



CAPE AGULHAS MUNICIPALITY

REPORT OF THE PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

In the past years the Cape Agulhas Municipality (municipality) had a combined Audit and Performance Audit Committee. Due to the unique nature of each Committee's mandate it was decided, during the year under review, to separate the Committee into two separate Committees, each with its own terms of reference. For 2017/18 there will, therefore, be two separate Committee reports, one for the Audit Committee and one for the Performance Audit Committee.

The Performance Audit Committee has pleasure in submitting its report, as required by section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1. PERFORMANCE AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Performance Audit Committee (Committee) is governed by formal terms of reference, which have been approved by the Cape Agulhas Municipal Council (Council) and which are regularly reviewed. It fulfils its responsibilities in terms of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA) and its terms of reference. The committee has an independent role with accountability to both the management and the stakeholders. It does not assume the functions of management, which remain the responsibility of the Mayor, Municipal Manager, the executive directors and other members of management. The committee acts in an advisory and oversight capacity and makes objective and independent recommendations to Council on internal control, risk management and governance processes in order to assist the municipality in achieving its objective; it does not relieve management of its responsibilities.

2. COMPOSITION OF THE COMMITTEE

2.1 The Committee consists of four members from the private sector with appropriate qualifications and experience that was duly appointed by Council. During the year under review the Committee continued with its process of rotation of its members to ensure continuity as and when the previous member's terms expired.

2.2 As at 30 June 2018 the Committee consisted of the following members:

- a) Mr. P Strauss (Chairperson)
- b) Mrs. B Salo
- c) Mr. R Mitchell
- d) Vacant

3. REMUNERATION OF THE COMMITTEE MEMBERS

The Committee is remunerated in terms of the National Treasury guide on the "Remuneration of non-official Members: Commissions, Committees of Inquiry and Audit Committees" issued on an annual basis.

4. FREQUENCY OF MEETINGS OF THE COMMITTEE

The Committee held four meetings during the 2017/18 financial year. The dates of the meetings and attendance by the members are indicated in the table below:

Meeting dates	Member	Meeting attendance			
		28/8/17	21/9/17	24/11/17	23/3/18
28 August 2017 21 September 2017 24 November 2017 23 March 2018	Mr C Pieterse - Chairperson (1/7/2017 – 30/9/2017)	√	√	-	-
	Mrs M Weits - Member (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr E Lakey (1/7/2017 – 31/8/2017)	√	-	-	-
	Mr P Strauss – Member (1/7/2017 – 30/9/2017) Chairperson – 1/10/2017 to 30 June 2018	√	√	√	√
	Mrs. B Salo – Member (1/8/2017 – 30 June 2018)	√	√	√	√
	Mr. R Mitchell	-	√	√	√

The committee is satisfied that it has fulfilled its obligations in this regard.

5. FUNCTIONS OF THE COMMITTEE

The committee has discharged its functions in terms of section 166 of the Act and regulation 796 as follows:

2.1. *“Evaluation of and advising the Council, political office-bearers, accounting officer and management on the following items:*

- (i) review the quarterly reports submitted to it;*
- (ii) review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and*
- (iii) at least twice during a financial year submit an audit report to the municipal council concerned”*

2.2. The Committee also reviewed the following matters:

- a) Reviewed the quarterly performance reports for 2017/18.
- b) Reviewed the final performance of the municipality for inclusion in the municipality's annual report.
- c) Performance assessments of senior management and the Municipal Manager.

2.3. No additional functions were performed by the committee during the year.

6. EVALUATION OF THE FUNCTIONS OF THE COMMITTEE

The committee also evaluated its own activities in terms of its legislated mandate and its Terms of Reference and is satisfied that the Committee has fulfilled its function in this regard.

7. AREAS OF SATISFACTION

The committee would like to express its satisfaction on the following issues:

- 7.1 The performance assessment process of senior management and the Municipal Manager.
- 7.2 Auditing of the portfolio of evidence by the Internal Audit activity.
- 7.3 The involvement of external role-players in the performance management process.

8. AREAS OF CONCERN

The committee expresses its concerns on the following issues:

- 8.1 Accuracy of the basic service delivery information baselines in the performance report.

8.2 The lack of planning on capital projects in the beginning of the financial year resulting in possible underspending and delays.

9. REPORTS ISSUED BY INTERNAL AUDIT AND REVIEWED BY THE COMMITTEE

The following internal audit reports were submitted to and reviewed by the Committee for the period under review:

- Review of the quarterly performance reports and supporting evidence.
- Review of the annual performance report and supporting evidence

The results of these reports were referred to the Municipal Manager for further action if required.

10. SUBSEQUENT EVENTS

The vacant position in the Audit Committee has been filled by the appointment of Me. Louise Stevens in September 2018.



P Strauss
Chairperson
26 November 2018