



ORDINARY MEETING OF THE COUNCIL
GEWONE VERGADERING VAN DIE RAAD
INTLANGANISO YESIQHELO YEBHUNGA

A G E N D A

I-AJENDA

DATE / DATUM / UMHLA :	25 MAY / MEI / MEYI 2016
VENUE / PLEK / INDAWO :	BANQUETING HALL / BANKETSAAL CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU HERMANUS
TIME / TYD / IXESHA :	11:00

MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND

Office of the Municipal
Manager
Municipal Offices
HERMANUS

20 May / Mei / Meyi 2016

NOTICE TO ALL ALDERMEN & COUNCILLORS

ORDINARY MEETING OF THE OVERSTRAND MUNICIPAL COUNCIL

NOTICE IS HEREBY GIVEN that an **ORDINARY MEETING** of the **OVERSTRAND MUNICIPAL COUNCIL** will be held in the **Banqueting Hall, Civic Centre, Hermanus**, on **WEDNESDAY, 25 MAY 2016** at **11:00** to consider the business set forth in the subjoined agenda.

The attention of Councillors is directed to the Code of Conduct for Councillors and Municipal Officials, Schedules 1 & 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

C GROENEWALD
MUNICIPAL MANAGER

KENNISGEWING AAN ALLE RAADSHERE & RAADSLEDE

GEWONE VERGADERING VAN DIE OVERSTRAND MUNISIPALE RAAD

KENNIS WORD HIERMEE GEGEE dat 'n **GEWONE VERGADERING** van die **OVERSTRAND MUNISIPALE RAAD** gehou sal word in die **Banketsaal, Burgersentrum, Hermanus**, op **WOENSDAG, 25 MEI 2016** om **11:00** om die sake op meegaande sakelys te bespreek.

Raadslede se aandag word gevestig op die Gedragskode vir Raadslede en Munisipale Beampptes, Bylae 1 & 2 van die Wet op Plaaslike Regering : Munisipale Stelsels, 2000 (Wet 32 van 2000).

C GROENEWALD
MUNISIPALE BESTUURDER

ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA

INTLANGANISO YESIQHELO YEBHUNGA LIKAMASIPALA WE-OVERSTRAND

OKU KUKWAZISA ukuba intlanganiso **YESIQHELO yeBHUNGA LIKAMASIPALA WE-OVERSTRAND**, iza kuba se **Banqueting Hall, kwiZiko LoLUNTU, eHermanus** ngo**LWESITHATHU, 25 MEYI 2016** ngeye-**11:00** ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

OoCeba bayacelwa ukuba baqwalasele isikhokelo sokuziphatha sooCeba namaGosa kamasipala, amaXwebhu 1 & 2 kaRhulumente wooMasipala: uMthetho weeNkqubo zikaMasipala, 2000 (UMthetho 32 wowama-2000).

C GROENEWALD
UMPHATHI KAMASIPALA

AGENDA/...

1. OPENING

2. APPLICATIONS FOR LEAVE OF ABSENCE

3. CONFIRMATION OF MINUTES

3.1 Minutes of an **Ordinary Meeting** of the Overstrand Municipal **Council** held on **Thursday, 28 April 2016 at 11:00**

4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE SPEAKER / EXECUTIVE MAYOR

5. CONSIDERATION OF RECOMMENDATIONS MADE BY THE EXECUTIVE MAYOR TO COUNCIL, IN TERMS OF SECTION 160(2) OF THE CONSTITUTION, 1996, AND SECTION 59(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT 2000 (ACT 32 OF 2000)

REMARK

Please note that the following recommendations contained in this agenda are subject to confirmation or amendment by the Mayoral Committee in view of the fact that the **compilation of the Council agenda** was done before the Mayoral Committee of 25 May 2016 had formally sat.

**5.1
WRITING OFF OF IRRECOVERABLE DEBT**

(ITEM 1, PAGE 1 : FINANCE AND ECONOMIC DEVELOPMENT PORTFOLIO - MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RECOMMENDATION TO THE COUNCIL:

that the irrecoverable debt to the value of R153 546.45 as listed, be written off as bad debt:

RESPONSIBLE OFFICIAL :

E M HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

30 MAY 2015

5.2

APPROVAL OF RISK MANAGEMENT IMPLEMENTATION PLAN

**(ITEM 1, PAGE 1 : MANAGEMENT SERVICES PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)**

RECOMMENDATION TO THE COUNCIL:

that the Risk Management Implementation Plan for 2015/2016, **be approved.**

RESPONSIBLE OFFICIAL :

A RIDDLES

TARGET DATE FOR IMPLEMENTATION :

MAY 2016

5.3**DRAFT PUBLIC PARTICIPATION POLICY****(ITEM 2, PAGE 13 : MANAGEMENT SERVICES PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

1. that the draft Public Participation Policy for the Overstrand Municipality as amended, **be noted**; and
2. that the draft policy be advertised for public input.

