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

Name of Meeting: Quarter 2 Audit and Performance Audit Committee (APAC) Meeting
Date: 11 December 2023
Time: 09H00
Venue: Video Conferencing Facility (Virtual Meeting)

Committee Members:

Mr. A Dippenaar	Chairperson
Mr. R Rhoda	Member
Adv. N Hendricks	Member
Mr P. Silbernagl	Member

Officials:

Ms. A. Vorster	Municipal Manager
Ms. E. Wasserman	Director: Financial Services
Mr. K. Stuurman	Director: Community Service
Mr. W. Treurnicht	Acting Director: Infrastructure Services
Mr. A. Petersen	Senior Internal Auditor
Mr. H. Swart	Internal Auditor
Ms. M Vermeulen	Internal Audit Intern
Mr. J van Niekerk	Manager: Solid Waste and Environmental

AGENDA ITEM	RESOLUTION	RESPONSIBLE OFFICIAL
1. OPENING AND WELCOMING The Chairperson opened the meeting and welcomed everyone present.		Chairperson
2. APPLICATION FOR LEAVE OF ABSENCE The following members could not attend the Audit and Performance Audit Committee meeting due to other obligations: - Mr. R Rhoda - Mr. P. Silbernagl	<i>The Audit and Performance Audit Committee takes cognizance that there is an application for leave of absence. Furthermore, apologies were submitted to the Audit and Performance Audit Committee Chairperson.</i>	Chairperson



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3. DECLARATION OF INTEREST: COMMITTEE MEMBERS The Audit and Performance Audit Committee (APAC) members had no interests to declare.	<i>The Audit and Performance Audit Committee and Senior Management takes cognizance that no interests were declared by the committee members.</i>	All
4. FINALIZATION OF THE AGENDA The agenda was accepted and no additional items were added to the agenda.	<i>The agenda was accepted by both the Audit and Performance Audit Committee and Senior Management.</i>	Chairperson
5. MINUTES OF PREVIOUS MEETING: 15 September 2023 The minutes of the previous meeting, dated 15 September 2023 were reviewed and approved by the Audit and Performance Audit Committee.	<i>The minutes of the meeting held on 15 September 2023 were approved by the Audit and Performance Audit Committee.</i>	Chairperson
5.1. Matters arising from the previous minutes No additional items were added to the matters arising schedule. All matters raised in the preceding meeting were promptly attended to.	<i>The Audit and Performance Audit Committee and the Senior Management accepted that all matters raised in the preceding meeting was promptly addressed.</i>	Chairperson
6. PRESENTATIONS:		
6.1 Submission of AFS and progress on 2022/23 Audit by AGSA During the meeting, the Chief Financial Officer delivered a comprehensive presentation encompassing the following crucial documentation: - Exemption Letter - Acknowledgement of Receipt - Audit Engagement Letter	<i>That the Audit and Performance Audit Committee take cognizance of the Submission of AFS and progress made on 2022/23 audit by AGSA.</i>	Chief Financial Officer



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- Audit Report Late Submission - Audit Progress Report The Chief Financial Officer (CFO) presented the progress made by the Auditor-General South Africa (AGSA) on the 2022/23 audit to the Audit and Performance Audit Committee. The CFO further communicated that the Municipality successfully sought and obtained an exemption from the National Treasury, allowing for the submission of the 2022/23 Annual Financial Statements (AFS) by 30 September 2023. Following the deliberations, the CFO disclosed that the Municipality has received 12 COMAFs, and the conclusive Management report is anticipated to be submitted to the Municipality in January 2024.		
6.2 Progress and Implementation Update: Landfill Sites The Manager of Solid Waste and Environmental Affairs delivered a comprehensive progress and implementation update on the municipal's landfill sites to the Audit and Performance Audit Committee, outlining key challenges associated with the following areas within Swellendam: Bontebok: - Airspace limit +/-19 months left - Compaction needed to extend airspace - Management and Operations new tender must come into effect - Rehabilitation and Closure costs R27,5M (JPCE in 2020) Barrydale: - Site has extended beyond its licence - Site in process of being decommissioned - R700K 2028 the assumed first post-closure year and 2032 the assumed licence expiry date. - No Supervisor thus no control	<i>That the Audit and Performance Audit Committee take cognizance of the progress and implementation update on the municipal's landfill sites within Swellendam.</i>	Manager: Solid Waste and Environmental



