

# OVERBERG

## DISTRICT MUNICIPALITY

### AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER

Updated: July 2026



**Council Resolution No:** .....

**Date:** .....

**Municipal Manager:** .....

**Executive Mayor** .....

**Reference No:** .....

**Municipal Code No:** .....

## Glossary

| Abbreviation | Explanation                                     |
|--------------|-------------------------------------------------|
| APAC         | Audit and Performance Audit Committee           |
| CAE          | Chief Audit Executive                           |
| ODM          | Overberg District Municipality                  |
| MM           | Municipal Manager                               |
| MPAC         | Municipal Public Accounts Committee             |
| IAF          | Internal Audit Function                         |
| FARMCO       | Fraud and Risk Management Committee             |
| IIA          | Institute of Internal Auditors                  |
| MFMA         | Municipal Finance Management Act                |
| AFS          | Annual Financial Statements                     |
| AGSA         | Auditor General of South Africa                 |
| IDP          | Integrated Development Plan                     |
| OHS          | Occupational Health and Safety                  |
| SDBIP        | Service Delivery and Budget Implementation Plan |
| KPI          | Key Performance Indicators                      |



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## **1. Introduction**

- 1.1** The charter is used to guide the activities of the Audit and Performance Audit Committee (APAC) on an ongoing basis. The APAC charter sets out the objectives, roles and responsibilities, composition, structure and membership requirements, relationships with other stakeholders, authority for the committee to conduct inquiries and access municipality records and personnel, outlines procedures for meetings, addresses the confidentiality and independence of committee members, and provides for ethical conduct and reporting.
- 1.2** The charter should be used as a basis for:
- Preparing the APAC's annual work plan
  - Setting the agenda for meetings
  - Requesting skills and expertise
  - Making recommendations to the Municipal Manager and municipal Council
  - Assessing the APAC's performance by its members, municipal Council, management, Auditor-General and internal auditors
  - Contributions and participation at meetings

## **2. Authority**

- 2.1** The APAC operates as a committee of Council. The APAC performs the responsibilities assigned to it by the Municipal Finance Management Act, No 56 of 2003 (the MFMA), Municipal Systems Act, No 32 of 2000 (the MSA), Municipal Planning and Performance Management Regulations, and the corporate governance responsibilities delegated to it under this charter by Council.
- 2.2** A charter is the written terms of reference approved by Council which outlines the mandate & authority of the APAC. The charter becomes the policy of the APAC which then informs the contracts of the APAC members.
- 2.3** The APAC shall have the authority to perform functions, and to obtain any information and advice, from within or outside the municipality, in order to perform its functions as legislated. Appropriate resources will be made available to the APAC to perform its functions as agreed in its charter.
- 2.4** The APAC may:
- Communicate with the Council, municipal manager or the internal and external auditors of the municipality.
  - Have access to municipal records containing information that is needed to perform its duties or exercise its powers.
  - Request any relevant person to 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.

**3. Composition**

- 3.1** Section 166 of the MFMA provides for a minimum requirement for the composition of an APAC.
- 3.2** In terms of best practice, the number and/or size of APAC's can be increased to address the requirements, characteristics and needs of the municipality which will also be guided by the approved charter.
- 3.3** The APAC shall consist of at least four independent members, of which at least one person has expertise in performance management. Working knowledge of business is required i.e. financial management, legal, auditing and performance management.
- 3.4** These requirements apply to all municipalities regardless of whether the APAC is established in-house or through a shared service.

**4. Appointment of Members**

- 4.1** Section 166(5) of the MFMA requires that the members of an APAC must be appointed by the Council of the municipality. One of the members, must be appointed as the chairperson of the committee. Councillors are not allowed to be members of an APAC. The appointed members should enter into a contract with the municipality according to the approved terms of reference.
- 4.2** The Council must ensure that APAC members have sufficient time to commit to serving on APAC in order to ensure that they will be able to effectively contribute to achieving the APAC outcomes and performance standards.

