

**MUNICIPAL PUBLIC ACCOUNTS**

**COMMITTEE (MPAC) OVERSIGHT REPORT ON THE ANNUAL REPORT**

**2011/2012**

**1. INTRODUCTION**

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998 a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

During the 2009 Association of Public Accounts Committee (APAC) Conference a resolution was taken stating that the Conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level.

Thus in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The functions of the Municipal Public Accounts Committee (MPAC) are to:

1. Undertake a review and analysis of the Annual Report.
2. Invite, receive and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
3. Consider written comments received on the Annual Report from the public consultation process.
4. Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
5. Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of states, Council's Audit Committee and Councillors.
6. Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.

An MPAC Committee was established by Council resolution dated 16 February 2012 in terms of section 79 of the Municipal Structures Act, 117 of 1998. The Committee consists of:

Cllr E de Bruin (Chairperson)

Cllr M A Humphreys

Cllr P Louw

Cllr S Madekane

Cllr B Mpamba

The MPAC Committee met for the first time on 19 August 2013 and again on 9 September 2013 and 19 September 2013 to consider the 2011/12 Annual Report and to finalise the Oversight Report.

**2. DISCUSSIONS AND DECISIONS AT THESE MPAC MEETINGS**

These meetings were also attended by the Municipal Manager, Chief Financial Officer and the MFMA Advisor from National Treasury.

At the first meeting on 19 August 2013 the emphasis was placed on training the MPAC members on their roles and responsibilities as an MPAC and also training on the compilation of the Oversight Report for the 2011/12 financial year as this report was due in February 2013 already.

Once the training has been completed, the Oversight Report for 2011/12 was discussed in more detail. The meeting was informed by the Municipal Manager that the delay in finalising the Oversight Report was two-fold namely:

* Due to the political instability during the latter part of 2011 and also due to not having management staff, with the exception of the CFO (who was also acting MM) and an Acting Technical Manager, the 2011/12 Annual Financial Statements were approved by Council on 29 January 2013, Item 9, and the 2011/12 Annual Report approved on 29 January 2013, Item 8. The MPAC was only established by Council resolution on 16 February 2012 and the Oversight Report was never completed on time.
* The current Management Team has only been appointed at the end of the 2011/12 financial year and thus does not have the detailed knowledge required to have produced an accurate and detailed Annual Report.

These aspects were discussed in detail and it was decided to reconvene on 9 September 2013. The MM was requested to circulate the 2011/12 Annual Report to the MPAC members to enable them to start preparing for the Oversight Report.

During the 9 September 2013 meeting it was decided that, although the MPAC members fully appreciate the importance of the oversight role this committee has to play, the 2011/12 Oversight Report will have to be compiled as accurately as possible, but that the emphasis must at this stage be placed on the 2012/13 financial year. The meeting was assured that an Audit Action Plan was compiled and implemented by the CFO for the 2011/12 financial year and that this plan included all items raised by the Auditor General and that each item was allocated to a specific employee with a due date for completion. The CFO confirmed that all items as per the Audit Action Plan have been finalised prior to the completion of the 2012/13 Annual Financial Systems. This Audit Action Plan is attached for reference.

The MM also confirmed that the 2011/12 Annual Report was submitted to a Council meeting open to the public and that the report was published on the municipal website. Thus far no comments have been received from any individual or organisation. The meeting adjourned and a follow-up meeting was scheduled for 19 September to finalise the Oversight Report.

At the meeting held on 19 September 2013, the Oversight Report was approved and it was decided to recommend, in accordance with MFMA Section 129(1), as follows to the Council:

1. That cognisance is taken of the Oversight Report on the 2011/2012 Annual Report, as submitted by the Municipal Public Accounts Committee.
2. That Council, having fully considered the Annual Report of the municipality for the financial year 2011/2012, adopts the Oversight Report.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act, 56 of 2003.
4. That the corrective actions included in the Audit Action Plan attached be adopted as formal resolutions of Council and that feedback on actions taken by the municipality in this regard be included in the following year’s Oversight Report.
5. That the Oversight Report on Thembelihle’s Annual Report 2011/2012 be submitted to the provincial legislature in accordance with Section 132(2) of the Municipal Finance Management Act, 56 of 2003.