RESPONSIBLE OFFICIAL :**DS ARRISON****TARGET DATE FOR IMPLEMENTATION :****1 AUGUST 2016**

5.4

WARD COMMITTEE SYSTEM: REVISION OF WARD COMMITTEE RULES

**(ITEM 1, PAGE 1 : COMMUNITY SERVICES PORTFOLIO - MAYORAL
COMMITTEE MEETING : 25 MAY 2016)**

RECOMMENDATION TO THE COUNCIL:

that the revised Ward Committee Rules for Overstrand Municipality as amended, **be approved.**

RESPONSIBLE OFFICIAL :

R WILLIAMS

TARGET DATE FOR IMPLEMENTATION :

4 AUGUST 2016

5.5

HOUSING: TRANSFER OF 90 HOUSING UNITS TO BENEFICIARIES IN PEACH HOUSES PROJECT, ZWELIHLE**(ITEM 2, PAGE 19 : COMMUNITY SERVICES PORTFOLIO - MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

1. that Council **approves** the sale of the 90 (ninety) rental units, Zwelihle, to the respective tenants based on the following options, namely;
 - a Integrated Residential Development Programme;
 - b Finance linked institutional subsidies programme;
 - c Private purchase.
2. that the sales price of R27,100.00 (zero rated VAT) per property (land building) **be approved**;
3. that, in the absence of the original tenant(s), the housing opportunity **be considered** for immediate family that qualify in terms of the applicable subsidy to purchase the particular property with the understanding that such cases will be individually presented to Council for consideration; and
4. that the list of original tenants in the Peach Houses project be **noted**.

RESPONSIBLE OFFICIAL:**FW FRANS****TARGET DATE FOR IMPLEMENTATION:****JULY 2016**

5.6

**ERF 456, 22 MAIN ROAD, HERMANUS, OVERSTRAND MUNICIPAL AREA :
PROPOSED REZONING, AMENDMENT OF THE SPATIAL DEVELOPMENT
FRAMEWORK AND DEPARTURE: CORNELIA VAN ZYL ON BEHALF OF THE
JAPIE GROVE FAMILY TRUST**

**(ITEM 8, PAGE 131 : INFRASTRUCTURE & PLANNING PORTFOLIO -
MAYORAL COMMITTEE MEETING : 25 MAY 2016)**

RECOMMENDATION TO THE COUNCIL:

1. that, in terms of the Municipal Systems Act, Act 32 of 2000, application for Amendment of the Overstrand Municipal Wide Spatial Development Framework, 2006 to change the reservation of Erf 456, Hermanus from "Residential" to "Commercial", **not be approved**; and
2. that, in terms of the Municipal Systems Act, Act 32 of 2000, application for Amendment of the Overstrand Municipal Spatial Growth Management Strategy, 2010 to change the reservation of Erf 456, Hermanus from "Residential" to "Commercial", **not be approved**.

RESPONSIBLE OFFICIAL :	H VAN DER STOEP
TARGET DATE FOR IMPLEMENTATION :	8 JUNE 2016
TARGET DATE TO INFORM APPLICANT :	8 JUNE 2016
TARGET DATE TO INFORM OBJECTOR :	N/A

5.7

**MONTHLY REPORT TO COUNCIL ON SUPPLY CHAIN MANAGEMENT (SCM)
POLICY: PARAGRAPH 36, 16(1)(b) AND 17(1)(c) FOR APRIL 2016**

(ITEM 5, PAGE 1 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RECOMMENDATION TO THE COUNCIL:

1. that the deviations from the procurement processes, approved in terms of the delegated authority for April 2016, **be noted**; and
2. that the awards made in terms of Paragraph 16(1)(b) and 17(1)(c), approved in terms of the delegated authority for April 2016, **be noted**.

RESPONSIBLE OFFICIAL :**C LE ROUX****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

5.8**FINAL INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW 2016/17****(ITEM 6, PAGE 7 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**that the final reviewed Integrated Development Plan (IDP) for 2016/17 **be approved.****RESPONSIBLE OFFICIAL :****R LOUW****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2016**

5.9

WATER SERVICES DEVELOPMENT PLAN FOR 2016/2017

(ITEM 7, PAGE 12 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RECOMMENDATION TO THE COUNCIL:

that the Water Services Development Plan for 2016/2017 **be approved.**

RESPONSIBLE OFFICIAL :

H BLIGNAUT

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.10

REVISION OF ALL BUDGET RELATED POLICIES OF THE OVERSTRAND MUNICIPALITY**(ITEM 8, PAGE 14 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

that the revised policies **be approved** and implemented with effect from 1 July 2016.