**5. Qualities of Members**

- 5.1** The chairperson of the APAC should be appointed after the following factors have been considered.
- 5.2** The Chairperson should:
- Have a good standing and ability to lead discussions
  - Create vision and provides direction at meetings
  - Build municipal capabilities by guiding management based on expert knowledge and skills
  - Promote and achieve quality outcomes at meetings
  - Have the ability to speedily and effectively advise Council of any impending non-compliance with the legislative framework
  - Have the ability to encourage other members to participate in APAC meetings
  - Conduct meetings in a manner that demonstrates a desire to establish effective communication with all stakeholders

- 5.3** In determining suitable candidates for an APAC and maintaining a balanced composition, the Council should seek to appoint candidates that have ability to:
- Perform the role as advisor to management
  - Communicate effectively with management
  - Carefully review information received and obtain clarification from management as and when appropriate
  - Raise relevant questions, evaluate responses 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 Municipal Manager and Council regarding issues that require further management attention
  - Encourage openness and transparency
  - Build relations with management
  - Have a professional approach to performing duties, including commitment of time and effort, and
  - Each committee member must be independent and appropriately skilled.

## **6. Skills and Experience**

- 6.1** Members should be selected from different areas of expertise to enhance the APAC's overall knowledge of the municipality and the ability to discharge its obligations and provide appropriate recommendations to the Council.
- 6.2** The roles and responsibilities of an APAC can be used as a baseline to obtain relevant skills that members must possess. This will ensure that appointed members are competent to carry out their responsibilities as set out in the APAC's charter.
- 6.3** The appointed members should collectively possess the following skills, experience and understanding:
- Private and public sector experience
  - Of service delivery priorities
  - Good governance and/or financial management experience
  - Of the role of Council and Councillors
  - Of the operations of the organisation
  - Familiarity with risk management practices
  - Of internal controls
  - Of major accounting practices and public sector reporting requirements
  - Of public sector reforms
  - Familiarity with legislation applicable to municipalities
  - Of the roles and responsibilities of internal and external auditors
  - Of the treatment of allegations and investigations
  - Of the performance management system

## **7. Membership and Independence**

**7.1** The APAC must be independent and safeguarded from undue influence in exercising its responsibilities in an objective manner. To enhance the APAC functioning, the following is required:

- The APAC chairperson and members should be independent of the municipality
- The APAC chairperson and members should not be biased but exhibit an independence of mental attitude during deliberations
- All APAC members should declare private and business interest in every meeting
- All members should not carry out any business with the municipality

## **8. Term of Office**

**8.1** To enhance independence of the APAC, the term of office for members must be strictly adhered to. The chairperson should be appointed for a minimum of three years to ensure that he/she contributes most effectively and provides stability to the APAC.

**8.2** Other APAC members should serve at least a minimum of three years with an option to renew for another three years, based on performance. A nominee from APAC will be a member of the Fraud and Risk Management Committee (FARMCO) as long as she/he is a member of the APAC. Recruitment of members should be staggered to prevent a loss of knowledge and skills in the committee. The Chief Audit Executive and the Council must maintain records of APAC member contracts and ensure recruitment is undertaken as mentioned above.

**8.3** Rotation of members is encouraged as it enhances the independence of the APAC. Members of the APAC should not be contracted continuously for a period exceeding six years. After serving consecutively for six years, a cooling off period of twenty four months should be provided for, before appointing the same member to the same APAC.

**8.4** Members should be encouraged not to terminate their contracts until they have shared their knowledge with other new members. A committee member should give two months' notice prior to resignation.

**8.5** The committee members should have the opportunity to have an exit meeting with the Council to discuss the reason for leaving and to provide feedback on their experience on the APAC as well as any other issues. The date of resignation should be minuted by the secretariat of the APAC.

**8.6** Committee members can be dismissed by the municipal Council under certain circumstances. The Municipal Manager or municipal Council should consult the charter when dismissing members of the committee. Reasons for dismissal amongst other would normally be detailed in the contract agreement and letter of appointment, such as:

- Where an on-going conflict of interest exists.
- Where a member has not performed to expectations.

**8.7** The official dismissal processes as it relates to the municipality should be adhered to by the Municipal Manager and municipal Council when an APAC member is being dismissed.

**8.8** Where appropriate, the dismissal process is linked to the charter and member's performance assessment process. The dismissal of a member should be performed by the municipal Council and the outcome of the dismissal process should be in writing. The date of dismissal should be minute by the secretariat of the APAC.

## **9. Induction of Members**

**9.1** A formal process of induction must be facilitated by the Chief Audit Executive in consultation with the Municipal Manager. During the induction of members, the roles and responsibilities of the APAC must be clarified. The induction process should entail sufficient briefings and information on their roles, responsibilities, accountability and management's expectations. Induction of members can also be facilitated by Provincial Treasury or National Treasury, upon request.

