



Independent Communications Authority of South Africa

MINUTES OF A SPECIAL COUNCIL MEETING		
Date	28 May 2021	
Time:	08:00	
Venue:	Microsoft Teams	
Present	[Redacted]	Chairperson
	[Redacted]	Member
	[Redacted]	Member
	[Redacted]	Member
	[Redacted]	Member
	[Redacted]	Member
	[Redacted]	Member
By Invitation	[Redacted]	CEO
	[Redacted]	CFO
	[Redacted]	Acting CAE
	[Redacted]	Corporate Secretary
	[Redacted]	Secretariat Officer
	[Redacted]	Secretariat Officer
	[Redacted]	Secretariat Officer
Partial Attendees	[Redacted]	SM: Strategy and Programme Management
Apologies	[Redacted]	Member
	[Redacted]	CAE

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No.	Action Item	Person Responsible
1.	<p><b>Opening and apologies</b></p> <p>The Chairperson opened the meeting at 08:00 and welcomed all present.</p> <p><b>Apologies</b></p> <p>1.1. Cllr [REDACTED] was on leave.</p> <p>1.2. Chief Audit Executive was on leave.</p> <p><b>The opening and apologies were noted.</b></p>	Chairperson
2.	<p><b>Declaration of interest</b></p> <p>No conflict of interest was noted.</p>	Council
3.	<p><b>Ratification of the agenda</b></p> <p>The agenda was adopted as presented.</p>	All
4.	<p><b>ICASA Annual Performance Information Report 2020/21</b></p> <p>The Senior Manager: Strategy and Programme Management presented the item.</p> <p>The Department of Planning Monitoring and Evaluation (DPME) Revised Framework for Strategic Plans and Annual Performance Plans of December 2019 requires a government institution to a prepare an Annual Performance Report at the end of each financial year against its approved Annual Performance Plan.</p> <p>4.1. <u>The Overview of the Authority's performance</u></p> <p>4.1.1 ICASA's Annual Performance Information Report marks performance against targets set in the ICASA Annual</p>	"



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	<p>Performance Plan 2020/21 (Revised), and documents progress towards delivery of MTSF outcomes stated in the ICASA Strategic Plan 2025.</p> <p>4.1.2 The Authority's commitment to license high-demand spectrum, following the issuing of the policy and policy directions on high demand spectrum in 2019, was supported by the allocation of additional funding by the National Treasury for the project in the 2020-21 Financial Year (FY).</p> <p>4.1.3 The process for licensing of the IMT spectrum, as well as the wireless open access network (WOAN), was initiated with the publication of the invitations to apply during Quarter Three of the FY. Unfortunately, the process had to be suspended in Quarter Four pursuant to an interdict obtained by licensee(s) who challenged the licensing process in the High Court.</p> <p>4.1.4 In the period under review, the economic environment was characterised by low levels of GDP growth. However, the ICT sector has demonstrated resilience against the effects of the COVID-19 pandemic, as communications technologies increasingly became the mode for socio-economic activities and engagement. The Authority played a critical role by ensuring that an adaptive and flexible regulatory regime is in place to enable the ICT sector to support such socio-economic activities.</p> <p>4.1.5 The COVID-19 pandemic presented a challenge for stakeholder participation in regulatory processes, thus requiring the Authority to come up with alternative ways of ensuring stakeholders' participation. In line with the restrictions imposed, regulatory processes and compliance requirements (such as the holding of AGMs for community broadcasting service licensees) had to be suspended.</p> <p>4.1.6 The COVID-19 pandemic highlighted the urgency with which digital inequality needs to be addressed in order to improve</p>	

