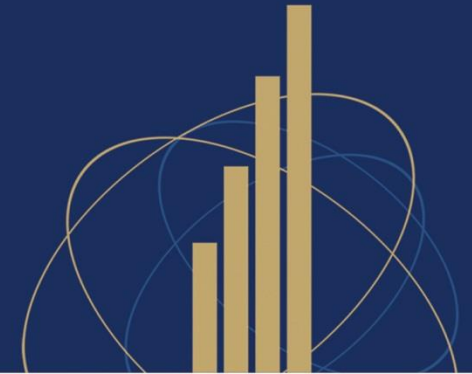




The role of MPAC in the preparation of Oversight Report

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- MPAC is a **nonexecutive committee** of Council appointed in accordance with Section 79A of the Structures Act.
- Section 79A(1) states that [a] municipal council **MUST** establish a committee called the **Municipal Public Accounts Committee (MPAC)**.
- Section 79A(2) states that [t]he mayor or executive mayor, deputy mayor or executive deputy mayor, any member of the executive committee, any member of the mayoral committee, speaker, whip **and municipal officials** are **NOT** allowed to be members of the municipal public accounts committee.

Oversight refers to the actions taken to review and monitor public sector organizations and their policies, plans, programs, and projects to ensure that they are:

- Are achieving expected results;
- Represent good value for money; *and*
- Are in compliance with applicable policies, laws, regulations, and ethical standards

Oversight Function



- “Oversight” refers to the **responsibility of “supervision”** by a Municipal Council of its own agenda, business or affairs
- “Oversight” falls **squarely on the shoulders** of Councillors
- Proper administration of “oversight” requires Councillors to be **“fully informed”** of their own agenda, business or affairs
- Good governance supported by **effective oversight** should lead to clean audit outcomes, which means:
 - *Financial statements must be free from material misstatements;*
 - *No material findings on the annual performance report; and*
 - *No material findings on non-compliance with key legislation*

FUNCTIONS OF MPAC



- ❑ According to **Section 79A (3)** of the Local Government: Municipal Structures Act (1998) as amended, the municipal council must determine the **functions of the MPAC**, which must include the following:
 - (a) *Review* the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
 - (b) *Review* internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
 - (c) **Initiate** and **develop the oversight report** on annual reports contemplated in section 129 of the Local Government: Municipal Finance Management Act;

FUNCTIONS OF MPAC



❑ **Section 79A (3)** of the Local Government: Municipal Structures Act (1998) as amended:

(d) Attend to and **make recommendations** to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this (MPAC) committee, **any** councillor and the municipal manager (*and other officials in the administration*); and

(e) On its own initiative, subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality. **(recoverability investigation)**

RESPONSIBILITY OF MPAC



- ❑ **MPAC, during its oversight process,** must ensure that all the components of the annual report as required by the legislation, regulations and circulars are included in terms of MFMA s121(3):
 - (a) Audited Annual Financial Statements and *Consolidated AFS, if required;*
 - (b) Signed Audit Report to the AFS;
 - (c) confirm if the Annual Report contains annual performance report in terms of s46 of the MSA;
 - (d) confirm if the annual report contains the Auditor-General's report on the municipalities performance report;
 - (e) Assessment by the accounting officer on any **arrears on municipal taxes and services charges**
 - (f) if the annual report contains an assessment of the performance against measurable performance objectives for **revenue collection** by the accounting officer

RESPONSIBILITY OF MPAC



- ❑ MFMA s121(3):
 - (g) annual report contains a response to the audit report on the AFS (AG Action Plan);
 - (j) annual report contains the recommendations of the audit committee;
- ❑ MSA s46(1):
 - (a) the performance report includes the current years performance and targets as well as the prior year, measures that were taken or are to be taken to improve performance, the development and service delivery priorities and performance targets set for the next financial year
- ❑ **NT Circular 63** should also be used in order to ensure that all appendixes required are included as well

RESPONSIBILITY OF MPAC



- ❑ MPAC, as an Oversight Committee, is required to **conduct public consultations**, in developing the Oversight Report, to allow all relevant stakeholders to submit their contributions on the Annual Report already made public in terms of s127(5) using website(s), libraries, newspapers etc.;
- ❑ It should be understood that this is a MPAC process done on behalf of the Council (s129(4), *not Mayor's*, which means it should be led and coordinated by MPAC assisted by officials;
- ❑ The importance of such consultation is to allow citizens within the boundaries of the municipality to have their voice about the affairs of the municipality as reported in the Annual Report;
- ❑ Input received from all stakeholders in the community, business, NGOs, Forums, Organizations (Youth/Women) must be taken into account and be reflected in the Oversight Report to be adopted by the Council by 31 March of each year.

