



CAPE AGULHAS MUNICIPALITY

REPORT OF THE PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Performance Audit Committee has pleasure in submitting its annual report for the 2022/23 financial year, as required by section section 14(2) of the Municipal Planning and Performance Regulations, 2001 (Regulation 796 of 2001).

1. PERFORMANCE AUDIT COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Audit Committee (Committee) is governed by formal terms of reference (Charter), which is reviewed on an annual basis. The Committee fulfils its responsibilities in terms of section 166 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 Council and the stakeholders. It does not assume the functions of management, which remain the responsibility of the Mayor, Municipal Manager, the 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 objectives; it does not relieve management of its responsibilities.

2. COMPOSITION OF THE COMMITTEE

2.1 During the first half of the financial year (1 July 2022 to 31 January 2023), the Committee consisted of three independent external members with appropriate qualifications and experience who were duly appointed by Council. The Chairperson tenure came to an end on 31 January 2023 while the other member also resigned from the Committee with effect from 31 January 2023. Vacant positions were advertised, and interviews held on 10 January 2023. Council appointed three Committee members with effect from 1 February 2023; therefore, there was no break in continuity.

2.2 The composition of the Committee, from 1 July 2022 to 31 January 2023, was as follows:

- a) Mr. P Strauss (Chairperson)
- b) Mrs. L Stevens
- c) Mr. N Vumazonke
- d) Vacant

2.3 The composition of the Committee, from 1 February 2023 to 30 June 2023, was as follows:

- a) Mrs. L Stevens (Chairperson)
- b) Mrs. Z Abrahams
- c) Mr. J Gourrah
- d) Mr. B Vink

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 (two required) during the 2022/23 financial year. The dates of the meetings and attendance by the members are indicated in the table below:

Date of meeting	Mr. P Strauss (Chairperson until 31.01.2023)	Mr. N Vumazonke (Resigned)	Mrs. L Stevens (Chairperson from 01.02.2023)	Mrs. Z Abrahams	Mr. J Gourrah	Mr. B Vink	Reason for meeting
25 July 2022	√	√	√	-	-	-	Quarterly Committee meeting
26 October 2022	√	√	√	-	-	-	Quarterly Committee meeting
27 January 2023	√	√	√	-	-	-	Quarterly Committee meeting
24 April 2023	-	-	√	√	√	√	Quarterly Committee meeting

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 14 of the Regulations as follows:

5.1 Evaluation of and advising the Council, political office-bearers, accounting officer and management on the following items:

- a) Its review of the quarterly performance reports submitted to Council;
- b) Its review of the municipality's performance management system and reports submitted to Council;
- c) Oversight on the performance assessment of the Municipal Manager and Directors;
- d) Its assessment of the municipality's predetermined objectives for 2022/23 as well as the achievement of its objectives at year-end;
- e) Review of the mid-year section 72 performance report and any amendments to the predetermined objectives.
- f) Assessment of the Committee's performance against its Charter; and
- g) Annual review of the Committee's Charter.

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

6. EVALUATION OF THE FUNCTIONS OF THE COMMITTEE

The Committee is satisfied that it has fulfilled its functions in this regard.

7. AREAS OF SATISFACTION

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

- 7.1 The usefulness of the municipality's performance management system;
- 7.2 Quarterly reports submitted to Council;
- 7.3 The process of evaluation of the Directors and Municipal Manager; and
- 7.4 The achievement of another unqualified audit outcome with no findings for 2022/23 financial year.

8. AREAS OF CONCERN

The committee expresses its concerns on the following issues:

- 8.1 The progress with the implementation of Chapter 4 of the Municipal Staff Regulations, i.e., individual performance agreements.
- 8.2 Regression in the achievement of key performance indicators for this financial year compared to the same period previous financial year.

8.3 Non-achievement of targets on capital budget spending for the MIG grant which may result in the reduction of the grant in future.

9. CONCLUSION

The Committee would, once again, like to congratulate the municipality on the audit outcome achieved for the 2021/22 financial year audit and the commitment of management and staff in this regard.

A handwritten signature in black ink, appearing to be 'L Stevens', written over a horizontal line.

L Stevens
Chairperson
31 July 2023