

# MASTER CLASS

*Strengthening oversight and governance of Public Sector for councilors and public officials*

CIGFARO: AUDIT, RISK AND PERFORMANCE INDABA

PRESENTED BY:

**Chief Directorate: MFMA  
Implementation**

**Title:**  
*Intergovernmental  
Relations*

**Date: 20 April 2026**

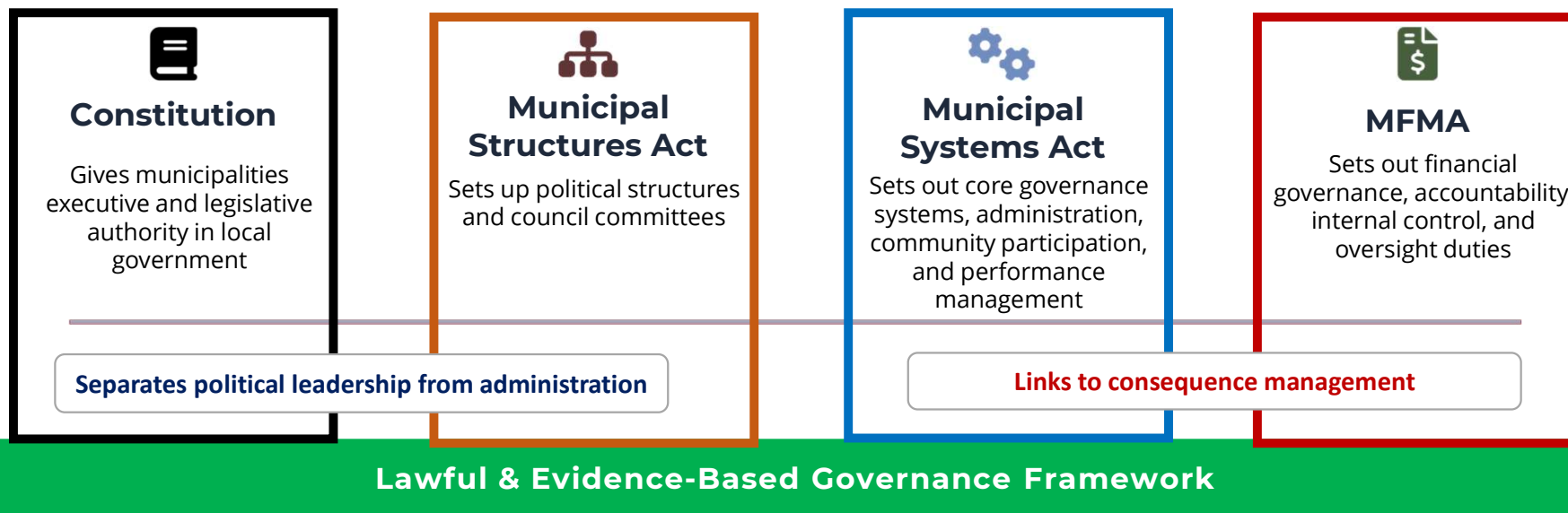


**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

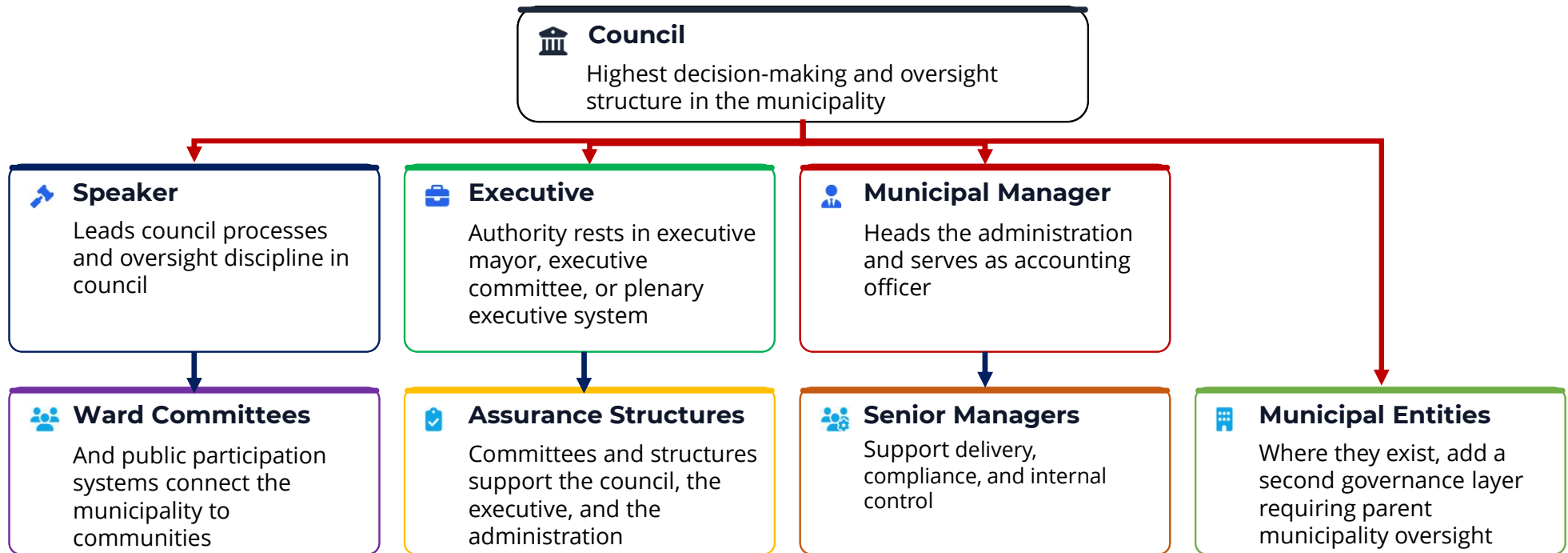


# Municipal and legal and governance foundation



- The governance system of a municipality rests on three linked laws.
- The Structures Act deals mainly with political structures.
- The Systems Act deals with administration, planning, public participation, and performance systems.
- The MFMA deals with financial governance, controls, reporting, and oversight.
- These laws must be read together, not in silos.**

# Municipal governance architecture overview



- A municipality works through linked political, administrative, and assurance structures.
- Good governance depends on clarity of roles, clear reporting lines, strong records, and timely action when problems arise.
- Weak governance usually starts when these lines become blurred.**

# Council, Mayor, Executive Mayor, Executive Committee, and Speaker

| ROLE                                 | KEY RESPONSIBILITIES & FUNCTIONS  |
|--------------------------------------|---|
| <b>Council</b>                       | Adopts by-laws, policies, the IDP, the budget, oversight reports, and key decisions                                       |
| <b>Mayor / Executive Mayor</b>       | Provides political leadership and drives priorities, budget oversight, and implementation monitoring                      |
