

**A 55 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) REPORT ON THE
REVIEW OF THE MPAC TERMS OF REFERENCE.**

(E/C 2017 06 30; 2017 06 30)

(12/2/3/1/1)

RESOLVED

- a) That Council approves the reviewed Terms of Reference of the Municipal Public Accounts Committee.
- b) That all documents and reports as per the Terms of Reference be referred to the Municipal Public Accounts Committee as and when they are noted by Council.

Signed by the Speaker.....
Councillor DJ Mmetle



**A 55 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) REPORT ON THE
REVIEW OF THE MPAC TERMS OF REFERENCE.**

(E/C 2017 06 30; 2017 06 30)

(12/2/3/1/1)

REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
CHAIRPERSON: COUNCILOR DG MKHABELA.

Purpose of the report

The purpose of the report is to table before Council the review of the Terms of Reference of the Municipal Public Accounts Committee and also seek approval.

Background

The Municipal Public Accounts Committee is established in terms of section 33 and 79 of the Municipal Structures Act, 117 of 1998. The Municipal Public Accounts Committee operates or discharge its responsibilities guided by Terms of Reference approved by Council.

The Municipal Public Accounts Committee in its meeting that took place on Monday the 26TH June 2017 reviewed and adopted the Terms of Reference that was approved by Council on the 29th November 2011, and resolved to table them for Council's consideration.

Discussion

The Municipal Public Accounts committee discovered during the review of the Terms of Reference that the following reports which as per the Council resolution no A40, approved by Council on the 29th November 2011 are to be referred to the committee before being approved by Council are not referred to the committee. The reports are:

- Risk Assessments Reports
- Minutes of the Audit Committee

- Supply Chain Management Reports including deviation reports
- Municipal Manager's Report on Implementation of Council Resolutions.
- Management / Engagement Letter: Council

The committee is only being referred Service Delivery and Budget Implementation Plan (SDBIP) quarterly, which are always tabled late in Council which ultimately means that they will be referred to the committee late. Also referred to the committee is the Annual report, Unauthorized, Irregular, Fruitless and wasteful expenditure.

Also in the discussion the committee discovered that the oversight tools that will ensure that the oversight by the committee is conducted efficiently and effectively are not being provided.

RECOMMENDATIONS

- a) That Council approve the reviewed Terms of Reference of the Municipal Public Accounts Committee.
- b) That all documents and reports as per the Terms of Reference be referred to the Municipal Public Accounts Committee as and when they are noted by Council.

FOR CONSIDERATION.



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
TERMS OF REFERENCE**

TABLE OF CONTENTS

1. INTRODUCTION.....	
2. BACKGROUND.....	
3. INSTITUTIONAL CONTEXT AND FUNCTIONS OF THE MPAC.....	
4. COMPOSITION AND MEMBERSHIP.....	
5. CHAIRING OF MPAC.....	
6. MEETING SCHEDULE/WORK PROGRAMME.....	
7. REPORTING.....	
8. MONITORING BY MPAC.....	

1. INTRODUCTION

Given the processes required by the council to effectively undertake its oversight role, the establishment of a Municipal Public Accounts Committee (MPAC) will provide the appropriate mechanism in which council could fulfil its oversight responsibilities.

The purpose of the MPAC is to serve as an oversight committee that exercise oversight over the executive obligations of council. The MPAC will assist council to hold the executive to account, and to ensure the efficient and effective use of municipal resources. By so doing, the MPAC will help to increase council and public awareness of the financial and performance issues of the municipality.

The Municipal Finance Management Act, Act 56 of 2003 (MFMA) assigns specific oversight responsibilities to council in regards to the Annual Report and the preparation of an Oversight Report.

