CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

Assurance Governance Framework

Version	Date	Amendment	Author	Approved by
1.0	February 2019	New	Risk, Ethics and Governance	City Manager
2.0	June 2023	Review	Combined Assurance and Governance	City Manager

Contents

1. DEFINITIONS

'**Accountability**' means the obligation to answer for the execution of assigned responsibilities.

'**Action plans**' means feasible and cost effective actions to be developed and implemented in addition to existing controls, to further reduce or optimise on the threats and incidents that create risks.

'**Audit and Performance Audit Committee**' means the committee established, in terms of section 166 of the Municipal Finance Management Act 56 of 2003 (MFMA), to advise Council, the City Manager and management on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy and reliability of financial reporting, performance management, effective governance, compliance with the MFMA and other applicable legislation.

'**Assessment**' means the identification, analysis and evaluation of risks and the associated controls, when used in a risk governance context.

'**Assurance**' means the diligent application of mind to available supporting information, resulting in a statement, opinion or declaration (sign-off) concerning an identified subject matter or subject matter information, and that is made for the purpose of enhancing confidence in that subject matter or subject matter information.

'**Assurance fatigue**' means multiple assurance providers operating with limited coordination and integration, leading to duplicated assurance efforts in operational areas and disrupting business in the process.

'**Assurance Gap**' means appropriate assurance is not provided on the identified significant strategic and operational risks facing the City.

'**Assurance Provider**' means the person, branch/ department or institution providing assurance on reports, statements, risks and controls in accordance with the City's assurance governance model as set out in this Assurance Governance Framework.

'**Business Continuity Management**' means a holistic management process that identifies potential threats to the City and the impacts to business operations that may be caused if those threats are realised, providing a framework for enhancing City resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating processes.

'**City**' means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), or any structure or employee of the City acting in terms of delegated authority.

'**City Manager**' means a person appointed in terms of section 82(1) (a) or (b) of the Municipal Structures Act and shall have the same meaning as 'Accounting Officer'.

'**Combined Assurance**' means integrating and aligning assurance efforts in the City to maximise risk and governance oversight and control efficiencies, thereby optimising overall assurance to the City's RiskCo, EMT, APAC, Council and external stakeholders. This takes into account the City's risk acceptance level and entails the process of identifying existing management, internal and independent assurance providers and determining the level and extent of assurance provided on the risks identified with the aim of optimising the assurance coverage and reducing duplication of assurance effort.

'**Combined Assurance Model**' means incorporating and optimising all assurance services and functions so that, taken as a whole, these enable an effective and efficient control environment; support the integrity of information used for internal decision-making by management, EMT, APAC, RiskCo and Council; and which supports the integrity of the City's external reports.

'**Controls**' mean any actions (e.g. reviews, checks and balances, methods and procedures) taken by officials, management, Council and other parties to mitigate risk(s) and enhance the achievement of established objectives and goals.

'**Control environment**' means the attitude and actions of City personnel and oversight committees/ body's regarding the importance and application of controls within the City, which includes inter alia, integrity and ethical values, organisational structure, management's philosophy and operating style, assignment of authority and responsibility, human resource policies and practices, and competence of personnel.

'**Corporate Governance**' means the exercise of ethical and effective leadership by the Council towards the achievement of governance outcomes i.e. ethical culture, good performance, effective control and legitimacy.

'**Council**' means the council of a municipality as referred to in section 18 of the Municipal Structures Act, as defined in section 1 of the MFMA.

'**Delegation**' means authority in relation to a duty, includes an instruction or request to perform or to assist in performing the duty as per the MFMA definition.

'**Ethics**' means the ethical values applied to decision-making, conduct and the relationship between the City, its stakeholders and broader society.

'**Executive Management Team**' means the City officials that support the City Manager, who are appointed in terms of Section 57 (Executive Directors) of the Municipal Systems Act 32 of 2000, (Municipal systems Act) and who each heads a directorate and is responsible for key functions of the City.

'**Good governance**' means the implementation of sound management practices in a manner that promotes equity, participation, diversity, transparency, accountability and the rule of law.

'Governance' means the City's system, structures, culture and process (including ethics, risk management, compliance and administration) by which the City is controlled and operates and the mechanisms by which it, and its people, are held to account.

'Impact' means the extent of the consequences or the effect on the City, should a risk materialise.

'Integrated Risk Management' means the processes effected by the City Manager, management and officials, which are designed to identify potential events that may affect the City and to identify ways of managing such events, to provide reasonable assurance that significant risk with could impact the achievement of City objectives have been identified and are being mitigated.

'Internal Control' means the processes effected by the City Manager, management and officials, across the City, which are designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations;
- Compliance with applicable laws and regulations;
- Safeguarding of assets;
- Completeness and reliability of financial and non-financial reporting; and
- Effective risk management.

'Management' means staff of the City who controls or directs any directorate, department, branch, unit, process or resource of the City.

'Responsibility' means taking ownership of a duty, obligation or liability.

'Resilience' means the capacity of the City and its systems to survive, adapt and grow regardless of the chronic stresses or acute shocks experienced.

'Risk' means uncertain future events, including the likelihood of such an event occurring and the effect thereof, both positive and negative, on the achievement of the City's objectives; and includes uncertain events with a potential positive effect on the City (i.e. opportunity risks) not being realised.

'Risk Acceptance Level' means the amount of risk taken in pursuit of value, which guides resource allocations within the City.

'Risk Governance' means the City rules, conventions, processes and mechanisms by which decisions relating to risk management are taken and implemented.

'Risk Management' means the systematic approach to setting the optimal course of action under uncertainty; by assessing, understanding, acting on and communicating risk issues and opportunities.

'Risk Management Committee' means the committee constituted by the City Manager to provide the appropriate advisory forum and governance structure to assist the City Manager

and management in discharging their risk management responsibilities and providing an enabling environment to ensure that the City complies with laws, regulations and leading risk governance frameworks.

'**Risk Register**' means the document detailing the risk profile, outlining the number of risks and the consequences of the risks, including the contributing factors, current controls (includes perceived control effectiveness) and, where required/identified, further action plans to improve the overall control effectiveness.

'**Significant risk**' means a risk that is likely to have a material negative impact on the achievement of the City's objectives.

'**Stakeholders**' means communities, community members, clients, service providers, investors, employees, City Manager, Risk Management Committee, Audit and Performance Audit Committee, Council, National and Provincial Government Departments, State owned entities, Auditor General of South Africa, etc.

'**Strategic**' means high-level aspects having a direct influence on the City's mission and vision that need to be managed by the City's Executive Management Team.

'**Value creation**' means the process that results in increases, decreases or transformation of resources caused by the City's business activities and resultant outputs, having neutral, positive outcomes and impacts.

1. ACRONYMS

'AGSA'   means Auditor-General of South Africa

'APAC'   means Audit and Performance Audit Committee

'BCM'   means Business Continuity Management

'CAG'   means Combined Assurance and Governance

'CCTCRR'   means City of Cape Town's Corporate Risk Register

'CM'   means City Manager

'EMT'   means Executive Management Team

'FS'   means Forensic Services

'IA'   means Internal Audit

'IAP'   means Internal Assurance Provider

'IDP'   means Integrated Development Plan

'ICAP'   means Integrated Combined Assurance Plan

'ICAR'   means Integrated Combined Assurance Report

'IGR'   means Integrated Governance Report

'IRM'   means Integrated Risk Management

'King IV'   means The King IV Report on Corporate Governance for South Africa, 2016

'MFMA'   means Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

'OCO'   means Office of the City Ombudsman

'RiskCo'   means Risk Management Committee

'SOP'   means Standard Operating Procedure

2. BACKGROUND

Section 62 of the MFMA assigns the responsibility for managing the financial administration of the municipality to the Accounting Officer, who must take all reasonable steps to ensure that, *inter alia*, resources are used effectively, efficiently and economically; and that the municipality has and maintains effective, efficient and transparent systems of, amongst others, risk management and internal control.

