internal Audit plan, should be added as an action item on the action register.

Page 7 – item 9.2.5 - the words "Lack of " should be removed from the heading, as the audit was on the "Disaster Management function" and the resolution ("RESOLVED") should also be changed to say that, JAPAC noted the report of the "Disaster management function".

The JAPAC adopted the minutes of the JAPAC meeting dated 24 June 2020 with amendments to be made.

4.2 25 August 2020: Special JAPAC Meeting

The JAPAC adopted the minutes of the JAPAC meeting dated 25 August 2020 as correct.

5. MATTERS ARISING FROM THE PREVIOUS MINUTES

Item 01 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.

Item 02 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.



Item 03 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.

Item 04 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.

However, the JAPAC resolved that, the JAPAC Chairperson should not only be part of the MM and Directors performance evaluation, the JAPAC chairperson should at least be part of the performance evaluation process of the CAE as well. This will allow the JAPAC to gain an understanding and provide some input regarding the technical aspects around the performance of the CAE.

Action 01 of 27 October 2020

The JAPAC requested the CAE to investigate whether the JAPAC chairperson will be permitted to be part of the performance evaluation of the CAE and provide feedback to the JAPAC at the next meeting.

Item 05 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.

Item 06 of 24/06/2020 The Chairperson indicated that this item is still outstanding.

Item 07 of 24/06/2020 The Chairperson indicated that this item is closed, information has been provided to the JAPAC.

6. STANDING ITEMS

6.1. QUARTERLY BUDGET STATEMENT REPORT: FOURTH QUARTER (APRIL 2020 – JUNE 2020) FOR THE FINANCIAL YEAR 2019/2020

- The CFO confirmed that the Draft Annual Financial Statements were circulated to the JAPAC and the results have been discussed at various platforms such as Council and TMT meetings, and confirmed that management is on track in terms of revenue raising and debt collection.
- The management of the municipality looks forward to the remainder of the financial year to monitor the spending on the Capital budget since they had a backlog on the execution of the Capital budget due to lockdown. The CFO confirmed that there are no concerning issues regarding the previously discussed results up to 30 June 2020.
- The JAPAC enquired why the Budget statement report for the 1st quarter of the 2020/21 financial year was not included for tabling in the JAPAC meeting.
- The CFO stated that the Budget statement report for the 1st quarter of the 2020/21 financial year is available and gave a high-level overview of the report and confirmed that there are no concerning issues to report or bring to the attention of the JAPAC at this stage.
- The JAPAC mentioned that the declining trend in debtors' recoveries is an area of concern and was one of the most dominant factors that impacted on the results at the end of the 2019/2020 financial year, other than other matters that also impacted on the results. The JAPAC further enquired whether there were any changes in the first quarter of the 2020/2021 financial year in terms of debtors' recoveries or has management written off irrecoverable bad debts from last year, beginning this 2020/21 financial year on a clean sheet.
- The CFO replied that management is still working on figures and will focus on debt that can be presented to Council for write off. Accordingly, a report with the amounts to be considered for write off will be presented to Council.



RESOLVED

The JAPAC noted the Budget Statement Report: Fourth Quarter (April 2020 – June 2020) for the financial year 2019/20.

6.2 REPORT(S): SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

6.2.1 Fourth Quarter (April 2020 – June 2020) for the financial year 2019/20

Management indicated that the majority of KPI's relating to the fourth quarter of 2019/20 were not met due to Covid 19 lockdown, they also confirmed that they are on track in terms other KPI's relating to other quarters and the performance of the different KPI holders/ owners as those KPI's were completed.

RESOLVED

The JAPAC noted the reports on SDBIP: Fourth Quarter (April 2020 – June 2020) for the financial year 2019/2020.

Action 02 of 27 October 2020

The JAPAC suggested that it should be noted in the JAPAC report to Council that it is concerned about the declining trend in debtors' recoveries.

The CAE noted the suggestion.

6.3. DEBT COLLECTION REPORT

The Debt Collection Report as at 30 September 2020 for the financial year 2020/21 was presented to the JAPAC for review. The CFO gave an overview of the status analysis of debtors older than 90 days, outstanding debtors and debtors that are in arrears and all other stages of debtors' collection processes.

Action 03 of 27 October 2020

The JAPAC requested that an analysis for debtors older than 90 days, outstanding debtors and debtors that are in arrears and all other stages of debtors' collection processes be included as part of the debtor's collection report.

The CFO agreed to provide the requested report on quarterly basis.

RESOLVED

The JAPAC noted the Debt Collection Report: as at 30 September 2020 for the financial year 2020/21.

6.4. CREDITORS REPORT

The Creditors Report as at 30 September 2020 for the financial year 2020/21 was presented to the JAPAC for review, no questions/ comments were raised.

RESOLVED

The JAPAC noted the Creditors Report: as at 30 September 2020 for the financial year 2020/21

6.5. AUDIT ACTION PLAN AS AT 18 SEPTEMBER 2020

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

RESOLVED

The JAPAC noted the Audit Action Plan as at 18 September 2020 for the financial year 2020/21.



