

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



2019/2020 MPAC ANNUAL WORK PROGRAMME

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1. INTRODUCTION

One of the strategic objectives of the Local Government Turnaround Strategy is to build clean, effective, efficient, responsive and accountable local government. While governance systems and structures are operational in municipalities, its quality and effectiveness is sometimes questionable.

The Local Government: Municipal Structures Act, 1998, provides that a municipality, taking into account the extent of its functions and powers, the need for delegation and the resources available, may establish committees. Clearly, a municipality has substantial discretion on how to structure its committee system. Importantly, the manner in which a municipality uses that discretion can have consequences for the capacity of the council to hold the executive to account, which directly affects the quality of the governance in the municipality and ultimately the sustainability of such a municipality. The important role of committees in assisting the Council (section 79 committees) and Executive Committee or Executive Mayor (section 80 committees) to perform their functions effectively should thus be clearly understood and utilized for that purpose, so as to ensure good governance in the municipality.

MPAC is responsible for playing the general oversight role over both the administration and executive arm of the municipality and it reports directly to council.

2. PROCEDURE AND RULES OF ORDER OF MPAC

- 2.1. MPAC is established by council by way of council resolution.
- 2.2. It is an oversight committee of council established in terms of section 79 of Municipal Systems Act to oversee Executive Committee of Council.
- 2.3. Its main function is to perform over executive committee functionaries and good governance, other as determined by council.
- 2.4. Meetings of MPAC to be open to the public.
- 2.5. MPAC reports directly to the municipal council, chairperson must liaise with the speaker for inclusion of reports in council agendas.
 - 2.5.1. Meetings to be held at least four (4) times a year.
- 2.6. Speaker to support MPAC by imposing code of conduct on members of executive not complying with instructions of MPAC.
- 2.7. Speaker to ensure MPAC reports are submitted to and properly debated in council meetings.

- 2.8. MPAC role and function is to interrogate governance aspects as listed in the terms of reference to raise matters of concern and make recommendations to the council.

3. FUNCTIONS OF MPAC

- 3.1. Primary functions of the Municipal Public Accounts Committees are as follows:

- 3.1.1. To consider and evaluate the content of annual report
- 3.1.2. To examine the financial statements and audit report
- 3.1.3. Evaluate the extent to which the Audit Committee 's and Auditor General 's recommendations have been implemented;
- 3.1.4. To promote good governance, transparency and accountability.
- 3.1.5. To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or Audit Committee.

- 3.2. The committee shall have permanent referral of documents as they become available relating to:

- 3.2.1. In-year reports of the municipality and municipal entities.
- 3.2.2. Financial statements of the municipality and entities.
- 3.2.3. Audit opinion, other reports and recommendations from the Audit Committee;
- 3.2.4. Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- 3.2.5. Any 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;
- 3.2.6. Performance information of the municipality and municipal entities.

4. TERMS OF REFERENCE OF MPAC

4.1. Interrogate the following financial aspects dealt with in the MFMA

- 4.1.1. Unforeseen and unavoidable expenditure (29)
- 4.1.2. Adjustment budget
- 4.1.3. Unauthorized, irregular or fruitless expenditure (32)
- 4.1.4. Certification, recovery, writing off of expenditure
- 4.1.5. Criminal and civil action instituted
- 4.1.6. Quarterly report by the mayor on the implementation of the budget / SDBIP (52(d))

- 4.1.7. Recommendations on adjustments and other matters.
- 4.1.8. Monthly budget statements (71)
- 4.1.9. Recommendations on report
- 4.1.10. Mid-year budget and performing assessment (72)
- 4.1.11. Mid- year budget and performance assessment of municipal entities (88)
- 4.1.12. Disclosure concerning councilors, directors and officials (124)
- 4.1.13. Salaries, allowances and benefits of political office bearers and councilors.
- 4.1.14. Salaries, allowances and benefits of MM, CFO and senior managers
- 4.1.15. Salaries, allowances and benefits of board of directors of municipal entities.
- 4.1.16. Salaries, allowances and benefits of Accounting Officer and senior managers of municipal entities.
- 4.1.17. Submission and auditing of annual financial statements (126)
- 4.1.18. Monitor preparations and submission of annual financial statement that has been prepared and submitted.
- 4.1.19. Submission of the annual report (127)
- 4.1.20. Oversight report (129)
- 4.1.21. Prepare draft report
- 4.1.22. Consider all representations made to the council
- 4.1.23. Members of public allowed addressing the committee.
- 4.1.24. Issues raised by the A-G (131)
- 4.1.25. Ensure a fully functional audit committee is appointed (166)
- 4.1.26. Disciplinary action instituted in terms of the MFMA