As depicted in the diagram below, King IV (adopted by Council on 5 December 2017 (item C 03/12/17)) advocates a principle-and-outcome based approach to good governance, meaning each outcome is linked to specific principles, which are underwritten by a set of practices as follows:

Figure1: King IV Governance Outcomes

Principle 15 of King IV requires that a combined assurance model be applied to provide a coordinated approach to all assurance activities. This model must be designed to incorporate, enhance and optimise the integration, coordination and alignment of governance, assurance processes and control oversight across the City.

King IV also highlights the importance of integrated thinking and reporting in the execution of good corporate governance. Integrated reporting is an outcome of integrated thinking and affirms to stakeholders the organisational ability to create and preserve value, whilst maintaining its commitment to good corporate and ethical governance. Value creation and value preservation, in this context, directly translates to making governance an enabler to effective service delivery.

Through the embedding of combined assurance, and as part of overall governance processes, the City aims to achieve optimal co-ordination and collaboration between their assurance providers i.e. line management, specialised functions, independent internal and external assurance providers. The effective implementation of a combined assurance programme can minimise assurance fatigue and provide both management and governance structures with a single, holistic view of the adequacy of assurance coverage across the City. This implies that all assurance providers must collaborate and co-ordinate their work to identify assurance gaps, avoid duplication of assurance efforts and to lessen the assurance burden placed on the City. The assurance provided must be sufficient to satisfy the City's RiskCo, EMT, APAC and Council (including Committees of Council) that significant regulatory requirements and risks are adequately, effectively and efficiently addressed, and that suitable controls are in place to manage such risks.

3. PROBLEM STATEMENT

In the course of conducting its daily business operations, the City is exposed to a variety of risks that are significant and requires a comprehensive set of controls and on-going oversight. One of the ways the City aims to achieve good corporate and risk governance is through the implementation of the City's Assurance Governance Framework and the combined assurance model depicted herein. The Framework defines the principles reflecting the City's governance arrangements via the system of delegations and assignment of appropriate levels of authority and responsibility to the various role players in the assurance value chain. The framework clarifies the roles within the City from a governance perspective and aims to, amongst other outcomes, optimise assurance coverage of the significant risks. The combined assurance model supports the Framework and aims to incorporate, enhance and optimise the integration, coordination and alignment of governance and assurance processes as well as identification and implementation of controls across the City.

Through the approval of this amended Framework, the City's commitment to integrating and aligning assurance processes will enable the optimisation of risk and governance oversight as well as the implementation of control efficiencies. In doing so, overall assurance to the Council, oversight committees and respective stakeholders are optimised, the opportunity to effectively embed governance processes is created, accountability is improved, and enhancement of risk management processes.

4. DESIRED OUTCOMES

This Framework aims to achieve a coordinated approach to assurance activities, that the various assurance providers adequately address significant risks and enhance the assurance processes placed on line management by:
a) Identifying all levels of assurance providers in the City;
b) Defining the roles and responsibilities of the various assurance providers;
c) Integrating and aligning assurance processes in the City;
d) Linking risk management activities with assurance activities to assist in effective risk management;
e) Maximising risk and governance oversight; and
f) Optimising overall assurance coverage reporting to Council and its oversight committees.

4.1   This Framework is designed to assist management to:

a) Develop a mutual understanding of the roles and responsibilities of all assurance providers;
b) Adopt a common assurance language amongst all assurance providers;
c) Pro-actively identify and assess risks, implement measures to mitigate risk exposure in a consistent, effective, efficient and transparent manner in order to optimise sustainability and the achievement of the City's objectives;
d) Enhance business resilience by enhancing the City's ability to adapt to disruptions and the changing environment, while maintaining business operations;
e) Promote optimal assurance coverage of the City's significant risks and material matters; and
f) Enhance and promote ethical leaders (tone from the top) and an ethical City culture (behaviour becoming of a public official).

4.2   To achieve section 4.1 above, the following principles are applicable:

a) The City's core objectives, people discipline, processes and systems, risks, opportunities, and performance management should be viewed as inseparable elements of the value creation process;
b) Risk management processes should be integrated to enhance a transversal approach to risk identification and mitigation (including governance reforms) in the pursuit of value creation, thereby contributing to the assurance governance model;
c) Business Continuity Management (BCM) should be applied in a manner that enhances resilience;
d) Officials must take a customer centric approach that can promote the City a responsible corporate citizen and acting in the interest of public funds;
e) Implementation and institutionalisation of this Framework must be in accordance with the City's Code of Ethics, which contains the City's core ethical values i.e. Caring, Accountibility, Openess and Transparency, Innovation and Service Excellence; and
f) Assurance services and functions should enable, apply, monitor and report on measures to ensure an effective control environment, supporting governance reforms and the integrity of information for internal decision making.

5. STRATEGIC ALIGNMENT

This Framework seeks to embed good governance, and combined assurance principles and practices throughout the City. It formalises the coordination and integration of existing assurance efforts to provide a cohesive and comprehensive view of assurance coverage across the City. This will facilitate greater assurance efficiencies and integrated reporting, thus making governance a key enabler to improved service delivery, supporting the strategic objective i.e. a capable and collaborative City government, including a modernised and adaptive City governance programme.

6.   REGULATORY CONTEXT

The City's governance and assurance processes are informed by the following legislation and leading practices, inter alia:

- The Constitution of the Republic of South Africa,1996;

- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including Schedule 2, Code of Conduct for Municipal Staff Members and applicable regulations;

- Municipal Finance Management Act, (Act 56 of 2003) (MFMA) and applicable regulations;

- Protected Disclosures Act, (Act 26 of 2000);

- Protection of Personal Information Act, (Act 2 of 2000);

- The Disaster Management Act, 2002 (Act No. 57 of 2002);

- Criminal Procedures Act, 1977 (Act 51 of 1977);

- Prevention of Organised Crime Act, 1998 (Act 121 of 1998);

- Prevention and Combating of Corrupt Activities Act, (Act 12 of 2004);

- The Public Administration Management Act, (Act 11 of 2014);

- By-laws and external (legislation originating elsewhere which the City is subject to) sector-specific legislation having an impact on risk management e.g. The Occupational Health and Safety Act, 1983 (Act 85 of 1993), Construction Regulations 2014, Environmental Legislation, Housing Legislation, Consumer Protection Act, 2008 (Act 68 of 2008), etc.;

- City Ombudsman By-Law 2016;

- City of Cape Town Ethics Code;

- King IV;

- ISO 31000 - Risk Management;

- Public Sector Risk Management Framework;

- Institute of Internal Auditors (IIA), Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing;

- ISO 22301: 2012 Societal security –BCM systems;

