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

Name of Meeting: Audit and Performance Audit Committee (APAC) Meeting
Date: 20 June 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. E Wasserman	Director: Financial Services (CFO)
Mr. B Neale	Director: Infrastructure Services (DIS)
Mr. K Stuurman	Director: Community Service (DCOM)
Mr. D Lakey	Performance & Compliance Officer (PMS)
Mr. J Kapp	Senior HR Practitioner (SHRP)
Mr A Petersen	Senior Internal Auditor
Mr. H Swart	Internal Auditor
Ms. M Vermeulen	Internal Audit Intern

AGENDA ITEM	RESOLUTION	RESPONSIBLE OFFICIAL
<p>1. OPENING AND WELCOMING</p> <p>The Chairperson opened the meeting and welcomed everyone present.</p>		Chairperson
<p>2. APPLICATION FOR LEAVE OF ABSENCE</p> <p>The following members could not attend the APAC meeting due to other obligations:</p> <ul style="list-style-type: none"> Ms. A Vorster Municipal Manager (MM) Mr. W Treurnicht Senior Manager: Civil Engineering Services 	APAC took cognizance that there is an application for Leave of Absence.	Chairperson
<p>3. DECLARATION OF INTEREST: COMMITTEE MEMBERS</p> <p>The APAC members had no interests to declare.</p>	APAC and Management take cognizance that no interests were declared by the Committee Members	All



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<p>4. FINALIZATION OF THE AGENDA</p> <p>The agenda was accepted and no additional items were added to the agenda.</p> <p>Subsequent to the acceptance of the agenda the Internal Auditor indicated that Item 6.2.1 will be presented by the Senior HR Practitioner.</p>	<p><i>The APAC and the Senior Management Team accepted the agenda and took cognizance of item 6.2.1 as indicated by the Internal Auditor</i></p>	<p>Chairperson</p>
<p>5. MINUTES OF PREVIOUS MEETING: 12 May 2023</p> <p>The minutes of the previous meeting, dated 12 May 2023 were reviewed and approved by the APAC.</p>	<p><i>The minutes of the meeting held on 12 May 2023 be approved by the APAC.</i></p>	<p>Chairperson</p>
<p>5.1. Matters arising from the previous minutes</p> <p>The Chairperson highlighted the outstanding matters from the Matters Arising schedule. The Internal Auditor indicated that all outstanding matters arising from the matters arising schedule will be tabled at the next APAC meeting.</p>	<p><i>The APAC takes cognizance of all the resolved and unresolved matters on the Matters Arising Schedule and the outstanding matters to be tabled at the next APAC meeting.</i></p>	<p>Chairperson</p>
<p>6. PRESENTATIONS:</p>		
<p>6.1 OPCAR Report</p> <p>The Chief Financial Officer (CFO) presented the OPCAR report to APAC and highlighted the progress with regard to the required actions.</p>	<p><i>That the Audit and Performance Audit Committee took cognizance of the OPCAR report and the required actions as highlighted by the Chief Financial Officer (CFO)</i></p>	<p>CFO</p>
<p>6.2 Disciplinary Cases - 2022/23 Financial Misconduct Report (A6.2.1)</p> <p>The Senior HR practitioner provides an overview of the Disciplinary Cases for the 2022/23 financial year to APAC.</p>	<p><i>That the Audit and Performance Audit Committee take cognizance of the Disciplinary Cases for the 2022/23 financial year.</i></p>	<p>SHRP</p>



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<p>APAC recommended that the start date and end date of the Disciplinary Cases be included in the Disciplinary Cases report.</p>		
<p>7. STANDING ITEMS</p>		
<p>7.1 Risk Management Status Update:</p> <p>The Senior Internal Auditor presented the following reports to the APAC:</p> <p><u>- 2022/23 3rd Quarter Risk Management Progress Report – Update (A7.1.1)</u></p> <p>The Senior Internal Auditor provide an overview of the 3rd Quarter Risk Management Progress Report and highlighted the new risks that were added to the Risk Register.</p> <p>Subsequent to the tabling of the Risk Management Progress Report, APAC indicated that an APAC member should serve on the Fraud and Risk Management Committee (FARMCO). Furthermore, APAC recommended that this should be added to the agenda for the next APAC meeting scheduled for the 4th Quarter.</p> <p><u>- 2022/23 3rd Quarter Risk Register – Updated (A7.1.2)</u></p> <p>The Senior Internal Auditor provide an overview of the Strategic and Operational Risk Register and highlighted the top 5 Strategic and Operational Risks.</p> <p><u>- FARMCO Minutes: 02 May 2023 (A7.1.3)</u> APAC reviewed the Minutes as submitted.</p>	<p>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 2 May 2023, and the Risk Register.</p>	<p>Senior Internal Auditor</p>
<p>7.2 Quarterly Combined Assurance Progress Report</p> <p>The Senior Internal Auditor gave an overview of the Combined Assurance Progress Report to the APAC.</p> <p>APAC highlighted discrepancies in the Quarterly Combined Assurance Progress Report. It was recommended that Internal</p>	<p>1. That the Audit and Performance Audit Committee takes cognizance of the 2022/2023 Combined Assurance Plan and advices (if necessary)</p>	<p>Senior Internal Auditor</p>