RESPONSIBLE OFFICIAL :**S REYNEKE-NAUDE****TARGET DATE FOR IMPLEMENTATION :****1 JULY 2016**

5.11

FINAL BUDGET FOR OVERSTRAND MUNICIPALITY : 2016/2017

(ITEM 9, PAGE 285 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)**RECOMMENDATION TO THE COUNCIL:**

1. that, in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003), the annual budget of the Municipality for the 2016/17 to 2018/2019 MTREF (Medium Term Revenue and Expenditure Framework) period **be approved** as set out in the following schedules:

- Schedule 1:** Budgeted financial performance (revenue & expenditure by municipal vote)
- Schedule 2:** Budgeted financial performance (revenue by source & expenditure by type)
- Schedule 3:** Budgeted multi- and single year capital appropriations by standard classification (vote) and funding by source
- Schedule 4:** Budgeted financial position
- Schedule 5:** Budgeted cash flow
- Schedule 6:** Cash backed reserves and acc. surplus reconciliation
- Schedule 7:** Asset management
- Schedule 8:** Basic service delivery measurement

2. that the property rates reflected in **Annexure A, be imposed** for the budget year 2016/17;
3. that tariffs and charges reflected in **Annexure A, be approved** for the budget year 2016/17;
4. that the Municipal Manager be authorised to sign all the necessary agreements and documents to give effect to the second draw down of the three year borrowing programme for external loans amounting to R30 million per annum;
5. that the following schedules be noted:

- Schedule 9:** Budgeted financial performance (revenue & expenditure by standard classification)
- Schedule 10:** Budgeted capital appropriations by municipal vote

6. that **cognisance be taken** of the letters of comment received from the community and the LG MTEC 3 Assessment Report by Provincial Treasury and the Provincial Department of Local Government, included in Annexures J and K respectively of the budget report; and

7. that **cognisance be taken** of the 2016/2017 Budget Report.

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.12

HERMANUS, RESCISSION OF COUNCIL RESOLUTION FOR THE TRANSFER OF THE REMAINDER OF ERF 2834 (EXCLUDING ERF 2836 AND INCLUDING ERF 2837), SANDBAAI, ±39,5ha IN EXTENT, FOR MIXED RESIDENTIAL DEVELOPMENT AND A RETIREMENT VILLAGE

(ITEM 10, PAGE 348 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RECOMMENDATION TO THE COUNCIL

that Council's resolution dated 3 December 2014 for the transfer of the Remainder of Erf 2834 (excluding Erf 2836 and including Erf 2837), Sandbaai, ±39,5ha in extent, for mixed residential development and a retirement village, to Edevco International (Pty) Ltd at an amount of R42,500,000.00 (VAT excluded), **be rescinded.**

RESPONSIBLE OFFICIAL :	A KOTZE
TARGET DATE FOR IMPLEMENTATION :	8 JUNE 2016
TARGET DATE TO INFORM APPLICANT :	N/A
TARGET DATE TO INFORM OBJECTOR :	N/A

5.13

OVERSTRAND JUNIOR TOWN COUNCIL FUNDING FOR 2015/16

(ITEM 11, PAGE 352 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)

RECOMMENDATION TO THE COUNCIL:

1. that a deviation from the following restrictions in the Grant-in-Aid Policy **be approved:**
 - (a) *“no transfer may be made which exceeds R50, 000.00”;*
 - (b) *“funding applications will only be considered on an annual basis in response to the annual advertisement”;* and
 - (c) *“only applications made on the prescribed form may be considered.”*

2. that a transfer of R70, 000.00 to Enlighten Education Trust for the Management of the Overstrand Junior Town Council **be approved.**

RESPONSIBLE OFFICIAL:**GG SMIT****TARGET DATE FOR IMPLEMENTATION:****JUNE 2016**

5.14

PROPOSED EXTENSION OF CONTRACT SC1379/2013: PROVISION OF PARKING MANAGEMENT SYSTEM FOR HERMANUS CENTRAL BUSINESS DISTRICT**(ITEM 12, PAGE 356 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

1. that **cognisance be taken** of the reasons for the proposed amendment to contract SC1379/2013 for provision of Parking Management System for Hermanus Central Business District, in terms of the enabling provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003);

Ref no	Service Provider Name
SC1379/2013	Numque 20 CC

2. that the Municipal Manager be authorised to sign the necessary agreement and documents for the above contract; and
3. that, subject to the consideration of recommendations or representations to be received on or before 16 May 2016, if any, cognisance to be taken **of the reasons for the proposed amendments to contracts for Parking Management related systems and services as listed in the schedule below, in terms of the enabling provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003).**

Service Provider / Supplier:		Numque 20 CC	SCM Supplier #	2959
Service / Goods Provided:		Parking Management System for Hermanus Central Business District		
Vote:	Item Description	OperLease:Machinery&Equipment	Cost Code	N/A
	Cost Account	11130203670000		
	Unique Key	20150212018364		
Amount (Excl. VAT)		Tariff based: 14% of income (Refer to annexure C)	Contingency:	N/A
Escalation Percentage:		N/A	Escalation Date:	N/A
Contract Owner:		Solomzi Madikane	Contract Champion:	Xolile Kosi
CONTRACT PERIOD:				
Implementation date:	01 July 2016	End date:	30 June 2017	Period: 12 Months

RESPONSIBLE OFFICIALS :

**S MADIKANE
X KOSI**

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.15

PROPOSED AMENDMENTS TO BUSINESS SYSTEM CONTRACTS TERMINATING ON 30 JUNE 2016**(ITEM 13, PAGE 365 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

