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## MINUTES OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC) MEETING

**Name of Meeting:** Audit and Performance Audit Committee (APAC) Meeting  
**Date:** 23 February 2023  
**Time:** 09H00  
**Venue:** Video Conferencing Facility (Virtual Meeting)

**Committee Members:** Mr. A Dippenaar APAC: Chairperson  
 Mr. R Rhoda APAC: Member  
 Adv. N Hendricks APAC: Member  
 Mr. P Silbernagl APAC: Member

**Officials:** Ms. A Vorster Municipal Manager (MM)  
 Ms. E Wasserman Director: Financial Services (CFO)  
 Mr. B Neale Director: Infrastructure Services (DIS)  
 Mr. K Stuurman Director: Community Service (DCOM)  
 Mr. W Treurnicht Senior Manager: Civil Engineering Services  
 Mr. D Lakey Performance & Compliance Officer  
 Mr. H Swart Risk Management Intern  
 Ms. M Vermeulen Internal Audit Intern

AGENDA ITEM	RESOLUTION	RESPONSIBLE OFFICIAL
<b>1. OPENING AND WELCOMING</b> The Chairperson opened the meeting and welcomed everyone present.		Chairperson
<b>2. APPLICATION FOR LEAVE OF ABSENCE</b> None	APAC took cognizance that there is no application for Leave of Absence.	Chairperson
<b>3. DECLARATION OF INTEREST: COMMITTEE MEMBERS</b> The APAC members had no interests to declare.	APAC and Management takes cognizance that no interests were declared by the Committee Members	All



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<p><b>4. FINALIZATION OF THE AGENDA</b></p> <p>The agenda was accepted and no additional items were added to the agenda.</p>	<p><i>The APAC and the Senior Management Team accepted agenda.</i></p>	<p>Chairperson</p>
<p><b>5. MINUTES OF PREVIOUS MEETING: 24 October 2022</b></p> <p>The minutes of the previous meeting, dated 24 October 2022 were reviewed and approved by the APAC.</p> <p>APAC recommended that the resolutions should include the agreed action of each item.</p>	<p><i>The minutes of the meeting held on 24 October 2022 be approved by the APAC and the recommendation made by APAC were accepted.</i></p>	<p>Chairperson</p>
<p><b>5.1. Matters arising from the previous minutes</b></p> <p>The following matters were raised by APAC:</p> <p>(a) Green Drop Report</p> <p>The Senior Manager: Civil Engineering indicated that the Green Drop Report with actions and licenses will be tabled at the next APAC meeting in April 2023.</p>	<p><i>The APAC takes cognisance of all the resolved and unresolved matters on the Matters Arising Schedule and the Green Drop Report ( Actions and Licenses )that will be tabled at the next APAC meeting.</i></p>	<p>Chairperson</p>
<p><b>6. PRESENTATIONS:</b></p>		
<p><b>6.1 Implementation of the Municipal Property Acts</b></p> <p>The MM tabled the 2023 remuneration of non-official members: Commission of Inquiry, and Audit Committees payable to APAC and gave an overview on the rates payable to APAC Chairperson and members.</p>	<p><i>That the Audit and Performance Audit Committee take cognisance of the Implementation of the Municipal Property Acts.</i></p>	<p>Municipal Manager</p>



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<p><b>6.2 Mini Black Swan Event</b> The MM gave an overview on the Mini Black Swan Event which are caused due to Loadshedding to APAC and indicated the impact it had on service delivery.</p>	<p><i>That the Audit and Performance Audit Committee take cognizance of the Mini Black Swan Event.</i></p>	<p>MM</p>
<p><b>7. STANDING ITEMS</b></p>		
<p><b>7.1 Financial In-Year Reporting:</b></p> <p>The CFO presented the S71: December 2022 report, Section 52: 2<sup>nd</sup> Quarter Report and SCM: 2nd Quarter Implementation Report to the APAC.</p> <p>The CFO highlighted the following to APAC:</p> <p><b>- Section 71: December 2022 (A7.1.1):</b>  <b>Page 6: Capital and Operating Budget:</b> The CFO gave an overview on the overall financial position of the capital and operating budget.</p> <p>The CFO highlighted the 15% to 17% increase in revenue losses which are mainly due to load shedding.</p> <p><b>Page 19:</b> The CFO indicated that the payment rate decreased from 98% to 97.2%</p> <p><b>Page 23: Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure):</b> The CFO indicated that traffic fines are still a concern and there are some challenges in generating traffic fines by 30 June 2023.</p> <p><b>- Section 52: 2<sup>nd</sup> Quarter Report (A7.1.2)</b> The CFO gave an overview on the Section 52 Report to APAC.</p>	<p><i>1. That the Audit Committee takes cognizance of the In-year Monitoring Reports and to make recommendations if needed.</i></p>	<p>CFO</p>



