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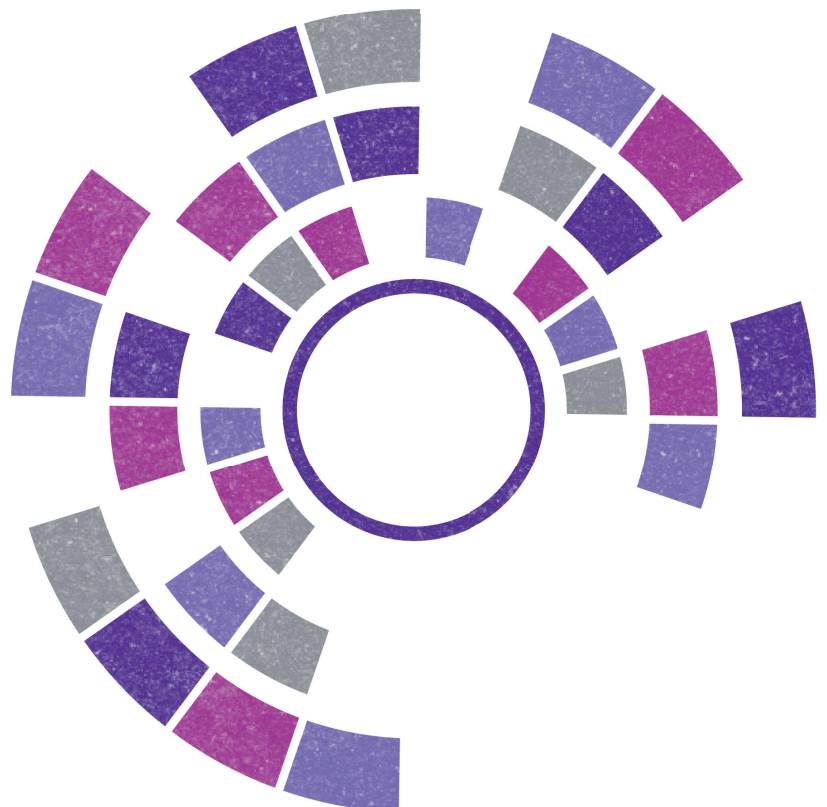
BY TERRY RAMABULANA, PARTNER AND HEAD: PUBLIC SECTOR ADVISORY, GRANT THORNTON JOHANNESBURG – OCTOBER 2014

In the public eye *Empowered MPACs could hold the key to unqualified municipal audits*

Intervention must happen to solve the ingrained challenges faced by Municipal Public Accounts Committees, also known as MPACs, throughout the country as they strive to achieve unqualified, or “clean” audits. These committees were created to be powerful institutions of accountability and oversight in public spending and should hold the key to better financial management.

This year so far, the Auditor General (AG), has reported more than R2bn in irregular expenditure by municipalities. A report by the AG, released earlier this year suggested some progress in achieving accurate and fair financial management at a municipal level had been achieved, with as many as 228 of the 319 auditees showing unchanged findings (as opposed to regressive findings) and 63 auditees showing improved findings.

At a two-day workshop which studied challenges faced by MPAC councillors earlier this month, Grant Thornton noted a list of obstacles that were hampering them from their task of improving financial oversight at their municipalities. The responses of some 100 delegates from various municipalities in the North West province can be viewed as a case study for what is happening across the country.



Hurdles to improved financial management

A distinct lack of technical financial insight is evident which can only be gained through experience, formal education or both. Most councillors are not political careerists but have been given an opportunity to govern as the voice of their communities.

More work is required for improvements to be exponential and maintained, and MPACs can certainly play a bigger role in achieving clean audits. Among the challenges faced by the MPACs is a lack of support and the requisite respect from municipal authorities. MPAC members also state that they are not sure of their roles and often seen as nothing more than a rubber stamp for the municipal officials.