| <b>Executive / Mayoral Committee</b> | May exercise executive authority (in specific systems) or supports the Executive Mayor. Must act within delegated powers. |
| <b>Speaker</b>                       | Presides over council and now has an express oversight duty over the executive authority                                  |
| <b>Councillors</b>                   | Focus on policy, oversight, and accountability, not day-to-day administration. Must follow lawful processes.              |



- The council governs.
- The executive leads implementation at a political level.
- The speaker protects the integrity of council and oversight.
- The 2021 amendment to the Structures Act made the speaker's oversight role more explicit, which is important for stronger legislative control inside municipalities.

# Council committees and committee systems

## Section 79 Committees

- Appointed from among councillors to assist council.
- **Common:** MPAC, rules or ethics, other oversight committees.



**COUNCIL**

## Section 80 Committees

- Assist the executive mayor or executive committee.
- **Common:** portfolio-style committees linked to executive functions.



**EXECUTIVE**

- The committee system must support focused review, preparation of matters, and oversight tracking.

- Committee mandates, powers, quorum rules, and reporting lines must be clear.
- Committees cannot replace council, executive, or administration.

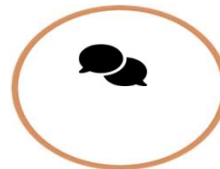
- A municipality may also have structures linked to appeals, ethics, or disciplinary matters where required.



