

**16.
REPORT OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE
(JAPAC) TO THE OVESTRAND MUNICIPAL COUNCIL**

3/2/3/12

DC Van Der Heever

(028) 313 5035

Internal Audit Services

17 May 2017

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 25 May 2016.

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. Annexures

Appendix 1: Report, dated 15 May 2017, prepared by the Chairperson of the JAPAC

Annexure A: Minutes of the JAPAC meeting dated 24 August 2016

Annexure B: Minutes of the JAPAC meeting dated 01 September 2016

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 MAY 2017**

Date: 15 May 2017

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 3 OF 2016/17 FINANCIAL YEAR**

Reporting Requirement(s)

In terms of paragraph 3.6 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 reporting 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 report of the Joint Audit and Performance Audit Committee for the period 15 September 2016 to 31 March 2017.

Yours truly



BURTON VAN STAADEN

*Chairman of Joint Audit and Performance Audit Committee
Overstrand Municipality*

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**OVERSTRAND MUNICIPALITY
REPORT OF JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE MUNICIPAL COUNCIL
REPORT 3 OF 2016/17 FINANCIAL YEAR**

1. REPORT ON ACTIVITIES OF THE JAPAC

During the period 14 September 2016 to 31 March 2017, the JAPAC convened/attended three meetings, namely:

- Audit Steering Committee meeting on 24 November 2016
- JAPAC Quarterly Meeting on 05 December 2016
- JAPAC Quarterly Meeting on 27 February 2017

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

Member	Audit Steering Committee Meeting 24 November 2016	JAPAC Quarterly Meeting 05 December 2016	JAPAC Quarterly Meeting 27 February 2017
Mr B van Staaden (Chairperson)	Attended	Attended	Attended
Mrs K Montgomery	Attended	Attended	Attended
Mr H Liebenberg	Attended	Attended	Attended
Mr H Beekman	Resigned with effect from 09 September 2016		
Mr R Kingwill	Attended	Attended	Attended

The JAPAC attended the Audit Steering Committee Meeting on 24 November 2016 where the Final Management Report and Draft Audit Report from Auditor General in respect of their audit for the 2015/16 financial year were presented.

The Chairperson of the JAPAC attended the Special Council Meeting held on 23 January 2017 where the 2015/2016 Annual Report was tabled to Council.

2. REPORT ON INTERNAL AUDIT

During the period 14 September 2016 to 31 March 2017, the JAPAC convened/attended three meetings and the following internal audit reports were presented by the Chief Audit Executive and considered by the committee:

1. Management of Fire Services
2. Disaster Management
3. Procurement Processes – Medical Emergencies
4. Division of Revenue Act (DoRA), 2015

Based on the internal reports considered by the JAPAC, the following was noted:

Internal Audit Report: Management of Fire Services (High inherent risk).

Findings of fundamental significance (non-compliance with laws and regulations) were reported by Internal Audit services. This relates to, but not only limited to the following major factors:

- Insufficient major/specialised fire fighting vehicles

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- Overstrand Municipality usurping and performing fire fighting services which are the function of the Overberg District Municipality.

Internal Audit Report: Disaster Management (High inherent risk)

Findings of fundamental significance (no control framework in place) were identified by Internal Audit Services. This relates to, but not only limited to the following major factors:

- Lack of funding
- Lack of human capacity to perform the new function
- No approved policies and procedures currently in place pertaining to disaster management

Internal Audit Report: Procurement Processes – Medical Emergencies

There were no significant control weaknesses in respect of this report that were noted.

Internal Audit Report: Division of Revenue Act (DoRA), 2015

There were no significant control weaknesses in respect of this report that were noted.

3. INTERNAL AUDIT STAFFING

The JAPAC noted that the Internal Audit Services has been experiencing difficulty in filling a vacancy for one Internal Auditor position and that the unit was operating at 75% of its staff capacity.

