



Independent Communications Authority of South Africa

MINUTES OF AN ORDINARY MEETING OF COUNCIL		
Date	30 May 2022	
Time:	16:00	
Venue:	Microsoft Teams	
Present	████████████████████	Chairperson
	██████████	Councillor
	██████████████	Councillor
	██████████████	Councillor
	██████████████████	Councillor
By Invitation	██████████████████	CEO
	██████████████	CFO
	████████████████████	CAE
	██████████████████	Corporate Secretary
	██████████████████	Secretariat Officer
	██████████████████	Secretariat Officer
	██████████████	Secretariat Officer
Partial Attendees	██████████████	Senior Manager: Strategy and Programme Management
	██████████	Executive Licensing and Compliance
	██████████████	Audit Manager
	██████████████	Auditor-General Team
	██████████████	Auditor-General Team
	██████████████	Senior Manager: Talent and Performance Management
Apologies	None	



No.	Action Item	Person Responsible
1.	<p>Opening and apologies</p> <p>1.1. The Chairperson opened the meeting at 08:00 and welcomed all present.</p> <p>1.2. There were no apologies noted.</p> <p>The opening and apologies were noted.</p>	Chairperson
2.	<p>Declaration of interest</p> <p>No conflict of interest was noted.</p>	Council
3.	<p>Ratification of the Agenda</p> <p>Council resolved to defer non-urgent items and mainly focus on the time-bound APP targets and the feedback from the Audit Risk Disclosures and Ethics Committee (AREDC).</p> <p>The agenda was ratified.</p>	All
4.	<p>International Engagements</p> <p>The Item was deferred to the next meeting of Council.</p>	CEO / Exec: Corporate Services
5.	<p>Licensing of IMT (“Standing Item”)</p> <p>The Item was deferred to the next meeting of Council.</p>	Cllr █████
6.	<p>Draft 2021/2022 Annual Performance Report</p> <p>The Senior Manager: Programme and Strategy Management presented the item.</p>	CEO / Senior Manager: SPM



No.	Action Item	Person Responsible
	<p>6.1. The purpose of the submission was to table the ICASA Annual Performance Information Report 2021/22 to Council for approval.</p> <p>6.2. The Department of Planning Monitoring and Evaluation Revised Framework for Strategic Plans and Annual Performance Plans of December 2019 requires a government institution to prepare annual performance reports at the end of each financial year against the approved Annual Performance Plan.</p> <p>6.3. ICASA's Annual Performance Information Report marks the annual report against targets set in the ICASA Annual Performance Plan 2021/22 and documents progress towards delivery of MTEF outcomes stated in the ICASA Strategic Plan 2025.</p> <p>6.4. The ICASA Annual Performance Information Report is supplemented by the ICASA COVID-19 Interventions Report as implemented in the year under review as per the direction from the Department of Planning Monitoring and Evaluation.</p> <p>6.5. The Authority planned to deliver fifty-three (53) outputs during the year under review. Forty-six (46) were delivered and seven (7) were not delivered which translated to an overall annual achievement of eighty-six-point-eight percent (86.8%).</p> <p>6.6. The forty-six (46) outputs the Authority has delivered through various Programmes during the year under review, have contributed to different medium-term outcomes in different ways.</p> <p>6.7. One of the key projects the Authority implemented to ensure access to quality broadband services was assignment of IMT spectrum whose output for the year under review was completion of IMT spectrum licensing via an auction.</p> <p>6.8. The other project was the licensing of the individual electronic communications network service operator. The auctioning of the IMT Spectrum was concluded for the bands – IMT700, IMT800,</p>	



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	<p>IMT2600 and IMT3500 - on 17 March 2022. The auction for the licensing of the IMT spectrum has generated in excess of ██████████ ██████████ for the national fiscus. The Cabinet resolved to review its decision to license the individual electronic communications network service operator.</p> <p>6.9. The Authority continued to pursue its mandate to promote competition and reduce cost to communicate. One of the key outputs delivered towards promotion of competition was the completion of the process to develop the Equipment Authorisations Regulations designed to facilitate competition in the ICT sector by developing a more robust and accessible regulatory framework that is responsive to the dynamic ICT sector and achieve the objectives of the Electronic Communications Act, 2005 (Act No. 36 of 2005) (the ECA), as amended.</p> <p>6.10. The Authority's grant is received on a quarterly basis from the (DCDT). A total amount of ██████████ relating to the normal grant was received cumulatively in the fourth quarter from the DCDT and was in line with the annual drawdown schedule. It represented hundred percent (100%) of the full year allocation. Stringent financial measures were in place to provide necessary controls to further enable monthly and quarterly reporting and compliance with all section 38 of the PFMA and its sub-sections.</p> <p>6.11. The Authority has not received any conditional grants during the year under review. The Authority has not received any donor funds nor donated any funds to any organisation during the year under review. The Authority did not make any capital investments during the year under review.</p> <p><u>Recommendation to Council:</u></p> <p>6.12. It was recommended that Council considers and approves the ICASA Annual Performance Information Report 2021/22.</p> <p><u>The following comments were made:</u></p>	