1. that, subject to considering the reasons for the proposed amendment of the contracts or agreements, and any representation to be received from the public on or before 23 May 2016, regarding the proposed amendment of the contracts or agreements procured through the supply chain management policy of the Municipality, **consent be given to the amendment of the contracts or agreements for ICT related systems and services as listed in the schedule below, to give effect to the provisions of Section 116(3) of the Municipal Finance Management Act 2003 (Act 56 of 2003).**

Ref no	Service Provider Name
SC1327(v)/2013	Altech Netstar (Pty) Ltd
SC1327(vii)/2013	Business Engineering (Pty) Ltd
SC1327(ii)/2013	Bytes Systems Integration A Division Of Altron TMT (Pty) Ltd
SC1327(i)/2013	Bytes Universal Systems, A Division Of Altron TMT (Pty) Ltd
SC1327(viii)/2013 SC1327(x)/2013	Geodebt Solutions CC
SC1327(vi)/2013	Ignite Advisory Services
SC1418A/2013	Maxitec
SC1327(ix)/2013	Payday Software Systems (Pty) Ltd
SC1327(iv)/2013	Water Management Services CC
SC1335/2013	Wesbank First Auto

2. that the Municipal Manager be authorised to sign the necessary agreements and documents for the above contracts.

RESPONSIBLE OFFICIALS:

**DESIREÉ ARRISON
RODERICK WILLIAMS
SANTIE REYNEKE-NAUDE
STEPHEN MULLER
SOLOMZI MADIKANE
MORNE POTGIETER
ELMARIE HOONEBERG
HANLIE VAN TONDER
HANNES VORSTER
JOHN SIMSON
JOHNET VAN ASPEREN
LUCINDA BUCCHIANERI
MIKE BARTMAN
RIAAN KUCHAR
ROCHELLE LOUW
THEO LOUBSER**

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2016

5.16

PROPOSED OVERSTRAND MUNICIPALITY DEVELOPMENT CONTRIBUTION POLICY**(ITEM 14, PAGE 510 : MAYORAL COMMITTEE MEETING : 25 MAY 2016)****RECOMMENDATION TO THE COUNCIL:**

that, in terms of the by-law on Municipal Land use Planning , section 81(1),(2),(3), read with section 11(3)(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Development Contribution Policy **be adopted**.

RESPONSIBLE OFFICIAL :**D HENDRIKS****TARGET DATE FOR IMPLEMENTATION :****1 JUNE 2016**

6. CONSIDERATION OF REPORTS

6.1

ADOPTION OF A JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER FOR THE OVERSTRAND MUNICIPALITY

3/2/3/12

CC Groenewald

(028) 313 8003

Municipal Manager

19 May 2016

1. Executive Summary

The purpose of the report is for Council to adopt a Joint Audit and Performance Audit Committee Charter.

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

Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) and its Regulations

Local Government: Municipal Systems Act, No 32 of 2000 (Systems Act) and its Regulations

6. Background/Discussion

Section 166(1) of the MFMA provides that each Municipality must have an Audit Committee.

Regulation 14 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 promulgated in terms of the Systems Act provides for the appointment of a Performance Audit Committee whilst specifically regulation 14(2)(c) provides that a Municipality may utilise any audit committee established in terms of other applicable legislation as the performance audit committee.

The Municipality's current Audit Committee Charter provides for the establishment of an Audit Committee and a Performance Audit Committee of which the members may be the same as that of the Audit Committee except that the Chairperson should be a member other than the Chairperson of the Audit Committee.

Following recent developments within the Audit Committee and the resignation of one of its members, the Executive Mayor, the Chairpersons of the Finance and Management Services Portfolio Committees and Municipal Manager had on more than one occasion discussions with the remaining members of the Audit Committee on the proper functioning of same. Under guidance of the Executive Mayor the remaining members of the Audit Committee supported the abolishment of both the Audit Committee and Performance Audit Committee and the establishment of a Joint Audit and Performance Audit Committee – see annexure A. The two vacancies on the proposed Joint Audit and Performance Audit Committee will be advertised in due course.

7. Financial Implications

Remuneration of members to be in accordance with the day tariff as prescribed in terms of National Treasury Regulations.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Letter dated 3 May 2016 from Audit Committee members.

Annexure B: Joint Audit and Performance Audit Committee Charter

RECOMMENDATION TO THE COUNCIL:

1. that the Audit Committee Charter of Overstrand Municipality adopted on 20 June 2005 and amended from time to time, **be revoked**; and
2. that the Joint Audit and Performance Audit Committee Charter **be approved**.

RESPONSIBLE OFFICIAL:

D C VAN DER HEEVER

TARGET DATE FOR IMPLEMENTATION:

26 MAY 2016

3 May 2016

The Executive Mayor
Overstrand Municipality

AUDIT AND PERFORMANCE AUDIT COMMITTEE

We, the undersigned members of the Municipality's Audit and Performance Audit Committees herewith confirm that we support the establishment of a combined Audit and Performance Audit Committee – such committee to consist of five (5) members and Council to appoint its Chairperson.