**9.2** New members should meet and be briefed by the Municipal Manager, Chief Financial Officer, chairperson of the APAC and the Chief Audit Executive. New members should also be introduced to the external auditors. The information to be provided to new members should include:

- The municipality's governance and operational structures and how the APAC operates within this structure
- Copy of the APAC's charter, including any policies, recent APAC 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, budgets, service delivery and budget implementation plans, in-year reports, code of conduct, performance agreements, risk register and risk management plans
- Information from management and the internal auditor on the risk profile, status of internal controls and system of delegation
- The internal audit charter and annual work plans, among others

## **10. Reporting**

**10.1** The chairperson of the APAC will report twice a year, or more frequently if required, to the municipal Council on the operations of the Internal Audit Function and the APAC. The report should include:

- A summary of the work performed by internal audit and the APAC against the annual work plan
- Effectiveness of internal controls and additional measures that must be implemented to address identified risks
- The committee's assessment of the municipality's performance management system

- A summary of key issues dealt with, such as significant internal and external audit findings, recommendations and updated status thereof
  - Progress with any investigations and their outcomes in relation to the mandate
  - Details of meetings and the number of meetings attended by each member
  - Other matters requested of the internal audit and APAC
- 10.2** The APAC shall prepare a report annually which will be incorporated into the municipality's annual report covering:
- The functions performed by the APAC and meetings attended
  - Resolutions taken by Council and implementation status of recommendations made
  - Other relevant comments that may enhance governance and accountability
- 10.3** The APAC shall submit quarterly reports to be considered by the Council, through the offices of the Accounting Officer and the Executive Mayor, which summarizes its recommendations. The minutes of the APAC meetings must be attached to these reports.
- 10.4** The APAC shall submit a report on its consideration of the AGSA's report to MPAC.
- 10.5** The APAC shall submit a quarterly report on its consideration of Internal Audit reports to MPAC.  
The Internal Audit findings register with recommendations must be attached to the report.
- 11. Remuneration of Members**
- 11.1** Remuneration will be in accordance with a tariff as approved by the Council. The municipality may utilize the rates provided by the National Treasury. Should the Municipal Manager deem it necessary, he or she can, in consultation with the municipal Council, determine other remuneration, provided that the charter properly define time and cost.
- 11.2** Remuneration of committee members are calculated based on the types of meetings attended, taking into consideration the tariff approved by Council or National Treasury. In calculating the remuneration due, distinction is made between the two types of meetings:
- 11.2.1** Scheduled APAC Meetings/ Workshops, Performance Evaluations and FARMCO meetings:
- Remuneration is calculated on a full day tariff.
- 11.2.2** Other Meetings:
- Per hour based on the full day tariff.
- 11.3** Remuneration will only be applicable to officials employed outside the public service. No remuneration for participating in APACs will be payable to officials employed at national, provincial and local government, its agencies or other entities regarded as

falling within the definition of an organ of state, except for out-of-pocket expenses which may be reimbursed. The above will become effective for new members of APACs, from the date of MFMA Circular No. 65 (November 2012).

- 11.4** The reimbursement of all members for travel expenditure must be determined in accordance with the approved Council policy or the rate per kilometer as published and updated by the National Department of Transport.
- 11.5** The Municipal Manager, in consultation with the chief financial officer, is required to approve the reimbursement of all travel expenditure for members of the APAC based on the above mentioned or make alternative arrangements to pay for modes of travel to such meetings, in terms of Council policy.
- 11.6** The chairperson and members of the APAC, including members who are employed in the public service, will be required to complete all particulars of their respective travel to and from the venue of the APAC meetings.
- 11.7** In the event that a senior official from one municipality is requested to serve as a member of an APAC of another municipality, such senior official must first obtain written consent from the Municipal Manager before accepting such nominations.

## **12. Performance Assessments**

- 12.1** The APAC should assess its performance and achievements against its charter on an annual basis. The assessment should be conducted within 6 months after each financial year. The assessment would cover the performance of the individual member as part of the overall APAC with reference to the particular skills the member has brought to the APAC as a whole.
- 12.2** The aim of the self-assessment is to ensure that the APAC is meeting its objectives efficiently and effectively.
- 12.3** Where the self-assessment highlights a need for enhancements to the role, operational processes or membership of the committee, the chair should take action to ensure that such enhancements are implemented. The chairperson may need to consult with the Municipal Manager and municipal Council to obtain appropriate support to ensure all enhancements are implemented.
- 12.4** It may be beneficial for the APAC to use an external facilitator to provide assistance with, or to supervise the self-assessment process. It is up to the APAC to decide whether the services of an external facilitator are required.
- 12.5** An external facilitator can provide an impartial and objective view and can approach the evaluation process without bias or preconceived ideas. The chairperson and external facilitator should provide feedback to the APAC members.

