



Fezile Dabi

District Municipality

TERMS OF REFERENCE FOR THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

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FEZILE DABI DISTRICT MUNICIPALITY

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1. INTRODUCTION

In accordance with the provisions of Section 79 (1) (a) and (b) of the *Local government: 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 any such committee from among Councillors.

The Municipal Public Accounts Committee (MPAC) is established in accordance to S79A of *Local Government: Municipal Structures Amendment Act No.03 of 2021* and is a committee with rights to serves and exercise oversight over the executive obligations of the Municipal Council. The MPAC assists the Municipal Council with holding the Executive Management accountable, and to ensure the efficient and effective use of municipal resources. MPAC would further assist in increasing council and public awareness of the financial and performance matters of the municipality.

2. PURPOSE OF THE MPAC TERMS OF REFERENCE

- 2.1 In accordance with Section 79(2)(a) of the *Municipal Structures Act 1998*, a municipal council must determine the functions of a committee.
- 2.2 This Terms of Reference sets out the specific responsibilities delegated by the Council to the MPAC and spells out the manner in which the MPAC will operate as the Council's oversight committee.
- 2.3 The Terms of Reference are developed in terms of the S79A of *Local Government: Municipal Structures Amendment Act No.03 of 2021* and guidelines as developed by local government stakeholders

3. FUNCTIONS OF THE MUNICIPAL COUNCIL PERTAINING TO MPAC

- 3.1 To exercise oversight as delegated by Council at least four (04) times per annum
- 3.2 To promote transparency, public accountability and ensure good governance in the municipality as in terms of Section 53 and 59 of the *Local Government: Municipal Systems Act, Act 32 of 2000*.
- 3.3 MPAC members shall have the highest regard for the Code of Conduct for Councillors set out in *Schedule 1 of the Municipal Structures Amendment Act 03 of 2021* and shall at all times be committed to implementing the following values:
 - 3.3.1 Openness and transparency
 - 3.3.2 Honesty and integrity
 - 3.3.3 Tolerance and respect
 - 3.3.4 Equality and fairness
 - 3.3.5 Appreciation of cultural differences

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3.3.6 Sustainability of Stakeholder management as well as relations.

4. AUTHORITY AND POWERS AND FUNCTIONS OF MPAC

- 4.1 In terms of section 79 of the *Municipal Structures Act 1998*, the role of MPAC is to assist Council to effectively and efficiently exercise its functions and powers;
- 4.2 MPAC shall function as a committee of Council, and shall therefor adhere to the Council's Rules and Order as adopted or reviewed by Council;
- 4.3 MPAC will not perform any management functions or assume any management responsibilities
- 4.4 MPAC will make recommendations to management through the Council, resulting from activities carried out by the Committee in terms of its delegated authority

5. COMPOSITION AND TERM OF MPAC

- 5.1 The chairperson of the MPAC must be appointed by council in terms of Section 79 (2)(c) of the *Municipal Structures Act 1998*.
- 5.2 The MPAC will comprise solely of councillors appointed by resolution of a council meeting.
- 5.3 The chairperson of MPAC shall be elected by Council.
- 5.4 Councillors serving on MPAC will be appointed for a term as approved by the council.
- 5.5 Where the chairperson of the MPAC is absent from a specific meeting of MPAC, the members present must elect a chairperson from the members present to act as chairperson for that meeting.
- 5.6 In accordance with section 79(1) (c), of the *Municipal Structures Act 1998*, council may dissolve the MPAC at anytime.
- 5.7 In accordance with section 79(2) (e), of the *Municipal Structures Act 1998*, council may remove a member of the MPAC at any time.
- 5.8 Council authorises the MPAC in terms of Section 79 (2) (d) to co-opt advisory members who are not members of council but who possess special expertise or experience which will benefit the MPAC

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6. ROLES AND RESPONSIBILITIES OF THE MPAC

- 6.1 MPAC has no executive powers.
- 6.2 The oversight role of MPAC is to review the Fezile Dabi District Municipality's Annual Report and compile an Oversight Report with specific focus on the financial aspects as contained in the Auditor-General's Report on the Annual Financial Statements of the Municipality.
- 6.3 The Municipality's oversight report as envisaged in Section 129 of the *MFMA* is prepared for adoption by Council by following due process.

