A Critical Review of the Municipal Public Accounts Committee and Financial Management at Amahlathi Municipality, South Africa

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ABSTRACT

Despite the existence of the MPAC within Amahlathi municipality, the municipality was placed under an administration which is a clear indication of the failure of the MPAC in executing its functions. This study assesses the challenges that confront Amahlathi municipality MPAC, leading to its failure to execute its mandate. A qualitative research and case study design were adopted for this study. An autopsy of secondary data was done through desktop research and analysed using the content analysis technique. The study revealed that lack of skills, lack of capacity, corruption, uncoordinated systems within the municipality and budgetary constraints impede the work of the municipality. The recommends that MPAC needs support to enhance its effectiveness and efficiency. Literature has shown that the South African government established an impressive legislative framework for local government, however, compliance with the requirements of the frameworks is lacking, particularly in relation to MPAC.

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1. Introduction

The performance of municipalities has come into the spotlight over the past decade. Recurring service delivery protests coupled with concerning audits by the auditor general have drawn the attention of both researchers and policymakers to what might be going wrong in local governance (Rulashe & Ijeoma, 2022). Failure by local municipalities to meet their financial obligations and to execute has seen some municipalities being placed under administration in line with 139 of the Constitution of the Republic of South Africa of 1996 (Hereinafter the Constitution). This is happening despite the existence of the Municipal Public Accounts Committee (MPAC) which is meant to ensure that there is efficiency and effectiveness within a municipality (Botes 2011; Motimele 2016). MPACs are established under section 79 of the Municipal Structures Act (Act 117 of 1998) to assist municipalities to execute their constitutional mandates effectively and efficiently. In line with the Municipal Systems Act of 1998 (Act 117 of 1998), MPAC has an obligation of executing an oversight function on behalf of the council. Despite the existence of MPACs in municipalities, the financial performance of some municipalities remains of great concern. Makhado (2016) has suggested that the role of MPACs is marred by several challenges that need to be addressed before their impact can be felt within municipalities. However, there has not been a comprehensive and context specific study to understand the challenges encountered by MPACs in executing their impact. A good example of a municipality that continues to experience financial and service delivery challenges despite the existence of MPAC is the Amahlathi Municipality. Amahlathi Municipality is thus, the specific focus of this study.

The Amahlathi municipality established its MPAC comprising of 6 members (five councillors and one traditional leader) to help the council to fulfil its mandate of overseeing the Executive and the Administration (Amahlathi Annual Report, 2018/19). The committee sits four times in a financial year but special meetings are convened whenever there is a need. The main reason for the establishment of this committee within the municipality is to execute an oversight function over the supervisory functionaries of the council and to promote good governance within the municipality. Regardless of this, the Amahlathi Municipality has been put under administration. This suggests that the MPAC has not been effective in executing its mandate. However, factors affecting the execution of the MPACs remain unclear. Amahlathi municipality has been placed under administration due
to its failure to meet if financial obligations such as failure to pay salaries and service providers (Amahlathi Annual Report, 2018/19). The above notion was supported by the Auditor General’s Report (2018/19) which revealed that in that financial year more than 34 per cent of municipalities were unable to pay salaries and other operating expenditures as their expenditures exceeded their incomes. The above is a cause for concern as it is evident that the MPAC is failing to execute its obligation. This investigation is thus triggered by the fact that despite the municipality’s investment in MPAC, in the year 2019 the Amahlathi Municipality was put under administration in terms of Section 139 of the South African Constitution. The study sought:

- to determine the challenges encountered by MPACs in delivering their mandate in municipalities.
- to recommend strategies for overcoming challenges encountered by the MPAC in executing its mandate.