- The Batho Pele Principles; and

- Any other legislation, by-law, policy and/or procedure that may be applicable to the City's assurance governance processes.
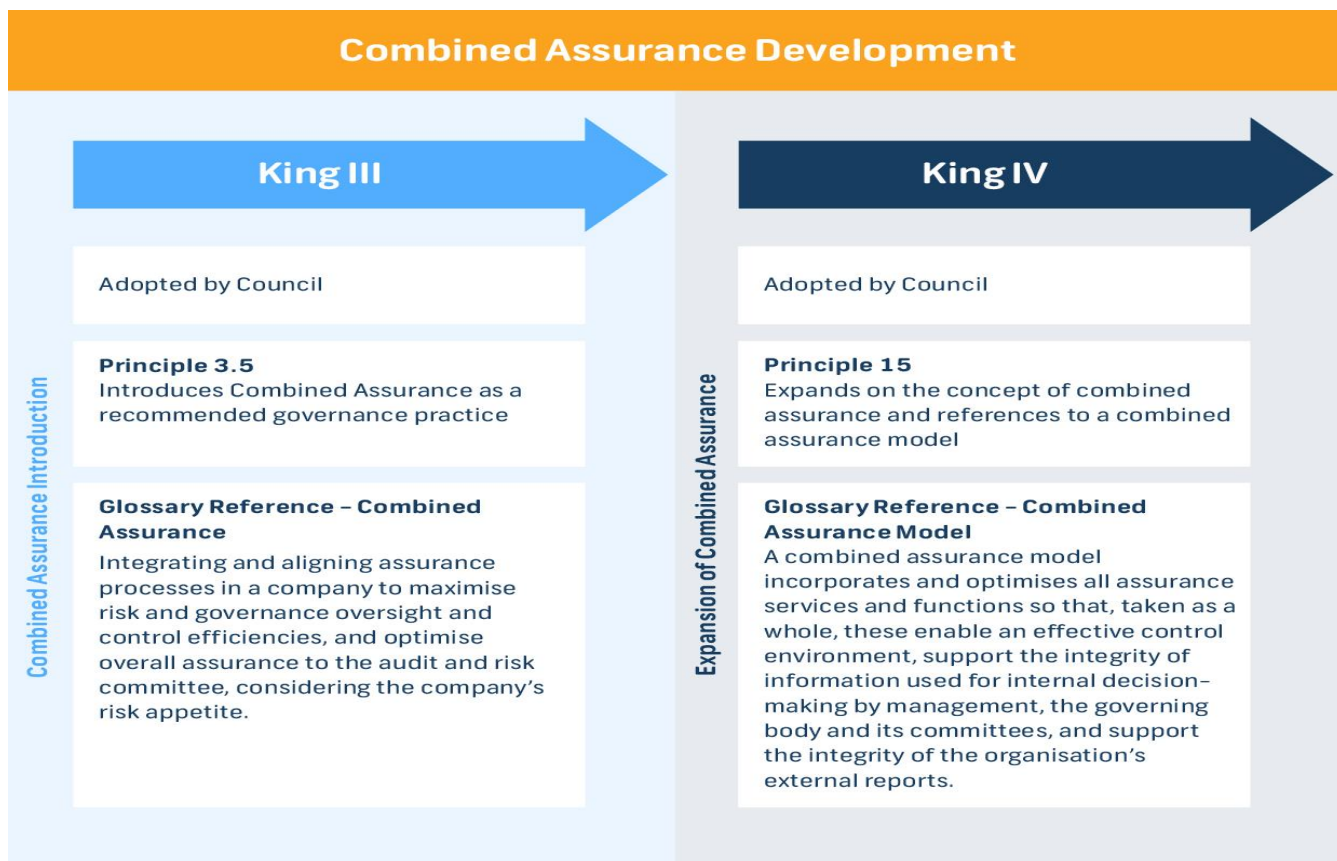
7.   FRAMEWORK PARAMETERS

This Framework applies to the City's assurance providers, in accordance with their defined roles and responsibilities, but excludes City-owned municipal entities, the latter which are responsible for their own governance policies.

8.   COMBINED ASSURANCE - ROLE PLAYERS AND STAKEHOLDERS RESPONSIBILITIES

The City is committed to implementing and institutionalising good corporate and ethical governance, as it underpins all the City's efforts to deliver excellent services and achieve its strategic objective of being a capable and collaborative City government, including a modernised and adaptive City governance programme. One of the ways to achieve this is by embedding combined assurance through the implementation of a combined assurance model. This model aims to minimise assurance fatigue and provide top management and governance oversight structures with a single, holistic view of the adequacy, effectiveness and efficiency of the assurance coverage over the control environment across the City.

8.1 Combined Assurance Development

Combined assurance refers to the integration and alignment of assurance processes in the City to maximise risk and governance oversight and control efficiencies, and optimise overall assurance to the oversight structures whilst taking the City's risk appetite into consideration. It therefore requires assurance providers to integrate and enhance their collaborative efforts to ensure that the correct balance of assurance is provided in the most effective manner. In addition, it provides a detailed, effective, complete and independent report on risk mitigation in the City.

Combined Assurance Development

| King III	King IV
Adopted by Council	**Adopted by Council**
Principle 3.5 Introduces Combined Assurance as a recommended governance practice	**Principle 15** Expands on the concept of combined assurance and references to a combined assurance model
Glossary Reference – Combined Assurance Integrating and aligning assurance processes in a company to maximise risk and governance oversight and control efficiencies, and optimise overall assurance to the audit and risk committee, considering the company's risk appetite.	**Glossary Reference – Combined Assurance Model** A combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment, support the integrity of information used for internal decision-making by management, the governing body and its committees, and support the integrity of the organisation's external reports.

Combined Assurance as a recommended governance practice was introduced in the King III Report. King IV which surpassed and replaced King III, updated and expanded on this concept which the City has adopted in its totality. The table above reflects the difference between King III and King IV insofar as it relates to Combined Assurance.

The original definition of combined assurance, per King III is "*integrating and aligning assurance processes in an organisation to maximise risk and governance oversight and control efficiencies and optimise overall assurance to the audit committee, considering the organisations risk appetite*". King IV expands on this concept and refers to the application of a combined assurance model which is included as part of principle 15 of King IV report.

8.2 Lines of defence

The Line of Defence Model is a risk management framework that helps organisations identify and manage potential risks in the business by proactively building multiple lines of defence. This model is based on the principle that the risk management process should be proactive and

ongoing. The model includes four key components: risk identification and assessment, risk control, monitoring and reporting, and continuous improvement. It also emphasizes the importance of communication and collaboration between departments to ensure that all risks are identified and managed effectively. The goal of the Line of Defence Model is to create an effective risk management system that can identify and mitigate risks in a timely manner.

The diagram below interprets the internationally recognised "lines of defence" model.
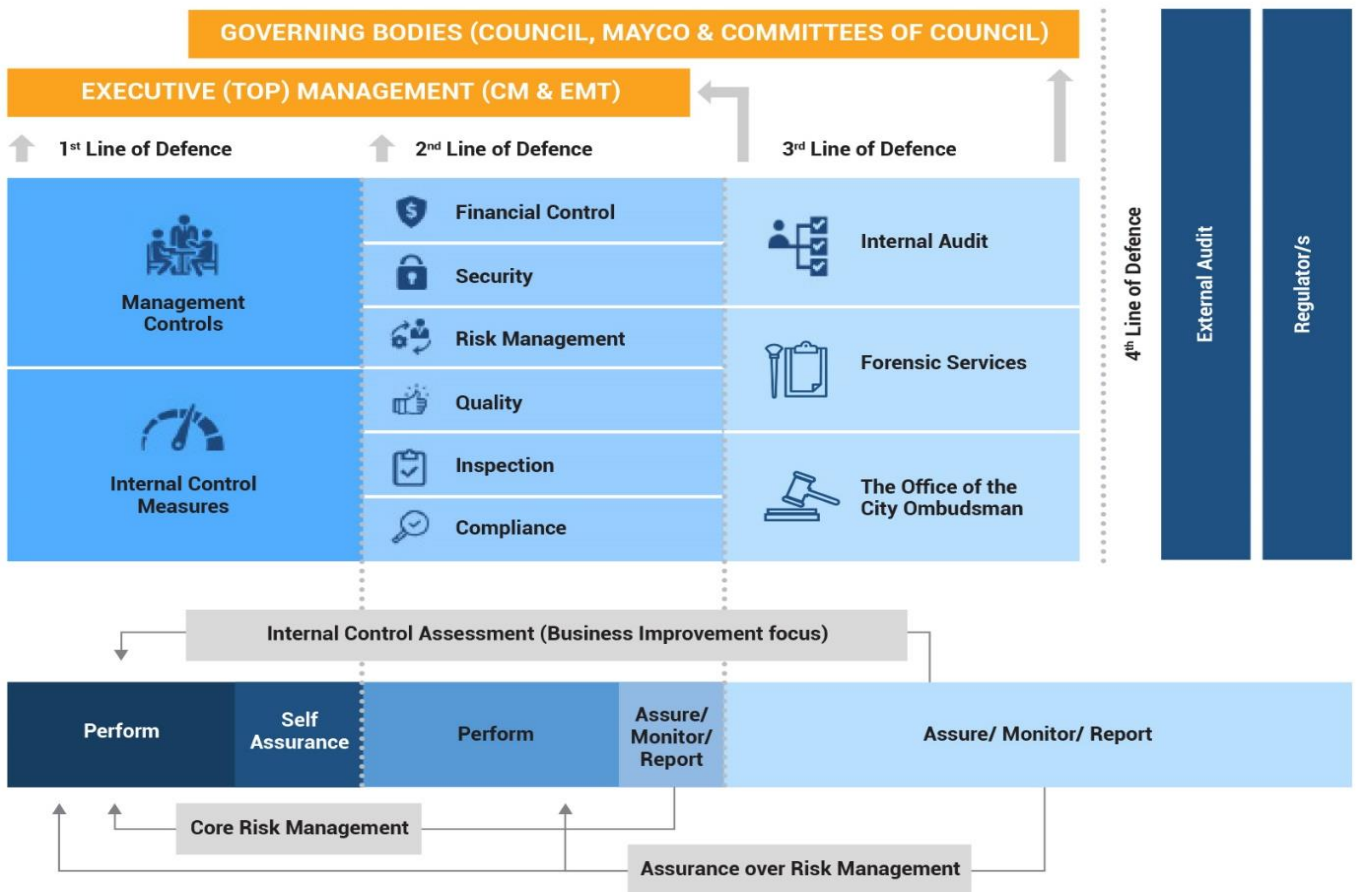
Each line of defence has a purpose and provide robust assurance. A range of assurance activities from across all the lines of defence provide a rich and value add assurance picture.