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<p><b><u>- SCM: 2<sup>nd</sup> Quarter Implementation Report (A7.1.3)</u></b></p> <p>The CFO gave an overview on the SCM: Quarterly Report to APAC and indicated that 55% of the projects are in process to be implemented.</p> <p>The CFO indicated that a centralized plan will be implemented by 1 July 2023.</p> <p>APAC recommended that the CFO include a column to indicate the relationships, e.g., Family members of the suppliers.</p>		
<p><b>7.2 Risk Management Status Update:</b> Internal Audit presented the following reports to the APAC:</p> <p><b><u>- 2022/2023 2<sup>nd</sup> Quarter Risk Management Progress Report (A7.2.1)</u></b> Internal Audit gave an overview on the 2<sup>nd</sup> Quarter Risk Management Progress and highlighted the new risk that was added to the Risk Register and the removed risk to APAC.</p> <p><b><u>- 2022/2023 2<sup>nd</sup> Quarter Risk Action Report (A7.2.2)</u></b> Internal Audit presented and gave an overview on the 2<sup>nd</sup> Quarter Risk Action Report to APAC.</p> <p><b><u>- FARMCO Minutes – 16 February 2023 (A7.2.3)</u></b> The APAC reviewed the Minutes as submitted.</p> <p><b><u>- Risk Register 2022/2023</u></b> Internal Audit gave an overview on the Strategic and Operational Risk Register and highlighted the top 5 Strategic and Operational Risks to APAC.</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the 2022/23 FARMCO Chairperson's Report, the minutes of the FARMCO meeting held on 16 February 2023 and Risk Register.</i></p>	<p>Internal Audit</p>



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<p><b>7.3. Quarterly Chief Audit Executive Progress Report (2022/2023 2<sup>nd</sup> Quarter Report)</b> Internal Audit presented the 2022/2023 2<sup>nd</sup> Quarter Chief Audit Executive (CAE) Progress Report to APAC.</p> <p>Internal Audit indicated that the Internal Audit Activity is currently managed by two interns and an outsourced CAE from Overberg District Municipality who reviews and approves the Internal Audit reports before submission.</p> <p>Internal Audit indicated that the 2022/2023 Risk-Based Audit Plan is 42% completed and highlighted the KPI's that were not met for the 3<sup>rd</sup> quarter which is due to the CAE position still being vacant.</p>	<p><i>That the Audit and Performance Audit Committee take cognizance of the 1<sup>st</sup> quarter Chief Audit Executive Progress Report for the 2022/2023 financial year and (if needed) advise the accounting officer on matters relating to internal audit activities</i></p>	<p>Internal Audit</p>
<p><b>7.4 Quality Assurance &amp; Improvement Program</b> Internal Audit gave an overview on the QAIP to APAC.</p>	<p><i>That the Audit and Performance Audit Committee takes cognizance of the Quality Assurance and Improvement Program for the 2022/2023 2<sup>nd</sup> quarter.</i></p>	<p>Internal Audit</p>
<p><b>7.5 Combined Assurance Model</b> Internal Audit gave an overview on the Combined Assurance Model to the APAC.</p> <p>Internal Audit indicated that some risks will be reviewed and the final Combined Assurance Model will be tabled to APAC.</p>	<p><i>1. That the Audit and Performance Audit Committee takes cognizance of the 2022/2023 Combined Assurance Plan and advise (if necessary) on the level of assurance provided. 2. That cognizance be taken of the assurance status of the High Risks per the approved 2022/2023</i></p>	<p>Internal Audit</p>



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	<i>Combined Assurance Plan.</i>	
<p><b>7.6 Quarterly Internal Audit Follow Up Report: (2<sup>nd</sup> Quarter Report)</b></p> <p>Internal Audit presented the 2<sup>nd</sup> Quarter Follow Up Report and highlighted the outstanding findings to APAC.</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the Internal Audit Follow-Up Report for the 2<sup>nd</sup> Quarter of the 2022/2023 financial year</i></p>	<p>Internal Audit</p>
<p><b>7.7 Information &amp; Communication Technology (ICT)</b></p> <p><b>ICT Quarterly Report</b></p> <p>The CFO present the ICT quarterly report to APAC and indicated that a Service Level Agreement are being drafted with a Service provider and feedback will be provided to APAC at the next APAC meeting.</p> <p>The CFO highlighted that a new firewall will be installed and after the process is finalised an ICT risk review will be done.</p> <p>APAC recommended that CFO provide feedback regarding the ICT Steercom at the next APAC meeting.</p>	<p><i>That the APAC takes cognisance of the Municipality's ICT activities and provide advice (if needed) to the Accounting Officer and Council. APAC recommends that the CFO provide feedback regarding ICT Steercom.</i></p>	<p>CFO</p>
<p><b>7.8 Reporting of Fraud-Related Matters/Disciplinary Actions (if any)</b></p> <p>The MM mentioned the petrol cards incident and that the employees were suspended .</p>	<p><i>1. The Audit and Performance Audit Committee take cognizance of the fraudulent incidents reported to the committee for the 2<sup>nd</sup></i></p>	<p>ALL</p>