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 (Annexure A and B):

1. Minutes of JAPAC Quarterly Meeting held on 24 August 2016 (approved on 05 December 2016) – Annexure A
2. Minutes of JAPAC Quarterly Meeting held on 01 September 2016 (approved on 05 December 2016) – Annexure B

5. REPORT ON PERFORMANCE MANAGEMENT

JAPAC meeting held on 05 December 2016

At the JAPAC meeting held on 05 December 2016, the following reports in respect of the 1st Quarter (July 2016 to September 2016) were presented and considered by the JAPAC:

1. Service Delivery and Budget Implementation Plan (1st Quarter: July 2016 to September 2016)
2. High Level Summary Report: Predetermined Objectives (1st Quarter: July 2016 to September 2016)
3. Internal Audit Report: Predetermined Objectives (1st Quarter: July 2016 to September 2016)

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JAPAC meeting held on 27 February 2017

At the JAPAC meeting held on 27 February 2017, the following reports in respect of 2nd Quarter (October 2016 to December 2016) were presented and considered by the JAPAC:

1. Service Delivery and Budget Implementation Plan (2nd Quarter October 2016 to December 2016)
2. High Level Summary Report: Predetermined Objectives (2nd Quarter October 2016 to December 2016)
3. Internal Audit Report: Predetermined Objectives (2nd Quarter October 2016 to December 2016)

In reviewing the quarterly reports 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. OTHER MATTERS

The revised JAPAC Charter was submitted for approval to Council (scheduled for tabling at Council meeting on 29 March 2017) and we are awaiting the conclusion of this process.

7. NEXT MEETING

The next meeting of the JAPAC will be held on 29 May 2017.

END



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

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

MINUTES / NOTULE

DATE / DATUM:	1 SEPTEMBER 2016 (THURSDAY / DONDERDAG)
VENUE / PLEK	COMMITTEE ROOM / KOMITEEKAMER (GLASKAS) CIVIC CENTRE / BURGERSENTRUM HERMANUS
TIME / TYD	<u>09h00</u>



MINUTES OF A MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (GLASKAS), HERMANUS CIVIC CENTRE ON WEDNESDAY, 24th August 2016 AT 10:00

1. OPENING BY CHAIRPERSON

The Chairperson, B van Staaden welcomed everyone present at the JAPAC meeting.

2. APPLICATION(S) FOR LEAVE OF ABSENCE

Apologies received from the following officials/members:

1. R Smith (Executive Mayor)

Persons present - see the attached attendance register.

3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON

The Chairperson

The JAPAC resolved in its caucus:

- 3.1** *Re:* Special JAPAC meeting held on the 21st of July 2016. The minutes was considered and a few amendments made.

Resolved

The JAPAC resolved in its caucus that a few amendments must be made to the minutes and that it be tabled at the next meeting for approval.

Action Item 01 of 24 August 2016

Amendments must be made to the minutes of the special JAPAC meeting held on 21 July 2016 and it must be tabled at the next JAPAC meeting for approval.

- 3.2** Local Government Audit Committee Forum was attended by the Chairperson in Worcester on 29 July 2016. The Chairperson provided feedback to the JAPAC on the important matters discussed and indicated that a report will be compiled and circulated to the JAPAC members.

Action Item 02 of 24 August 2016

The Chairperson will compile a report regarding his attendance of the Local Government Audit Committee Forum and circulate it to JAPAC members.

- 3.3** The Chairperson indicated that he received a request from the MM requesting a meeting with the JAPAC members after the conclusion of the JAPAC meeting today (24 August 2016).

Resolved

The JAPAC resolved in its caucus that the meeting is granted.



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- 3.4** The Chairperson submitted a report (18 August 2016) to the Speaker of the Municipal Council on their activities. A response to the report was received from the Municipal Manager.

Resolved

The JAPAC resolved in its caucus that the MM's response be noted.

4. CONFIRMATION OF MINUTES DATED 29th June 2016

The minutes of the JAPAC meeting dated 29th June 2016 were taken to be read by all.

RESOLVED

That the minutes of the JAPAC meeting dated 29th June 2016 be accepted and confirmed as correct.

5. MATTERS ARISING FROM THE MINUTES

There were no matters indicated for feedback.

6. STANDING ITEMS

**6.1. QUARTERLY BUDGET STATEMENT REPORT
 FOURTH QUARTER (APRIL 2016 – JUNE 2016) FOR THE FINANCIAL YEAR 2015/2016**

A short discussion took place regarding the Quarterly Budget Statement Report for the fourth quarter (April 2016 – June 2016) for the financial year 2015/2016.