Oversight reports on annual report



- ❑ In terms of Section 129(1) of the Local Government: MFMA: The Council of the Municipality must consider the annual report tabled in terms of Section 127...and **adopt an oversight report** containing the council's comments on the annual report, which **must include** a statement whether the council-
 - (a) has approved the annual report with or without reservations;
 - (b) Has rejected the annual report; or
 - (c) has referred the annual report back for revision of those components that can be revised.

Oversight reports on annual reports

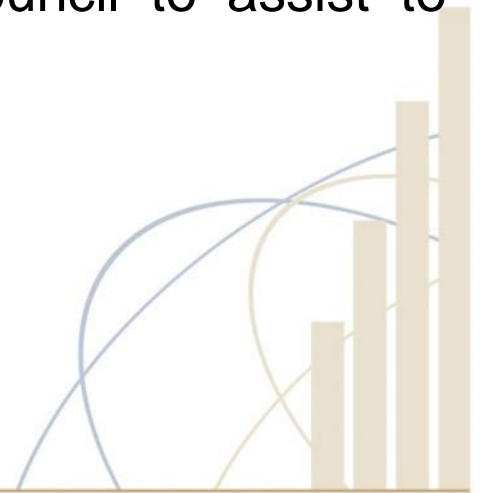


- ❑ **In terms of Section 129(2) of the MFMA: The Accounting Officer of the Municipality must:-**
 - (a) attend the Council and the Council Committee (MPAC) Meetings** where the annual report is discussed, for the purpose of responding to questions concerning the report; and
 - (b) submit copies of the minutes of those meetings to the Auditor-General, The relevant **provincial treasury** and the **provincial department responsible for local government in the province (CoGTA)**;**
- ❑ **In terms of Section 129(3) of the MFMA: The accounting officer must in accordance with section 21A of the Municipal Systems Act **make public an oversight report** referred to in subsection (1) **within seven (7) days of its adoption****

Oversight reports on annual reports



- ❑ **In terms of Section 129(4) of the Local Government: MFMA: The National Treasury *may issue* guidelines on-**
 - (a) the manner in which municipal councils should consider annual reports and **conduct public hearings**; and
 - (b) the **functioning** and **composition of any public accounts** or **oversight committees** established by the council to assist to consider an annual report



Submissions to provincial legislatures



Section 132 of the MFMA provides the following:

(1) The following documents must be submitted to the provincial legislature:

(a) The **annual report of each municipality** and each municipal entity in the province, or if only components of an annual report were tabled in terms of section 127(3),

(b) all **oversight reports on those annual reports adopted** in terms of section 129(1).

(2) The accounting officer of a municipality must submit the documents referred to in subsection (1)(a) and (b) to the provincial legislature **within seven days after the municipal council has adopted** the relevant oversight report in terms of section 129(1).

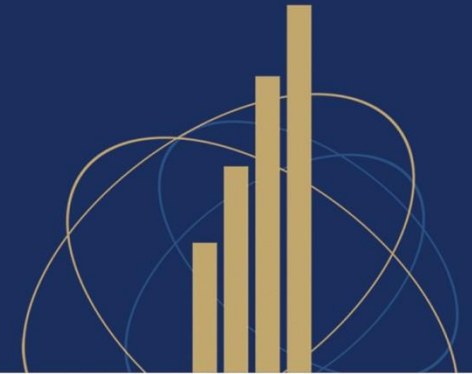
(3) The MEC for local government in a province must monitor whether municipalities in the province comply with subsection (2).

Points to take home

- Oversight Report is legislated therefore it is a requirement that it is developed by the municipality to comply with MFMA;
- The importance of this report should not be undermined as it provides an opportunity to the stakeholders to contribute in the governance of the municipality they voted for;
- Municipalities are urged to provide adequate support to its MPAC, as an Oversight Committee, to discharge its responsibility to compile the Oversight Report;
- MPAC, acting on behalf of the Council to hold public consultations, is responsible for the Oversight Report processes; and
- The Mayor's role in this process is to address the public during consultation(s).



Q & A



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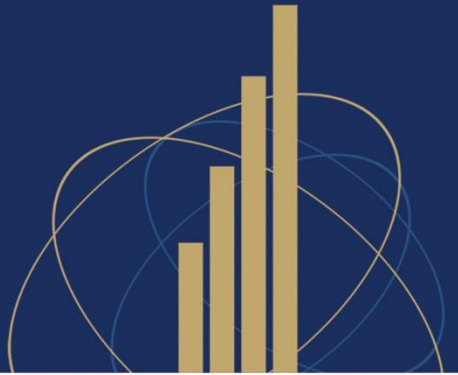


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Thank You!



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