

10 October 2018

ITEM FOR SUBMISSION TO COUNCIL

PROGRESS REPORT ON THE FUNCTIONING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

1. PURPOSE

This report serves to provide an account of the functioning of the Municipal Public Accounts Committee.

2. THE STATUTORY MANDATE OF THE MPAC

The Municipal Public Accounts Committee is established in terms of Section 79 of the Municipal Structures Act, No. 117 of 1998 (as amended) as required by the Constitution of the Republic, the Municipal Finance Management Act 56 of 2003 and Municipal Systems Act 32 of 2000. The MPAC's mandate is to assist Council in executing its role of financial oversight over the municipal administration and executive arm of Council; and its entity.

Terms of Reference (TOR) have been adopted by Council to highlight the Committee's authority, roles and responsibilities as well as the requirements for its composition, guided by SALGA's circular on the composition of MPACs. As required, Council has approved an annual work plan that will guide the MPAC's daily operational schedule at a sitting held on 11 December 2016. The MPAC further has a role of performance monitoring to fulfil through the engagement of stakeholders such as the Auditor-General, Audit Committee and internal municipal administration in order to ensure that accountability and transparency is achieved.

3. MEETINGS AND ACTIVITIES

The meetings and activities of the MPAC that have taken place to date are reported as follows:

TYPE OF MEETING / ACTIVITY	DATE AND VENUE	PURPOSE
Working Session	08 March 2018	To deliberate on the 2016/17 Annual Report in consultation with the Auditor General
Working Session	09 March 2018	To examine the Annual Report and the Auditor General report on the financial statements:
Special Meeting	14 March 2018	To receive responses to questions emanating from the Annual Report from the City Manager and to consider the draft oversight report
Special Meeting	20 March 2018	Finalization of oversight report
Ordinary Meeting	07 June 2018	To consider mid-year reports of Mangaung Metro and Centlec
Site Visits	14 June 2018	Omega Old Age Home and Kwaggafontein (Zoo)

PUBLIC HEARINGS

In line with section 127 (5)(ii) the MPAC held public hearings over the period stipulated below where the community was given an opportunity to submit representations in connection with the annual report. The majority of submissions received were related to service delivery challenges, job creation, the escalating rate of crime, refurbishment of sports grounds and parks, and incomplete projects in wards.

DATE	VENUE	TARGETED WARDS	RESOLUTIONS
Friday, 16 February 2018	<u>Bloemfontein South</u> Clive Solomon Hall at 10h00	<ul style="list-style-type: none"> 8,16,17,45,46,47 	All inputs and comments were received, noted and minuted.

	Kagisanong Hall at 14h00	<ul style="list-style-type: none"> 1,2,3,4,5,6,7,9,10,11,12,13,14,15 	All inputs and comments were received, noted and minuted.
Tuesday, 20 February 2018	<u>Soutpan</u> Primary School at 14h00 Soutpan	<ul style="list-style-type: none"> 44 	All inputs and comments were received, noted and minuted.
Friday, 23 February 2018	<u>Botshabelo</u> H Hall at 10h00	<ul style="list-style-type: none"> 27,28,29,30,31 	All inputs and comments were received, noted and minuted.
	Samson Sefuthi Hall at 14h00	<ul style="list-style-type: none"> 32,33,35,36,37,38 	All inputs and comments were received, noted and minuted.
Thursday, 01 March 2018	<u>Bloemfontein South</u> Floreat Hall at 16h00	<ul style="list-style-type: none"> 18,19,20,21,22,23,24,25,26,48 	All inputs and comments were received, noted and minuted.
Wednesday, 13 March 2018	<u>Wepener</u> Wepener Community Hall at 16h00	<ul style="list-style-type: none"> 50 	All inputs and comments were received, noted and minuted.
Wednesday, 13 March 2018	<u>Thaba Nchu</u> Civic Centre at 10h00	<ul style="list-style-type: none"> 39,40,42,43,49 	MPAC members promised to come back in November with the responses from council.
	Sediti Secondary School at 14h00	<ul style="list-style-type: none"> 41 	MPAC members promised to come back in November with the responses from council.

4. **COUNCIL RESOLUTIONS OF THE MPAC**

The oversight report on the 2016/17 Annual Report was tabled and approved with amendments on Thursday, April 26, 2018 with the following MPAC resolutions:

- (a) Council adopt the oversight report together with the responses of the city manager on the 2016\17 annual report
- (b) In line with Section 129 (1) council approve the 2016\17 annual report with reservation
- (c) Council pass the following resolutions of MPAC:

i. Resolution 1\2018-Outstanding MPAC Resolutions

The resolutions of the MPAC 2015\16 oversight report that were passed by council were not implemented.