2. BACKGROUND

Council has established the 2nd Municipal Public Accounts Committee of the Greater Tzaneen Municipality on the 17 August 2016, after the 03rd August 2016 Local government elections. The committee was operating using the Terms of Reference that was approved by council on the 29th November 2011. The committee discovered when perusing the Terms of reference that there was a need for review as some of the reports that were supposed to be referred to the committee was not being referred. Also the issue of tools of trade did not cover all that was needed for the committee to be able to execute its responsibilities efficiently.

3. INSTITUTIONAL CONTEXT AND TERMS OF REFERENCE OF MPAC

3.1 INSTITUTIONAL CONTEXT

The MPAC is established in terms of section 33 and 79 of the Municipal Structure Act and performs an oversight function on behalf of council.

The committee can request the support of both the internal and external auditors, Internal Risk Management Unit (advisory) when necessary. It should be noted that the standard rules for the council apply to the MPAC. The committee will have permanent referral of reports or documents relating to:

- (i) In-year reports of the municipality;
- (ii) Financial statements of the municipality as part of the committee's oversight process;
- (iii) Audit opinion, other reports and recommendations from the Audit Committee;
- (iv) Information relating to compliance in terms of sections 128 and 133 of MFMA;
- (v) Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- (vi) Unauthorized, Irregular, Fruitless and Wasteful expenditures;
- (vii) Any other audit report from the municipality; and
- (viii) Performance information of the municipality.
- (ix) Risk Assessments Reports
- (x) Supply Chain Management Reports including deviations
- (xi) Management Engagement Letter: Council
- (xii) Audit committee Minutes, and
- (xiii) Any other report or documents that may be referred by Council to the committee

The Municipal Public Accounts Committee reports directly to Council through the Speaker of the municipality and interfaces with the committees of councils through the Speaker, where relevant.

3.2 FUNCTIONS OF MPACS

The primary functions of the Municipal Public Accounts Committee are as follows:

- (i) To evaluate and consider the content of the Annual Report, including the reviewing of information relating to past recommendations made on the Annual Report, in order to assist with the conclusion of matters that may not be finalized. This relates to current in-year reports, including the quarterly, mid-year and annual reports;
- (ii) To conduct project site visit.
- (iii) To invite, receive and consider inputs from stakeholders on the Annual Report;
- (iv) To consider written comments received on the Annual Report from the public consultation process;
- (v) To conduct public hearing(s) to allow the local communities or any organs of state to make representations on the Annual Report;
- (vi) To examine the financial statements and audit reports of the municipality, and in so doing, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- (vii) To make recommendations to council when adopting an oversight report on the Annual Report, taking into considerations the views and inputs of the public, representative(s) of the Auditor General, organ of states, Audit Committee and councilors;

- (viii) To promote good governance, transparency and accountability on the use of municipal resources;
- (ix) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- (x) To perform any other functions assigned to it through a resolution of council within its area of responsibility.

4. COMPOSITION OF MEMBERSHIP

The MPAC is a committee of council established under section 33 and 79 of the Municipal Structure Act and, similar to other committees of council should comprise solely of councilors appointed by resolution of a full council meeting. However, the committee may invite representatives of the community and co-opt members of the public who have expertise in relevant specific fields to assist and advise in the deliberations when the need arise. These representatives will have no voting rights as they are not elected councilors.

It be noted that councilors serving in the Municipal Public Accounts Committee must not serve in other committees of council to avoid conflict of interest. Also Councilors serving on MPAC should be appointed for a term which corresponds to the term of sitting council. When a councilor resigns or is transferred from the committee, the resignation must be in writing and council must appoint a replacement by resolution at the next scheduled full council meeting.

The names of councilors serving on MPAC will be published in the annual report.

5. CHAIRING OF MPAC

The Chairperson of the Municipal Public Accounts Committee is to appointed by

a council resolution and council must take into consideration the requirements of transparency, ethical behavior and general good governance prescripts.