2. Research Method

A qualitative research approach was followed in conducting this study. The qualitative approach involves the collection of non-numerical data with the aim of gaining more insights into the phenomenon being studied (Mahajan 2018). The rationale for choosing the qualitative research approach in this study was to enable a description of the effectiveness and efficiency of MPAC through an in-depth analysis of the phenomenon. The researchers also adopted a case CITIZENS (PRINCIPAL) LEGISLATURE (AGENT/PRINCIPAL) EXECUTIVE (AGENT/PRINCIPAL) BUREUCRACY (AGENT) study research design to study the effectiveness and efficiency of MPAC oversight on municipal financial performance. The case study design is a design that focuses on an in-depth analysis of a particular aspect of interest to the researcher, which can be a community, organisation or geographic area (Allan 2020). Amhlathi municipality is the subject of interest in this study. The study relied on secondary data sources such as government documents, journals, municipal reports, conference papers, books, newspapers, reports and publications of various organizations and reports prepared by research scholars. Unpublished data was sourced from unpublished scholars’ reports, dissertations, and government documents. Government documents considered for this study include the Constitution of the Republic of South Africa (1996), Municipal Structures Act (1998), Municipal Finance Management Act (2003), Amahlathi Municipality annual reports, Amahlathi Municipality annual performance plans, and Amahlathi Municipality IDPs among others. All of these provided secondary data to get insights into the factors that impact MPACs oversight of municipal financial performance.

Pope and Mays (2020) define data analysis as the systematic organization and integration of the collected information to look for patterns and relationships. In line with the qualitative approach, the study used a thematic analysis technique to draw meaning from the gathered data. According to Braun and Clarke (2022:4), thematic analysis refers to “a method for systematically identifying, organizing, and offering insight into patterns of meaning (themes) across a data set”. This study followed the five phases of thematic analysis developed by Braun and Clarke (2006) in analyzing the gathered data as illustrated in Figure 2 below.

Figure 2.2 Thematic analysis
Source: Braun & Clarke, 2018

In the context of this study, all the data gathered through secondary data collection was read through to find the meaning of the effectiveness of MPAC. The main aim of adopting the thematic analysis in this study was to enable the study to summarize and interpret the meanings of themes that emerge from analyzing data related to the effectiveness of MPAC oversight on municipal financial performance.

3. Discussion

Literature has mostly covered oversight by the legislature over the past two decades, cementing the important role of non-executive committees in municipalities. In particular, literature has revealed the role of MPAC as a key mechanism of oversight by elected non-executive authorities. Since the 19th century, Public Accounts Committees (PACs) have played a critical role as one of the key committees of legislatures throughout the Commonwealth and beyond (Uklala et al 2021:02). It has been pointed out that countries from outside the Commonwealth, such as Indonesia, have recently started adopting the PAC model as a good governance mechanism in their legislatures, because of its sound reputation (Dauda et al 2020).

Most of the scholars, who have written on the subject of oversight, and in particular on the PAC as an oversight or accountability mechanism, have done so within the context of national legislatures (Motsili 2017). It was in parliament, after all, that the imperative of oversight and the mechanism of the PAC was conceived. Nonetheless, literature has recently also appeared in relation to sub-national legislatures and their utilization of the PAC as an oversight mechanism. In Commonwealth countries with federal or semi-federal states or strong provincial structures, PACs exist as the primary financial oversight mechanism. For example, countries such as Canada, Australia, India and South Africa have all established PACs at the sub-national level (Motsili 2017). However, literature about non-executive oversight in the local sphere of government is very limited; it seems that oversight mechanisms similar
to the PAC within local government only started featuring at the turn of the 21st century.

The concept of an oversight mechanism in the local governance issues has become central from a global, regional and local perspective. However, little literature has explored the actual roles played by MPACs and the strategies that can be put in place to strengthen their work in ensuring efficient and effective use of public funds.