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	<p>6.13. Council inquired if the solution adopted by the Authority to allow for the securing services due to the moratorium on tenders and procurement would not end up as a finding by the Auditor General South Africa and Internal Audit.</p> <p>6.14. Council requested that all references to the phrase “Political” be removed from the unrest section of the report.</p> <p>6.15. Council expressed that the report should make provision to mention the employees who lost their lives to the COVID-19 pandemic.</p> <p>6.16. Management informed Council that the input was noted and would be implemented and further stated the acknowledgment of members of staff who lost their lives due to the COVID-19 pandemic would be looked into in conjunction with the Human Resources Division.</p> <p>6.17. Management informed Council that the procurement method used following the moratorium involved existing panels having to sub-contract the relevant consultants, Management expressed that given that the primary nature of the matters were legal, there was comfort in the steps taken. Management has further written to the National Treasury regarding the procurement processes of critical items, pending finalisation of the Regulations and the exemption has been granted.</p> <p>6.18. Council inquired if the moratorium had been uplifted.</p> <p>6.19. Management informed Council that the new regulations have not been published and as a result, the moratorium is still in force.</p> <p>The submission was approved.</p>	
7.	Feedback in relation to Q3 Performance for Period ended 31 December 2021	CEO / Senior Manager: SPM



No.	Action Item	Person Responsible
	<p>The submission was removed from the Agenda as it was covered by the Annual Performance Report and the Assurance Report from the Chief Audit Executive.</p>	
<p>8.</p>	<p>Internal Audit Quality Assurance Report on the draft 2021/2022 Annual Performance Report</p> <p>The Chief Audit Executive presented the submission.</p> <p>8.1. The purpose of this submission was to communicate the results of the conducted quality assurance reviews to Council.</p> <p>8.2. Internal Audit planned to enlist the services of a consultant to assist with conducting a quality assurance review on both the 2021/2022 draft Annual Performance Report and the draft Annual Financial Statements. Following the Directive to suspend procurement, a deviation request was sent to Treasury, but no response was received to date.</p> <p>8.3. The above impacted the ability to conduct quality assurance reviews. Noting the availability of the service provider appointed by the Chief Financial Officer to assist in the compilation of the AFS, management assurance was sought.</p> <p>8.4. The limited Internal Audit resources were subsequently channelled towards concluding a quality assurance review on the draft APR, with an aim to afford management an opportunity to rectify identified errors and ultimately prevent the potential misstatements.</p> <p>8.5. As part of the combined assurance, proactive and reactive assurance reviews were conducted for 4 bids as directed by Audit Risk Ethics and Disclosures Committee. No irregular expenditure was identified for the four reviewed bids.</p> <p>8.6. The identified control weakness included but were not limited to: 8.6.1 Bids not advertised on the Tender bulletin as prescribed, attributable to the GPW website being offline, National Treasury issued an Instruction Note allowing deviation;</p>	<p>CAE</p>



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	<p>8.6.2 BEC's report referred to a Service Provider who was not part of the bidders, and further erroneously classified the amount payable to the bidder as management fees;</p> <p>8.6.3 Tax compliance checks conducted post the award date; although the winning bidder was compliant as at the date of award;</p> <p>8.6.4 No evidence that needs analysis and testing of the market was conducted;</p> <p>8.7. Internal Audit concurs with the reported performance level being 86.8%.</p> <p><u>Recommendation to Council:</u></p> <p>8.8. Council was requested to note the submission.</p> <p>The submission was noted by Council.</p>	
9.	<p>Presentation of the Interim Management Report by the Auditor-General Team</p> <p>The AGSA Team presented the submission.</p> <p>9.1 The purpose of this submission was to communicate the audit findings arising from the interim statutory audit to Council.</p> <p>9.2 The Auditor General commenced with the interim statutory annual audit between November and December 2021. An interim Management Report is prepared to detail the results for the period ending December 2021.</p> <p>9.3 The purpose of the Management Report is to communicate audit findings and other key audit observations to the Accounting Officer and Council. The report includes information on the identified internal control deficiencies and the root causes</p>	CAE / AGSA