KE MONTGOMERY (Ms)



HV LIEBENBERG



HPA BEEKMAN

OVERSTRAND MUNICIPALITY



JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER

*Approved by Council
25 May 2016*

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1. PURPOSE AND OBJECTIVE

- 1.1 The Code of Corporate Practices and Conduct published in the King III Report on Corporate Governance 2011 requires management to publicly confirm that they have reviewed the effectiveness of the internal control of their organisation. The implementation of control and information systems is essential to the effective discharge of the management's responsibilities.
- 1.2 The Joint Audit and Performance Audit Committee must thus assist Council in, but not limited to, the fulfilling of its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the Municipality's process for monitoring compliance with laws and regulations and the code of conduct and performance management.
- 1.3 The Joint Audit and Performance Audit Committee operates as a statutory committee of the Overstrand Municipal Council. The Joint Audit and Performance Audit Committee performs the responsibilities assigned to it by legislation and the corporate governance responsibilities delegated to it under its charter as approved and adopted by Council.
- 1.4 This charter thus sets out the specific responsibilities of the Joint Audit and Performance Audit Committee and details the manner in which the Joint Audit and Performance Audit Committee will operate.

2. AUTHORITY

- 2.1 The Joint Audit and Performance Audit Committee is hereby authorised to conduct or authorise investigations into any matter within the scope of its responsibility.
- 2.2 The Overstrand Municipal Council authorises the Joint Audit and Performance Audit Committee to fulfil the responsibilities as set out in this charter. In doing so, the Joint Audit and Performance Audit Committee is authorised to:
 - have full and free unrestricted access to all the activities, records, property and staff of the Municipality. All Municipal employees are directed to co- operate with any request made by the Joint Audit and Performance Audit Committee;
 - seek any information it requires from external parties, obtain other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary. Any such appointments shall be made subject to normal tender and procurement procedures;
 - request or invite any relevant person to appear/ attend any of its meetings, and, if necessary, to provide information requested by the committee;
 - conduct investigations into the financial affairs of the municipality as may be requested by the council of the municipality;
 - resolve any disagreements between management and the auditor regarding financial reporting; and
 - pre-approve all auditing and non-audit services.
- 2.3 The Municipal Public Accounts Committee (MPAC), in discharging its responsibilities, may make use of any information provided by the Joint Audit and Performance Audit Committee to avoid duplication of effort.

3. STRUCTURE OF THE JOINT AUDIT AND PERFORMANCE AUDIT COMMITTEE

3.1 Composition of the Joint Audit and Performance Audit Committee

The Joint Audit and Performance Audit Committee will comprise of not less than three and not more than five members. Members of the Joint Audit and Performance Audit Committee will serve on the committee in their individual capacity.

3.2 Appointment, membership, independence and performance assessment

Members of the Joint Audit and Performance Audit Committee shall be appointed by the municipal council. Council shall appoint one of the members as the chairperson of the committee. The appointed members will be required to enter into a contract with the Overstrand Municipality. No councillor or Overstrand Municipal official may be a member of the Joint Audit and Performance Audit Committee.

The following factors should be considered when selecting the chairperson of the Joint Audit and Performance Audit Committee – that the person:

- has good standing and ability to lead discussions;
- creates vision and provides direction at meetings;
- builds municipal capabilities by guiding management based on expert knowledge and skills;
- promotes and achieve quality outcomes at meetings;
- has the ability to effectively advise council of any impending non-compliance within the legislative framework;
- conducts meetings in a manner that demonstrates a desire to establish effective communication with all stakeholders.

In determining suitable candidates to serve on the Joint Audit and Performance Audit Committee and maintaining a balanced composition, members will be selected from different areas of expertise. The municipal council should seek to appoint candidates who have the ability to:

- perform the roles as advisors to management;
- communicate effectively with management;
- carefully review information received and obtain clarification from management as and when appropriate, and follow up on any matter that is unclear;
- conduct responsibilities in the context of the municipality's strategic objectives and overall corporate governance of the council;
- act independently and be proactive in advising the accounting officer regarding issues that require management attention;
- build relations with management;
- have a professional approach to performing duties, including commitment of time and effort, and that;

- each committee member must be independent and appropriately skilled

Collectively, the appointed Joint Audit and Performance Audit Committee members should possess the following skills and experience:

- private and public sector experience;
- an understanding of service delivery priorities;
- good governance and/or financial management experience;
- an understanding of the role of council and councillors;
- an understanding of the operations of the municipality;
- familiarity with risk management practices;
- an understanding of internal controls;
- an understanding of major accounting practices and public sector reporting requirements;
- an understanding of public sector reforms;
- familiarity with legislation applicable to municipalities;
- an understanding of the roles and responsibilities of the internal and external auditors;
- an understanding of the treatment of allegations and investigations; and
- an understanding of the performance management system.