3.1. Overview of Municipality Public Accounts from a Global Perspective

Since its inception in 1861, when the first public accounts committee was established in the United Kingdom, this oversight mechanism has developed into a model for nonexecutive financial oversight and accountability at the national and provincial levels of government throughout the Commonwealth and beyond (Botes 2011; Rana and Hoque 2020). Thus the United Kingdom after realizing the importance of establishing the mechanism of oversight over the spending of public funds, the concept developed into a worldwide model, especially in the commonwealth countries where it becomes uncommon to find a legislature without some PAC. Indeed, PACs have been established outside the British Commonwealth (for example, in Indonesia, Thailand, Nepal, Kosovo, South Sudan, and Ethiopia), in various cases they are mandated to consider budget estimates (for example, in Barbados, Bhutan, Nepal, New Zealand, Samoa, and Vanuatu) (Pelizzo and Kinyondo 2014). The government of Canada also adopted and implemented oversight committees in almost all of its provinces. A new reform of the municipal act was also launched in 2002 in Canada as the New Community Charter. The New Community Charter was launched to promote efficient use of public resources, transparency and accountability. However, some challenges that are hindering effective performance measures and performance management systems in the Canadian local government were also documented (Siegel 2020). These include the failure of the government to involve citizens and elected officials, as well as staff, in the development and use of performance measures, and a focus on performance measures as ends rather than on implementing measurement as part of a holistic performance management system (Valverde and Moore 2019).

3.2. Overview of Municipal Public Accounts Committees in Africa

Several African countries have adopted the principle of oversight and accountability mechanism, but mostly in the Eastern and Southern African countries (Kinyondo and Pelizzo 2022). Indeed, nine of the eleven PACs in this region enjoy unconditional power to examine the accounts of government agencies outside the finance portfolio. Only those PACs from Tanzania and Uganda do not have this power (Kinyondo and Pelizzo 2018). Research findings indicated that in Uganda such agencies, along with statutory authorities and government-owned corporations, are not overseen by the PAC, but are supervised instead by the Committee on Statutory Enterprises and State Authorities (Kinyondo and Pelizzo 2018). Meanwhile, Swaziland enjoys this power with restrictions.

On the other hand, nine of the eleven PACs in the region have the power to examine the accounts of government-owned corporations, while the PAC from South Sudan and Uganda lack unconditional power to do so (Kinyondo and Pelizzo 2018). Notably, in Southern Africa, the PACs from Lesotho, Malawi, Namibia, South Africa, and Zambia have the power to examine the accounts of local government authorities, whereas the PACs from Botswana, South Sudan, Tanzania, and Uganda lack the unconditional power to oversee these bodies (Kinyondo and Pelizzo 2018). In essence, for the PAC to perform its duties it has to be given enough powers to do its work. Furthermore, the accounts of government service providers are scrutinized in Lesotho, Seychelles, South Africa, South Sudan, Swaziland, and Zambia but not in the rest of the region. Nearly all the PACs in the region reported not having the mandate to examine the accounts of government-funded nongovernmental organizations (NGOs). Indeed, while Malebo (2019) reports that the PAC in Lesotho lacks access to the government’s financial information, government departments in countries such as South Africa, Namibia, Tanzania, Uganda, Botswana, and Swaziland have been recorded to have declined to submit complete financial information to their respective PACs. This kind of government behaviour harms the effectiveness and efficiency of PACs.

3.3. Municipal Public Accounting Committees in South Africa

The government of South Africa utilizes the performance review reports of the Auditor General (AG) in exercising accountability and oversight on municipal financial management in terms of the Constitution of the Republic of South Africa, and consistently raises shortcomings in how they account for and respond to the reports (Khalo 2013). He further asserts that an absence of an oversight mechanism in the sphere of government results in sporadic mismanagement of funds, corruption and other unethical practices. However, despite the establishment of the MPACs in the RSA, the question remained are they effectively executing their duties of oversight and accountability over municipal finances?

The Auditor General’s 2013 report on the audit outcomes of local government promulgated that MPACs had been established, but they were not yet providing the level of assurance required to contribute to the credibility and reliability of financial and performance reports, compliance with legislation, and effective internal controls. The AG further asserts that MPACs are newly established and the structures, processes, skills and experience required to perform an effective oversight function are not yet in place. Despite efforts by the provincial public accounts committees and other
role-players to stabilize the membership of MPACs, some still experience a high turnover rate (Auditor General 2013). Rulashe and Ijeoma (2022) highlight that years later the Auditor General’s report of 2018/2019 reported a number of municipalities who have fallen short in accounting and delivering basic services to the communities as per their mandate. This is truly a worrying picture as MPAC was established to fight this social ill.