- A strong committee system improves governance only when roles are clear.
- Section 79 committees mainly help council perform oversight and legislative work.
- Section 80 committees mainly support the executive in governance and political monitoring.
- Trouble starts when committees interfere with management or become inactive.**

## Ward committees, community participation, and public accountability

**Link to Council:** Ward committees are a key local link between communities and council.  
**Legal Mandate:** A metro or local council must establish a ward committee for each ward within the legal time frame.



Ward Committees

**Communication:** Ward committees promote communication, local issue raising, and community input.

**Central Role:** Ward councillors play a central role in connecting council to communities.



Communities

**Risk of Failure:** Weak ward systems often lead to poor trust, weak feedback, and avoidable service delivery conflict.



Ward Councillors

**Participatory Governance:** The Systems Act requires complementing formal representative government with participatory governance.

**Critical Input:** Public participation is critical in the IDP, budget, performance management, by-laws, and annual reporting cycle.



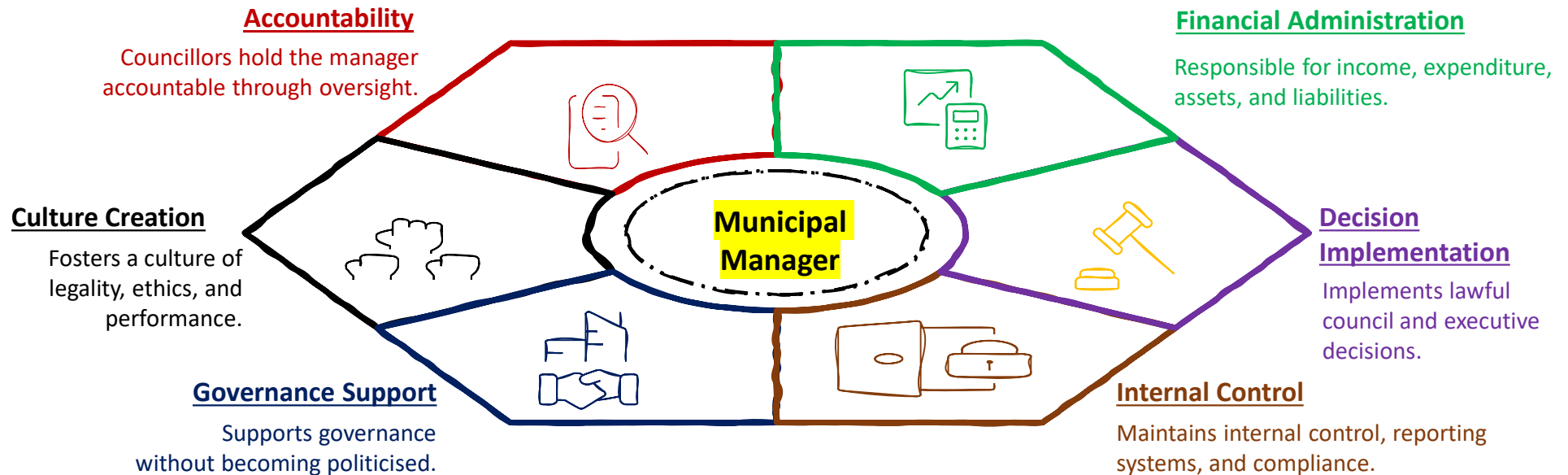
Council & Systems (IDP/Budget)

- Ward committees are not symbolic structures.
- They are meant to help councils hear communities early, not only after a crisis.
- Public participation under the Systems Act is part of lawful governance, **not a courtesy exercise.**
- Better ward systems usually improve planning, legitimacy, and oversight quality.**