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<p>Audit review the Quarterly Combined Assurance Progress Report.</p>	<p><i>on the level of assurance provided.</i></p> <p><i>2. That cognizance be taken of the assurance status of the High Risks per the approved 2022/2023 Combined Assurance Plan.</i></p>	
<p>7.3. Irregular Expenditure (Status Update)</p> <p>The Chief Financial Officer (CFO) presented the UIFW report as of March 2023 and highlighted the following:</p> <ul style="list-style-type: none"> • Unauthorized Expenditure Accounting provision for the capital restoration cost of the landfill site. • Fruitless and Wasteful Expenditure None reported for 30 June 2022 • Irregular Expenditure The new item: purchase of urgent generators. <p>The appointment was in contravention of the MSA.</p>	<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>7.4 Information & Communication Technology (ICT)</p> <p>- ICT Quarterly Report (A7.4.1)</p> <p>The Chief Financial Officer (CFO) presented the ICT quarterly report. Subsequent to the tabling of the ICT quarterly report the CFO highlighted the following:</p> <ul style="list-style-type: none"> • The Manager ICT position will stay vacant until the finalization of the organizational structure. • A new firewall was installed. 	<p><i>1. That the APAC takes cognizance of the Municipality's ICT activities and provides advice (if needed) to the Accounting Officer and Council.</i></p>	<p>CFO</p>



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<p>- ICT Steercom Minutes (A7.4.2)</p> <p>The Chief Financial Officer (CFO) provide an overview of the ICT Steercom meeting minutes held on 2 June 2023 and indicated that eleven (11) projects were added to the 2023/2024 strategic plan. The 2023/24 strategic plan will be tabled at the next APAC meeting which will be held in the 2023/2024 financial year.</p>		
<p>7.5 Financial In-Year Reporting: - SCM: 3rd Quarter Implementation Report (A7.5.1)</p> <p>The Chief Financial Officer (CFO) provide an overview of the SCM: Quarterly Report to APAC and indicated that 53% of the projects are in the process to be implemented. It was also indicated that in March the municipality received grant funding.</p>	<p>1. That the Audit Committee takes cognisance of the In-year Monitoring Reports and to make recommendations if needed.</p>	<p>CFO</p>
<p>8. NEW MATTERS FOR CONSIDERATION</p>		
<p>8.1 Internal Quality Assurance Assessment</p> <p>The Senior Internal Auditor presented the Internal Quality Assurance Assessment to APAC and identified a skills gap during the assessment.</p> <p>APAC recommended that Senior Management provide feedback regarding the skills development budget of Internal Audit to APAC at the next APAC meeting.</p>	<p>1. The APAC took note of the Internal Quality Assurance Assessment and skills gap. APAC recommended that Senior Management provide feedback to APAC on this matter.</p>	<p>SIA</p>
<p>8.2 2022/2023 3rd Quarter Performance Management (SDBIP) Review</p> <p>The Senior Internal Auditor presented the 3rd Quarter Performance Management (SDBIP) Review to APAC and highlighted the findings that were raised.</p>	<p>1. That the Audit and Performance Audit Committee take cognisance of the 2022/2023 3rd Quarter Performance Management (SDBIP) Review and findings that were raised during the review.</p>	<p>SIA</p>



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<p>8.3 2022/23 3rd Quarter Landfill Site Compliance Review (Malgas) The Senior Internal Auditor provides an overview of the Landfill Site Compliance Review to APAC.</p>	<p>1. The APAC took note of the Landfill Site Compliance Review</p>	<p>SIA</p>
<p>8.4 2023/2024 APAC Charter</p> <p>The Senior Internal Auditor presented 2023/2024 APAC Charter to APAC.</p> <p>APAC recommended that the following changes be made to the APAC Charter</p> <ul style="list-style-type: none"> • 3.1.4 - The word re-elected needs to change to re-appointment. • 9.2 (f) - The APAC cannot approve operational decisions, because it is the Municipal Manager's responsibility. • 10.16 - To ensure compliance with relevant legal requirements; • 10.17 - To ensure that proper accounting records are kept; <p>The Chairperson recommended that Internal Audit review the wording.</p> <p>Adv Hendriks recommended that APAC roles and responsibilities regarding Risk Management should be reviewed to be in line with the roles and responsibilities of APAC.</p> <p>The Senior Internal Auditor indicated that the comments of APAC will be taken into consideration prior to final submission to the council.</p>	<p>1. <i>The APAC reviewed and highlighted discrepancies in the 2023/2024 APAC Charter and recommended that Internal Audit review the Charter and make changes where necessary.</i></p>	<p>SIA</p>



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<p>9. General</p> <p>The Chairperson indicated that the 4th Quarter APAC meeting is scheduled for 27 June 2023.</p> <p>The Senior Internal Auditor informed APAC that Mr. Rhoda's contract will be extended and will be tabled to Council for consideration.</p> <p>APAC recommended that items be drafted for New Matters arising on the agenda for the next financial year.</p>		<p>All</p>
<p>10. Closure</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 11h00.</p>		<p>Chairperson</p>