3.4. Challenges faced by Municipal Accounts Committee (MPACs)

Despite the establishment of MPAC and its importance towards efficient use of public funds and resources in local governance, several challenges hinder them from effectively executing their functions. These include but are not limited to capacity constraints, budgetary constraints, lack of power, exclusion of citizens, integrity over financial matters and partisan. Capacity constraints (inadequate support staff and incompetence) remained one of the major challenges faced by MPACs in their quest to perform oversight and accountability functions. Legislation advocates that the effectiveness and efficiency of the PACs are determined by the technical support they receive from the support staff. This requires comprehensive coordination between the support staff and the committee as the work is complex. Such work (for example, drafting of questions, logistic arrangement for hearing, drafting of resolutions and tracking the implementation of resolutions) requires that the PACs have enough support staff. Makhado et al. (2012) in a similar study in the Limpopo Province in the Republic of South Africa, found that most of the PACs are served by two support staff, which is not enough, considering the volume of work that needs to be processed.

Motimele (2016) in a similar study in Limpopo province of the RSA, found a lack of support staff for the MPACs as one of the issues that Municipalities are failing to address. Based on the above scholars, lack of support staff is one of the greatest challenges that adversely affect MPACs and requires to be addressed. Capacity constraints within the MPACs can be in the form of the incompetence of the workers. Incompetence can cover all aspects ranging from information technology, financial management and public administration. For the MPAC to fully execute its duties, competent and well-capacitated support staff, equipped with the financial as well as legal background, is needed (Pelizzo 2010, Pelizzo 2011, Kinyondo and Pelizzo 2022). Bothoko (2017) in another study in the North West Province of the RSA, discovered a lack of public involvement or participation through community meetings organized by the MPAC as another challenge encountered by MPAC, which a good relationship between the government and its citizens can improve.

Good governance involves public participation and has the potential to produce efficient, well functioning and sound public institutions. Consistent interaction between the government and the public will improve accountability and transparency. It is recommended therefore that MPACs should hold meetings with communities and provide them with information on the state of the municipality (Bothoko 2017). Section 16(1) of the Municipal Systems Act of 1998 (Act 117 of 1998) draws specific attention to the fact that municipalities should facilitate the participation of local communities in all processes that are related to the integrated development plans. The information provided to communities should include issues such as the medium-term budget, the annual report, the oversight report and municipal programs. Failure to involve the public in decision-making has been documented as one of the constraints affecting the function of MPAC in Canada (Valverde and Moore 2019).

Sibanda et al. (2020) further enunciate that budget constraints also adversely impact the functions of the MPACs as an oversight and accountability mechanism. Many PACs operate within a limited budget, which hinders the oversight work. The implications of a limited budget are limited training opportunities for the members of the support staff and also lack of budget means that few Members and support staff have to be elected or seconded to attend the training. Unlike in countries such as Australia, PACs in most developing countries do not have the power to impose fines for regulation transgression. Although the PACs are regarded as the watchdog for public funds, the media fraternity often indicates that PACs do not have teeth to bite those who steal taxpayer money. Moreover, lack of power also results in some of the resolutions not being implemented. For instance, it has been noted that PACs from Botswana, South Sudan, Tanzania, and Uganda lack the unconditional power to oversee the way public funds are being spent by office bearers within the municipalities (Kinyondo and Pelizzo 2018). In essence, for the PAC to perform its duties it has to be given enough powers to do its work. Evidence suggests that other decisions taken by the PACs are often influenced by political affiliation and factions, rendering partisan another drawback that affects the MPACs (Rice 2019). Political elites might occupy positions within the municipality where they will be answerable for the way public funds have been used. However, members of the MPACs may have little or no power to audit those with political muscle. Therefore, there is a need to empower the MPACs such that they can be able to sue anyone without being threatened and how.

3.5. Agency theory as a theory underpinning the study

Agency theory explains the existing relationship between the agent and the principal. The agent has to act in the best interest of the principal. Healed (2018) postulate that one entity can make a decision that has a great impact on another person. In this research, the Agency theory fits very well as it does explain the relationship that exists between the MPAC and the municipality. The municipality is the agent that has to execute its functions in the best interest of the community and the MPAC is delegated authority from the community to act as the agent as it oversees the
activities of the municipality as well as fostering accountability from the administration staff. The underlined fact is that when the municipality is performing its functions, the Municipal Public Account Committee oversees the activity and gives recommendations that are aimed at enhancing the activities of the municipality thereby pleasing the principal community.

