



TERMS OF REFERENCE FOR THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

23.06.2023

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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 7 of the Local Government: Municipal Structures Act, No 117 of 1998 (as amended).

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) 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 OVERBERG 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, unauthorised 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 delegate 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 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 which could not be finalised within six months.
- (vi) any other audit and or IDP and Budget 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:

- (a) 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;
- (b) 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;

- (c) 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;
- (d) To promote good governance, transparency and accountability on the use of municipal resources;
- (e) 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
- (f) 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, and being a Committee of Council, the Administrative Support Services section will assume the role of the secretariat to ensure that the MPAC is supported by officials to coordinate and undertake research activities as required by the committee work programme. The Internal Audit function will ensure that MPAC is supported as well as assist the MPAC in its functions with information and documents required within the approved audit plan.

3. COMPOSITION AND MEMBERSHIP

- 3.1 The MPAC comprises of three (3) Councillors and one external member, excluding any Councillor who is serving as Executive Mayor or Deputy Executive Mayor, Speaker or a member of the Mayoral Committee, any member of the mayoral committee, speaker, whip and municipal officials are not allowed to be members of the municipal public accounts 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.
- 3.3 These representatives will have no voting rights as they are not elected Councillors. Members of MPAC must represent various political affiliations.
- 3.4 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.
- 3.5 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 five (5) days prior to the meeting and agendas and relevant documents shall be delivered at least five (5) days prior to meeting for preparation purposes.

7. REPORTING

7.1 The MPAC will report to Council at least quarterly 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. The minutes of Committee meeting shall act as the report.

7.2 The MPAC may bring items before Council as and when necessary. 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.

7.3 Council must evaluate the performance of MPAC on an annual basis.

7.4 The Council must deliberate on the recommendations from the MPAC, at a meeting open to the public unless it is not reasonable to do so.

Council Approval

Approved by Council per Resolution Item A87 dated 23 June 2023.



R BOSMAN
MUNICIPAL MANAGER



EXTRACT FROM THE COUNCIL MINUTES HELD ON 23 JUNE 2023

Item A87. 23.06.2023

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) DRAFT TERMS OF REFERENCE

R Bosman : Municipal Manager

(Ref.: 4/2/2/10)

PURPOSE

To approve the draft Municipal Public Accounts Committee (MPAC) Terms of Reference.

BACKGROUND

Council is vested with the responsibility to oversee the performance of the Municipality, as required by the Constitution, the MFMA and the Municipal Systems Act. The nature of the MPAC'S work, as approved by Council, is that the MPAC is also tasked with the responsibilities as provided in section 32 of the MFMA.

Terms of Reference:

The committee must develop its Terms of Reference that should be adopted by Council, which will amongst other things address the following:

- a) Responsibilities
- b) Legal status
- c) Membership and period of membership
- d) Detailed reporting responsibilities
- e) Monitoring by the committee

The members of the MPAC Committee as approved by Council consist of the following Councillors:

- | | | |
|----|----------------------|-------------------|
| 1. | Cllr Cuan Elgin | VF+ (Chairperson) |
| 2. | Cllr Piet Stander | DA |
| 3. | Ald Ronald Brinkhuys | DA |
| 4. | Mr Anton Coetsee | (External Member) |

Secundi:	Cllr Yvonne van Tonder	DA
Secundi:	Ald Theo Olivier	ANC

LEGISLATIVE FRAMEWORK

- Constitution of the Republic of South Africa, 1996
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

ATTACHMENT

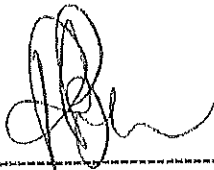
Draft Terms of Reference of the MPAC

The item served before the MPAC Meeting held on 13 June 2023, and recommended as follows to Council:

RESOLVED : (Proposed by Cllr H Coetzee and seconded by Ald Brinkhuys)

The draft Terms of Reference of the Municipal Public Accounts Committee (MPAC) is approved by Council.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 23 JUNE 2023 .



**R BOSMAN
MUNICIPAL MANAGER**