No.	Action Item	Person Responsible
	<p>of the reported matters. The interim Management Report was submitted to AREDC on the 23rd May 2022.</p> <p>9.4 The final statutory audit will commence on the 1st June post the receipt of the 2021/2022 draft Annual Financial Statements and the draft Annual Performance Report. This is in line with section 55(c)(i) of the PFMA as amended, that provides for the Accounting Authority for a public entity to submit the financial statements within two months after the end of the financial year to the auditors of the public entity for auditing.</p> <p>9.5 Key message from Management Report:</p> <p>9.5.1 Supply Chain Management Internal control deficiencies within tender processes were noted;</p> <p>9.5.2 Performance Information indicators for 2021/22 are not useful and reliable resulting in possible misstatements in the Annual Performance Report;</p> <p>9.5.3 Compliance Transactions identified where payments could not be made within 30 days was noted ;</p> <p>9.5.4 Accounts Payables Internal control deficiencies identified between invoicing by suppliers, receipting and actual payments processes were noted;</p> <p>9.5.5 Information Technology Progress on prior years findings were noted; and</p> <p>9.5.6 Governance the need for the review of policies and terms of references was noted.</p> <p><u>Recommendation to Council</u></p> <p>9.6 Council was requested to note the report.</p>	



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	<p><u>The following comments were made:</u></p> <p>9.7 Council inquired if the Authority was on the right track provided that Management addresses the issues noted in the report.</p> <p>9.8 The AGSA representative informed Council that there is an improvement and further that if the concerns raised could be resolved, the Authority would be closer to the target and expressed that there is a light at the end of the tunnel.</p> <p>9.9 Council requested an explanation of the various milestones and conclusions of the audit outcome.</p> <p>9.10 The AGSA representative that the date of the report is the 31st July 2022.</p> <p>9.11 Council requested Management to address the mistakes and deficiencies as noted by the AGSA, and further raised that the mistakes need not be found.</p> <p>The submission was noted.</p>	
10.	<p>Draft 2021/2022 Annual Financial Statements</p> <p>The Chief Financial Officer presented the submission.</p> <p>10.1. The purpose of this submission was for Council to approve the Annual Financial Statements for submission to the Auditor General as required by the PFMA.</p> <p>10.2. In terms of the Public Finance Management Act (PFMA), section 40 (1) (c) (i),</p> <p><i>“The accounting officer for a constitutional institution must submit those financial statements within two months after the end of the financial year to the Auditor-General for auditing.”</i></p> <p>10.3. The balance of current assets stands at R10 542 119 320 The list of current assets is made up of inventories, operating lease</p>	CEO / CFO



No.	Action Item	Person Responsible
	<p>assets, receivables from exchange transactions, receivables from non-exchange transactions, prepayments and cash and cash equivalents.</p> <p>10.4. Non-current assets stands at [REDACTED] which is made up of property, plant and equipment and intangible assets.</p> <p>10.5. The current liabilities stands at R [REDACTED] The current liabilities is made up of finance lease obligation, payables from exchange transactions, taxes and transfers payable, National Revenue fund payable, unspent conditional grants and receipts and provisions.</p> <p>10.6. Non-current liabilities stands at R [REDACTED] which is made up of the finance lease obligation, operating lease liability and provisions. The amount for total liabilities stands at R [REDACTED]</p> <p>10.7. Total revenue stands at R [REDACTED] The total revenue amount is made up revenue from exchange transactions and revenue from non-exchange transactions. Total expenditure amounted to R [REDACTED] and the surplus for the year amounted to R [REDACTED]</p> <p>10.8. In terms of section 8.2.3 of the Treasury Regulations, ICASA must pay valid invoices within 30 days. For the year ending March 2022, ICASA obtained a compliance rate of 90%.</p> <p>10.9. For the year ended, ICASA incurred the following UIFW expenditure:</p> <p>10.9.1 Irregular expenditure stands at R [REDACTED]</p> <p>10.9.2 Fruitless and Wasteful expenditure stands at R [REDACTED]</p> <p><u>Recommendation to Council:</u></p>	