8.4 Risk Management and Levels of Assurance

Every employee is responsible for executing risk management processes and adhering to risk management principles adopted by the City. Sound management of risk enables the City to anticipate and respond to changes in the environment as well as assist in making informed strategic decisions. Assurance efforts from the various assurance providers support the City strategic objectives which in turn ensures compliance with relevant legations.

Within the City risks are managed at two levels namely:

Strategic level: These risks are directly linked to the delivery on the City's Integrated Development Plan (IDP). Being more strategic in nature means they are inherently more risky, with impacts that could be felt City- wide. As such, these risks and its related action plans are closely monitored, updated and reported to the City Manager, the Executive Management Team (EMT) and governance structures by the Integrated Risk Management (IRM) team.

Operational level: These risks are more directly linked with the day to day service delivery operations and services, and are mainly identified and monitored by the relevant service departments. Operational risks are monitored and updated by line management, and escalated where appropriate through the RCE's risk management process.

In line with the King IV principle, four levels of assurance providers have been identified in the City, each with a unique role in enhancing good corporate and ethical governance practices. The collective assurance (Level-1 to Level-4) when collated and analysed, identifies the existence of assurance gaps and areas of over/under assurance which is part of the combined assurance report submitted to the relevant oversight structures.

The table below depicts the alignment between the King III and IV and the City's assurance providers:

KING III (2009)	KING IV (2016)	CITY'S LEVELS OF ASSURANCE PROVIDERS
Management Assurance	The organisation's line functions that own and manage risks	Level 1: Management Assurance
	The organisation's specialist functions that facilitate and oversee risk management and compliance	Level 2: Internal Assurance
Internal Assurance Providers	Internal auditors, internal forensic fraud examiners and auditors, safety and process assessors and statutory actuaries	Level 3: Independent Internal Assurance
External Assurance Providers	Independent external assurance service providers such as external auditors	Level 4: Independent External Assurance
	Other external assurance providers such as sustainability and environmental auditors, external actuaries and external forensic fraud examiners and auditors	
	Regulatory inspectors	

1. Level-1 Assurance

Management Assurance at Strategic Level

Strategic risks as reflected on the City of Cape Town Corporate Risk Register (CCTCRR) are identified as part of an integrated strategic planning approach. Part of a risk management process includes the identification and integration of assurance efforts to minimise the risk occurrence. Each strategic risk has a lead role player/s in the form of a/n Executive Directors (members of EMT) who is accountable for the risk and who is best placed to co-ordinate the response to the risk.

Responsibilties of L1 assurance providers at strategic level

Their responsibility include, amongst others, the following:
- Converting City's strategy into operational objectives;
- Identification and assessment of strategic risks;

- Prioritisation and implementation of risk treatment options;
- Assigning risk mitigation actions; and
- Performance monitoring and reviewing.

Management Assurance at Operational Level

Section 78 of the MFMA states that each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of, inter alia, risk management and internal control established for the municipality is carried out diligently. By understanding their responsibilities and performing their duties ethically and with due care, operational management and their staff have a role to fulfil as a level-1 assurance provider. Operational management, is responsible for designing and implementing internal controls for their systems and processes, and owns and manages risks and controls recorded in the operational risk registers.

Operational Management are ultimately responsible and accountable for establishing, maintaining and ensuring proper control, risk management and governance processes are implemented within their departments. They must assess risks, determine how much risk acceptable to them and strive to maintain risks within those levels using various management tools including self-assessments. A key element of management's responsibility is the extent of management reviews and actions that follow.

Responsibilties of L1 assurance providers at operational level
Their responsibility include, amongst others, the following:
- Maintaining a system of effective internal controls and complying thereto;
- Executing risk management and internal control procedures daily;
- Assigning procedural and operational responsibilities;
- Implementing corrective actions to address process and control deficiencies; and
- Performing assigned duties with due diligence and in an ethical manner.

Area	Description
Focus	Will be on processes, but may also include outputs, outcomes and impact.
Timing	Ongoing and periodic e.g. daily, monthly, etc.
Objectivity	Low as it primarily relates to self-review by line management.
Degree of reliance	Low

2. *Level-2 Internal Assurance*

The level-2 internal assurance providers consist of specialist and transversal functions who provide compliance monitoring and support services to the City. They also advise governance oversight bodies on the control environment, and improvements to the latter. The responsibilities of these functions vary based on the specific nature of their function, but can include inter alia, the following:
- Supporting management policies, defining roles and responsibilities, and setting goals for implementation;
- Providing risk management, governance and compliance frameworks;
- Identifying known and emerging risks/ issues and alerting operational management thereto;

- Identifying shifts in the City's risk appetite;
- Assisting management in developing processes and controls to manage risks and issues; and
- Monitoring and reporting on compliance matters.

Area	Description
Focus	Likely to include processes but could also include outputs, outcomes and impact.
Timing	Continuous and periodic e.g. monthly, quarterly, etc.
Objectivity	Moderate as mainly the result of the improved level of separation from line management.
Degree of reliance	Moderate

3. Level-3 Independent Internal Assurance

These are functions within the City who are independent internal assurance providers (IAPs) i.e. FS, IA, OCO each with a unique role/mandate to enhance and promote good and ethical corporate governance by providing independent and objective assurance and advisory services in line with legislation, related professional standards and leading practices. These functions provide assurance and confidence on the effectiveness of the control environment to internal stakeholders.

Click on City Structure (capetown.gov.za) link to refer to respective IAP's websites for details on their mandates and services.

Area	Explanation
Focus	May include processes, outputs end results and specific risks.
Timing	Period e.g. quarterly, annually, etc.
Objectivity	Strong as the result of the level of separation from line management (independence).
Degree of reliance	High

4. Level-4 Independent External Assurance

These are external assurance providers and include the external auditor (i.e. the AGSA), regulatory inspectors and any other external assurance providers (e.g. National Treasury) that are required to provide assurance in accordance with applicable legislation, guidelines, professional standards and industry norms and sector codes. They provide assurance and confidence on the effectiveness of the control environment to internal and external stakeholders.

Click on the AGSA or National Treasury links to go their respective websites for details on their mandates and services offered.

Area	Explanation
Focus	May include processes, outputs end results and specific risks.
Timing	Period e.g. quarterly, annually, etc.