MPAC's due process entails -

- 6.3.1 the MPAC must consider the annual report and prepare a draft oversight report to be submitted to the council for purposes of adopting the oversight report;
 - 6.3.2 in preparing the draft oversight report, the MPAC must consider all representations in connection with the annual report received from the local community;
 - 6.3.3 consider and make recommendations on the report to Council regarding specific reports of the Auditor-General; and queries, comments and responses in respect thereof;
- 6.4 To review the External Audit Action Plan on quarterly basis to monitor the progress made on resolving the issues raised by the Auditor General.
- 6.5 Review the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council;
- 6.6 Review internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council;
- 6.7 To review the Quarterly reports submitted to Council by the Audit- and Performance Audit Committee.
- 6.8 To ensure that corrective action has been taken in respect of the comments and resolutions of MPAC during the oversight reporting process.
- 6.9 Investigating the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32(2) of the *MFMA*, including relevant Regulation as instructed by council.
- 6.10 Consider the Unforeseen and unavoidable expenditure in terms of Section 29 of the *MFMA* and check proof of the necessary appropriation in an adjustment budget and must make recommendations to the council.
- 6.11 Review the quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP prepared in terms of Section 52(d) of the *MFMA* and make recommendations to the council. MPAC must report any matter of concern regarding the report of the

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mayor to the council.

- 6.12 Review Monthly budget statements prepared in terms of Section 71 of the MFMA and report any matter of concern on the statement to the council.
- 6.13 Review the mid-year budget and performance assessment report prepared in terms of S72 of the MFMA and submit comments on the assessment to the council.
- 6.14 Monitor whether the Executive mayor initiate the annual review of the IDP
- 6.15 Monitor whether the annual performance plan is being prepared;
- 6.16 Review the draft annual budget and ensure that it is informed by the IDP adopted by the municipal council
- 6.17 Review proof of Submission of annual financial statements to the AG
- 6.18 Monitor whether all councillors have completed their declaration of interest forms and update it annually.
- 6.19 Promoting good governance, transparency and accountability on the use of municipal resources.
- 6.20 Attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager;

7. ATTENDANCE OF MPAC MEETINGS

- 7.1 Council's Rules and Order will apply in terms of the functionality of the MPAC.
- 7.2 MPAC needs to meet at least 4 times per annum, each such meeting to be held prior to the quarterly meeting of the municipal council (where applicable) or before the council meeting schedules for the month in which the MPAC will convene.
- 7.3 All Directors must attend all meetings of the MPAC.
- 7.4 A quorum shall be 50% plus one additional member.
- 7.5 All meetings of the MPAC shall be open to the public
- 7.6 Notice and agenda of a MPAC meeting shall be given at least 48 hours prior to the meeting as per standing rules and orders of Council.

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8. REPORTING AND ACCOUNTABILITY

- 8.1 The MPAC will report to council as and when required on the activities of the committee
- 8.2 The MPAC minutes and reports will be tabled to Council
- 8.3 Council should deliberate on the recommendations from the MPAC

9. ADMINISTRATIVE SUPPORT

- 9.1 In order for the MPAC to be effective in executing its functions, the Council must ensure that the MPAC is supported by officials to coordinate and undertake research activities as required by the committee work programme
- 9.2 Additional administrative support shall attend on an invite basis in accordance to the requirements of the committee

10. ANNUAL REVIEW APPROVAL, AMENDMENT, MODIFICATION OR VARIATION

- 10.1 These Terms of reference must be reviewed at a minimum annually or as warranted.
- 10.2 Amendments to the Terms of Reference are subject to approval by council and will apply from date of approval