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	<p>economic participation by the majority of South Africans and prepare the country for the next disaster or pandemic.</p> <p>4.1.7 The strategic initiative by the Authority to temporarily release high-demand spectrum to enable the sector to meet increased demand for broadband services during the COVID-19 pandemic was the most appropriate response in this regard.</p> <p>4.1.8 The Authority started the financial year in an environment supportive of its regulatory independence. However, the inherent threat of litigation against the Authority's processes materialised when the licensing process for IMT spectrum and WOAN was halted by the High Court.</p> <p>4.1.9 The Authority began the year under review, mindful of the environmental threats and risks to the natural environment which emanates from the ICT Sector. Some of the threats included lack of permits for infrastructure deployment, risk of dumping of technologically outdated, inferior or cheap devices, and pollution due to increased IT waste.</p> <p>4.1.10 The concerns pertaining to human exposure to EMF radiation were elevated due to widespread misinformation that linked 5G technologies to the outbreak of COVID-19. The natural environment within which the Authority operated throughout the year remained ripe for the Authority's projects outlined in its corporate plan 2020/21.</p> <p>4.2. <u>Organisational Environment</u></p> <p>4.2.1 During the year under review, some Councillors' terms of office came to an end, and this was a risk to the extent that some of the Council Committee work had to be put on hold until the appointment of new Councillors.</p> <p>4.2.2 The organisational strategy, as outlined in the Authority's strategic plan, had to be re-tabled to reflect the Authority's</p>	



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	<p>response to the COVID-19 pandemic. Some projects were removed from the corporate plan, and some projects' targets were modified. The Authority had to also come up with COVID-19 specific interventions as directed in terms of the DPME circular 2 of 2020.</p> <p>4.2.3 The Authority had to revisit its way of doing business from a systems' perspective due to COVID-19 pandemic, as government decreed for all citizens to work from home to avoid the spread of the COVID-19 disease. The Authority adopted Microsoft Teams as its virtual platform for working.</p> <p>4.2.4 Some of the Authority's Human Resources policies had to be reviewed to accommodate the new normal. Also, several COVID-19 protocols had to be put in place, to manage the rate of COVID-19 infections among staff members. The system of all employees having to wear masks and constantly sanitise upon entering and leaving the office was also introduced.</p> <p>4.2.5 In order to manage budgetary constraints, the Authority had imposed a moratorium on recruitment since the 2018-19FY, except for recruitment of critical vacancies. The Department of Communications and Digital Technologies also placed a moratorium on recruitment across all entities as part of the public entities rationalisation exercise that it began in 2019.</p> <p>4.2.6 The COVID-19 pandemic also challenged the Authority's style of leadership. The environment needed a more consultative style of leadership. The Disaster Management Committee had to be activated to allow leadership to consult on an ongoing basis on a variety of matters, bred by changes in the State of National Disaster. The Authority adjusted to disaster alert levels that government put out to all citizens from time to time.</p>	



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	<p>4.3. <u>Key policy developments and legislative changes</u></p> <p>4.3.1 During the 2020/2021 financial year, the Minister of Communications and Digital Technologies (DCDT) amended the Directions issued under regulations 10(8) of the Disaster Management Act, 2002 (Act No.57 of 2002).</p> <p>4.3.2 Having considered the Directions, on 6 April 2020, the Authority published the ICT Covid-19 National Disaster Regulations in Government Gazette No 43207. The purpose of the Regulations is to prescribe minimum standards that Licensees must adhere to during the subsistence of the National State of Disaster.</p> <p>4.3.3 On 9 October 2020, the DCDT published the Draft White Paper on Audio and Audio-visual Content Services Policy Framework for public comment in the Government Gazette. The objective of the draft White Paper is to create an enabling environment for the provision of inclusive audio and audio-visual content services to all South Africans in a manner that promotes social-economic development and investment.</p> <p>4.3.4 On 10 July 2020, the DCDT published a Policy Direction on the Introduction of Digital Sound Broadcasting (DSB) in South Africa, intended to determine priorities for the introduction of DSB networks and services in South Africa.</p> <p>4.3.5 On 22 July 2020, the DCDT published a draft Policy on Rapid Deployment. The intention of the Policy is to solicit comments on the DCDT's intention to issue a Policy Direction to the Authority in terms of section 21, read with section 3 (2), of the Electronic Communications Act (ECA).</p> <p>4.3.6 The Authority developed its Strategic Plan 2025 at the beginning of the 2020 – 2025 political cycle, in alignment with government's policy priorities as outlined in the</p>	