Area	Explanation
Objectivity	Strong as the result of the level of independence from the City.
Degree of reliance	Very High

9. The City's Governance Structures

Top management and governing bodies are the primary stakeholders served by the levels of assurance, and are the role players best positioned to confirm that an assurance governance model is reflected in the City's risk management and internal control processes. Top management and governing bodies are collectively accountable for setting the City's objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives. Below find the City's governance structures that are in place:

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

POLITICAL STRUCTURES

Governance Improvement

JNR Council

M/Struct Act - Sect 37 d & f

Programming Committee

Speaker

M/Struct Act: Chapter 3	COUNCIL (GOVERNANCE, AUTHORITY AND ACCOUNTABILITY)			I G R
M/Struct Act: Sect 54 - 59	**Executive Mayor**	**M/Struct Act: Sect 60**	**Executive Mayoral Committee**	**Strategic MayCo**
M/Struct Act: Sect 61 & 62	M/Struct Act: Sect 79 Committees			M/Struct Act: Sect 80

Sub-councils

M/Struct Act: Sect 72 & 73

Ward Committees

MS Amendment Act, 2021: Schedule 7: Code of Conduct of Councillors

Disciplinary Committee

Mun. Sys Act: Sect 62

General Appeals Committee

SECTION 79 PORTFOLIO COMMITTEES

- Community Services and Health
- Corporate Services
- Economic Growth
- Energy
- Finance
- Future Planning and Resilience
- Human Settlements
- Innovation and Ease of Doing Business
- Safety and Security
- Spatial Planning and Environment
- Urban Mobility
- Urban Waste Management
- Water and Sanitation

Rules and Ethics

Municipal Public Accounts Committee (MPAC)

- Water Quality in Wetlands and Waterways Advisory Committee
- Naming Committee

Ad-hoc Committees

- Mayor's Advisory Panel (Planning Appeals Advisory Panel - PAAP)
- Budget Strategy Committee

CO-GOVERNANCE

MFMA: Sect 166 & LG: Municipal Planning and Performance Mgmt. Regs. – Chapter 3, Sect 14(2) (a)	Council (C32/10/08)	SCM Policy MC40/08/11	Municipal Planning Bylaw	SAPS Act	MFMA: Regulation
Audit and Performance Committee	Risk and Opportunity Management Committee (RiskCo)	SCM: Bid Adjudication Committee	Municipal Planning Tribunals (MPT)	Civilian Oversight Committee	Budget Steering Committee

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9.1   MAYORAL COMMITTEE

The Executive Mayor appoints the Mayoral Committee (Mayco). Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, together with the Mayco.

9.2   SECTION 79A PORTFOLIO COMMITTEES

These committees have an important oversight role, including scrutinising the actions of Council's executive and administration in a strategic and structured way. The oversight role of the Corporate Services Portfolio Committee also includes developing a strategy for the monitoring and evaluation of the executive and administration's actions. All section 79 portfolio committees' terms of reference stipulate their working arrangements.

9.3   OTHER SECTION 79A COMMITTEES

9.3.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC is the mechanism through which Council oversees the expenditure of public funds. The committee's primary purpose is to exercise oversight on behalf of Council in line with the practices prescribed in MPAC and National Treasury circulars and guidelines, as adopted by Council. The committee is mandated to investigate the recoverability of unauthorised, irregular, and fruitless and wasteful expenditure in terms of section 32(2) of the Local Government: Municipal Finance Management Act 56 of 2003. In the case of irregular or fruitless and wasteful expenditure by the City or its municipal entities, MPAC may request the City's accounting officer (or nominee) or the chair of the municipal entity's board of directors to appear before it to provide clarity. MPAC operates in a non-party-political manner to maximise its effectiveness. Although MPAC has no executive powers, its findings and recommendations are reported to Council through the Speaker.

9.3.2 RULES AND ETHICS COMMITTEE

The Rules and Ethics Committee oversees the rules of procedure of Council and its committees. The committee may also consider and make recommendations to Council on the following matters:

- Nominations for civic honours and Freedom of the City awards;
- Outside/private work applications by fulltime councillors;
- Naming and renaming of immovable Council assets in line with public participation processes (excluding new and unnamed streets, which are covered by the subcouncil delegations);
- Amendments to the delegations for Council and its committees; and
- Development of guidelines/frameworks for councillors on ethics matters.

9.4   SECTION 80 COMMITTEES

9.4.1 THE WATER QUALITY IN WETLANDS AND WATERWAYS ADVISORY COMMITTEE

This advisory committee brings together water industry experts, City councillors, community activists and interested residents to consider matters relating to the quality and cleanliness of Cape Town's rivers, vleis and waterways. The committee also recommends strategies to

mitigate water pollution and ensure the long-term protection and restoration of wetlands and waterways.

9.5   MUNICIPAL SYSTEMS ACT SECTION 62 COMMITTEE

9.5.1 GENERAL APPEALS COMMITTEE

This committee considers any appeals lodged against decisions taken in terms of delegated or subdelegated authority by political structures, political office-bearers or councillors.

9.6   SCHEDULE 1 COMMITTEE

9.6.1 DISCIPLINARY COMMITTEE

The Disciplinary Committee investigates any alleged breach of the code of conduct for councillors, and makes recommendations to Council in this regard. It also investigates non-attendance of meetings and imposes fines as determined by the rules of order of Council.

9.7   MUNICIPAL FINANCE MANAGEMENT ACT SECTION 166 COMMITTEE

9.7.1 AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)

In terms of section 166(2) of the Municipal Finance Management Act, APAC is an independent advisory body that must:

"(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity,

on matters relating to:

I.   internal financial control and internal audits;
II.   risk management;
III.   accounting policies;
IV.   the adequacy, reliability and accuracy of financial reporting and information;
V.   performance management;
VI.   effective governance;
VII.   compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
VIII.   performance evaluation; and
IX.   any other issues referred to it by the municipality or municipal entity;

(b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
(c) respond to the council on any issues raised by the Auditor-General in the audit report;
(d) carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request; and
(e) perform such other functions as may be prescribed. "

9.8   SOUTH AFRICAN POLICE SERVICE ACT COMMITTEE

9.8.1 CIVILIAN OVERSIGHT COMMITTEE
Appointed in terms of section 64J of the South African Police Service Act 68 of 1995, the Civilian Oversight Committee ensures civilian oversight of the municipal police service.

9.8.2 MUNICIPAL PLANNING TRIBUNAL
Each municipality is required to establish a municipal planning tribunal to decide specific categories of planning applications. The tribunal comprises experienced public and private-sector planning professionals and is supported by a dedicated committee support office. Councillors are prohibited from serving on the tribunal.

9.8.3 SPEAKER
The Office of the Speaker coordinates all processes flowing from the Speaker's statutory duties and from delegations conferred by Council. These include disciplinary investigations in terms of the code of conduct for councillors and municipal employees, rules of order for meetings of political structures, as well as the General Appeals Committee. The Speaker also has political oversight in respect of certain committees of Council.

9.8.4 SUBCOUNCILS
Council delegates the duties, powers and functions of the City's subcouncils in terms of section 59 of the Municipal Systems Act. Alternatively, these functions are derived from the City's Subcouncil By-law. Subcouncils may make recommendations to Council on any matter affecting their areas of responsibility. They may also advise Council on the duties and powers that they believe should be delegated to them.

9.8.5 EXECUTIVE MANAGEMENT TEAM
The Executive Management Team is the City's senior administrative structure. It leads the City in its efforts to achieve its strategic pillars, priorities and objectives as outlined in the IDP. The Executive Management Team is aligned with the City's elected political structure.