In deciding on the chairperson, the council may consider appointing councilors from parties other than the majority party in council. In cases of Greater Tzaneen Municipality the chairperson of the MPAC (a section 79 committee) is a "full time" position. All the meetings of the committee will be chaired by the chairperson and when he is not available and there are matters to be considered he will then delegate any member of the committee to chair the meeting.

MEETING SCHEDULE/ ANNUAL WORK PROGRAMME

The Municipal Public Accounts Committee must develop its Annual work programme annually. The meetings of the MPAC should be included in the annual calendar of Council and the notice requirements should be similar to those of other committees of Council taking into consideration the timeframes in the MFMA for preparation and adoption of the Oversight Report on the Annual Report.

6. MONITORING BY MPAC

The committee shall develop a monitoring mechanism in line with the approved work programme to determine if actions have been taken to implement its recommendations.

The responses to reports are to be provided to the MPAC as soon as possible after the date of the resolution together with the recommendation to which they relate.

7. OVERSIGHT TOOLS AVAILABLE TO THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC).

For the effective oversight to take place, the following tools must be made available to the Municipal Public Accounts Committee.

- The Constitution of the Republic of South Africa, 1996
- Municipal Finance Management Act, the Municipal System's Act, Municipal Structure's Act and other related legislations.
- State of the Nation Address, State of the Province Address, State of the District Address and the State of the Municipal Address
- Questions from the public written and oral during the public participation on the Annual Report
- Debates in the Council and Budget Speech
- Matters from ward committees and CDW's.
- Committees reports on legislation and oversight
- Departmental strategic plans
- Departmental current and past Performance plans
- Annual reports including annual financial statements, statement of programme performance and human resource information.
- Performance contracts of senior managers
- Departments and agencies compliance with council resolutions
- Reports referred to MPAC by other committees for investigation
- Minutes of the Audit committee.
- Reports on Unauthorized, Irregular, Fruitless and wasteful expenditures.
- Reports on deviations on Supply chain Management Policy
- Reports on the implementation of Council Resolutions by the Municipal Manager.
- Personal Protective Equipment (PPE)

8. PUBLIC ACCOUNTS PROCESSES

- **Step 1:** Speaker refers Annual report/ AFS/ AG's Report and other above mentioned reports to MPAC
- **Step 2:** MPAC review documents
- **Step 3:** Obtain briefing by Auditor General (AG)
- **Step 4:** Develops preliminary questions;
- **Step 5:** Adopts preliminary questions and send to the Executive;
- **Step 6:** Receive responses to preliminary questions
- **Step 7:** Analysis responses & call a hearing
- **Step 8:** Convene a hearing for the Executive to account
- **Step 9:** Make findings, draft report, adopt report;
- **Step 10:** Report back to Speaker (table report to Council)
- **Step 11:** Council adopts report and send it as its resolution to Executive
- **Step 12:** Executive implements resolutions as adopted by Council
- **Step 13:** Call the Executive to provide progress report on the implementation of the relevant Council resolutions emanating from MPAC

9. CHARACTERISTICS OF A GOOD AND EFFECTIVE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

For any Municipal Public Accounts Committee to be effective, such a committee must effect the following characteristics:

- Clear powers and functions/ terms of reference/ scope;
- Clear area of competency;
- Non- partisan in nature, and it is not to be used to express party statements or settling scores;
- Committed to hold Executive and administration accountable;
- Councilors read documents/ reports in preparation for meetings

- Committee work is shared amongst councilors; that is the allocation of questions to be asked is shared amongst councilors;
- Exercise its powers consistently;
- Is the hand of council and remains accountable to the council through the Speaker;
- Guides administration on measures to avoid recurrence of problems or irregularities;
- Does not compromise non-compliance to legislation;
- Engages the Auditor- General (AG) on his/her reports where it does not understand prior to with those who must account;
- Protects the integrity of the Auditor General (AG) and the Municipality;
- Plan its work properly to allow those who must account time to prepare for meetings;
- Exercise its powers without fear or favour.