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	<p>government's Medium-Term Strategic Framework 2020 – 2025.</p> <p>4.4. <u>Overall Achievement</u></p> <p>4.4.1 The Authority planned to deliver forty-seven (47) outputs during the year under review. Forty-one (41) were delivered and six (6) were not delivered, which translates to an overall annual achievement of eighty-seven-point-two percent (87.2%).</p> <p>4.4.2 The forty-one outputs that the Authority has delivered through various programmes during the year under review, have contributed to different medium-term outcomes in different ways.</p> <p>4.5. <u>Targets not achieved</u></p> <p>4.5.1 The process to assign broadband spectrum was not achieved. The reason for deviation was that ICASA was interdicted from proceeding with the spectrum auction.</p> <p>4.5.2 The target to publish the draft Regulations on Subscription Television Broadcasting Services was not achieved due to several requests for extensions, which caused delays in the project. The Council Committee is to review the work done thus far, considering the latest market dynamics and research data.</p> <p>4.5.3 The target to publish an updated National Radio Frequency Plans was not achieved. The reason for deviation was that service providers could not be appointed during 2021-21, due to non-compliance by bidders with treasury regulations. As such, the external technical support / expertise was not timeously on board to complete the project Frequency Migration plan.</p>	



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	<p>4.5.4 The target on the implementation of the IMT roadmap was not achieved as the service providers could not be appointed during 2020-21, due to non-compliance by bidders with the treasury regulations.</p> <p>4.5.5 The target set for Network Performance Management System (NPMS) developed was not achieved. A decision was taken to make the NPMS part of the multi-modular compliance system bid. The composite bid for multi-modular compliance system was published in February 2021.</p> <p>4.6. <u>Covid-19 Interventions</u></p> <p>4.6.1 On 15 March 2020, the President of the Republic of South Africa declared a state of National Disaster in response to the worldwide COVID-19 pandemic. Following the declaration, all government institutions were directed to come up with interventions to mitigate the impact of COVID-19 on their internal and service delivery environments.</p> <p>4.6.2 The Authority came up with internally focused COVID-19 interventions in Programme 1: Administration: Sub-Programmes: Corporate Services, Finance, Human Resources and Legal Risk &amp; Complaints and Compliance Committee.</p> <p>4.6.3 The Authority also came up with externally focused interventions in Programme 2: Licensing and Programme 3: Policy Research and Analysis. The interventions will continue to be implemented into the 2021/22 financial year until government gives a directive for all government entities to cease implementation.</p> <p>4.6.4 Transfer Payments: A total amount of R 459 019 000 was received for the four quarters from the Department of Communications and Digital Technologies and was in line</p>	

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	<p>with the annual drawdown schedule which represented 100% of the full year allocation.</p> <p>4.7. <u>Conditional Grants</u></p> <p>4.7.1 At the beginning on the current financial year, the Authority rolled over a total amount of R 37,699,839 relating to unspent conditional grants.</p> <p>4.7.2 During the current financial year, a total amount of R 84,700,000 was received from National Treasury as an additional grant allocated towards auction of High-Demand Spectrum and related projects.</p> <p>4.7.3 As at the end of 2020/21 financial year, an amount of R 10,190,051 has been spent in relation to the licensing of High-Demand Spectrum and related projects.</p> <p><u>Comments and Inputs</u></p> <p>Council expressed that the delay in the appointment of Councillors during the 2020-21 year should be reflected in the report, as it may have compromised the activities of the Authority.</p> <p><b>The submission was approved by Council.</b></p>	
5.	<p><b>Draft Annual Financial Statements for 2020/2021 FY</b></p> <p>The Chief Financial Officer presented the item.</p> <p>5.1. The purpose of the submission was to request Council to note the Draft Annual Financial Statements for the period ended 31 March 2021, and to approve the Annual Financial Statements (AFS) for submission to the National Treasury and the Auditor General.</p>	CEO/CFO