The agency theory lays a foundation for the evaluation and monitoring of programs. Information regarding programs is made available to ensure transparency and accountability between citizens, the executive, and legislatures (Lukamba 2019). The legislature, therefore, ensures accountability through public participation and community involvement. The flow of accountability by principals to the agents is depicted in Figure 1. The aim is to ensure that reporting and furnishing of principals with relevant information is carried out.

As illustrated in Figure 1, the ultimate principals are the citizens and the ultimate agents are government officials or civil servants. Gailmard (2012) denoted that public accountability needs a specification of who is accountable to whom, which is a core ingredient of this theory. The executive and the legislature are equally both principal and agent which require transparency. Moreover, the executive must account to citizens through the electoral process and to the legislature which represents citizens, through a performance oversight function over the executive (Pelizzo and Stapenhurst 2012). However, at the very heart of the agency, lies the concern of self-interest behaviour that may encourage an overzealous agent to not act in the best interest of the principal (Burnham 1941). In the eyes of the principal, this divergence poses a problem and changes the agency costs (Fama 1980). This research, therefore, seeks to enhance the works of the agent (MPAC) in the Amahlathi Municipality in its oversight and accountability task to satisfy the principal community.

This section presents the findings of the study based on data collected from secondary sources of data. In addition, data was analyzed using thematic analysis to ascertain the frequent themes related to the challenges faced by MPAC in Amahlathi municipality in executing their mandates. The findings indicate that the challenges encountered by MPAC within ALM include corruption, lack of political will, lack of commitment, limited public participation, and inadequate capacity as discussed below.

3.6. Corruption

Corruption has been identified as one of the challenges that affect MPAC. The presence of corruption within the committee affects the fulfilment of their mandate to facilitate transparency, good governance, and accountability. Corruption within the MPAC thrives due to concealing proof of irregular and unauthorized expenditure. Kwazza (2017) argues that any unavoidable and unforeseen expenditure within the municipality should be reported to the MPAC together with proof of the necessary appropriation in an adjustment budget. It will then be the responsibility of the ALM MPAC to identify any irregular or wasteful expenditure and report it to the council.

The municipal manager reports any criminal activities to the MPAC which will do investigations. Faurie (2015) argues that weak public governance permits corruption to divert the public resources from the purpose for which they were allocated. This indicates that a weak MPAC allows corruption to thrive. Notably, the committee through the ALM has adopted an anti-corruption and fraud policy to curb corruption. The findings of this study concerning corruption are substantiated by other scholars who argue that the effectiveness and efficiency of MPAC are jeopardized by tolerance of corruption and other forms of improper behaviour (Pelizzo 2011; Motsilili 2017). However, corruption hinders the fulfilment of MPAC role as stipulated within the Agency theory. The MPAC will therefore be failing the community which is the principal.

The municipality erratically obtained plant equipment for road construction worth R92 million between 2014 and 2016, widely recognized as the yellow fleet contract, but the obtained infrastructure never arrived. In 2019 an investigation conducted by the Special Investigating Unit revealed the extent of maladministration, fraud, and corruption within the Amahlathi municipality (Glasser and Wright 2020). The amount of irregular expenditure in the municipality totalled R92 million. The district municipality, which is made up of six local municipalities, announced earlier this 2021 that it would be unable to pay the salaries of its 1 670 employees for the next four months (Mashiyi 2018). It conceded that it could not afford the R65 million monthly salary bill. The extent of corruption in the municipality has incapacitated the municipality to such an extent that the Eastern Cape government had to place the municipality under administration (Ngumbela 2021).