3.3 Membership and independence

In order to be effective, the Joint Audit and Performance Audit Committee will be independent and safeguarded from any undue influence in exercising its responsibilities in an objective manner. To enhance the Joint Audit and Performance Audit Committee functioning, the following will be required:

- the Joint Audit and Performance Audit Committee chairperson and members must be independent of the municipality;
- the Joint Audit and Performance Audit Committee chairperson and members should not be biased but exhibit an independence of mental attitude during deliberations;
- all Joint Audit and Performance Audit Committee members must declare private and business interest in **every meeting**, and
- all members should not carry out any business with the municipality.

3.4 Induction of Joint Audit and Performance Audit Committee member(s)

A formal process of induction must be facilitated by the Chief Audit Executive in consultation with the Accounting Officer. During the induction of the Joint Audit and Performance Audit Committee members, the roles and responsibilities of the Joint Audit and Performance Audit Committee must be clarified. The induction processes should entail sufficient briefings and information on their roles, responsibilities, accountability and management expectations. New members should meet and be briefed by the Accounting Officer, Chief Financial Officer, Director of Management Services, Chairperson of the Joint Audit and Performance Audit Committee and the Head of Internal Audit. New members

should also be introduced to external auditors. The information to be provided to new members should include:

- the municipality's governance and operational structures and how the Joint Audit and Performance Audit Committee operates within this structure;
- a copy of the Joint Audit and Performance Audit Committee's Charter including any policies, recent Joint Audit and Performance Audit Committee minutes, Audit management letter, audit opinion, including details of outstanding issues, council resolutions and recommendations presented to the municipal council;
- copies of the relevant legislation;
- copies of the latest municipality's annual report, annual financial statements, integrated development plan, budget, service delivery and budget implementation plans, in-year reports, code of conduct, performance agreements, risk register and risk management plans;
- information from management and internal audit on the risk profile, status of internal controls and system of delegation; and
- a copy of the Internal Audit Charter and annual work plans.

3.5 Performance assessment

The Joint Audit and Performance Audit Committee should assess its performance and achievements against its charter on an annual basis. The assessment must cover the performance of the individual member as part of the overall Joint Audit and Performance Audit Committee with reference to the particular skills the member has brought to the Joint Audit and Performance Audit Committee as a whole.

The aim of the self-assessment is to ensure that the Joint Audit and Performance Audit Committee is meeting its objectives efficiently and effectively. The findings of the self-assessment should be presented by the chairperson to the Accounting Officer and Overstrand Municipal Council.

Where the self-assessment highlights a need for enhancements to the role, operational processes, or membership of the committee, the chairperson should take action to ensure that such enhancements are implemented. The chairperson may need to consult with the accounting officer and municipal council to obtain appropriate support to ensure all enhancements are implemented.

Where the Joint Audit and Performance Audit Committee is not performing in accordance with the Joint Audit and Performance Audit Committee Charter and this has been observed by various stakeholders for example, external audit, internal audit or management, this or other issues will need to be brought to the attention of the accounting officer and municipal council.

If an individual Joint Audit and Performance Audit Committee member is not performing, then the member must be given an opportunity to address such with the municipal council. If it is considered necessary to terminate the service of a Joint Audit and Performance Audit Committee member prior to the end of the term of appointment, proper procedures should be followed.

3.6 Reporting

The chairperson of the Joint Audit and Performance Audit Committee will report to the Overstrand Municipal Council on the operations of the Internal Audit unit and the Joint Audit and Performance Audit Committee. The reporting should include a summary of the work performed by Internal Audit and the Joint Audit and Performance Audit Committee against the annual work plan, issues, and related recommendations. Other reporting responsibilities include:

- report to the Overstrand Municipal Council about the Joint Audit and Performance Audit Committee's activities, issues and related recommendations when deemed appropriate;
- provide an open avenue of communication between Internal Audit, the external auditors, and the Overstrand Municipal Council;
- review any other reports and issues related to the Joint Audit and Performance Audit Committee responsibilities;
- report annually in the Annual Report, describing the committee's composition, the effectiveness of internal controls, comment on its evaluation of the annual financial statements and confirming that all responsibilities outlined in this charter have been carried out.

The Joint Audit and Performance Audit Committee may forward specific Joint Audit and Performance Audit Committee meeting minutes and reports to the Municipal Council.

Any material findings shall immediately be reported to the Accounting Officer, the Auditor-General and to the Executive Mayor and where appropriate the Joint Audit and Performance Audit Committee may also report to higher authorities

4. ROLES AND RESPONSIBILITIES

4.1 Internal Audit

The Joint Audit and Performance Audit Committee shall be consulted with the appointment, replacement and/or dismissal, of the head of the Internal Audit unit. In the event of replacement, dismissal, resignation or early retirement of the head of the Internal Audit unit, the full detail of the circumstances surrounding the action must be revealed to the Joint Audit and Performance Audit Committee.