**6.2. REPORT: SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)
 FOURTH QUARTER (APRIL 2016 – JUNE 2016) FOR THE FINANCIAL YEAR 2015/2016**

A short discussion took place regarding the SDBIP for the fourth quarter (April 2016 – June 2016) for the financial year 2015/2016.

RESOLVED

That cognizance be taken of the content of the Quarterly Budget Statement Report and SDBIP for the fourth quarter (April 2016 – June 2016) for the financial year 2015/2016.

6.3. AUDIT ACTION PLAN AS AT 30 JUNE 2016

A short discussion took place i.r.o Audit Action Plan as at 30 June 2016.

RESOLVED

That cognizance be taken of the content of the Audit Action Plan as at 30 June 2016

6.4. COMPLIANCE WITH GIFT POLICY – GIFT REGISTERS FROM DIRECTORATES

Gift registers were received Finance directorate.

RESOLVED

That cognizance be taken of the content of the gift registers that were received.



6.5. INTERNAL AUDIT SERVICES (IAS) INDEPENDENCE AND OBJECTIVITY

IAS Declaration of Independence and Objectivity is based on the International Standards for the Professional Practice of Internal Auditing. The following standards are quoted:

Standard 1100 – Independence and Objectivity

The Internal Audit Activity (IAA) must be independent, and internal auditors must be objective in performing their work

Standard 1110 – Organizational Independence

The Chief Audit Executive (CAE) must report to a level within the organization that allows the IAA to fulfill its responsibilities. The CAE must confirm to the Audit Committee, at least annually, the organizational independence of the IAA.

Standard 1120 – Individual Objectivity

Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

RESOLVED

That cognizance be taken of IAS Independence and Objectivity Declaration.

6.6. SCOPE LIMITATIONS

The CAE indicated that there were no scope limitations to be reported i.r.o the reviews done recently.

RESOLVED

That cognizance be taken of the reporting i.r.o no scope limitations experienced.

6.7. CAE STATUS REPORT

The CAE informed the Committee about the status of the Audit reviews. Please find the CAE Status report attached as *Annexure A*.

RESOLVED

That cognizance be taken of the CAE status report.

7. ITEM(S) FOR DISCUSSION/ NOTING

7.1. ANNUAL FINANCIAL STATEMENTS (AFS) FOR THE YEAR ENDED 30 JUNE 2016

The JAPAC requested in writing (per email) that the Chief Financial Officer (CFO) table commentary/ input regarding the JAPAC questions submitted relating to the 2015/16 AFS.

The CFO provided responses to the JAPAC's questions pertaining to the AFS. The response received from the CFO, is attached as *Annexure B*. The Chairperson granted the CFO the opportunity to provide feedback and to respond to further questions from the JAPAC members.

A few thoughts/ ideas were shared i.r.o. the Draft Annual Financial Statements for the financial year ended 30 June 2016, followed by short discussions.

RESOLVED

That cognizance be taken of the Annual Financial Statements for the year ended 30 June 2016 and that the satisfactory responses were received from the CFO on the questions submitted by the JAPAC relating to the 2015/16 AFS.

7.2 CONSOLIDATED JAPAC MEMBER SELF-ASSESSMENT 2015/16

The Consolidated JAPAC Member Self-Assessment for the 2015/16 period was tabled.



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RESOLVED

That cognizance be taken of the content of the Consolidated JAPAC Member Self-Assessment for the 2015/16 period.

7.3 JAPAC WORK PLAN

The JAPAC Work plan was tabled.

RESOLVED

That the JAPAC Work plan be referred back in order for the CAE to indicate in which quarters the various activities need to take place and that it be tabled for approval at the next JAPAC meeting.

Action Item 03 of 24 August 2016

The updated JAPAC Work plan must be tabled for approval at the next JAPAC meeting.
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8. INTERNAL AUDIT REPORTS

8.1 INTERNAL CONTROL REPORTS

8.1.1 FLEET MANAGEMENT

A few questions/ comments were raised regarding the Internal Audit Report *re* Fleet Management. These questions/ comments were followed by a short discussion/ explanation.