9.8.6 PROTECTED-AREA ADVISORY COMMITTEES
Cape Town coordinates 12 protected-area advisory committees under the National Environmental Management: Protected Areas Act 57 of 2003. These are aimed at encouraging local community involvement and obtaining expert advice in the management of the City's nature reserves. The committees are appointed in three-year cycles.
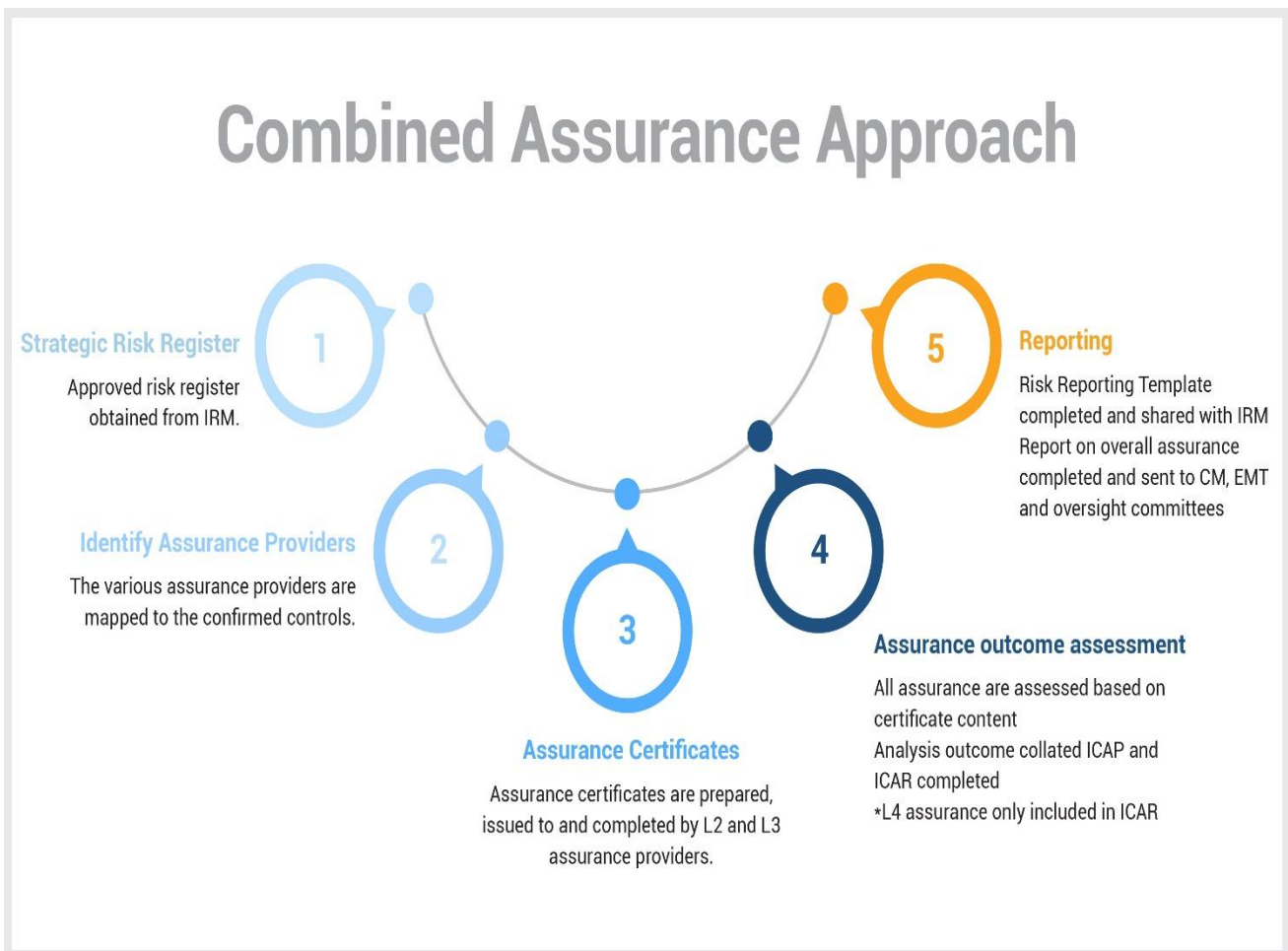
9.8.7 FINANCIAL MISCONDUCT BOARD
This independent advisory body assists the designated official with the investigation of allegations of financial misconduct. It provides recommendations on further steps to be taken regarding disciplinary and criminal proceedings, or any other relevant step in terms of the regulations.

Click on cityweb.capetown.gov.za/en/councilonline/Pages/AboutCouncil.aspx for more details on the City Council and the role played by the governing bodies in place.

10.   COMBINED ASSURANCE APPROACH AND MODEL

The primary source document utilised in the Combined Assurance function, namely the City of Cape Town Corporate Risk Register (CCTCRR) is compiled on a biannually by the Integrated Risk Management (IRM) team. By utilising the CCTCRR the combined assurance function is leveraging off existing processes and eliminating duplication of efforts. The integrated combined assurance plan (ICAP) is prepared to reflect the planned assurance reviews (by the various assurance providers) in order to obtain an overview on the areas of planned assurance in relation to the identified risks. Where the ICAP reflects the future assurance planned by the various assurance providers, the integrated combined assurance report (ICAR) reflects the outcomes of assurance reviews completed in respect of the previous financial period and provides insights into the effectiveness and efficiency of the control environment and how well the strategic risks on the [1]CCTCRR was mitigated. The diagram below indicates the approach taken in the City insofar as it relates to combined assurance.

Combined Assurance Approach

Strategic Risk Register
Approved risk register obtained from IRM.

1

Identify Assurance Providers
The various assurance providers are mapped to the confirmed controls.

2

3
Assurance Certificates
Assurance certificates are prepared, issued to and completed by L2 and L3 assurance providers.

4
Assurance outcome assessment
All assurance are assessed based on certificate content
Analysis outcome collated ICAP and ICAR completed
*L4 assurance only included in ICAR

5
Reporting
Risk Reporting Template completed and shared with IRM Report on overall assurance completed and sent to CM, EMT and oversight committees

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[1] As part of the Combined Assurance maturity process, the Combined Assurance Universe will be expanded on over time to include amongst others, strategic risks; transversal risks; mega processes; major projects; mandatory services; critical disasters; threats; etc.

The combined assurance model below (adopted by Council on 26 January 2023 (C08/01/23)) depicts the various role players and stakeholders in governance, as part of the combined assurance value chain in the City.
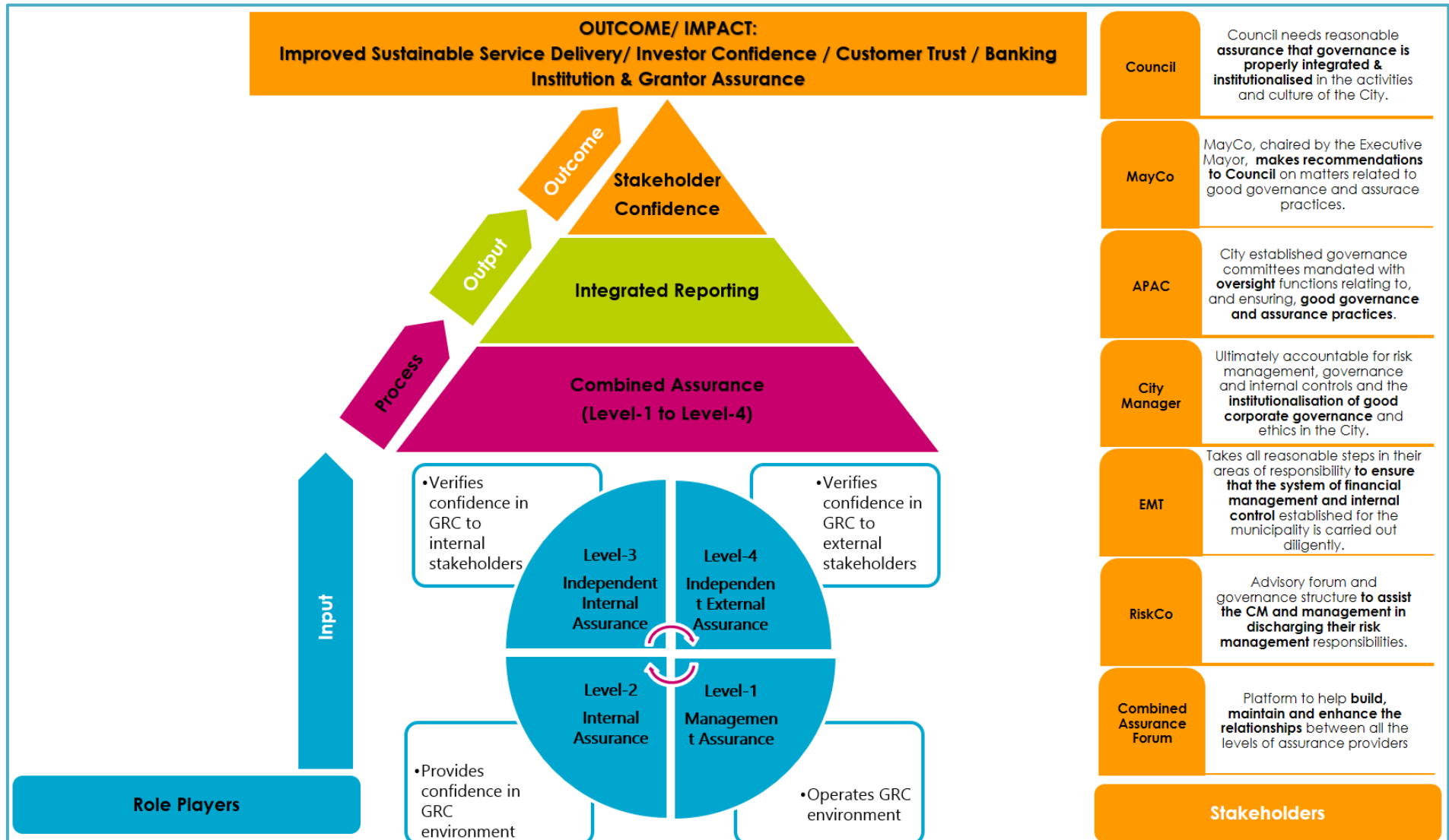
10.1 Input – Assurance Role Players

