



CAPE AGULHAS MUNICIPALITY

REPORT OF THE PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 2017-18 financial to separate the Committee into two separate Committees, each with its own terms of reference. For 2018/19 there are 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 annual report for the 2019/20 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

2. The Audit Committee (Committee) is governed by formal terms of reference, which have been reviewed and approved by the Cape Agulhas Municipal Council (Council) on 27 August 2020 per Council Resolution 141/2020. 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 objective; it does not relieve management of its responsibilities.

3. COMPOSITION OF THE COMMITTEE

2.1 The approved Committee composition consists of four independent external members with appropriate qualifications and experience that was duly appointed by Council. However, during the year under review there was one vacant position on the Committee due to the resignation of a member during 2018/19 due to other commitments. This position was filled from 1 August 2019 per Council Resolution 136/2019. Due to another resignation, there is currently another vacancy on the Committee. As a result of the Covid-19 lockdown and the effect this had on the municipality's cashflow situation, the Committee recommended to Council to keep the position vacant until such time as the situation improves. The position will be filled during the 2020/21 financial year.

2.2 As at 30 June 2020 the Committee consisted of the following members:

- a) Mr. P Strauss (Chairperson)
- b) Mr. R Mitchell
- c) Mr. D Miller
- d) Vacant

4. 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.

5. FREQUENCY OF MEETINGS OF THE COMMITTEE

The Committee held three meetings (two required) during the 2019/20 financial year. The dates of the meetings and attendance by the members are indicated in the table below:

Meeting dates	Member	Meeting attendance		
		19/7/19	16/10/19	7/2/20
19/7/2019 16/10/2019 7/2/2020	Mr. P Strauss - Chairperson	√	√	√
	Mr. R Mitchell -	√	√	√
	Ms. Louise Stevens (1/7/2019-15/3/2020)	√	√	√
	Mr. D Miller (1/8/2019-30/6/2020)	N/A	√	-

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

6. FUNCTIONS OF THE COMMITTEE

The committee has discharged its functions in terms of section 14 of the Regulations as follows:

- 2.1. 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, including the performance assessment of the Directors and municipal manager, and submitting its reports to Council;
 - c) Its assessment of the municipality's predetermined objectives for 2019/20 as well as the achievement of its objectives at year-end;
 - d) Assessment of the Committee's performance against its Charter; and
 - e) Annual review of the Committee's Charter.
- 2.2. 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 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 yet another clean audit on the implementation and achievement of the municipality's predetermined objectives.

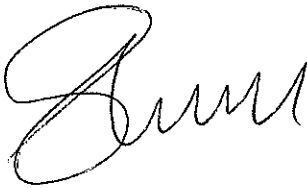
8. AREAS OF CONCERN

The committee expresses its concerns on the following issues:

- 8.1 The quality of the portfolio of evidence supporting the municipality's achievement of its predetermined objectives.

9. CONCLUSION

The Committee again wants to congratulate the Municipality on the audit outcome achieved and the commitment by management and staff in this regard.

A handwritten signature in black ink, appearing to read 'P Strauss', written in a cursive style.

P Strauss
Chairperson
24 March 2021