RESOLVED

That cognizance be taken of the content of the Internal Audit Report *re* Fleet Management.

8.1.2 MANAGEMENT OF FIRE SERVICES 2015/16

The MM provided comments on the report, indicating that it was a very good report and that he requested management to provide additional information to IAS. The report was completed by Internal Audit, however due to management providing additional information it still needed to be evaluated by IAS.

RESOLVED

That the Internal Audit Report *re* Management of Fire Services 2015/16 be tabled at the next JAPAC meeting.

Action Item 04 of 24 August 2016

That the Internal Audit Report <i>re</i> Management of Fire Services 2015/16 be tabled at the next JAPAC meeting.



8.2 COMPLIANCE REPORTS

8.2.1 KEY CONTROLS ASSESSMENT: FOURTH QUARTER (APRIL 2016 – JUNE 2016) FOR THE FINANCIAL YEAR 2015/2016

The Key Controls Assessment: Fourth Quarter (April 2016 – June 2016) for the financial year 2015/2016 was tabled.

RESOLVED

That cognizance be taken of the content of the Key Controls Assessment: Fourth Quarter (April 2016 – June 2016) for the financial year 2015/2016. The JAPAC noted the report.

8.2.2 PREDETERMINED OBJECTIVES (PDO): FOURTH QUARTER (APRIL 2016 – JUNE 2016) FOR THE FINANCIAL YEAR 2015/2016

The Predetermined Objectives (PDO): Fourth Quarter (April 2016 – June 2016) for the Financial year 2015/2016 was tabled.

RESOLVED

That cognizance be taken of the content of the Predetermined Objectives (PDO): Fourth Quarter (April 2016 – June 2016) for the financial year 2015/2016

11. GENERAL

There were no general items discussed or raised during the meeting.

12. NEXT MEETING

The date for the next special JAPAC meeting will be 1st September 2016 to discuss/ work-shop the draft JAPAC Charter and Internal Audit Charter prepared by the CAE, as mandated by the JAPAC.

The date for the next JAPAC meeting will be 30 November 2016

13. CLOSING

The meeting closed at 13:30


B VAN STAADEN
CHAIRPERSON

05/12/2016

DATE:



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

Held in the Held in the Committee Room (Glaskas) Civic Centre, HERMANUS,
on Wednesday, 24 August 2016 at 10:00.

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 when I am still serving as an Audit Committee member.

NAME	POSITION	SIGNATURE	QUEST.1	QUEST.2
B van Staaden	Chairperson JAPAC		No	No
KE Montgomery	Member		No	No
HV Liebenberg	Member		No	No
H Beekman	Member		No	No
R Kingwill	Member		No	No

NAME	POSITION	SIGNATURE
R Smith	Executive Mayor	
D Coetzee	Executive Deputy Mayor & Finance Portfolio	
R de Coning	Management Services Portfolio	
C Groenewald	Municipal Manager	
D Arrison	Director: Management Services	
S Reyneke- Naude	Director: Finance (CFO)	
R Louw	Senior Manager: Strategic Services	
D Van Der Heever	Chief Audit Executive (CAE)	
R Africa	Internal Auditor	
Z Mazuthu	Internal Auditor	
G Schultz	Manager AG(SA)	
M Lourens	Assistant Manager AG(SA)	
C. Le Roux	DD: Finance & SCM	

M. Lourens

B.A. KING

SRM. MAN. FINANCIAL SERVICES



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

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

MINUTES / NOTULE

DATE / DATUM:	1 SEPTEMBER 2016 (THURSDAY / DONDERDAG)
VENUE / PLEK	COMMITTEE ROOM / KOMITEEKAMER (GLASKAS) CIVIC CENTRE / BURGERSENTRUM HERMANUS
TIME / TYD	<u>09h00</u>



MINUTES OF A SPECIAL MEETING OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE (JAPAC) HELD IN THE COMMITTEE ROOM (NERINA HOUSE), INTERNAL AUDIT, HERMANUS CIVIC CENTRE ON THURSDAY, 1ST SEPTEMBER 2016 AT 09:00

1. OPENING BY CHAIRPERSON

The Chairperson, B van Staaden welcomed everyone present at the JAPAC meeting.