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- No local staff in Barrydale - Closure costs R8,9M (JPCE in 2020) + R7M Rehabilitation Suurbraak: - Site has extended beyond its licence R400K - Rehabilitation and Closure costs R4,5M (JPCE in 2020) Malgas: - Site currently being surrendered +/- R500K - Rehabilitation and Closure costs R4M (JPCE in 2020) Infanta: - Rehabilitation and Closure costs R3,5M (JPCE in 2020)		
6.3 Blue Drop, Green Drop and Green Drop Watch Reports The Senior Manager: Civil Engineering Services presented the Blue Drop, Green Drop and Green Drop Watch reports to Audit and Performance Audit Committee.	<i>That the Audit and Performance Audit Committee take cognizance of the Blue Drop, Green Drop and Green Drop Watch Reports</i>	Senior Manager: Civil Engineering Services
7. STANDING ITEMS		
7.1 Financial In-Year Reporting: The Chief Financial Officer presented the Section 71 and 52 reports, along with the Supply Chain Management Implementation report, to the Audit and Performance Audit Committee. A comprehensive presentation and detailed explanation of these reports were provided to the committee.	<i>1. That the Audit and Performance Audit Committee takes cognizance of the In-Year monitoring reports and to make recommendations if needed.</i> <i>2. The Audit and Performance Audit Committee takes cognizance of the In-Year monitoring reports and the Supply Chain Management (SCM): 1st Quarter Implementation Report.</i>	Chief Financial Officer



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7.2 Risk Management Status Update: The Senior Internal Auditor presented the following reports to the Audit and Performance Audit Committee: <u>2023/24 Strategic and Operational Risk Register</u> The Senior Internal Auditor delivered a comprehensive overview of the 2023/2024 Strategic and Operational Risk Register. Furthermore, the Senior Internal Auditor conveyed that the risk assessments have been scheduled for the 9th and 10th of November 2023, involving all directorates and subordinates. <u>2023/2024 2nd Quarter Fraud and Risk Management Committee (FARMCO) Chairperson's Report</u> The Senior Internal Auditor presented the Fraud and Risk Management Committee (FARMCO) Chairperson's report to the Audit and Performance Audit Committee. In addition, the second quarter Fraud and Risk Management Committee (FARMCO) meeting commenced on 29 November 2023. <u>Fraud and Risk Management Committee Meeting Minutes: 02 August 2023</u> The Senior Internal Auditor submitted the meeting minutes of the Fraud and Risk Management Committee to the Audit and Performance Audit Committee. The minutes of the Fraud and Risk Management Committee meeting, which took place on 29 November 2023, were scrutinized by the Audit and Performance Audit Committee.	1. The Audit and Performance Audit Committee accepted the updated Strategic and Operational Risk Register for the 2023/24 financial year. 2. The Audit and Performance Audit Committee takes cognizance of the minutes of the Fraud and Risk Management Committee (FARMCO) meeting held on 29 November 2023. In addition, the Audit and Performance Audit Committee takes cognisance of the Fraud and Risk Management Committee Chairperson report for the 2nd quarter.	Senior Internal Auditor
7.3 2nd Quarter Chief Audit Executive Progress Report The Senior Internal Auditor presented the Chief Audit Executive (CAE) progress report to the Audit and Performance Audit Committee (APAC) highlighting that the 2023/24 Risk-Based Audit Plan has reached a completion rate of 47% (8 out of 17).	1. The Audit and Performance Audit Committee took note of the Chief Audit Executive progress report.	Senior Internal Auditor