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<p>APAC recommended that Senior Management should provide APAC with a report which includes: A summary of the incident, starting date and progress thereof.</p>	<p><i>quarter of 2022/2023 (if any).</i></p>	
<p><b>7.9 Irregular Expenditure (Status Update)</b>            The CFO presented the UIFW report as at 30 June 2022 to APAC and highlighted the following to APAC:</p> <ul style="list-style-type: none"> <li>• Unauthorised Expenditure:               <ul style="list-style-type: none"> <li>◦ Accounting provision for the capital restoration cost of the landfill site.</li> </ul> </li> <li>• Fruitless and Wasteful Expenditure               <ul style="list-style-type: none"> <li>◦ None reported for 30 June 2022</li> </ul> </li> <li>• Irregular Expenditure               <ul style="list-style-type: none"> <li>◦ Appointment which was in contravention with the MSA.</li> </ul> </li> </ul>	<p><i>1. The Audit and Performance Audit Committee take cognizance of the current status of dealing with current and prior year irregular expenditure.</i></p>	<p>CFO</p>
<p><b>7.10 Internal Audit Continuity</b>            The Municipal Manager indicated that a formal written agreement between Swellendam Municipality and Overberg District Municipality is being finalised to make use of the CAE shared Service.</p> <p>The MM highlighted that the position of the Internal Auditor and Senior Internal Auditor will be filled by 1 May 2023.</p>	<p><i>The Audit and Performance Audit Committee take cognizance of the Internal Audit Continuity.</i></p>	<p>MM</p>
<p><b>8. NEW MATTERS FOR CONSIDERATION</b></p>		
<p><b>8.1 2021/2022 Draft Annual Report</b>            The Performance and Compliance Officer gave a high-level overview on the Draft Annual Report to APAC.</p> <p>APAC indicated that inputs on the Draft Annual Report will be circulated to the Performance and Compliance</p>	<p><i>1. The report is submitted to the Audit and Performance Audit Committee for discussion and to make</i></p>	<p>PMS</p>



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Officer before final submission.	<i>recommendations if needed</i>	
<p><b>8.2 2022/2023 Mid-Year Budget &amp; Performance Assessment</b></p> <p>The Performance and Compliance Officer gave a high-level overview on the Section 52 report to APAC.</p>	<p><i>1. The report is submitted to the Audit and Performance Audit Committee for discussion and to make recommendations if needed</i></p>	PMS
<p><b>8.3 2022/2023 1<sup>st</sup> Quarter Performance Management (SDBIP) Review</b></p> <p>Internal Audit presented the 1<sup>st</sup> Quarter Performance Management (SDBIP) Review to APAC and highlighted the findings that were raised.</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the 2022/2023 1<sup>st</sup> Quarter Performance Management (SDBIP) Review</i></p>	Internal Audit
<p><b>8.4 2022/2023 2<sup>nd</sup> Quarter Performance Management (SDBIP) Review</b></p> <p>Internal Audit presented the 2<sup>nd</sup> Quarter Performance Management (SDBIP) Review to APAC and highlighted the findings that were raised.</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the 2022/2023 2<sup>nd</sup> Quarter Performance Management (SDBIP) Review</i></p>	Internal Audit
<p><b>8.5 Revenue Review: Sundry Income</b></p> <p>Internal Audit presented the Revenue Review: Sundry Income to APAC and highlighted findings that were raised</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the Report</i></p>	Internal Audit



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<p><b>8.6 2021/2022 Audit Action Plan (OPCAR)</b></p> <p>The CFO presented the OPCAR to APAC and highlighted the progress with regards to the required actions.</p>	<p><i>1. That the Audit and Performance Audit Committee take cognizance of the Audit Action plan of the 2021/22 Audit Outcome.</i></p>	<p>CFO</p>
<p><b>9. General</b></p> <p>APAC mentioned that Malgas and Infanta has no waste water treatment works and that the permits for these two sites can be removed from the register.</p>		<p>All</p>
<p><b>10. Closure</b></p> <p>The Chairperson closed the meeting and thanked everyone who participated in the session.</p> <p>Without any further items to discuss the meeting was closed at 12h00.</p>		<p>Chairperson</p>