6.6. RISK MANAGEMENT

The MM requested the CAE to note down all questions, if any, relating to Risk Management on behalf of the CRO for her to provide written responses to the JAPAC.

The JAPAC commented on the risk around reliability of supply enquiring whether the Council is looking at the opportunity that has been presented by government to proving independent power producers, if so, would the Council be looking at that as one of their options into the future.

The Mayor responded that the municipality is not looking at generating electricity on its own but the municipality is considering at expanding the small generator programmes, currently it is small but the people that participate under the previous set of legislation had to remain net consumers. That requirement has been done away with, now the organisation is looking at expanding the opportunity to other avenues as well as considering the available budget and the municipality would not be selling electricity to those that convert, it is however an opportunity the organisation is following up on.

6.6.1 High Risk Register as at 02 October 2020

The FARMCO chairperson has confirmed that they noted two (2) additional risks *i.e.* R278 and R279 that were added on the Risk register and these risks relate to the outbreak of Covid-19 pandemic.

The JAPAC commented that they are satisfied with the Risk management so far and concurred that good progress is made in respect of a Risk register as it provides a true reflection of those key issues of the municipality

6.6.2 Progress Report on Risk Management Activities and Implementation Plan 1st quarter 2020/21

6.6.3 Fraud and Risk Management Committee minutes 17 June 2020

6.6.4 Overstrand Municipality Combined Assurance Model 1st Quarter 2020/21

The JAPAC suggested that on the Combined Assurance model report, a line should be drawn to indicate a link between each cause of risk and each current control implemented by management to identify risks where there are no controls thereof.

RESOLVED

The JAPAC noted with concern the reports from Risk Management as there was no adequate update in respect of Risk Management reports.

6.7 COMPLIANCE WITH GIFT POLICY – GIFT REGISTERS FROM DIRECTORATES

The JAPAC reviewed the content of the Gift Register tabled in the meeting, no comments/ questions were raised.

RESOLVED

The JAPAC noted the Gift Register and its content.

7. CAE STATUS REPORT(S)

7.1 1st CAE Report – status update for 2020/21

The CAE gave an overview/ content of the status report. No questions were raised regarding the CAE status report.



The JAPAC suggested that the new Municipal Manager should respond to the issue of External Quality Assessment and indicate how this issue should be resolved, accordingly, a formal written submission from him should be submitted to the JAPAC.

Action 04 of 27 October 2020

The JAPAC requested a formal written submission from the MM in response to the issue of External Quality Assessment and indicate how this issue should be resolved.

The CAE noted the request from the JAPAC.

RESOLVED

The JAPAC noted the 1st CAE status report.

8. INTERNAL AUDIT REPORTS

8.1.1 Predetermined Objectives (PDO's): Fourth Quarter (April 2020 – June 2020) for the financial year 2019/2020

The report was presented to the JAPAC. The CAE indicated that the report and/ or audit findings were positive. No comments/ questions were raised regarding the report.

RESOLVED

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

8.2.2 Key Controls Assessment 1

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

RESOLVED

The JAPAC noted the report relating to Key Controls Assessment Bi-annual review (01 January 2020 – 30 June 2020) for the financial year 2019/2020.

8.1.3 Follow-up re Theft and Vandalism

The report was presented to the JAPAC. The CAE indicated that the report and/ or audit findings were positive, and no comments/ questions were raised regarding the report.

RESOLVED

The JAPAC noted the report relating to Follow-up re Theft and Vandalism

9. AUDIT FINDING(S) TRACKING REGISTER (FOLLOW-UP REGISTER)

The CAE stated that during the next week, IAS will focus on part B section of the audit tracking register *i.e.* agreed actions/ recommendations not implemented yet to verify if those actions have been implemented.

11. GENERAL

The outgoing Municipal Manager, Mr C Groenewald, shared his final words and goodbye with the JAPAC, thanking and commending his colleagues, including the Mayor and his council, for their hard work and dedication, stating that the Overstrand Municipality is what it is today because of them.

The JAPAC members also shared their farewell regards with the MM, stating that working with the MM was a pleasure and congratulated the MM on the job well-done.



The MM noted the regards with appreciation.

12. NEXT MEETING

The next meeting date of the JAPAC is to be confirmed pending finalization of the JAPAC meeting calendar by the Chief Audit Executive.

13. CLOSING

The meeting closed at 14:54

**B VAN STAADEN
CHAIRPERSON**

09 March 2021

DATE



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

Held virtually (via Zoom) on Tuesday, 27 October 2020 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 JAPAC	<i>BVS</i>	No	No
R Kingwill	Member	<i>R Kingwill</i>	No	No
M Mdludlu	Member	<i>M Mdludlu</i>	no.	no.
M Koekemoer	Member	<i>MK</i>	N	N
G Serfontein	Member	Apology		

INTERNAL AUDIT SERVICES

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

