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SWELLENDAM MUNICIPALITY
3rd QUARTER REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE 2023/24 FINANCIAL YEAR

We are pleased to present the Audit and Performance Audit Committee report for the Swellendam Municipality for the 3rd quarter of the 2023/24 financial year.

1. Introduction

Section 166 of the Municipal Finance Management Act No. 56 of 2003, requires every Municipality to establish and maintain an audit committee, as an independent appraisal function. Experience has shown that a properly constituted Audit and Performance Audit Committee (APAC) can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The Swellendam Audit and Performance Audit Committee is well-established and functioning as required. The Audit and Performance Audit Committee (APAC) met once during the 3rd quarter of the 2023/24 financial year on 16 April 2024. Furthermore, Adv. Hendricks' tenure concluded on 31 January 2024, and Mr. Silbernagl was subsequently reappointed to the Audit and Performance Audit Committee. Additionally, two new members, Professor Olivier and Ms. Talmakkies, were appointed on 01 March 2024, and 01 July 2024, respectively.

2. Audit and Performance Audit Committee Members and Attendance at 3rd Quarter Meeting:

Members	Capacity	Meeting Attended
Mr. A. Dippenaar	Chairperson	31 August 2023 15 September 2023 (Special Audit and Performance Audit Committee Meeting) 11 December 2023 16 April 2024
Adv. N. Hendricks	Member	31 August 2023 15 September 2023 (Special Audit and Performance Audit Committee Meeting) 11 December 2023

Mr. R. Rhoda	Member	31 August 2023 15 September 2023 (Special Audit and Performance Audit Committee Meeting) 11 December 2023 (Not Attended) 16 April 2024
Mr. P. Silbernagl	Member	31 August 2023 - Not attended 15 September 2023 (Special Audit and Performance Audit Committee Meeting) 11 December 2023 (Not attended) 16 April 2024
Professor. N. Olivier	Member	16 April 2024

The above-mentioned meeting was well attended by the Municipal Manager, Chief Financial Officer, and other Directors. It is imperative to convey that the position of Director of Infrastructure Services is presently unoccupied, with Mr. Willem Treurnicht serving as the Acting Director of Infrastructure Services on an interim basis.

3. Summary of the Work Performed by the Internal Audit Unit

The following Internal Audit documents were presented to the Audit and Performance Audit Committee during the meeting:

- 3rd Quarter Chief Audit Executive Progress Report
- Combined Assurance Plan
- 3rd Quarter Follow-up Report

The following internal audit engagements were conducted and the final reports were presented to the Audit and Performance Audit Committee during the meeting:

- 2023/24 2nd Quarter Performance Management Review
- Ageing and inadequate Roads and Stormwater Review
- Risk Management Review
- Adhoc Request: Duplicate Order Collection

Progress on the implementation of the approved 2023/24 Risk-Based Internal Audit Plan was also duly reported to the Audit and Performance Audit Committee, and the committee have confidence that the Internal Audit function has been effective in carrying out its function in the municipality.

4. Internal Control Systems

Internal control is the system of controls and directives that are designed to provide cost-effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed, and that the municipality fulfils its mandate, in compliance with all relevant statutory and governance duties and requirements.

The Audit and Performance Audit Committee has diligently assessed the internal audit engagement reports submitted by the Internal Audit Activity. In light of these internal audit engagement reports, the Audit and Performance Audit Committee acknowledges the presence of substantial internal controls while also noting the identification of specific control deficiencies. As part of its oversight responsibility, the Audit and Performance Audit Committee will closely track the advancements made by Management in enhancing their internal control framework within the municipality.

5. Risk Management/ Combined Assurance

At its meeting, Internal Audit Activity furnished the Audit and Performance Audit Committee with a comprehensive update on the municipality's Risk Management activities. In addition, the Audit and Performance Audit Committee undertook a thorough review of the following documents pertaining to risk management:

- 2023/24 Strategic and Operational Risk Register
- 2023/24 3rd Quarter Fraud and Risk Management Committee (FARMCO) Chairpersons Report
- Fraud and Risk Management Committee (FARMCO) Meeting Minutes: 13 February 2024.
- Combined Assurance Plan

During the meeting, the Combined Assurance Plan was presented to the Audit and Performance Audit Committee Meeting. This plan is harmonised with the 2023/24 Strategic and Operational Risk Register. The Audit and Performance Audit Committee expresses contentment with the advancements made in implementing risk management practices throughout the municipality.

6. Performance Management

In terms of Section 14(4) (a) of the Regulations the Audit and Performance Audit Committee has the responsibility to:

- Review the quarterly reports produced and submitted by the internal audit process;
- Review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- At least twice during each financial year submit a performance audit report to the council of the municipality.

The Performance and Compliance Officer was appointed on the 05 February 2024 and will be solely responsible for Performance and Compliance.

7. Accounting / Financial Information

During the meeting, the Audit and Performance Audit Committee comprehensively reviewed the following Financial In-Year Reporting:

- Section 71
- Section 52 and
- Supply Chain Management Quarterly Implementation Report
- Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW)

The Chief Financial Officer reported on matters concerning fraud, unauthorized, irregular, fruitless, and wasteful expenditure. Additionally, the Chief Financial Officer presented the 2022/2023 Auditor General South Africa Audit and Management report to the Audit and Performance Audit Committee. Moreover, the Municipal Manager presented the 2022/2023 Annual Report and conveyed it to the Audit and Performance Audit Committee for review and comment.

8. Compliance with Legislation / Governance

The following Compliance with Legislation / Governance was reported to the Audit and Performance Audit Committee for the 3rd Quarter during the meeting:
The organisational structuring re-alignment was consulted with respective directors and officials within that directorate.

9. Conclusion

The Audit and Performance Audit Committee is pleased with the continuous progress made by the Swellendam Municipality in improving the overall governance, internal control, and risk management environment.

On behalf of the Audit and Performance Audit Committee

A Dippenaar
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Mr. A. Dippenaar
APAC Chairperson
Date: 18 April 2024