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7.4 Combined Assurance Model The Senior Internal Auditor delivered a thorough presentation on the Combined Assurance Model to the Audit and Performance Audit Committee. Additionally, the committee was briefed on the top ten strategic and operational risks.	1. That the Audit and Performance Audit Committee takes cognizance of the 2023/24 Combined Assurance Model and advice (if necessary) on the level of assurance provided. 2. That the Audit and Performance Audit Committee takes cognizance of the assurance status of the High Risks per the approved 2023/2024 Combined Assurance Model.	Senior Internal Auditor
7.5 2nd Quarter Follow-up Report The Senior Internal Auditor delivered the 2nd Quarter Follow-up Report to the Audit and Performance Audit Committee (APAC), emphasizing the outstanding findings for the committee's attention.	1. The Audit and Performance Audit Committee takes cognizance of the 2nd quarter follow-up report for the 2023/24 financial year.	Senior Internal Auditor
7.6 Information & Communication Technology (ICT) The Chief Financial Officer provided a comprehensive overview of the 2023/24 Steering Committee (SteerCom) to the Audit and Performance Audit Committee (APAC). Furthermore, it was communicated that the vacancy for System Administration has been officially advertised.	1. The Audit and Performance Audit Committee takes cognizance of the Information & Communication Technology meetings	Chief Financial Officer



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	held and that the vacant position was advertised with the intention of being filled within the foreseeable future.	
7.7 Reporting of Fraud-Related Matters (if any) The Municipal Manager noted the occurrence of a potential unethical incident by the Performance and Compliance Officer. In addition, the official forged his sick certificate and was dismissed from duty. In addition, it was mentioned by the municipal manager that a theft incident transpires at the municipality and that a case was opened with SAPS.	1. The Audit and Performance Audit Committee takes cognizance of the fraudulent incidents reported to the committee.	All
7.8 Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) The Chief Financial Officer presented the unauthorised, irregular, fruitless and wasteful expenditure (UIFW) report as of June 2023 and highlighted the following: <u>Unauthorized Expenditure</u> - Capital restoration cost of the Landfill Site. <u>Fruitless and Wasteful Expenditure</u> - Rejected Claim by insurance on digger loader <u>Irregular Expenditure</u> - ASLA Construction - Mubesko Africa - Generators (Emergency) - RheoChem	1. The Audit and Performance Audit Committee takes cognizance of the current status of dealing with current and prior year irregular expenditure.	Chief Financial Officer



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8. NEW MATTERS FOR CONSIDERATION		
8.1 2022/23 Compliance Review The Senior Internal Auditor formally presented the Compliance Review for the fiscal year 2022/23 to the Audit and Performance Audit Committee.	1. <i>That the Audit and Performance Audit Committee takes note of the 2022/23 Compliance Review.</i>	Senior Internal Auditor
8.2 2022/23 4th Quarter Performance Management Review The Senior Internal Auditor formally presented the 2022/23 4th Quarter Performance Management Review to the Audit and Performance Audit Committee.	1. <i>That the Audit and Performance Audit Committee takes note of the 2022/23 4th Quarter Performance Management Review</i>	Senior Internal Auditor
8.3 Ad hoc Request: Electrical Metering Investigation The Senior Internal Auditor formally presented the Ad hoc Request: Electrical Metering Investigation report to the Audit and Performance Audit Committee.	1. <i>That the Audit and Performance Audit Committee takes note of the Ad hoc Request: Electrical Metering Investigation.</i>	Senior Internal Auditor
8.4 2023/24 1st Quarter Performance Management Review The Senior Internal Auditor formally presented the 2023/24 1st Quarter Performance Management Review to the Audit and Performance Audit Committee.	1. <i>That the Audit and Performance Audit Committee takes note of the 2023/24 1st Quarter Performance Management Review</i>	Senior Internal Auditor



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8.5 2023/24 Governance Review The Senior Internal Auditor formally presented the 2023/24 Governance Review to the Audit and Performance Audit Committee.	<i>1. That the Audit and Performance Audit Committee takes note of the 2023/24 Governance Review.</i>	
9. General None		All
10. Closure The Chairperson closed the meeting and thanked everyone who participated in the session. Without any further items to discuss the meeting was closed at 11h00.		Chairperson