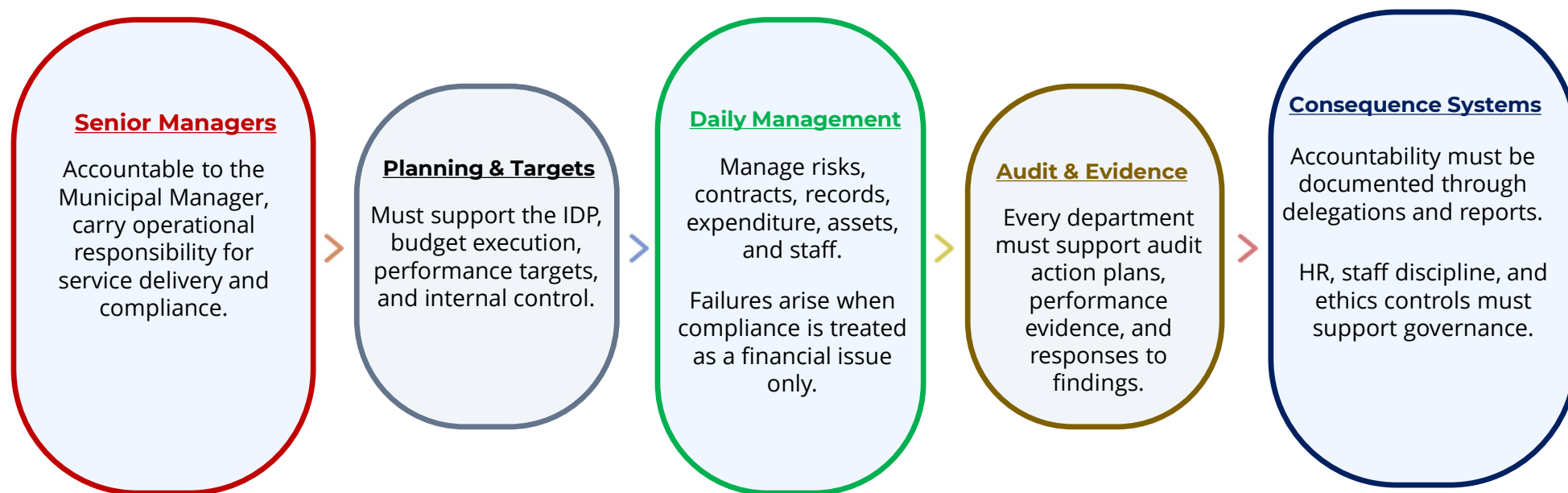
# Municipal Manager and the administration

## Municipal Manager's Responsibilities



- The Municipal Manager is the pivot between governance and administration.
- The office carries major statutory duties under both the Systems Act and the MFMA.
- Where the accounting officer is weak, most governance systems begin to fail, including controls, record-keeping, reporting, and consequence management.

# Senior managers and internal governance responsibilities



- Good governance is not done by the council alone or by the finance department alone.
- It depends on every senior manager understanding their role in controls, performance, records, and compliance.
- Weak governance often reflects weak line management, poor evidence, and weak follow-through across departments.**

# MFMA Governance and Financial Oversight



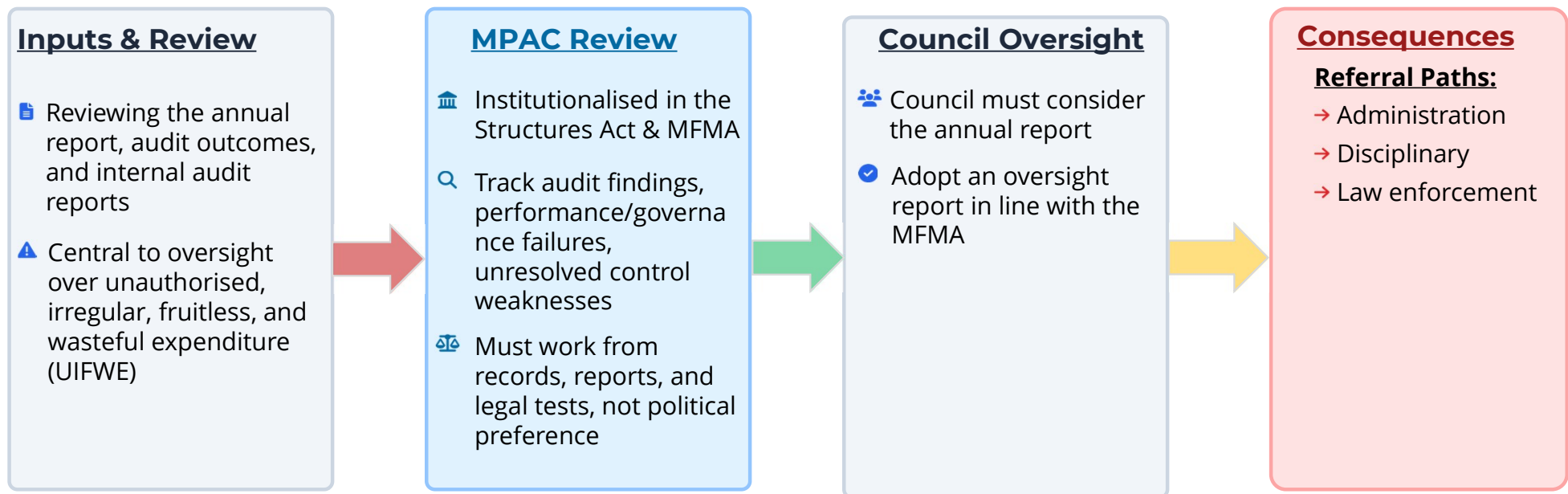
- The MFMA treats financial governance as a whole-of-institution issue.
- The Budget and Treasury Office is central, but good governance also depends on departments, bid committees, contract managers, and timely reporting to the executive and council.
- Weak financial governance often starts with weak basics such as records, reconciliations, delegations, and SCM discipline.**