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	<p>5.2. The Authority is required to prepare annual financial statements to be submitted to the Auditor General of South Africa (AGSA) and National Treasury (NT) by 31 of May of each year, in terms of section 40(1) (b), (c) of the Public Finance Management Act, 1999 (Act No1 of 1999) as amended.</p> <p>5.3. The Authority hereby confirms the management assertions of completeness and accuracy regarding the transactions accounted for in the draft Annual Financial Statements. The draft Annual Financial Statements were reviewed by Internal Audit and issues raised during the audit were resolved.</p> <p><u>Statement of Financial Position</u></p> <p>5.4. The Authority's Assets exceeded Liabilities by R 164 050,515 at the end of March 2021.</p> <p>5.5. A bank balance of R 489 728,765 was recorded on 31 March 2021. This balance is inclusive of R 261 717,936 for National Revenue Funds, which was transferred to National Treasury after year end.</p> <p><u>Statement of Financial Performance</u></p> <p>5.6. Grant revenue of R 459 019,000 represents 100% of the total expected income allocated to the Authority by National Treasury.</p> <p>5.7. The Authority recorded a surplus of R 37 700,244 for the year ended 31 March 2021, which is higher than the surplus of R 3 504,870 recorded in the prior year.</p> <p>5.8. A total amount of R 67 015,498 was recorded for general expenditure incurred for the current year. This was a significant reduction as compared to R 95 250,765 incurred in prior year, the reduction was mainly due to reduced spending during the national lockdown.</p>	

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	<p><u>Cash Flow Statement</u></p> <p>5.9. A total bank balance of R 489 728,765, reported at the end of 31 March 2021, included an amount of R 227,921,755. This amount will be rolled over to the 2021-22 FY in order to finance accruals and commitments during the year.</p> <p>5.10. The Authority's current cash flow will be closely monitored to ensure funds rolled over at year end are sufficient to cover the accruals and commitments during the 2021-22 financial year.</p> <p><u>Internal Audit Review</u></p> <p>5.11. The draft Annual Financial Statements were reviewed by Internal Audit and the following issues were raised:</p> <p>5.11.1 Note 8. Receivables from exchange transactions: The balance of R713,724,01 for other income in Note 8, Receivables from exchange transactions (TB account 1.26310) was not supported by a schedule. After the finding, management resolved it by updating and submitting the required schedule.</p> <p>5.11.2 Note 5. Operating lease liability: A difference of R 227,572 exists between Operating Lease Liability amount of R 20,382,217 disclosed in Note 5 and an amount of R 20,154,645 reflected on the supporting schedule. After the finding, management resolved that the issue will be investigated.</p> <p>5.11.3 Note 13. Provision for dismantling: The balance of R 2,513,052 reported in Note 13 (provisions) for Provision for Dismantling and Restoration differs from the balance of R 2,507,074 per the supporting schedule, resulting in a difference of R 5,978.00. After the finding, management resolved that the issue will be investigated.</p>	



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	<p>5.11.4 Note 35. Going concern: Evidence of going concern assessment performed at year end could not be furnished. After the finding, management submitted the evidence.</p> <p>5.11.5 Evidence of reviews: Evidence of reviews of the draft AFS could not be furnished. After the finding, management submitted the evidence.</p> <p>5.11.6 Accounting policies: It was noted that the term Authority and Constitutional Institution were used interchangeably in the AFS. Management resolved the finding by commenting that the term Constitutional Institution is a term that comes with the CaseWare template and will be updated to reflect Authority.</p> <p>5.11.7 Accounting policy 1.10 Impairment of cash generating assets: The policy on impairment of cash generating assets was omitted from the accounting policies. Management resolved the finding by commenting that the accounting policy note on impairment of cash generating assets was omitted from the accounting policies has been updated.</p> <p>5.11.8 Note 3. Property Plant and Equipment:</p> <p>5.11.8.1 A difference of R 28,201.00 was noted on the additions for Leasehold improvements between the balance of R 659,642.25 in the PPE note 3 and the balance of R 631,441.00 in the supporting schedule. The same difference is noted on the total additions.</p> <p>5.11.8.2 Other movements of R 270,051.00 were disclosed in the "Reconciliation of property, plant and equipment – 2021" which could not be traced to the supporting schedule.</p> <p>5.11.8.3 A total difference of R991,446 was noted on the depreciation between the note 3 and the supporting schedule, this is as a result</p>	