- 12.6** Where the APAC is not performing in accordance with their charter and this has been observed by various stakeholders such as for example, internal audit, external audit or management, it would be appropriate for this or other issues to be brought to the attention of the Municipal Manager and municipal Council.
- 12.7** If an individual APAC 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 services of an APAC member prior to the end of the term of appointment, proper procedures should be followed.

### **13. Roles and Responsibilities**

The audit and performance audit committee responsibilities in relation to other functional areas are highlighted below.

#### **13.1 Internal Audit**

The APAC must in relation to internal audit:

- Ensure that the charter, independence and activities of the Internal Audit Function are clearly understood and respond to the objectives of the municipality and the legal framework
- Regularly review the functional and administrative reporting lines of the Chief Audit Executive to ensure that the organisational structure is consistent with the principles of independence and accountability
- Review and approve the internal audit charter, including internal audit strategy, annual plan and any significant changes to the plan
- Confirm that the annual audit plan makes provision for critical risk areas in the municipality
- Advise the municipality on resources allocated to give effect to the work outputs of the Internal Audit Function
- Consider and advise on the co-operation and co-ordination between internal audit and the Auditor-General
- Ensure that there is support for the Internal Audit Function and external auditors from senior management
- Confirm with management that internal audit findings are submitted to the APAC on a quarterly basis
- Confirm actions taken by management in relation to the audit plan
- Consider and review reports relating to difficulties encountered during the course of the audit engagement, including any scope limitation or access to information reported to the Municipal Manager that remain unresolved
- Evaluate the performance of Internal Audit Function in terms of the agreed goals and objectives as captured in the audit plan
- Ensure that the Chief Audit Executive has unrestricted access to the chairperson of the APAC
- Concur with any appointment and termination of the services of the Chief Audit Executive
- Attend and contributes to the performance evaluation of the Chief Audit Executive and recommends the level of appointment of the Chief Audit Executive

- Engage with senior management and the Chief Audit Executive to establish appropriate safeguards if Chief Audit Executive roles and responsibilities impair or appear to impair the Internal Audit Function's independence

The Internal Audit Function is accountable to the APAC as follows:

- Maintain open and effective communication with the APAC
- Develop a flexible annual audit plan using a risk-based methodology, addressing any weaknesses in risks or controls identified
- Submit the audit plan to the APAC for review and approval
- Report on the implementation and results of the annual audit plan including special tasks requested by management and the APAC
- Assist in drafting the agenda and documentation, and facilitate the distribution thereof to the APAC in advance of meetings
- Meet periodically with the chairperson of the APAC to discuss whether the material and information furnished meets the requirements of the APAC
- Obtain advice from the APAC whether the frequency and time allocated to the committee is sufficient to attend effectively to all matters
- Cooperate with the APAC as they conduct annual reviews of the performance the Internal Audit Function
- Submit the internal audit charter to the APAC for review and approval on an annual basis and as necessary
- Review the Quality Assurance and Improvement Program (QAIP) and the results of the ongoing, annual and the 5 -year external quality assurance reviews
- Follow-up on the implementation of the recommendations of the external QAR on at least an annual basis

### **13.2 External Audit**

The APAC must in relation to external audit:

- Take cognizance of the scope of work undertaken by the external auditor and the extent of co-ordination with the Internal Audit Function
- Review annual external audit plans, audit fees and other compensation
- Review reports and monitor management's implementation of audit recommendations and municipal Council resolutions with a view to ensuring satisfactory responses and corrective actions, where necessary
- Review the report on the financial statements and matters raised therein for reasonability and accuracy
- Obtain assurance from the Auditor-General that the annual performance information is a fair reflection of the municipality's performance and that adequate records are being maintained
- Review any interim reports issued in order to take cognizance of the issues raised in determining the follow up work of internal audit
- Conduct a review of the extent to which previously reported findings by the external auditor have been addressed by the municipal Council
- Provide advice to the Municipal Manager on actions taken relating to significant matters raised in external audit reports
- Liaise with the external auditors on any matter that the APAC considers appropriate to raise with the external auditor