The Joint Audit and Performance Audit Committee shall ensure that the Internal Audit unit perform their responsibilities effectively and efficiently by:

- reviewing and approving the Internal Audit Charter;
- reviewing the organizational structure, competence and qualifications of the Internal Audit Unit;
- reviewing the plans and budgets of the Internal Audit Unit. Ensuring that the plan addresses the high risk areas and that adequate resources are available;
- reviewing the audit results and action plans of management;
- evaluating the performance and effectiveness of Internal Audit;
- requesting specific audit projects where necessary;

- reviewing results of quality assessment reviews;
- meeting separately with Internal Audit to discuss matters that the Joint Audit and Performance Audit Committee believe should be discussed privately;
- reviewing management requests for extra work to be carried out by Internal Audit in particular areas of accounting and control systems;
- ensuring that Internal Audit's work is co-ordinated with that of External audit;
- ensuring that internal auditors are independent and objective and that there are no restrictions or limitations placed on the internal auditors; and
- ensure that there is support for the Internal Audit unit and external auditors from senior management.

4.2 External Audit

The Joint Audit and Performance Audit Committee shall also-

- ensure that there are no restrictions or limitations placed on the external auditors;
- review the external auditors' proposed audit scope and approach, including co-ordination with internal audit;
- review audit results, quality and contents of the financial information and action plans of management;
- consider significant disagreements between external auditors and management;
- consider material unsolved accounting and auditing problems;
- ensure direct access by the external auditors to the Joint Audit and Performance Audit Committee and the Chairperson of the Joint Audit and Performance Audit Committee or Accounting Officer, as appropriate;
- review the performance of the external auditors;
- meet separately with the external auditors to discuss matters that the Committee or the auditors believe should be discussed privately;
- identify key matters arising in the current year's management letter and satisfy them self that it (matters) are being addressed properly;
- review interim reports issued in order to take cognizance of the issues raised in determining the follow up work of the Internal Audit;
- conduct a review of the extent to which previously reported findings by the external auditors have been addressed by the municipal council;
- provide advice to the accounting officer on actions taken relating to significant matters raised in external audit reports; and
- address outstanding matters raised by the external auditors and ensure that findings are dealt with conclusively in an expeditious manner.

4.3. Annual Financial Statements

The Municipality's annual financial statements (including relevant information and lead schedules) should be reviewed by the Joint Audit and Performance Audit Committee at

least two weeks before submission to the Auditor General. The process and timelines for the Joint Audit and Performance Audit Committee meetings should be changed accordingly.

The Joint Audit and Performance Audit Committee must review the annual financial statements to provide the Overstrand Municipality with an authoritative and credible view of the financial position of the municipality.

Specifically with regards to Annual Financial Statements, the Joint Audit and Performance Audit Committee should:

Review and challenge where necessary –

- arithmetical accuracy and consistency;
- consistency of, and any changes to, accounting policies, comparing to prior years;
- methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Municipality has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account previous audit outcomes;
- the quality of disclosure in the Municipality's financial reports and the context in which statements are made;
- all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- all material issues prior reports by the AGSA have been appropriately accounted for, resulting in fair presentation; and
- conduct analysis of trends and other financial ratio calculations e.g. year on year comparisons and composition of primary group e.g. salaries as a component of operations, whether operations are undertaken on a sustainable basis, operations at surplus or deficit, efficient and solvency ratios, etc.

4.4 Risk Management

Risk management is an essential part of effective corporate governance and whilst it is a management responsibility, management expects the Joint Audit and Performance Audit Committee to oversee and provide advice on matters relating risk management.

The Joint Audit and Performance Audit Committee should understand and consider the major risk areas including the financial, legal and fiscal risks and the internal control environment. The Joint Audit and Performance Audit Committee should monitor the control process and the adequacy of the system of internal control by viewing internal and external audit reports and should:

- be constantly aware of the current high risk areas and ensure management is effectively managing those risks;
- satisfy itself with regards to the integrity and prudence of management control systems, including the review of policies and/or practices (procedures);
- ensure that the Municipal Council and management are aware of matters that came to the Joint Audit and Performance Audit Committee's attention that might have a significant impact on the financial condition or affairs of the municipality;

- monitor risks and ensure that appropriate controls are in place, to accomplish the objectives set out in the mission statement, municipal strategic plan and any other transformation processes;
- communicate with internal and external auditors any fraudulent activities, suspected fraud or fraud investigation being conducted which they are aware of;
- discuss with the internal and external auditors any concerns about the nature, extent and frequency of management assessment of the accounting and control systems in place, to prevent and detect fraud;
- notify the Municipal Council when the accounting officer has been implicated in fraud, corruption or gross negligence, and
- review the controls designed to ensure that municipal assets are safeguarded.

4.5 Internal Control Environment

The Joint Audit and Performance Audit Committee members need to have a good understanding of the internal control environment, in fulfilling this responsibility the committee should:

- ensure that management follows a sound process to draw conclusions on the adequacy and effectiveness of the system of internal control;
- establish whether management has relevant policies and procedures in place and that these are adequate, effective and regularly updated;
- determine whether appropriate processes are followed and complied with on a regular basis;
- consider measures applied on any required changes to the design or implementation of internal controls;
- assess steps taken by management to encourage ethical and lawful behavior; financial discipline and accountability for use of public resources;
- review internal and external auditor's written reports concerning compliance, any significant findings and recommendations, and follow-up on the implementation of recommendations;
- monitor developments and changes in the law relating to the responsibility and accountability of management and review the extent to which management is meeting its obligations; and
- ensure legal counsel regarding compliance, where necessary.