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	<p>of differences in Furniture and fixtures, Motor vehicles, Office and computer equipment, Leasehold improvements and Test equipment.</p> <p>5.11.8.4 A total difference of R 1,233,297 was also noted on the carrying value due to the above-mentioned differences on the various assets.</p> <p>5.11.8.5 Management resolved the finding by updating the note.</p> <p><u>Audit Readiness</u></p> <p>5.12. Issues raised during the last audit and interim audit were addressed. All supporting schedules for the draft AFS were assessed by Internal Audit and are ready for audit.</p> <p>5.13. All supporting documents for journals passed were reviewed and are ready for audit. Payment packs were reviewed and are available in both physical and electronic format.</p> <p>5.14. All team members who assisted with the schedules used for the AFS were also requested to be available during the audit. Consultants assisting with JDE were also requested to be on standby to assist during the audit.</p> <p>5.15. The draft Annual Financial Statements were prepared in accordance with all applicable GRAP requirements and no material adjustments are anticipated.</p> <p><b>The submission was approved by Council.</b></p>	
6.	<p><b>Submission – reviews of the 2020/2021 Draft Annual Performance Report &amp; draft Annual Financial Statements</b></p> <p>The Acting Chief Audit Executive presented the item.</p>	CEO/CAE



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	<p>The purpose of the submission was to apprise Council of Internal Audit's reviews of the 2020/2021 Draft Annual Performance Report as well as the Draft Annual Financial Statements.</p> <p>6.1. The reports are submitted in line with Treasury Regulations 3.2.7 (d) which provide that, "to allow effective monitoring, a quarterly report will be submitted to the AREDC detailing Internal Audit's performance against the annual Internal Audit plan".</p> <p><u>Overview of the draft Annual financial Statement</u></p> <p>6.2. Three (3) versions of the draft 2020/2021 AFS were received between 17 and 22 May 2021 for review. A high-level review was conducted which resulted in:</p> <p>6.2.1 Twenty (20) reported findings, 35% of which are fully corrected;</p> <p>6.2.2 15% partially corrected;</p> <p>6.2.3 25% under investigation; and</p> <p>6.2.4 The other 25% related to outstanding documents.</p> <p>6.3. Challenges experienced by management:</p> <p>6.3.1 Passing on of the service provider assisting the team with some schedules;</p> <p>6.3.2 Lack of access to the offices due a confirmed COVID-19 case; and</p> <p>6.3.3 Loss of a laptop by a key member of staff resulting in delays in finalisation of National Revenue Fund balances.</p> <p>6.4. Key issues of the review:</p>	

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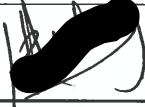


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	<p>6.4.1 Statement of Financial Position: Negative debtors were noted on the Statement of Financial Position and the supporting schedule.</p> <p>6.4.2 Statement of Financial Performance: The employee related savings were disclosed as an income under employee related costs.</p> <p>6.4.3 Cashflow Statement: A disclosure of unexplained “other non-cash items” in the disclosure note to the cashflow statement. Some disclosed amounts could not be verified in the absence of supporting schedules.</p> <p>6.4.4 Statement of Comparison of Budget and Actual Amounts: Differences were noted between the actual expenses disclosed in the Statement of Comparison of Budget and Actual Amounts and the Statement of Financial Performance.</p> <p>6.4.5 Disclosure Notes to the Annual Financial Statements: Differences were noted between the disclosure notes and supporting schedules. Negative debtors were noted on a disclosure note and its related supporting schedule and some supporting schedules were not submitted for the review.</p> <p><u>Overview of the draft Annual Performance Report</u></p> <p>6.5. Two (2) versions of the draft 2020/2021 APR were provided on the 19 and 23 May 2021 for review. A high-level review was conducted.</p> <p>6.6. Challenges experienced by management:</p> <p>6.6.1 Records management – unsigned documents which were used as evidence and the late submission of the “corrected” supporting evidence.</p> <p>6.7. Forty-One (41) of the Forty-Seven (47) targets were achieved , resulting in an 87.23% achievement. Seven (7) being (12.77%) of the planned targets were not achieved.</p>	

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	<p>6.8. The verified performance achievement level was initially 80%, which was subsequently improved through the provision of corrected supporting documents.</p> <p>6.9. Corrections were subsequently effected by management through ongoing engagement.</p> <p>6.10. Council was requested to consider the submission and provide input.</p> <p><b>The submission was noted by Council.</b></p>	
4	<p><b>Closure</b></p> <p>The Chairperson thanked all who were present at the meeting and closed it at 09:30 am.</p>	<b>Council</b>
	<b>Date of next meeting: TBA</b>	<b>Secretariat</b>

Signed:   
(Chairperson)

Date: 30/07/2021