- Ensure that the external auditors have reasonable access to the management and chairperson of the APAC
- Address any potential restrictions or limitations with the Municipal Manager and Council
- Address outstanding matters raised by the external auditors and any findings are dealt with conclusively in an expeditious manner

### **13.3 Annual Financial Statements**

- The Municipal Manager must prepare Annual Financial Statements (AFS) of the municipality within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. (This should be linked to the MFMA calendar).
- The APAC should review the AFS two weeks before submission to the Auditor-General. The process and timelines for APAC meetings should be changed accordingly. The auditor and auditee should plan this process carefully to meet the determined timelines.
- The APAC must review the annual financial statements to provide the municipality, the Council of the municipality with an authoritative and credible view of the financial position of the municipality by:
  - Confirming with management if the municipal audit file is prepared in line with the applicable standards and guidance contained in MFMA Circular 50, or as updated
  - Reviewing the unaudited annual financial statements of the municipality to ensure that the quality, integrity and content is consistent with applicable standards and compliant with the legal framework
  - Evaluating the annual financial statements of the municipality for reasonableness, completeness and accuracy, and provide comment thereon, on a timely basis
  - Considering the Auditor-General's opinion on the quality and appropriateness of the municipality's accounting policies
  - Reviewing efficiency and effectiveness of internal controls over AFS preparation and reporting
- Specifically, with regards to Annual Financial Statements, the APAC 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 judgements, 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 in prior reports by the AGSA have been appropriately accounted for, resulting in fair presentation
- 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, efficiency and solvency ratios, etc.

### **13.4 Risk Management Activities**

The Municipal Manager is responsible for the establishment of effective risk management within the municipality. The responsibilities of the APAC with respect to risk management:

- Provide an independent and objective view of the effectiveness of the municipality's risk management
- Where there is a separate risk management committee (FARMCO), the APAC is required to review recommendations made and consider these in line with the APAC charter
- The APAC must also provide feedback to the Municipal Manager and municipal Council on the adequacy and effectiveness of risk management in the municipality
- In the case where there is no separate risk management committee, the oversight responsibilities of the APAC on risk management will be reflected in the charter of the APAC, approved by Council

### **13.5 Control Environment**

The APAC members need to have a good understanding of the 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 behaviour; financial discipline and accountability for use of public resources

### **13.6 Combined Assurance**

The APAC provides oversight over the effectiveness of the municipality's arrangements for assurance services and functions in achieving the following objectives:

- Enabling an effective internal control environment.
- Supporting the integrity of information used for internal decision-making by management, the Council and its committees.
- Supporting the integrity of the annual reports.

The APAC should satisfy itself that a combined assurance model is applied which incorporates and optimises the assurance provider services so that, taken as a whole, these support the objectives for assurance.

The APAC should oversee that the combined assurance model is designed and implemented to cover effectively the municipality's significant risks and material matters through a combination of the following assurance service providers and functions:

- The municipality's line functions that own and manage risks.
- The municipality's specialist functions that facilitate and oversee risk management and compliance.
- OHS and other internal second line assurance functions.
- Internal Audit, Council, FARMCO and the AGSA.
- Other external assurance providers such as sustainability and environmental auditors and external forensic fraud examiners and auditors.
- Regulatory inspectors.

### **13.7 Performance Management**

Part of the responsibilities of the APAC includes the review of the performance management system. The municipality has reviewed its committees to ensure that in cases where there are an audit committee and a performance audit committee, that these are combined into one committee for effective management, oversight and reporting, as envisaged by section 166 of the MFMA.

The APAC members need to have a good understanding of the performance of the municipality. These include:

- Review and comment on compliance with statutory requirements and performance management best practices and standards
- Review and comment on the alignment of the Integrated Development Plan (IDP), the Budget, Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements
- Advise the accounting officer with regards to the setting of KPIs and targets before approval of the TL SDBIP.
- Review and comment on relevance of indicators to ensure they are measurable and relate to services performed by the municipality and its entities
- Review compliance with in-year reporting requirements
- Advise on the effectiveness of the system for monitoring compliance with applicable laws and regulations
- Advise on the effectiveness of corporate policies relating to performance management
- Review the quarterly performance reports submitted by internal audit
- Review and comments on municipality's annual financial statements, annual performance report and timely submission to the Auditor-General by 31 August, each year
- Obtain assurance from management with respect to the accuracy, completeness and validity of the performance information
- Comment on the effectiveness of the internal controls over performance information being reported