Amahlathi has a precedent of insufficient financial management, according to financial data published on Municipal Money, an internet effort by National Treasury. Amahlathi spent heavily on its overall budget
by 31% in the 2018/19 fiscal year (the most recent available on the site) (Kretzmann and Hendrik 2022). The operating budget is used to pay daily operating expenses which include salaries, and a 15% overspend is regarded as high risk. Simultaneously, the capital budget, which is used to fund new infrastructures such as housing, sewage, and water reticulation, was underinvested by 21%. Underfunding the capital budget by 15% is a “definite warning sign,” according to the National Treasury (ibid). There was no sufficient spending on repairs and maintenance, which exacerbated the effect on service delivery. Although the municipality only had enough cash to cover one week of operating costs in 2018/19, R62.3 million (32 per cent of its budget) was spent on frivolous and wasteful spending (ibid). As indicated by the Auditor General’s report, Amahlathi’s infrequent, ineffective, inefficient, and unsanctioned spending totalled R67.3 million in the 2019/2020 fiscal year. R4.3 million of this was paid in interest on bills that were not resolved within 30 days.

3.7. Lack of political will

From the data analysis, this study found that a lack of political will on the part of political leadership impedes the effectiveness of MPAC’s role. The ALM Annual Report (2019) states that political leaders form part of the ALM MPAC. Thus political leaders should support the initiatives of MPAC as they are part of the committee. However, there is limited involvement of these political leaders in as much as their responsibility within the MPAC is concerned. This finding is substantiated by the Auditor-General Consolidated Report (2013), and Niekerk and Dalton-Brits (2016) who found that the root cause of poor audit outcomes within South African municipalities can be attributed to the slow response of political leadership to embrace their roles and responsibility towards promoting accountability, oversight, and capacitating MPAC. In addition, ineffectiveness in accountability and governance issues within municipalities is a cause for concern. Since MPAC is responsible for promoting governance and accountability, lack of support affects their effectiveness, particularly support from political officials. Botlhoko (2017) concurs with the findings of this study and argues that politicians simply deliberately ignore and neglect their role within MPAC as well as disobeying the law yet no decisive action is taken against them. This calls for the need to encourage politicians and political office bearers to effectively take up their roles and responsibilities as members of MPAC. This will ensure good governance within the Amahlathi Local Municipality.

The lack of political will within the Amahlathi local municipality is evident in the failure to address corruption within the municipality. The findings from the ALM Annual report (2019) indicate that though political leaders are a crucial part of the ALM MPAC, there is restricted involvement of the political leaders, especially concerning responsibility and obligations. The role of MPAC in South African municipalities is to undertake oversight over the executive functionaries of the council and to cultivate good governance in the municipality. However, the nature of governance within the municipality reflects the lack of political will within the MPAC. The municipality has a history of irregular expenditure which has resulted in the municipality being placed under administration. In 2019, for instance, the amount of money held in the municipality’s bank account, its cash balance was reduced to R100 million in 2016, to a little more than R10 million in 2019. There have been also reports of the municipality underspending on its services and also for new infrastructures like housing, sewage and water reticulation which was underspent by 21%. The issues indicated that there is an absence of political will in the MPAC to play its role as an oversight institution. Most of these aspects especially the financial irregularities have been unfolding since 2014, there is a long precedent of financial misconduct which have been taking place despite the existence of the MPAC in the municipality. Even issues like service delivery are not prioritized within the municipality as evident by the municipality failing to properly budget for service delivery, it underspent by 21%, which indicates the absence of political will from the municipality’s MPAC.

3.8. Budget constraints

The lack of adequate budget allocations within most municipalities affects the activities of municipalities (Niekerk and Dalton-Brits 2016). This study identified budget constraints as a challenge encountered by the MPAC which is likely to affect the activities of the committee within the Amahlathi Local Municipality. The Amathlati Local Municipality like any other municipality in South Africa is operating on a constrained budget (ALM Annual Report 2019). This is substantiated by the findings of Niekerk and Dalton-Brits (2016) that municipalities have constrained budgets which affects the execution of duties by MPAC. Niekerk and Dalton Brits (2016) further argue that without proper budget allocations, the efforts of MPAC in the promotion of accountability, good governance, and transparency. In addition, literature has also indicated that budget constraints adversely affect MPAC functions as an oversight and accountability mechanism (Sibanda et al. 2020). Operating on a limited budget does not only affect the functions of the MPAC and fulfilment of its mandate, but it also has implications on other areas such as training opportunities.