2. APPLICATION(S) FOR LEAVE OF ABSENCE

No leave of absence was submitted, all JAPAC members were present.

Persons present - see the attached attendance register.

3. STATEMENTS AND COMMUNICATIONS FROM THE CHAIRPERSON

The Chairperson

3.1 Re: Correspondence from the Municipal Manager (MM)

The Chairperson stated that he received a correspondence from the MM subsequent to the last JAPAC meeting held on the 24th of August 2016, where he (MM) prepared certain resolutions for the meeting for consideration by the JAPAC. The Chairperson indicated that the Committee (JAPAC) discussed the matter and responded to the MM that the resolutions he prepared do not reflect what was discussed in the meeting, and requesting him to wait for the outcome of the JAPAC Charter and Internal Audit Charter review process, which will deal with the misconceptions.

The Chairperson read the correspondence from the MM and further indicated that the MM stated that should the CAE concur with the resolutions as drafted by him (MM), he will not seek the Labour Court review, and that there is a time limit on which the review application has to be lodged to the relevant Court.

4. CONFIRMATION OF MINUTES DATED 21st July 2016

The minutes of the JAPAC meeting dated 21st July 2016 were taken to be read by all. No amendments were made to the minutes.

RESOLVED

1. That the minutes of the JAPAC meeting dated 21st July 2016 be accepted and confirmed as correct, and that;
2. Internal Audit to re-structure the minutes taking technique (style of writing the minutes) to provide sufficient information on aspects discussed in the meeting.



5. MATTERS ARISING FROM THE MINUTES

There were no matters indicated for feedback.

7. ITEM(S) FOR DISCUSSION

7.1. JAPAC CHARTER

The draft the JAPAC Charter for the 2015/16 period was tabled to the JAPAC for consideration and review

The Chairperson stated that the JAPAC requested the CAE in its previous meeting to prepare a draft JAPAC Charter and Internal Audit Charter. The CAE was requested to provide a feedback regarding process followed in preparing the said documents.

7.1.1. Feedback from the CAE

The CAE provided a feedback regarding the process followed in compiling the JAPAC Charter. He (CAE) indicated that the following relevant documents and legal prescripts (best practices) were scrutinized, to compare and use relevant information where our Charters are lacking:

- Audit Committee Charters of various municipalities such as Bitou, Drakenstein, George, Knysna, Saldanha, Stellenbosch and Witzenburg;
- Internal Audit Standard for Internal Auditing;
- National Treasury - Circular 65;
- King III Report;
- Municipal Finance Management Act, 56 of 2003 (MFMA);
- Municipal Systems Act, 32 of 2000 (MSA);

Furthermore, the CAE made the following amendments/ additions on the JAPAC Charter:

- The term of office for the Audit Committee (*herein changed/ referred to JAPAC*) was added;
- Audit Committee and or Performance Audit Committee changed to JAPAC;
- Reference to the legislative framework, the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA);
- The wording "concur" was used where applicable instead of "consult".

The CAE indicated that in compiling the document he tried to be consistent and/ or to be aligned with the relevant legislation and best practices as far as possible.

7.1.2. Review of the draft JAPAC Charter by the JAPAC

The following amendments/ additions were made on the draft JAPAC Charter by the JAPAC:

- The "*version control*" page was eliminated from the document;
- Paragraph 1.1 - the wording "Municipal Finance Management Act, Act 56 of 2003" was re-phrased "Municipal Finance Management Act (*section 166 of Act 56 of 2003*)". The wording "*risk management, corporate governance and financial reporting*" was added.
- Paragraph 1.3 - the word "*risk*" was added after "audit process"
- Paragraph 2.2 - added point "*the JAPAC may not perform any management functions or assume any management responsibilities, the JAPAC does not releave management of their responsibilities but can support them by making objective and independent recommendations.*"
- Paragraph 3.2 - the wording "*by the Council*" after the wording "must be appointed as a Chairperson" was added. The word "Councillor" was also amended.