- Review and comment on the municipality's annual reports within the stipulated timeframes
- Review and comment on the municipality's performance management system and make recommendations for its improvement to Council. In reviewing the municipality's performance management system, the committee must focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned
- The APAC Chairperson, or a member in his absence, must attend the formal evaluation of Section 56 & 57 employees
- Review the audited annual performance information and AGSA's Audit Report, prior to submission and approval by the Council, focusing particularly on:
  - Providing an authoritative and credible view on whether the municipality's goals and objectives as per the Integrated Development Plan (IDP), by the business unit under review have been achieved
  - The municipality's performance management system
  - Compliance with statutory requirements

### **13.8 Information Technology (IT) Governance**

The APAC also provides oversight 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 function and APAC formulate recommendations on systems and controls. The committee may have to advise on the appropriateness of disaster recovery and continuity plans supporting IT risks, regular testing and evaluation of plans, systems and processes.

### **13.9 Compliance with laws, regulations and ethics**

The APAC shall assess whether the management of the municipality has the necessary mechanisms in place to ensure that there is compliance with pertinent laws and regulations and is conducting its affairs ethically.

The specific steps involved in carrying out this responsibility include:

- Reviewing policy documents which should incorporate compliance with laws, regulations, ethics, policies and rules regarding conflict of interest
- Taking note of significant cases of conflict of interest
- Obtaining regular updates from management and where necessary, legal counsel regarding compliance matters
- Monitoring developments and changes in the various rules, regulations and laws which relate generally to the Municipal operations and to monitor and review the extent to which the municipality is complying with such laws
- APAC should communicate with the risk committee, internal and external auditors on:
  - any fraudulent activities, suspected fraud or fraud investigations being conducted which they are aware of
  - any concerns about the nature, extent and frequency of management assessment of the accounting and control systems in place, to prevent and detect fraud.

**14. Relationship with Stakeholders**

The APAC is required to maintain good relations with key stakeholders, such as:

- Municipal Council
- Municipal Manager
- Management and staff
- Internal Auditors and External Auditors
- Provincial Treasury
- National Treasury

**15. Meetings**

**15.1** The APAC should meet as often as is required to perform its functions, but at least four (4) times a year.

**15.2** The APAC must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

**15.3** The APAC shall safeguard and treat as confidential all information supplied to it within the ambit of the law.

**15.4** The secretariat responsibilities are to be performed by Council's administration department, including providing all administrative support to the APAC meetings, sending invitations and documentation to members, coordinating and compiling of APAC meeting documentation, taking minutes at APAC meetings. The Internal Audit Function is responsible for preparing all logistical arrangements relating to APAC meetings, including arrangement for the prompt payment of claims and fees, etc.

**15.5** The Chief Audit Executive, in consultation with the APAC secretariat in the municipality, must ensure that the required preparation for the meeting of the APAC is finalized at least 7 days before the commencement of the meeting and that substantive work would be undertaken for the duration of the meeting.

**15.6** Any person attending the meeting may add items to the agenda three (3) days before the agenda is finalised. Such items should be provided to the chairperson or the Chief Audit Executive. Special meetings of the APAC may be convened with the chairperson's approval. Any member of the APAC, the internal or external auditors may request a special meeting if they consider that one is necessary.

**15.7** The majority of the members will form a quorum, and if the chairperson is absent, the members that are present, will elect one of the members as chairperson for that meeting. If there are no quorum the meeting will be adjourned to a new date and time not exceeding two weeks.

**15.8** The members are the only persons with voting rights. Voting shall be by a show of hands unless decided by all members that it be by ballot. The chairperson shall have a casting vote. If a member wants to dissent or protest against a decision, he or she may request that it is recorded in the minutes.



**15.9** The following persons may have a standing invitation to the APAC and attend all meetings:

- Municipal Manager;
- Chief Audit Executive of the municipality;
- Chief Financial Officer;
- AGSA;
- Provincial Treasury;
- National Treasury; and
- Any other person on invitation by the chairperson of the APAC.

**15.10** The Chief Audit Executive, in consultation with the chairperson of the APAC, must determine the time frames of all meetings. In light of the financial implications, the Municipal Manager in consultation with the chairperson of the APAC must agree, if meetings go beyond a one day sitting.

## **16. Review Period**

This charter will be reviewed annually and updated to ensure relevance and consistency with the MFMA, Municipal Systems Act (Act 32 of 2000) and other related regulations, guides and best practice, and submitted to Council for approval. Following approval, the APAC charter will be published on the municipal website to promote awareness to all stakeholders.

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