3.9. Lack of commitment

The MPAC as a local government entity and an agent within the Agency theory should ensure that the needs of the principal (community) are met (Bouckova 2015). However, this study found that the MPAC members within the ALM lack commitment to their work. Lack of commitment manifests through absenteeism for MPAC meetings (ALM IDP 2015). This is a trend witnessed in many municipalities in South Africa, specifically for the MPAC. This affects the oversight mandate of the committee. A study conducted by Khaile (2018) showed that municipal council committees such as MPAC
display little interest in the work of the committee. Khaile (2018) found that there is high absenteeism at the MPAC meetings, and on several occasions, the committee fails to meet because it fails to constitute a quorum. In addition, besides failure to attend scheduled meetings, a lack of commitment on the part of the members of the MPAC is evident through failure to make follow-ups on submitted reports. Furthermore, the committee also lacks commitment regarding investigations of suspected fraud and corruption cases. A study conducted within the North West province by Bothhoko (2017) has also found a lack of commitment as a challenge. Bothhoko (2017) asserts that allegations of fraud and corruption within the municipality are not investigated with the MPAC which is attributed to a lack of commitment to the functions and mandate of the committee.

The recurring problem in the ALM municipality which causes a lack of commitment in the MPAC is that most of the members or officials employed as MPAC are also members of the ANC. Hence in most instances, these individuals are not able to separate their roles as ANC card-carrying members and as MPAC officials who are supposed to exercise the duty of oversight. As a consequence, it creates a situation where these individuals are partisan in their duties and most importantly lack the commitment to the issues and problems created by their fellow political colleagues within the municipality.

3.10. Limited public participation

This study’s findings indicate a lack of public participation as another challenge encountered by the ALM MPAC in executing its mandate (ALM Annual Report 2018). The participation of the community is encouraged through the attendance of community meetings organized by the MPAC. The ideal situation is that the MPAC should have a good relationship with the community (Bothhoko, 2017). This means that the community should participate in the activities of the MPAC to improve governance. Bothhoko (2017) also notes that municipalities within the North West province lack public participation through community meetings with the MPAC. These meetings foster a good relationship between the government and the citizens which may subsequently result in improved governance.

The MPAC is mandated to promote good governance (ALM Annual Report 2019) which should be fostered through public participation. Public participation improves accountability and transparency (Bothhoko, 2017) which makes it fundamental for citizens to participate in all government initiatives and meetings. The Amahlathi Local Municipality tries to foster public participation, and this is done through oversight reports and roadshows (ALM IDP 2015). However, a few people attend.

Amahlathi Local Municipality is consistently plagued by factional bickering, culminating in an unstable council. As a consequence, just several people are aware of the council meeting schedules that are conducted within the municipality, and when such meetings do occur, intentional attempts are underway to keep the public out (Ngumbela, 2021). Ward committees, the formal forum for public participation, have also expressed concerns about equivalent isolation (ibid). The majority of participants in Amahlathi in a study by Skenjana and Kimemia (2015) stated that they never attend council meetings, and it was clear that certain meetings have very low attendance by members of the general public. This low turnout reflects poor public participation, which largely contributes to imbalanced decision-making on the part of the municipality, especially in project implementation and prioritization of community needs (Hoove et al. 2020). Constrained funding, understaffing, and a complete absence of political will on the part of municipalities to accommodate those very involved were identified as causes for the relatively low levels of public participation in municipalities.

3.11. Inadequate capacity

The issue of capacity in relation to adequate and necessary skills, information and knowledge is integral (Khaile, 2018), thus lack of these becomes a challenge. Through data analysis, this study identifies lack of capacity as a challenge encountered by MPAC within the Amahlathi Local Municipality (ALM Annual Report 2018). If members of the MPAC are not capacitated to work as oversight practitioners, it is most likely that they will fail to effectively and efficiently carry out their mandate. This is the case for the MPAC members within the ALM. Thus, the effectiveness of the committee in promoting good governance, accountability and transparency is jeopardized. In addition, studies conducted by other scholars also bear sad testimony of the lack of capacity on the part of MPAC members. Such studies include a study conducted by Khaile (2018), the municipal councillors who are part of the MPAC who participated in this study confirmed that they cannot execute their mandate. Khaile (2018) further argues that the participants noted that they attended a three-day training program that was meant to equip them with necessary knowledge and skills, but this training did not prove to be fruitful as it was not adequate. One of the participants, in a study by Khaile (2018), indicated that the training program did not adequately equip them with relevant information and knowledge on their oversight role as they were not adequately trained on conducting a budget oversight.