4.6 Performance Management

The Joint Audit and Performance Audit Committee members need to have a good understanding of the performance of the municipality. Its responsibilities shall include:

- review and comment on compliance with statutory requirements and performance management best practices and standards, and the municipality's performance management policy;

- review and comment on the alignment of the Integrated Development Plan (IDP), the Budget, Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements;
- review and comment on relevance of indicators to ensure they are measurable and relate to services performed by the municipality;
- review compliance with in-year reporting requirements;
- review the quarterly performance reports submitted by Internal Audit;
- review and comment on the municipality's annual reports within the stipulated timeframes; and
- review and comment on the municipality's performance management system and make recommendations for its improvement.

4.7 Information Technology (IT) Governance

The Joint Audit and Performance Audit Committee needs to provide advice on IT governance, controls, access and safeguarding of information in the municipality. Specific expertise may be required from within or outside the municipality from time to time, to assist the Internal Audit unit and Joint Audit and Performance Audit Committee to formulate recommendations on systems and controls. The Joint Audit and Performance Audit Committee may have to provide advice on the appropriateness of disaster recovery and continuity plans supporting IT risks, regular testing and evaluation of plans, systems and processes.

4.8. Relationship with stakeholders

The Joint Audit and Performance Audit Committee is required to maintain a good relationship with key stakeholders, such as:

- Overstrand Municipal Council
- Municipal Public Accounts Committee
- Accounting Officer
- Management and municipal officials
- Internal and External Auditors
- Provincial Treasury
- National Treasury

4.9. Compliance with laws, regulations, ethics, policies and procedures

The Joint Audit and Performance Audit Committee shall ensure that the management of the Municipality has the necessary mechanisms in place to ensure compliance with pertinent laws and regulations and is conducting its affairs ethically. This must include maintaining effective controls against conflicts of interest, fraud and corrupt practices.

The specific steps involved in carrying out this responsibility shall include:

- reviewing policy documents which should incorporate compliance with laws, regulations, ethics, policies, rules regarding conflict of interest;
- monitoring the compliance with the policy documents; and

- taking note of significant cases of conflict of interest, misconduct, or fraud and the resolution of the cases.

5. Meetings

A minimum of four meetings shall be held during a year.

The Joint Audit and Performance Audit Committee shall agree on an annual meeting plan that will be prepared by the Chief Audit Executive.

Special meetings of the Joint Audit and Performance Audit Committee may be convened as required. Any member of the Joint Audit and Performance Audit Committee may call a special meeting. The Internal or External Auditors may request a meeting if they consider that one is necessary.

The Joint Audit and Performance Audit Committee may hold private meetings with internal and external auditors and executive sessions as necessary.

5.1 Quorum

The quorum for meetings will be 50 % plus one member.

5.2 Notice of meetings

Notice shall be given to all members of the Joint Audit and Performance Audit Committee and other interested parties, of each meeting to be held, within a reasonable time prior to the date on which such meeting is to be held.

5.3 Agenda of meetings

The agenda of the meeting shall be prepared and distributed at least seven (7) days prior to the meeting date. Any person attending the meeting may add items to the agenda two (2) days before the agenda is finalised. Such items should be provided to the Internal Audit unit who will act as the secretariat of the Joint Audit and Performance Audit Committee.

5.4 Minutes of meetings

The proceedings of all meetings will be documented in minutes.

The Internal Audit unit shall keep minutes of all meetings and shall include the minutes with the agenda of the next Joint Audit and Performance Audit Committee meeting.

6. Remuneration

Joint Audit and Performance Audit Committee members not being in the public service shall be remunerated for their services on the Joint Audit and Performance Audit Committee based on meetings attended. The Chairperson of the Joint Audit and Performance Audit Committee shall be paid additional remuneration for such attendance and for services related to the Joint Audit and Performance Audit Committee.

The Joint Audit and Performance Audit Committee members shall be remunerated in accordance with the day tariff as prescribed and amended in terms of National Treasury Regulations.

The amount payable is an all-inclusive amount less any deductions which the Overstrand Municipality may require to make in respect of Tax. The municipality shall not be obliged to pay any amounts to any pension fund or medical aid on behalf of the member.

The Joint Audit and Performance Audit Committee members shall be reimbursed for kilometres travelled in accordance with the applicable legislation.

7. Review period

The Joint Audit and Performance Audit Committee Charter will be reviewed, by the Joint Audit and Performance Audit Committee, at least on an annual basis and submitted to the Overstrand Municipal Council for approval.

Policy Section	Internal Audit Services
Approval by Council	25 May 2016

7. URGENT MATTERS SUBMITTED BY THE MUNICIPAL MANAGER (IF ANY)**8. CONSIDERATION OF NOTICES OF MOTIONS / QUESTIONS**

At the time of the closing of the agenda, no notices of motions/questions were received.

9. CONSIDERATION OF MOTIONS OF EXIGENCY (IF ANY).