4.2. Interrogate the following aspects dealt with in the systems Act:

- 4.2.1. Annual review of the IDP (34)
- 4.2.2. Performance management plan (39)
- 4.2.3. Monitoring that the annual budget is aligned with the IDP (Reg. 6)
- 4.2.4. Monitor that all declaration of interest forms are completed by councilors on an annual basis (54 read with schedule 1)
- 4.2.5. Disciplinary action instituted in terms of the code of conduct for officials.

5. DELEGATIONS TO THE MPAC

5.1. The authority to interrogate the documents relating to the under-mentioned matters and to make recommendations to the municipal council:

- 5.1.1. Unforeseen and unavoidable expenditure
- 5.1.2. Unauthorized, irregular or fruitless and wasteful expenditure
- 5.1.3. SDBIP
- 5.1.4. Monthly budget statements
- 5.1.5. Mid-year budget and performance assessment
- 5.1.6. Mid-year budget and performance assessments of municipal entities
- 5.1.7. Disclosures concerning councilors, directors and officials
- 5.1.8. Annual financial statements
- 5.1.9. Annual report
- 5.1.10. Issues raised by the A-G in the audit reports
- 5.1.11. The appointment of the audit committee
- 5.1.12. The annual review of the IDP
- 5.1.13. Performance management plan
- 5.1.14. The draft annual budget with reference to approved IDP
- 5.1.15. Declaration of interest forms submitted by councilors
- 5.1.16. Disciplinary steps resulting from breach of the MFMA/Code of conduct
- 5.1.17. The authority to consider all presentations made by the community on the annual report and the authority to conduct interviews with members of the community to obtain input on the annual report, as well as the authority to prepare the draft oversight report over the annual report;
- 5.1.18. The authority to instruct any member of the executive ,the municipal manager or any other senior managers through the Municipal Manager to provide MPAC with copies of documents dealt with by the committee to provide explanations or to provide written explanation by a specific date;
- 5.1.19. The authority to instruct any member of the board, the Municipal Manager or any senior managers through the Municipal Manager of a municipal entity to provide the MPAC with copies of documents to be dealt with by the committee in terms of its terms of reference or the Executive committee or EXCO member: Head of Portfolio to appear before the committee to provide explanations or to provide written explanation by a specific date;

- 5.1.20. The authority to obtain legal, technical and other specialized assistance required to exercise its functions and duties within the framework and budget approved for the committee and subject to the supply chain management policy where applicable.

6. EXECUTIVE SUMMARY

6.1. Quarterly targeted activities are as follows:

- 6.1.1. Scrutinizing the monthly reports- (Section 71)
- 6.1.2. Scrutinizing quarterly and mid-year review reports and the financial and non-financial performance through in year reports.
- 6.1.3. Consideration of the Audit Committee reports
- 6.1.4. Tracking implementation of the resolutions of the council.
- 6.1.5. Input into the development and processing of by-laws and key municipal policies.
- 6.1.6. Review all matters referred to the committee by other council committees
- 6.1.7. When scrutinizing the annual report, assess that budget has been spent in accordance with SDBIP aligned to the priorities identified in the IDP document
- 6.1.8. Review and evaluate the report on supply chain management deviations.
- 6.1.9. Conducting planned and unplanned visits to departments.

6.2. First quarter targeted activities are as follows:

- 6.2.1. Consideration of the compliance requirements of the Annual Financial Statements and Performance Evaluation to the AG.

6.3. First and Second quarter targeted activities are as follows:

- 6.3.1. Annual review of the IDP and assessment of performance in relation to the budget
- 6.3.2. Comparison with the previous financial year performance with emphasis on issues and recommendations provided

6.4. Third quarter targeted activities are as follows:

- 6.4.1. Consider and evaluate the content of the annual report.
- 6.4.2. Comparison of the SDBIP and budget expenditure programs to the IDPs.
- 6.4.3. Developing a programme of public participation methods in the Annual report process as to how many wards they will visit and the dates thereof.
- 6.4.4. Prepare an oversight report of the annual report to be taken to council.