Notably, the Amahlathi Local Municipality provides training for the MPAC. This is evidenced by the
advertising for the training of the Municipal Public Accounts Committee (ALM IDP 2018). However, training does not equate to enhanced capacity or knowledge. This is confirmed by Khaile (2018) study where one councillor argued that although training was provided, the training was too complicated for someone who is not a financial expert as it contained too much financial jargon. Thus, training should aim to ensure that the parties involved understand the whole training to aid understanding and enhance their skills, knowledge and capacity. Furthermore, lack of capacity also manifests as an inability to clearly define the roles and functions of MPAC. Botes (2011) attests that South African municipalities struggle to define the roles and functions of MPACs which limits their capacity in ensuring accountability, transparency and good governance. Similarly, Bothhoko (2017) maintains that the lack of capacity within the studied municipalities in the study contributed to the MPAC’s failure to effectively execute their roles since the members lack expertise.

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4. Conclusion

Based on the findings above the study concludes that the mandate of the MPAC is significantly affected by an array of challenges that they encounter. These challenges exist despite the presents of enabling legislation that supports the implementation and establishment of MPACs. The legislations fail to take into account and address challenges that hinder MPACs from performing their constitutional roles thus leading to unwanted outcomes such as have municipalities being placed under administration needs. Based on the findings presented in the preceding section of this study, the conclusion that can be drawn is that the MPAC needs support to ensure the effectiveness and efficiency of the committee.

To overcome the challenges that have been identified in this study it is vital for municipalities to:

Allocate sufficient budget
In light of the challenges identified concerning insufficient budget, this study recommends the need for the ALM to provide sufficient budget allocation to the Municipal Public Accounts Committee. The lack of adequate budget allocations for MPAC affects the activities of the committee.

Train and professional development
To mitigate the challenge of lack of incapacity there is a need for training and skills development. The study findings have shown that most of the councillors who are MPAC members lack adequate financial knowledge and skills. This, therefore, affects their capacity to fulfil their mandate. Thus, this study recommends budget allocation for training and skills development for councillors and other relevant MPAC members who need professional skills in relation to their duties.

Fight corruption
Corruption has been identified as a hindrance to the effectiveness of the MPAC. This study, therefore, recommends the MPAC develop initiatives to fight corruption. For instance, audits, investigations and follow-ups on allegations of fraud and corruption should be prioritized and the culprits should be punished.

Municipal Public Accounts Committee meetings
The study findings indicate that the MPAC oversight meetings within the ALM only take place when there is a need. At times, the meetings may not be conducted because of the municipality’s tight schedule. The study, therefore, recommends the need for the MPAC to schedule regular meetings to discuss municipal financial issues and reports and establish recommendations on time. In practice, the committee needs to meet much more regularly.

Encourage community participation
The research findings show that a lack of public participation through community meetings organized by the MPAC remains a great challenge in the ALM. Therefore, this study recommends the MPAC encourage public participation as it has the potential to increase accountability, transparency and good governance.

Municipal Public Accounts Committee policy
This study recommends the establishment of a policy specific to MPAC that will deal with corruption issues and compliance issues. This policy will oversee the activities of the committee including penalties for those who do not adhere to the requirements of the policy. This is likely to increase commitment.

Recommendations to the community
The community also has a significant role to play in relation to municipal financial performance. Thus, the community must be part of the activities of the MPAC. Holding a community meeting as a sign of public involvement by the MPAC is fundamental. This study recommends the community to not ignore calls for community meetings as these meetings will empower
the local community with the knowledge of its roles and responsibilities in local government.

References


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