Principle 15 of King IV states that the governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and the City's external reports.
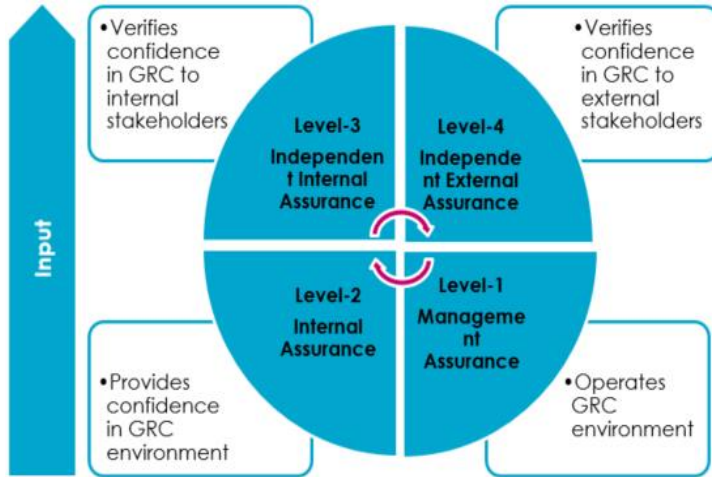

As level-1 assurance providers, operational management is responsible in their operational areas, and fulfil a critical role in the effective functioning of the combined assurance model. This includes designing and implementing internal controls, including inter alia, policies, procedures, techniques and mechanisms to manage the risks identified in their respective functional/operational areas.

The specialised functions are the level-2 internal assurance providers that enhance confidence in the control environment by providing direction, advice and guidance on compliance, good governance, risk management, ideal business solutions and actions in the best interest of the City which is continuously monitored/measured to contribute to the City's IDP.

The independent IAP are accountable for their respective operations and functional responsibilities, and have an administrative reporting line to the CM and a functional reporting line to APAC. As level-3 assurance providers, they provide independent and objective assurance services, by verifying the confidence placed on the risk management and the internal control environment by the level-1 and level-2 assurance providers. Significant matters are reported to the respective stakeholders (governing bodies) in the assurance governance value chain to enable effective decision making, making governance a key enable to service delivery.

Similar to the independent IAPs, the external assurance providers provide assurance to internal and external stakeholders on the effectiveness of the control environment. The purpose of the AGSA, one of the key level-4 assurance providers, is to strengthen the country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. The AGSA issues an annual management report, which reflects on compliance, governance, emerging risks and recommendations to improve the control environment.

10.2 Process - Combined Assurance
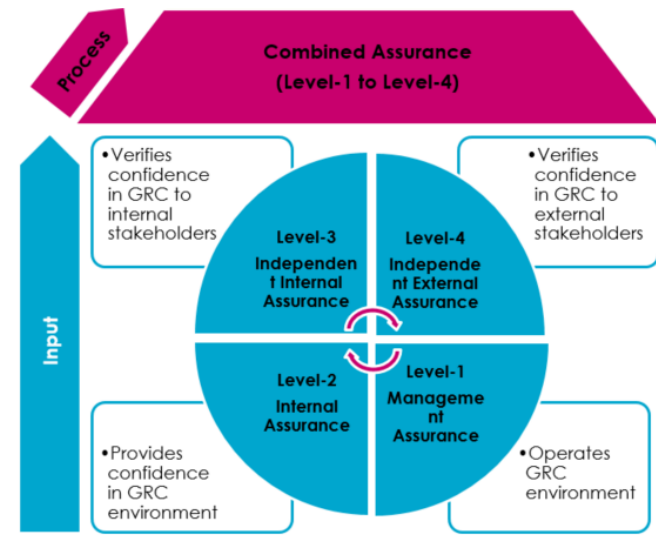
The combined assurance process, which is described in detail in the approved Combined Assurance SOP, is aimed at enhancing the effectiveness of assurance coverage on the significant risks facing the City. This includes mapping planned assurance coverage over the strategic risks, confirming the outcomes from all assurance activities performed (provided by all four levels of assurance) as well as reporting a holistic and concise view of combined assurance matters to relevant stakeholders. Key to the combined assurance process is encouraging and facilitating collaboration among assurance providers.

The diagram below depicts the degree of assurance that can be place on the City's level-1 to level-4 assurance providers.
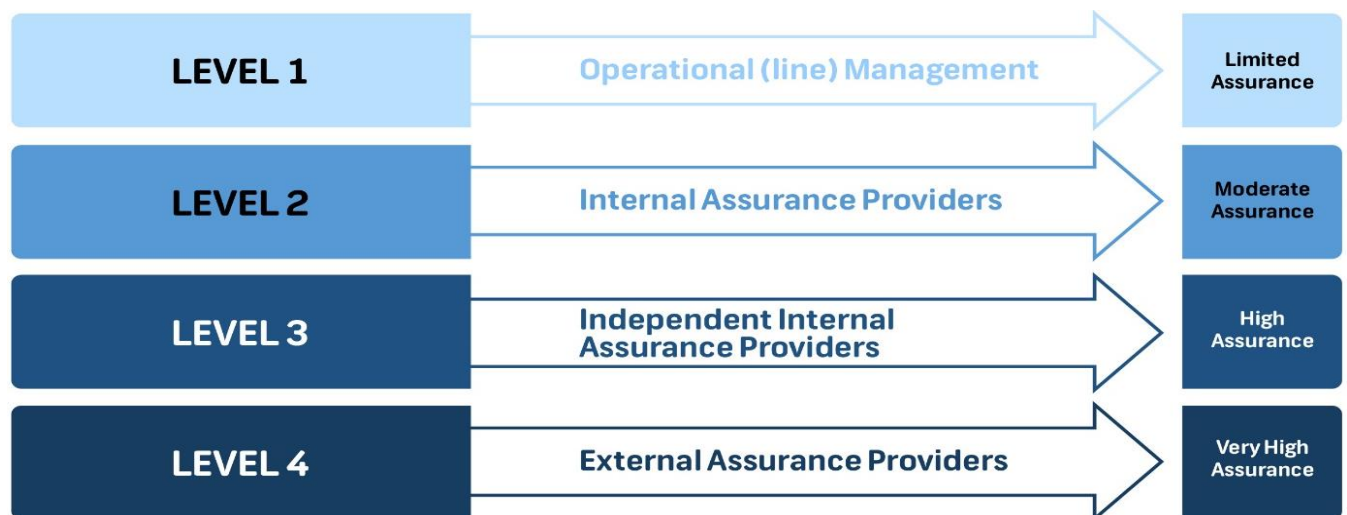
Note. The above degree of assurance provided by the assurance providers are not fixed and will assessed based on e.g. nature of the assurance provided, timing and the credibility of the assurance provider.