6.4.5. Ensure that annual report is adopted by council by the end of March.

6.5. Second to fourth quarter targeted activities are as follows:

6.5.1. Monitor the development and implementation audit action plan.

7. OVERSIGHT AND ACCOUNTABILITY TOOLS

7.1. Oversight tools includes amongst other:

- 7.1.1. Risk assessment report
- 7.1.2. Audit Committee report
- 7.1.3. Monthly financial statements
- 7.1.4. Quarterly reports
- 7.1.5. Annual reports
- 7.1.6. Auditor General report
- 7.1.7. Investigation report
- 7.1.8. Municipal manager's report on implementation of Municipal Council Resolutions
- 7.1.9. Audit Action plan
- 7.1.10. Bulk purchase/service report
- 7.1.11. MSCOA implementation report
- 7.1.12. Integrated Development Plan (IDP) (most direct tool to enforce accountability)
- 7.1.13. Public hearing (the power to summon the mayoral executive council to explain their actions or decisions)

8. DETAILED WORK PROGRAMME for 2019/2020

| Activity | Legislation and Guidance | Process Owner/Role Player | Timeframe |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------|
| Finalise 4 th quarter report of previous financial year | MFMA S52(d) | MM Assisted by other s56 managers & CFO | July |
| Submit draft previous financial year Annual Report and evidence to Internal and the Auditor General including annual financial statements and financial and non-financial information ¹ . | Submission of annual financial statements as per section 126(1) of the MFMA. Additional step, a draft Annual Report is prepared. Annual Performance report needs to be included as per section 46 of the MSA. | MM & CFO | |
| Municipal entities submit draft Annual Reports to MM. | | Entity AO & CEO | |
| Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit/Performance Committee. | Joint Committee assessing both financial and non-financial performance advances accountability and expedites corrective measures | MM & CFO | July/August |
| Combined Audit/Performance committee considers unaudited Annual Report of municipality and entities (where relevant). | | Audit and Performance Audit Committee | August |
| Mayor tables the unaudited Annual Report in Council. | | Mayor | |
| Municipality submits Annual Report including final annual financial statements and annual performance report to | The Annual Report submitted complies with the requirements of Section 121(3)(a-k). Information on pre-determined objectives to be included. Note that it is unaudited and will not include any of the Auditor-Generals reports as | CFO | |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------------------------------------------|
| Auditor-General for auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into. | the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated Unaudited Annual Report by September) | | |
| Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities. Unaudited Annual Report as submitted to Auditor-General to be used as input into the IDP strategic phase process and community verification & input by MPAC on reported performance. Such information includes that of various entities incorporated into the information of the parent entity. | If the above process is followed, the unaudited Annual Report can add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached. | Council | August |
| Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the municipality / municipal entity. | Section 126(3)(b) require the Auditor- General to submit an audit report within three months after receipt of statements from the municipality. | Auditor-General | November for municipalities without entities & December for municipalities with entities |
| oversight report process for adoption to be used as input into public participating meetings for the IDP review process. | Section 127,128,129 and 130 | Council | September November |

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------|
| The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed | Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year. Section 75 for publication on website. | MM | November/December |
| Mayor tables audited Annual Report and financial statements to Council | | Mayor | |
| Audited Annual Report is made public, e.g. posted on municipality's website. | | IT Director Accounting officer | |
| Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December. | | Oversight Committee | |
| Council adopts Oversight report. | The entire process, including oversight reporting and submission to provincial legislators is completed in December and not in March the following year. | Council | December |
| Oversight report is made public. | | MM | |
| Oversight report is submitted to Legislators, Treasuries and DCoG | | Mayor | |

9. REVIEW OF THE WORK PROGRAMME

The Committee shall review the programme annually and recommend to Council before the end of the financial year for approval.

10. RECOMMENDATION(S):

RECOMMENDED BY:

**CLLR MAKUNYANE J.
MPAC CHAIRPERSON**

DATE