# Internal assurance structures: Audit Committee, Internal Audit, Performance Audit Committee, and Risk Management



- These are assurance structures, not management substitutes.
- Internal Audit checks the system.
- The Audit Committee advises independently.
- Performance auditing checks whether the municipality's performance system and reports are credible.
- Risk management must be built into daily management, not left as a paper exercise.

# MPAC, annual report oversight, UIFWE oversight, and accountability mechanisms



- ❑ MPAC is one of the most important oversight structures in a municipality.
- ❑ It gives council a focused mechanism to test management explanations, review audit outcomes, and drive accountability.
- ❑ **It should be evidence-led, procedurally fair, and closely linked to council resolutions and follow-up action.**

# Municipal Entities & Parent Municipality Oversight



## Parent Municipality (Council)

- ✓ Must exercise oversight without taking over entity operational role
- ✓ Must designate a municipal representative to attend board/shareholder processes
- ✓ Governed through Chapter 8A (Systems Act) and Chapter 10 (MFMA)



Entity governance must align with parent strategic goals, controls & reporting

## Key Accountability Linkages



Service Delivery  
Agreements



Performance  
Reporting



Financial  
Accountability



## Municipal Entity (Board & CEO)

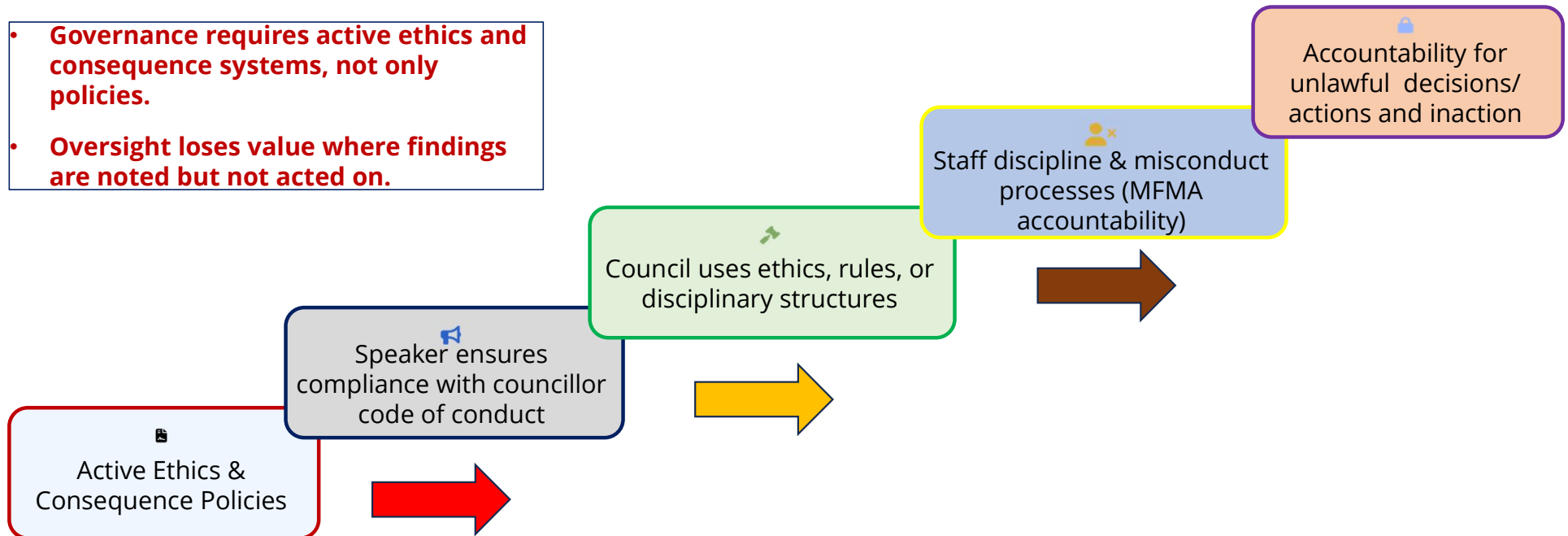
- > **Board of Directors** is the governance authority
- > Board appoints the **CEO**
- > CEO accountable to board for management
- > Audit, internal audit, and financial duties apply to entities