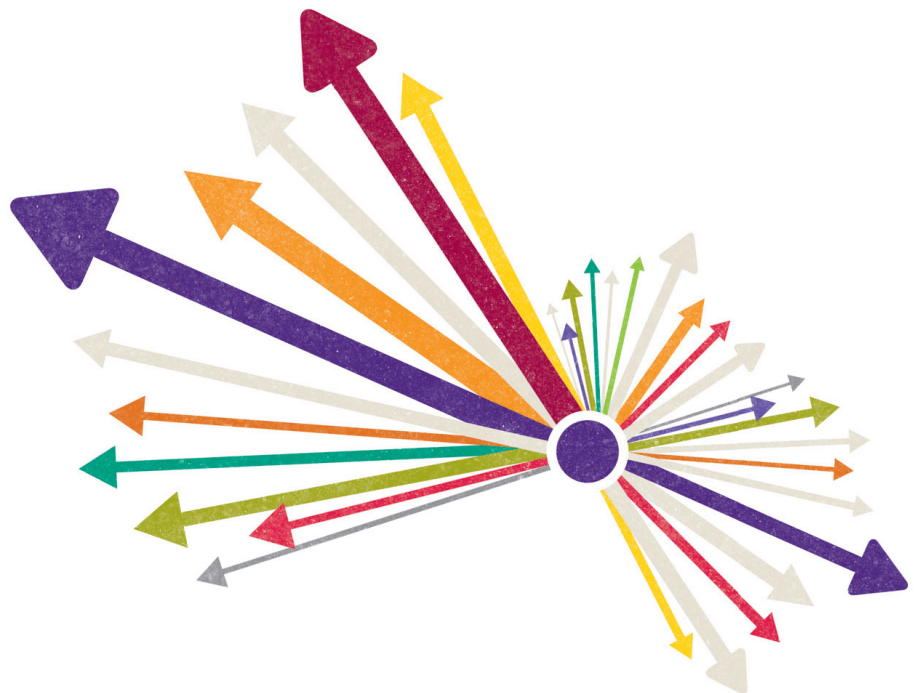
The councillors called for continuous and comprehensive training in order to understand the principles of project management.

Better-trained councillors would directly benefit the wards and communities they represented. For example if councillors understood the project management process they would be able to deliver oversight and accountability on the progress of every day issues. Councillors could report back to their communities and possibly assist in offsetting the rising levels of frustration felt by residents, frustration which often deteriorates into violent service delivery protests.

MPACs should ensure clean audits

MPACs must be advocates of good governance, and in consultation with audit committees, its members should be spearheading the clean audit drive on behalf of their municipalities. If the members of the MPACs can't then they are not fit to take office.


The Public Office Bearer's Act states that integrity is very important especially in leadership positions. Therefore MPAC chairpersons hold vital leadership roles within each committee to attain ethical objectives and ensure effective oversight. MPACs are tremendously powerful bodies and its members must realise that municipal executives, including the mayor, are accountable to it.



A coordinated plan is needed

In the bigger picture, MPACs cannot be successful alone and various stakeholders must share a common vision to see the MPACs excel. A more concerted and unified plan that includes SALGA; Treasury and CoGTA must work to empower the MPACs and ensure that they are taken seriously.

Despite the challenges, the MPACs' 2012 Practical Guide remains a powerful tool and those committees that are using it properly have realised impressive results. When MPACs were founded in 2012, the 2012 Practical Guide was founded alongside them. It was carefully developed and its tenets remain more prevalent than ever.



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The guide reads: “The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.”

The guide explains that MPACs play a very important role in how municipalities in general perform. The functionality of internal governance arrangements in a municipality is, to a large extent, determined by the effectiveness of its committee system and oversight in the municipality.

“Accountability and oversight can be most effective if recognised by those in power as promoting accountability and good governance, which in turn are there to enhance performance, effectiveness and efficiency of service delivery. Seen in this light the oversight function complements rather than hampers the effective delivery of services, which is the ultimate aim,” the guide states carefully.

Going forward, MPACs and shareholders must bear this in mind as they attempt to provide solid financial management and effective service delivery.

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