No.	Action Item	Person Responsible
	<p>10.10. It was recommended that Council approves the Annual Financial Statements for submission to the Auditor General.</p> <p><u>The following comments were made:</u></p> <p>10.11. Council sought clarity about the Centurion Vision matter, and further how is it being handled and resolved.</p> <p>10.12. Council requested further clarity about the amount of money that was spent on the appointment of Elections Monitors.</p> <p>10.13. Council requested Management to further elaborate on what has already transpired and further what is going to be done regarding the Irregular expenditure.</p> <p>10.14. Management informed Council that National Treasury has issued a new framework on how to account for Irregular Fruitless and Wasteful Expenditure. Based on the framework the Authority has established a Loss Control Committee and the UIFW expenditures identified are dealt with through the Committee, the root-cause analysis and reasons for expenditure are investigated by the Committee. The Committee following the investigations, recommends the appropriate consequent management to the Accounting Officer in action to the case, based on that, and further, the Committee would have to make a recommendation, on whether the expenditure is a loss to the State, or if condonation could be sought from National Treasury through a letter.</p> <p>10.15. Management informed Council that Centurion Vision will have to follow the above-outlined process and investigation by the Loss Control Committee. The Committee is currently in the process of seeking condonation.</p> <p>10.16. Management further informed Council that the item was a result of the appointment of the Municipal Election Monitors. Council requested an Assurance review over the project, from the Assurance Review, it was found that a number of the appointed Election Monitors were employed without meeting</p>	



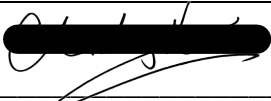
No.	Action Item	Person Responsible
	<p>the necessary prescribed minimum requirements. The irregularity was caused by the employment not being in line with the policies that govern employment within the Authority. Following the Assurance Review, consequent management steps were taken Disciplinary Committee process.</p> <p>The submission was approved.</p>	
<p>11.</p>	<p>Quality Assurance Report on the draft 2021/2022 Annual Financial Statements</p> <p>The Chief Financial Officer presented the submission.</p> <p>11.1. The purpose of this submission was for Council to note the quality assurance conducted by Mntambo Group on Annual Financial Statements for the year ended 31 March 2022.</p> <p>11.2. A consulting firm was appointed to assist with the drafting of the Annual Financial Statements. The need arose due to vacancy created by the resignation of the Financial Specialist in December 2021.</p> <p>11.3. The scope of work for the consultants was:</p> <p>11.3.1 Prepare annual financial statements and a corresponding audit file for submission to the Office of the Auditor-General for audit within CaseWare reporting system;</p> <p>11.3.2 Ensure all relevant notes tie to the AFS and complete;</p> <p>11.3.3 Ensure all GRAP statements relevant reporting are compiled to 2021/22FY reporting;</p> <p>11.4. The consultant concluded as follows:</p> <p>“Based on the work we have conducted; we can confirm that the Annual Financial Statements:</p>	<p>CFO / External Consultants</p>



No.	Action Item	Person Responsible
	<p>11.4.1 Agrees to the transactions in the accounting system of ICASA;</p> <p>11.4.2 All balances are supported by schedules which has been reviewed by ourselves;</p> <p>11.4.3 Based on the processes implemented by management, the findings raised by Internal Audit and the Auditor General has been addressed as far as it applies to the Annual Financial Statements; and</p> <p>11.4.4 The Annual Financial Statements comply with GRAP, which is the accounting standards applicable to ICASA.”</p> <p>11.5. Based on the above, the Audit Risk Ethics and Disclosure Committee recommended the AFS to council for approval.</p> <p><u>Recommendation to Council:</u></p> <p>11.6. It was recommended that Council notes the quality assurance on the Annual Financial Statements provided by the Mntambo Group.</p> <p>The submission was noted.</p>	
12.	<p>Recruitment Process for the Chief Information Officer (CIO) Position</p> <p>The Senior Manager: Talent and Performance Management presented the submission.</p> <p>12.1. The purpose of this submission was for Council to approve the initiation of the recruitment process to fill the position of Chief Information Officer (CIO) and nominate the shortlisting and interview committee comprising of the Council Chairperson, one Council member, the ITRC Chairperson and the CEO to assist with the recruitment process.</p> <p>12.2. The suggested amendments to the job advert was presented to Council.</p>	CEO / Exec: HR



No.	Action Item	Person Responsible
	<p><u>Recommendation to Council:</u></p> <p>12.3. It was recommended that Council approves the initiation of the recruitment process to fill the position of CIO and nominate the shortlisting and interview committee comprising of the Council Chairperson, one Council member, the ITRC Chairperson and the CEO to assist with the recruitment process.</p> <p><u>The following comments were made:</u></p> <p>12.4. Management informed Council that the inputs made, are accepted and will be effected to the job advertisement.</p> <p>12.5. Council inquired if the advertisement has been presented to the ITR Committee for input.</p> <p>12.6. Management informed Council that the advertisement was shared with the ITRC and further that the current advert has been shared with the Committee for further inputs.</p> <p>The submission was approved.</p>	
13.	General	Cllr Zimri
14.	Date of next meeting: TBA	Secretariat
15.	<p>Closure</p> <p>The Chairperson thanked all who were present at the meeting and closed it at 17:57 pm.</p>	Council

Signed: 

Date: 2023-03-16

Dr Charley Lewis
(Acting Chairperson)