- ❑ Municipal entities require careful balance.
- ❑ The parent municipality must oversee them firmly, but cannot run them day to day.
- ❑ **Weak shareholder oversight, weak boards, or weak reporting from the entity can create major governance and financial risk for the municipality as a whole.**

# Ethics, conduct, discipline, and consequence management structures

- **Governance requires active ethics and consequence systems, not only policies.**
- **Oversight loses value where findings are noted but not acted on.**



- A municipality without consequence management sends the message that the law is optional.
- Ethical governance requires real follow-up on breaches by councillors, officials, and decision-makers.
- Committees, speakers, accounting officers, and councils must ensure that findings lead to action.**

# Common governance failures and practical strengthening measures

## ⚠ Common Governance Failures

- ✘ Council and committees do not meet or do not receive quality reports
- ✘ Political and administrative roles become blurred
- ✘ Audit action plans are weak or ignored
- ✘ MPAC, Audit Committee, or Internal Audit findings are not followed through
- ✘ Ward committees and participation systems become inactive
- ✘ SCM committees are poorly trained or poorly documented
- ✘ UIFWE matters are not investigated, processed, or resolved properly

## 🛡 Practical Strengthening Measures

### Governance can be strengthened through:

- ✓ clear terms of reference
- ✓ annual workplans
- ✓ training
- ✓ better records
- ✓ dashboard reporting
- ✓ tracked council resolutions



- Most governance failures are not caused by missing laws.
- It is caused by poor implementation, weak records, weak committee discipline, weak follow-up, and tolerance of non-compliance.
- Practical reform starts with active structures, clear reporting lines, a calendar of governance work, and consequences for inaction.

# Key takeaways and conclusion

**Good municipal governance depends on role clarity, lawful process, and disciplined follow-through**



**Council** must govern and oversee, not administer



**The administration** must implement lawfully and maintain strong controls



**Community structures** must help keep governance grounded in real service delivery needs



**Integrity, records, oversight, and consequence management are the backbone of effective local government**



**The executive** must lead politically, but remain accountable to council



**Assurance structures** must test the system and report frankly



**Municipal entities** must remain accountable to parent municipalities through lawful oversight



- The core lesson is simple.
- Municipal governance becomes effective when each structure does its own job, reports honestly, and acts when problems are found.
- Good governance is not one committee or one report.
- It is the daily discipline of lawful decision-making, oversight, record-keeping, and accountability across the whole municipality.**

# THANK YOU

**ngiyathokoza!**

**ro livhuwa!**

**dankie!**

**ke a leboga!**

**enkosi!**

**thank you!**

**udo livhuwa!**

**inkomu!**

**ke a leboha!**

**ngiyabonga!**

**siyabonqa!**