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- Paragraph 3.3 – the wording “*and members*”; “*relevant to the subject matter of the meeting(s)*” were added.
- Paragraph 3.4 - these new points “*Council must fill the vacancy/ vacancies in the JAPAC within 60 days of the vacancy/ vacancies arising, such a replacement will be for a minimum contract period of 3 years to achieve continuity or planned rotation of membership*”; “*after serving two consecutive terms of 3 years, a cooling-off period of 2 years is instituted before appointing the same member to the committee*” were added.
- Paragraph 3.7 – the wording “*Chairperson of the JAPAC will prepare a report on the operations of the Internal Audit unit and the JAPAC and submit it to Council on a quarterly basis*” was added.
- Paragraph 4.1 - the wording “*concur*” was used instead of “*consult*”.
- Paragraph 4.3 - elimination of the word “*draft*” everywhere it relates to AFS in the report. Also the wording “*check arithmetic accuracy and consistency of AFS*” was removed.
- Paragraph 4.6 - the wording “*bi-annual performance review of section 56 employees*” was added.
- Paragraph 5.1 - the quorum was amended to “*3 members*”.
- Paragraph 5.3 - the wording “*in consultation with the Chairperson of the JAPAC*”; and “*any person attending the meeting may add item(s) to the agenda 2 days before the meeting*” was added.
- Paragraph 6 - the wording “*preparation time as approved by the Chairperson and meetings attended*” was added.
- These points were also added on paragraph 6 - “*tariffs as prescribed and amended in terms of the National Treasury Regulations from time to time*”; “*should the Accounting Officer deemed it necessary, he/she can in consultation with municipal Council, determine other remuneration*”.

RESOLVED

That cognizance be taken of the changes/ amendments made on the draft JAPAC Charter for 2016/17 financial year.

7.2 INTERNAL AUDIT CHARTER

The draft Internal Audit Charter for the 2015/16 period was tabled to the JAPAC for consideration and review.

7.2.1 Review of the draft Internal Audit Charter by the JAPAC

The following changes were made on the draft Internal Audit Charter by the JAPAC:

- The “*version control*” page was removed and the “*index page*” was added, “*bullets*” were removed and “*numbering*” was used for referencing.
- Paragraph 2 - the wording “*of governance*” was added.
- Paragraph 4 - the word “*approval*” was removed, and the wording “*concur with*” was added. Paragraph 4.1 – 4.4 was moved to be above “*audit approach*”. The wording “*the CAE should be permanently appointed at the Senior Management level reporting directly to the Accounting Officer*” was added.

Paragraph 4.2, the wording “*CAE in discharging of his/ her duties shall be accountable functionally to the JAPAC and administratively to the Accounting Officer*” was added.

- Paragraph 5.1 was replaced with a new wording “*Internal Audit Services will have*



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unrestricted access to all levels of Management and the Chairperson of the JAPAC".

- Paragraph 7 - the paragraph was replaced with "information on page 16 of circular 65"; paragraph 4.1 – 4.4 above was used as introduction of paragraph 7".
- a new paragraph, paragraph 8 "quality assurance and improvement, information on page 19 of circular 65" was added.

RESOLVED

1. The JAPAC resolved in its caucus that the JAPAC Charter and Internal Audit Charter will be reviewed by the JAPAC and will be discussed verbally with the MM to create a common understanding of the contents of the Charters.
2. If there are still points of disagreement the JAPAC, together with the MM will take the documents (JAPAC Charter and Internal Audit Charter) to Council to provide its views as the overriding body.

8. GENERAL

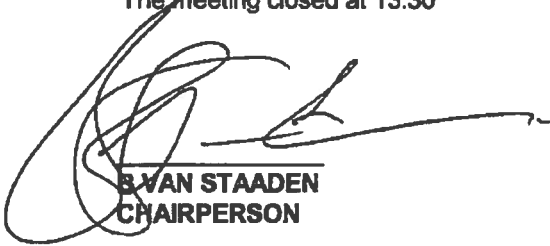
There were no general items discussed or raised during the meeting.

9. NEXT MEETING

The date for the next JAPAC meeting will be 05 December 2016.

10. CLOSING

The meeting closed at 13:30



BYRAN STAADEN
CHAIRPERSON

05/12/2016

DATE:

