

ITEM NUMBER: C 54/03/15

*RECOMMENDATION FROM THE EXECUTIVE MAYOR: 19 MARCH 2015*

**MC 24/03/15    REQUEST FOR THE APPROVAL OF APPOINTMENT TO THE AUDIT COMMITTEE OF THE CITY OF CAPE TOWN AND APPOINTMENT OF A CHAIRPERSON OF THE AUDIT COMMITTEE**

It is **RECOMMENDED** that:

- (a) Mr Guy Harris be appointed as member of the City of Cape Town's Audit Committee for a three-year period commencing 1 April 2015
- (b) authority to sign the contract of appointment for the appointment of Mr. Harris be granted to the Executive Director: Compliance and Auxiliary Services
- (c) Mr Harris be remunerated at the same rate as approved by Council (C 43/01/15) in respect of the current serving members of the Audit Committee
- (d) Council approves the appointment of Mr G Harris as chairman of the Audit Committee with effect from 1 April 2015
- (e) a Chairperson be appointed for a period of three (3) years whereafter the matter will be reconsidered by Council.



**REPORT TO EXECUTIVE MAYOR**

DATE 2015-03-17

1. **ITEM NUMBER: MC 24/03/15**
2. **SUBJECT**

**REQUEST FOR THE APPROVAL OF APPOINTMENT TO THE AUDIT COMMITTEE OF THE CITY OF CAPE TOWN AND APPOINTMENT OF A CHAIRPERSON OF THE AUDIT COMMITTEE**

**ONDERWERP**

**VERSOEK OM GOEDKEURING VAN AANSTELLING IN DIE STAD KAAPSTAD SE OUDITKOMITEE EN AANWYSING VAN 'N OUDITKOMITEE-VOORSITTER**

**ISIHLOKO**

**ISICELO SOKUPHUNYEZWA KOKUCHONGWA KWIKOMITI  
YEZOPHICOTHO YESIXEKO SASEKAPA NOKUCHONGWA KUKASIHLOKO  
WEKOMITI YEZOPHICOTHO**

**LSUF0590**

3. **STRATEGIC INTENT**

- Well-run City

This report aligns to the IDP strategic focus area 5, the Well-run City, in particular Strategic Objective 5.1 (a), which is to ensure a transparent and corruption-free government by maintaining the independence and effectiveness of the Audit Committee (AC).

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#### 4. PURPOSE

To seek approval for:

- The appointment of Mr Guy Harris to the Audit Committee of the City of Cape Town for a three year period commencing 01 April 2015;
  - Authority to sign the contract of appointment for Mr Harris be granted to the Executive Director: Compliance and Auxiliary Services; and
  - The appointment of a Chairperson from the members of the Audit Committee of the City of Cape Town for a three year period commencing 01 April 2015.
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#### 5. FOR NOTING BY / FOR DECISION BY

This report is for consideration/decision by:

- The Executive Mayor
  - Council
- 

#### 6. EXECUTIVE SUMMARY

The Audit Committee Terms of Reference, as approved by Council on 25 September 2014 (C34/09/14), sets out the constitution, membership, responsibilities, authority, reporting and accountability of the Audit Committee.

A vacancy will exist on the audit committee from 1 April 2015, due to the current Chairperson of the Audit Committee, Mr. Zaid Manjra's, second three-year term expiring on 31 March 2015.

A suitably qualified candidate with the necessary experience to bring a unique set of skills to the Audit Committee was sought via local media advertising. The skills required for membership of the Audit Committee include, inter alia, knowledge of auditing, risk management, finance, governance, ethics, performance management and Information Technology.

Furthermore, Paragraph 3.1 of the approved Audit Committee Terms of Reference states that "*Council shall approve the appointment of a Chairperson from the members of the Audit Committee*". Council therefore has to approve the appointment a new Chairperson from the members of the Audit Committee.

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## 7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

- a) Mr. Guy Harris be appointed as member of the City of Cape Town's Audit Committee for a three-year period commencing 1 April 2015;
- b) Authority to sign the contract of appointment for the appointment of Mr. Harris be granted to the Executive Director: Compliance and Auxiliary Services;
- c) Mr. Harris be remunerated at the same rate as approved by Council (C43/01/15) in respect of the current serving members of the Audit Committee;
- d) Council approves the appointment of Mr. G Harris as chairman of the Audit Committee with effect from 1 April 2015; and
- e) A Chairperson be appointed for a period of three (3) years whereafter the matter will be reconsidered by Council.

## AANBEVELINGS

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- a) Mnr. Guy Harris aangestel word as 'n lid van die Stad Kaapstad se ouditkomitee vir 'n driejaartermyn vanaf 1 April 2015;
- b) Die uitvoerende direkteur: nakoming en hulpdienste die magtiging ontvang om die aanstellingskontrak vir die aanstelling van mnr. Harris te onderteken;
- c) Mnr. Harris teen dieselfde tarief vergoed word as wat die Raad goedgekeur het (C43/01/15) vir die lede wat tans in die ouditkomitee dien;
- d) Die Raad die aanstelling van mnr. G Harris as ouditkomitee-voorsitter met ingang van 1 April 2015 goedkeur;
- e) 'n Voorsitter vir 'n tydperk van drie (3) jaar aangewys word waarna die Raad die aangeleentheid sal heroorweeg.

## IZINDULULO

### Azigunyaziswanga: isiqqibo seseBhunga:

Kundululwe ukuba:

- a) Makuchongwe uMnu Guy Harris njengelungu leKomiti yezoPhicotho yeSixeko saseKapa kwisithuba seminyaka emithathu esiqalisa ngowo-1 Epreli 2015;
- b) Makunikezelwe igunya kuMlawuli weSigqeba kwiiNkonzo zokuThotyelwa koMthetho nezeNkxaso lokuba atyikitye ikhontrakthi yokutyunjwa kukaMnu Harris;
- c) UMnu Harris kufuneka ahlawulwe umvuzo olixabiso elinye/elifanayo njengoko liphunyezwe liBhunga (C43/01/15) ngokujoliswe kumalungu akalokunje asebenza kwiKomiti yezoPhicotho; kwakhona
- d) IBhunga maliphumeze ukuchongwa kukaMnu G Harris njengosihlalo wekomiti yezoPhicotho ukususela ngowo-1 Epreli 2015.
- e) USihlalo kufuneka achongwe ngokwesithuba seminyaka emithathu (3), nangona oko kuyakuthi kuqwalaselwe kwakhona emva kwexesha elithile liBhunga.

## 8. DISCUSSION/CONTENTS

### 8.1. Constitutional and Policy Implications

In terms of S166 (2) (a-d) of the MFMA, the Audit Committee should advise the municipal Council, political office bearers, the accounting officer and the management and staff of the municipality on matters relating to internal financial control, internal audit, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with legislation and any other matters referred to it by the Municipal Council.

Based on the responsibilities of the Audit Committee, the skills required for membership of the Audit Committee includes knowledge of auditing, risk management, finance, governance, performance management and the operations of the organisation.

An advertisement was placed in the local media inviting suitably qualified applicants to apply for membership of the City's Audit Committee. Mr. Guy Harris is the preferred candidate to be recommended.

Mr. Guy Harris is a qualified Chartered Accountant, CA (SA) with Hons and is the Chief Entrepreneurship Officer at SA Institute of Entrepreneurship. He is experienced in public and private sector audit committees including a

listed company. He is also experienced in performance management – as a manager and from an audit committee perspective. He is a participant in an EGN group led by Mervyn King on corporate governance and integrated reporting.

Mr. Harris' strength in finance, corporate governance, risk and performance management would be a great asset to the City and strengthen the skills base of the current audit committee.

Furthermore, Paragraph 3.1 of the approved Audit Committee Terms of Reference states that "Council shall approve the appointment of a Chairperson from the members of the Audit Committee". Due to the current Chairperson – Mr. Zaid Manjra's second three-year term expiring on 31 March 2015, Council will need to approve the appointment of a new Chairperson from the members of the Audit Committee, with effect from 1 April 2015. The qualifications, experience and tenure dates of the Audit Committee members are attached as Annexure "A".

As per the Executive Director: Compliance and Auxiliary Services functional delegations, part 28 of the system of delegations confirmed by Council on 28 January 2015 (C36/01/15), the ED: CAS can "within his functional area and in consultation with Legal services, enter into and sign contracts and other documents, with or without financial consequences, where he has the necessary authority, or where the necessary approvals and authorities have been obtained".

**Sustainability Implications**

Does the activity in this report have any sustainability implications for the City? No  Yes

ZUKISWA NOANQALI  
MANAGER: OPERATING  
BUDGET 400 1878  
*[Signature]*

**8.2. Financial Implications**

**Operating Budget Provisions:** (based on remuneration in terms of current approved Audit Committee Terms of reference)

Cost Centre	17010003
Cost Centre Description	Audit Committee
GL account	411810 CSP ex payroll
Budget 2014/15	Provision R 629 727.63
Spent date/Committed	to R 196 864.68
Balance Available	R 432 862.95
Funds required	R 362 392.00 (5 members/2 special/2 AC& 2PACmeetings)

Compliance & Auxiliary Services  
Finance Section  
16 FEB 2015  
*[Signature]*  
Signature: *[Signature]*

*[Handwritten mark]*

**8.3. Legal Implications**

None

**8.4. Staff Implications**

No

**8.5. Risk Implications**

Does this report and/or its recommendations expose the City to any risk?

No

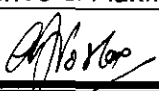
**8.6. Other Services Consulted**

None

**ANNEXURES**

Annexure "A" Qualifications, experience and tenure dates of Audit Committee members.

**FOR FURTHER DETAILS CONTACT:**

<b>NAME</b>	Vincent Botto
<b>CONTACT NUMBERS</b>	021 400-1338
<b>E-MAIL ADDRESS</b>	<a href="mailto:Vincent.botto@capetown.gov.za">Vincent.botto@capetown.gov.za</a>
<b>DIRECTORATE</b>	Compliance & Auxiliary Services
<b>SIGNATURE: ACTING CHIEF AUDIT EXECUTIVE</b>	PP 

*N.G.R.*

EXECUTIVE DIRECTOR  
Gerhard Ras

NAME

DATE

*9/2/15*

COMMENT:

*[Signature]*

CHIEF FINANCIAL OFFICER (EXECUTIVE  
DIRECTOR: FINANCE)

NAME

DATE

*K.T. Kirby*

*20/02/2015*

COMMENT:

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

NON-COMPLIANT

*W. C. Sworn*

LEGAL COMPLIANCE

NAME

TEL

DATE

*Alice W. Jia*

*(62) 4001150*

*16/2/2015*

COMMENT:

*[Signature]*



Patel

EXECUTIVE MAYOR

- SUPPORTED FOR ONWARD SUBMISSION TO MAYCO  / COUNCIL
- PC RECOMMENDATION
- RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT
- ALTERNATIVE RECOMMENDATION TO BE REFLECTED BELOW
- APPROVED I.T.O. DELEGATED AUTHORITY
- NOTED
- REFUSED
- REFERRED BACK

DATE 2.03.2015

COMMENT:

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