

OVERSTRAND MUNICIPALITY

OVERSTRAND MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) CHARTER



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1. INTRODUCTION

The roles and responsibilities of Council should always be carried out with a clear distinction between oversight and interference in administration, as defined in the Local Government: Municipal Finance Management Act, 2003, Act No 56 of 2003 (MFMA), section 52(b) and 103 respectively as well as in the Code of Conduct for Councillors, defined in Schedule 1 of the Local Government: Municipal Systems Act, No 32 of 2000.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearings, and the functioning and composition of any public accounts or oversight committees established by the Council to assist it to consider an annual report.

Section 32(2)(b) of the MFMA further *inter alia* provides for the Municipality to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless, in the case of irregular or fruitless and wasteful expenditure, the expenditure is, after investigation by a Council Committee, certified by the Council as irrecoverable and written off by Council.

2. INSTITUTIONAL CONTEXT AND FUNCTIONS OF THE OVERSTRAND MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

2.1 *Institutional context*

The Municipal Public Accounts Committee (MPAC) is established in terms of sections 79 and 79A of the Local Government: Municipal Structures Act, No 117 of 1998 and performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or that of the Audit Committee.

MPAC may undertake and manage similar functions and responsibilities for the municipality, as undertaken by the Standing Committee on Public Accounts in the national and provincial legislature, except for certain powers regarding subpoena of individuals. In the case of irregular expenditure or any fruitless and wasteful expenditure incurred by the municipality, MPAC will have the right to call upon the accounting officer of the municipality or his/her delegatee to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer.

MPAC can request the support of both the internal and external auditors (advisory) when necessary. The standard rules for the Council apply to MPAC. The Committee shall have permanent referral of documents as they become available 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 recommendation from the Audit Committee;
- (iv) information relating to compliance in terms of sections 32, 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) any other audit report from the municipality; and
- (vii) performance information of the municipality.

The MPAC is not responsible for policy formulation. The MPAC reports directly to Council through the Speaker and interfaces with the other committees of Council through the Speaker, where relevant.

It is emphasised that the Audit Committee is an independent advisory body that advises Council, political office-bearers, the accounting officer and the management of the municipality on matters related to internal control, internal audits, risk management accounting policies and adequacy reliability and accuracy of financial reporting and information, performance management, effective governance compliance with the MFMA and the Division of Revenue Act.

2.2 Functions of MPACs

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

- (i) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- (ii) In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports;
- (iii) To examine the financial statements and audit reports of the municipality, and in doing so, 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;
- (iv) To promote good governance, transparency and accountability on the use of municipal resources;

- (v) 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
- (vi) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

2.3 Administrative Support by Council

In order for the MPAC to be effective in executing its functions, MPAC is supported by officials to co-ordinate and undertake research activities as required by the committee work programme and to render a secretarial service.

3. COMPOSITION AND MEMBERSHIP

- 3.1 The MPAC comprises of five (5) Councillors excluding any Councillor who is serving as Executive Mayor or Deputy Executive Mayor, Speaker or a member of the Mayoral Committee.
- 3.2 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 arises. These representatives will have no voting rights as they are not elected Councillors.
- 3.3 Members of MPAC must represent various political affiliations.

Councillors serving on MPAC shall be appointed for a term which corresponds to the term of sitting Council. When a Councillor 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.

- 3.4 The names of Councillors serving on MPAC shall be published in the annual report.

4. CHAIRING OF MPAC

- 4.1 The Chairperson of the Committee is to be appointed by Council.
- 4.2 When appointing the Chairperson of the Committee, Council must take into consideration the requirements of transparency, ethical behaviour and general good governance prescripts.
- 4.3 In deciding on the Chairperson, the Council may consider appointing Councillors from parties other than the majority parties in Council.

5. MPAC WORK PROGRAMME

- 5.1 MPAC must develop its work programme annually and link such programmes to the overall planning cycle of council.

6. ATTENDANCE OF MEETINGS

- 6.1 Meetings must be held as may be necessary in accordance with the approved work programme. The meetings of MPAC must 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.
- 6.2 If otherwise, the notice of meetings shall be given at least 7 days prior to the meeting and agendas and relevant documents shall be delivered at least 7 days prior to meeting for preparation purposes.

7. REPORTING

- 7.1 The MPAC will report to Council on the activities of the committee; include a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the Committee and key resolutions taken.
- 7.2 The Committee must discuss and adopt its report for Council in accordance with the procedures for tabling matters in Council defined in the standing rules of Council.
- 7.3 The MPAC should report to full Council at least bi-annually and may bring items before Council as and when necessary.
- 7.4 The full Council must deliberate on the recommendations from the MPAC, at a meeting open to the public, and must reach finality in the shortest possible time.
- 7.5 Council must evaluate the performance of MPAC on an annual basis.

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