

8.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC): OVERSIGHT REPORT ON THE ANNUAL REPORT FOR 2021/22 FINANCIAL YEAR.

(3/P)

Office of the Speaker

1. PURPOSE

To present before Council, MPAC oversight report on the Annual Report for 2021/22 Financial Year for approval.

2. INTRODUCTION

The Council's oversight function is one of the cornerstones of democracy and an indicator of good governance. Oversight is a key function of governance that is aimed at ensuring that activities are implemented as planned by providing strategic direction to principal recipients, ensuring policies and procedures are met, instituting financial controls (including independent audits), and following through with key recommendations. The oversight concept encompasses many aspects which include political, administrative, financial, ethical, legal and strategic elements. Therefore, the core function of oversight is to ensure that resources are used efficiently and effectively for the benefit of the society at large.

Legislatures exercise their oversight prerogative based upon the existence of a legal framework that guarantees their powers and independence within the political system. Oversight detects and prevents abuse, illegal and unconstitutional conduct by the executive authority and public agencies. At its core, the oversight function aims to protect the rights and liberty of citizens.

3. BACKGROUND

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as Circular No. 63 of the National Treasury the committee has been mandated to perform oversight on public accounts of the municipality. The committee as the draft Annual Report for 2021/22 financial year was presented before the council; the expectation is that the committee will be hard at work in interrogating and engaging different stakeholders on how the municipality has performed.

The preparation of the draft oversight report, which attached herein as Annexure A, is guided by the framework and the committee's Terms of Reference. These documents serve as guidelines in outlining the work of the committee. And also in the process of concluding this exercise a new reporting template issued by the National Treasury has been of great assistant.

4. DISCUSSIONS

The Annual Report was tabled before Council on 31 January 2023 and after that process it was referred to MPAC for the Committee to play its oversight and submit the report after 60 days in terms of section 127/129 of the municipal finance management act. The committee will be expected to table the oversight report on the 29th of March 2023 as part of compliance.

Attached hereto find the list of the following Annexures in the separate package for 2021/22 financial year.

- Annexure A - Oversight Report
- Annexure B - Minutes of the meetings of the Municipal Public Accounts Committee
- Annexure C - Questions compiled for the Senior Management
- Annexure D - Sedibeng Senior Management Responses
- Annexure E - Auditor General Report

5. **FINANCIAL IMPLICATIONS**

None

6. **LEGAL AND CONSTITUTIONAL IMPLICATIONS**

- Constitution of the Republic of South Africa, 1996
- Local Government: Municipal Structures Act No. 117 of 1998
- Local Government: Municipal Systems Act No. 32 of 2000
- Local Government: Municipal Finance Management Act No. 56 of 2003

7. **ALIGNMENT TO COUNCIL STRATEGIES**

This report is aligned to the following strategies of the municipality:

- Effective management of Council Business
- Strengthening oversight and accountability

8. **CONCLUSION**

When conducting oversight, oversight bodies should uphold the principles of cooperative governance and intergovernmental relations. Organs of state must perform their functions in a manner that does not encroach on the terrain and functional integrity of governance in another organ of state. The Local Government government have evolved and grown tremendously since the inception of democracy. Oversight structures are continuously monitored and revised as we learn from best practice, including our own experience over the years of democracy. Public accountability and transparency are indispensable pillars of good governance which build public confidence.

9. **RECOMMENDATIONS**

It is therefore recommended

- 9.1 THAT the draft oversight report on 2021/2022 be hereby approved with the following reservations;
- 9.1.1 THAT the Executive Mayor monitor the Accounting Officer on the implementation of Mokhari investigation recommendations.
- 9.1.2 THAT the progress report be tabled into Council on the recoupment of money from the late Municipal Manager, Mafoko security company saga and Prince Mudau and Associates.

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- 9.1.3 THAT consequence management process be instituted against head of department of Licensing and head of Human Resources for failure to institute disciplinary process against Vanderbijlpark Licensing Department center employees who were suspended for three (3) months without being charged.
- 9.1.4 THAT the 2020 Council resolutions on the usage of internal legal services in recouping the money owed to the municipality by Mafoko security company, Prince Mudau and associates and the late Municipal Manager estate be rescinded.
- 9.1.5 THAT a quarterly report on fuel consumption by political offices be presented to Council as part of mitigating and tracking expenditure pattern.
- 9.1.6 THAT an investigation be done on employee/s who is employing EPWP outside the municipal approval.
- 9.1.7 THAT the Municipality adhere to Supply Chain Management policies and ensure that internal vetting takes place when awarding tenders and non-adherence to that consequence management must take place.
- 9.1.8 THOSE officials who are found having contravened supply chain management regulations be disciplined through consequence management policy.
- 9.1.9 THAT all grants received be utilized for intended purpose and failure to that disciplinary measures be instituted to the transgressors.
- 9.1.10 THAT all UIFW be investigated and report on the outcome be presented before Council for noting.
- 9.1.11 THAT the progress report on all the above mentioned recommendations be tabled to Council before the end of June 2023.