The accounting officer must provide the MPAC with reasons for not implementing the resolutions of the MPAC as passed by council within seven days after tabling this report.

ii. Resolution 2\2018-Audit Action Plan:

The accounting officer must provide the MPAC with the Municipality's audit action plan within seven working days of the tabling of this report.

iii. Resolution 3\2018-Risk Management Function

The auditor general has raised concern regarding the absence of a Risk Management Function for the 2015\16 and 2016\17 financial years. This creates a risk in that department, there is a lack of consequence management due to the municipalities lack of capacity to conduct investigations, therefore the filling of the vacant post of Chief Risk Officer must take priority and be finalized within 60 days of tabling this report.

iv. Resolution 4\2018-Consolidated Financial Statements

Note 17 states that the City defaulted on the payment of service providers by more than 90 days.

The accounting officer must provide a detailed report on this matter, which must include the names of the service providers affected and financial implications of such delays.

v. Resolution 5\2018-Claims Related to Unfair Dismissals

The municipality spent an amount of R4, 879, 817 on claims related to unfair dismissals, the accounting officer must provide a comprehensive report relating to all cases and claims related to this expenditure.

vi. Resolution 6\2018-Amalgamation of Naledi Local Municipality and Ikgomotseng\Soutpan

Note 40: the Mangaung Metropolitan Municipality acquired control of the Naledi local Municipality and Ikgomotseng\Soutpan Community as a result of the redetermination of boundaries by the Municipal Demarcation Board.

The accounting officer must ensure submit a register of all inherited assets and a comprehensive progress report on the transfer and placement of staff from the former Naledi Local Municipality to the Mangaung Metropolitan Organogram.

vii. Resolution 7\2018-Deduction of Monies Owed by Councilors and Officials\Employees

The accounting officer must ensure that arrangements are made with councilors and officials\employees for the debiting of outstanding monies owed in respect of rates and services on a monthly basis. A quarterly report must be submitted to the MPAC in this regard.

viii. Resolution 8\2018-2016\17 Annual Report

Risk management must investigate all targets not reached as documented in the annual report for the year under review and report to the MPAC within 60 days of tabling of this report.

ix. Resolution 9\2018-Unauthorized, Irregular, or Fruitless and Wasteful Expenditure

The report of the auditor general reflects a substantial cumulative increase in unauthorized, irregular or fruitless and wasteful expenditure.

The accounting officer must compile a separate action plan for the reduction and curbing of incurring these expenditures and submit to the MPAC within 30 days of the tabling of this report.

x. Resolution 10\2018-Performance Bonuses

The performance bonuses of section 56&57 management be revoked until further notice. The Accounting Officer must also provide the MPAC with the employment contracts of section 56 &57 managers within seven days of the tabling of this report.

xi. Resolution 11\2018-Cost Cutting Measures

The accounting officer should devise a plan that would ensure that the Mangaung Metro Municipality transitions into a paperless institution within the next financial year.

xii. Resolution 12\2018-Appointment of Centlec Chief Financial Officer

The accounting officer must ensure that a Chief Financial Officer for Centlec is appointed within 60 days of the tabling of this report.

xiii. Resolution 13\2018-Relocation of ICT Offices

The accounting officer must ensure that secure premises are acquired and that all necessary resources are in place to ensure the safety of all financial information systems and efficiency of the sub-directorate. This process must unfold within 60 days of the tabling of this report.

xiv. Resolution 14\2018-Skills Audit

A skills audit must be conducted for section 56 and 57 management within 90 days of the tabling of this report and outcomes thereof be reported to the MPAC.

xv. Resolution 15\2018-Financial Statements

The accounting officer must ensure that financial statements are submitted to the MPAC on a quarterly basis or upon request.

5. CHALLENGES

The following challenges have a bearing on the functioning of the MPAC

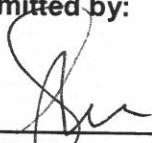
- Absence of a Chief Risk Officer in Mangaung Metropolitan Municipality to perform investigations related to the contravention of the MFMA
- MPAC members and support staff needs to be continuously capacitated in terms of training
- Poor implementation of Council resolutions
- There is a need for a support in terms of expertise in legal matters

6. RECOMMENDATIONS

It is therefore recommended that:

Council takes note of this progress report.

Submitted by:



Cllr M. Tladi

Chairperson: MPAC