The following criteria[2] will be applied when assessing the reliance that can be placed on the work performed by the assurance provider:

Criteria	Description
Independence/ objectivity	Independent reporting lines, no recent involvement and/or work done in the area/aspects where assurance is to be provided.

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[2] The criteria applied is a hybrid of the following sources: The Institute of Internal Auditors (IIA) best practice guide (Reliance by Internal Audit on Other Assurance Providers), Overstrand Municipality Combined Assurance Policy, Compliance Institute of South Africa guidance document on Combined Assurance. As part of the Combined Assurance maturity process, the criteria utilised will be revisted as and when required.

Criteria	Description
Conflict of interest	No conflict of interest in the areas/aspects in which assurance is provided.
Skill and experience	The assurance provider has the appropriate skills and experience to effectively conduct the assignment.
Methodology	A sound methodology is adopted and applied by the assurance provider. Ideally, a risk-based approach should be have been followed. The reported findings, if applicable, and opinions is supported by adequately documented working papers/audit trails.
Qualifications	The assurance provider holds appropriate qualification/s and/or experience for the assurance provided.

10.3 Output - Integrated Reporting

Another concept that King IV advocates is integrated thinking, rather than the traditional silo mentality. Integrated thinking is defined by King IV as "the active consideration by the organisation of the relationships between its various operational and business units and the capitals (financial, manufactured, intellectual, human, social and relationship, and natural) that it uses or affects."
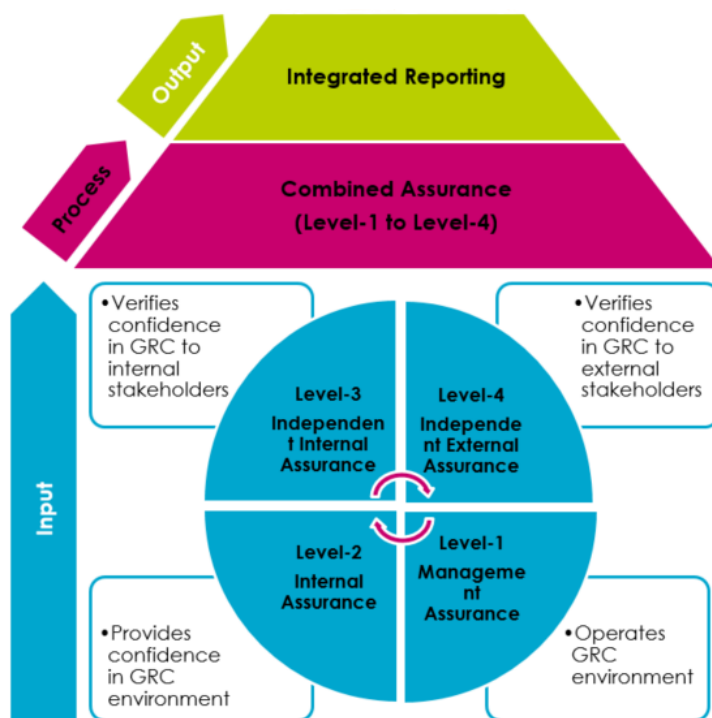
In turn, integrated reporting is an outcome of integrated thinking and relates to a periodic report issued about value creation over time. Value creation in the City aids in improving service delivery. In line with King IV, the City has both an IDP (five-year integrated strategic plan) as well as an Integrated Annual Report. Both documents and related processes are aimed at assisting with the achievement of the concepts of King IV.

In the spirit of King IV, and to enhance the City's integrated reporting processes, an Integrated Governance Report (IGR) is compiled each year as a supplement to the City's Integrated Annual Report. It focuses specifically on governance and related matters, outlines the corrective measures the administration has taken and the governance interventions implemented as a result of the assurance providers' work. In addition, an Integrated Combined Assurance Plan (ICAP) and Integrated Combined Assurance Report (ICAR) is compiled annually to provide internal stakeholders with a holistic view of the planned assurance coverage and assurance outcomes.

10.4 Outcome - Stakeholder Confidence

King IV defines stakeholders as those groups or individuals that can reasonably be expected to be significantly affected by an organisation's business activities, outputs or outcomes, or whose

actions can reasonably be expected to significantly affect the ability of the organisation to create value over time. King IV also advocates stakeholder inclusivity, which means having regard for the needs, interests and expectations of material stakeholders.

This combined assurance model aims to achieve the principles set out in this Framework, one of which, is that assurance services and functions should enable an effective control environment, supporting governance reforms and the integrity of information used for decision making by the governing bodies to create value to its stakeholders.
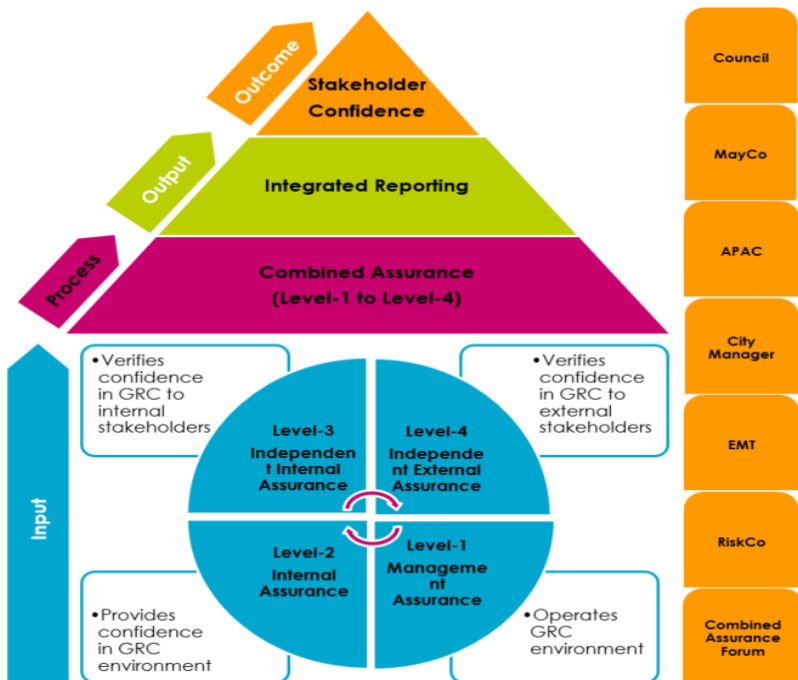
When all levels of assurance perform their respective roles and responsibilities to achieve better performance, risk management, compliance and financial sustainability, this will help make governance a key enabler and improved service delivery. The above, undertaking in line with the City values, i.e. Trust, Integrity, Accountability, Service Excellence and Accessibility; will help achieve an increased level of stakeholder confidence in the City's ability to meet their needs and expectations.

11. MONITORING, EVALUATING AND REVIEWING

This Framework will be reviewed at least annually or as regularly as deemed appropriate. The progress towards achieving the objectives and related outcomes as outlined in this Framework will be routinely monitored to measure its value add and to ensure stakeholder satisfaction.

Feel free to contact the Combined Assurance and Governance department should you have any comments or queries relating to this framework.

Note that this framework update becomes effective from date of signature and replaces all previous versions.

APPROVED BY:

Name: Lungelo Mbandazayo   Date: _____
          City Manager

Signature: _____