SUNDAYS RIVER VALLEY MUNICIPALITY

POLICY ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND THE ENFORCEMENT OF PROPER FINANCIAL MANAGEMENT

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1. Introduction

In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "the Act"), the accounting officer is responsible for managing the financial affairs of the municipality and he/she must, for this purpose, inter alia:

(a) take all reasonable steps to ensure that:

- unauthorised; and
- irregular; and
- fruitless and wasteful expenditure; and
- other losses are prevented; and

(b) ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the Act.

This policy is aimed at providing the accounting officer with an overview of legislation pertaining to unauthorised, irregular, fruitless and wasteful expenditure and the recovery of same where applicable.

2. Purpose and scope

The purpose of this policy is to:

- provide clarity on relevant legislation and regulations applicable to irregular, fruitless and wasteful, and unauthorised expenditure;
- enhance the awareness of officials of the department to prevent and detect irregular, fruitless and wasteful, and unauthorised expenditure;
- enhance correct reporting, investigation, identification and management of irregular, fruitless and wasteful, and unauthorised expenditure; and
- strengthen the internal control environment with regard to management of irregular, fruitless and wasteful, and unauthorised expenditure.

3. Restriction on the incurring of expenditure

Section 15 of the Act provides that a municipality may, except where otherwise provided therein, incur expenditure only -

(a) in terms of a budget approved by the council or by a provincial or the national executive following an intervention in terms of section 139 of the Constitution and also an annual budget as revised by an adjustments budget in terms of section 28 of the Act; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.

4. Withdrawal of money from a municipal bank account

In terms of section 11(3) of the Act, money may be withdrawn from a bank account of the municipality without appropriation (without further budget approval) in terms of an approved budget for the following purposes:

(a) to defray expenditure authorised in terms of section 26 (4) which provides that, until a budget for the municipality is approved, funds for the requirements of the municipality may, with the approval of the MEC for local government, be withdrawn from the municipality's bank accounts subject to certain conditions and restrictions;

(b) to defray unforeseeable and unavoidable expenditure authorized by the mayor in emergency or other exceptional circumstances in terms of section 29 (1) of the Act and the council's applicable policy;

(c) in the case of a bank account opened in terms of section 12 of the Act for relief, charitable and trust purposes, to make payments from such account but only by or on the written authority of the accounting officer acting in accordance with decisions of the council and for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated;

(d) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state, including money collected by the municipality on behalf of that person or organ of state by agreement or any insurance or other payments received by the municipality for that person or organ of state;

(e) to refund money incorrectly paid into a bank account;

(f) to refund guarantees, sureties and security deposits;

(g) for cash management and investment purposes in accordance with the cash and investment policies of the municipality;

(h) to defray increased expenditure in terms of section 31 of the Act which relates to the shifting of funds between multi-year appropriations;

(i) for such other purposes prescribed under the Act.

5. Defining concepts

"Unauthorised expenditure" is incurred by the municipality otherwise than in accordance with section 15 or 11 (3), and includes -

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

(c) expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) spending of an allocation of money made to the municipality by the national government from revenue raised nationally contrary to the condition(s) of such allocation or an allocation of money to a municipality in terms of a provincial budget;

(f) a grant by the municipality otherwise than in accordance with the Act.

Essentially, "unauthorised expenditure" includes overspending on the total amount of the budget, overspending on a vote, the incurring of expenditure unrelated to a vote and the incurring of expenditure for a purpose other than the approved purpose.

It should be noted that “unauthorised expenditure” excludes “irregular” expenditure.

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

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“Irregular expenditure” occurs in the following circumstances:

(a) Where the expenditure concerned is incurred by the municipality or a municipal entity in contravention of, or that is not in accordance with, a requirement of the Act, and which has not been condoned in terms of section 170 thereof.

In terms of section 170 of the Act, National Treasury may, on good grounds, approve a departure from a treasury regulation or from any condition imposed in terms of the Act. Non-compliance with a regulation made in terms of section 168 or with a condition imposed by the National Treasury in terms of the Act may, on good grounds shown, also be condoned by the National Treasury.

(b) Expenditure incurred by the municipality or a municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) Expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

The accounting officer may, in terms of section 36(1)(b) of the Municipal Supply Chain Management Regulations, ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature. The accounting officer must record the reasons for any deviations and report them to the next meeting of the council or board of directors in the case of a municipal entity, and include same as a note to the annual financial statements.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Remuneration of Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

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A ***“vote”*** means one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

"Overspending" occurs in the following circumstances:

(a) where the operational or capital expenditure incurred by the municipality during a financial year exceeds the total amount appropriated in that year's budget for operational or capital expenditure, as the case may be;

(b) in relation to a vote, in the event of expenditure exceeding the amount appropriated for that vote; or

(c) where expenditure pending the approval of the budget of the municipality exceeds the amount permissible in terms of section 26(5) of the Act. In terms of this sub-section, funds withdrawn from a municipality's bank accounts in terms of sub-section (4) may be used only to defray current and capital expenditure in connection with votes for which funds were appropriated in the approved budget for the previous financial year and any withdrawal may not, during any month, exceed eight per cent of the total amount appropriated in that approved budget for current expenditure, which percentage must be scaled down proportionately if revenue flows are not at least at the same level as the previous financial year and exceed the amount actually available.

Fruitless and wasteful expenditure

The Act defines "fruitless and wasteful expenditure" as expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

6. Irregular expenditure

6.1 The following are examples of irregular expenditure:

- Purchases exceeding threshold
- Procuring without inviting competitive bids
- Non-compliance with delegations of authority
- Non-compliance with legislation, e.g. public service regulations

6.2 For the purposes of determining whether irregular expenditure has taken place, there must be a transgression of a provision contained in applicable legislation, or any approved internal policy, procedures and instructions that has or have been issued or approved by the municipality.

6.3 For an institution to incur irregular expenditure, the non-compliance must be linked to a financial transaction. Although a transaction or an event may trigger irregular expenditure, an institution will usually identify irregular expenditure only when a payment is made. In an instance where irregular expenditure is determined prior to a payment being made, the transgression shall be regarded as a non-compliant matter.

6.4 Non-compliance with the Act or other relevant legislation shall not necessarily be regarded as irregular expenditure, unless the expenditure, i.e. actual payments, related

to such non-compliance is inconsistent with any prescripts of the legislation.

6.5 The Irregular Expenditure Register must be updated throughout the process until the case is finally closed.

7. Write off of irregular expenditure

7.1 Irregular expenditure which is identified and confirmed may be considered for write off.

7.2 For the purpose of write off, a detailed submission must be submitted to the council requesting write off for non-compliance with the Act or any other applicable legislation. A request for write off may be submitted only when good cause is shown for such write off.

7.2.1 The submission of a report for write off must contain

- a detailed motivation as to why the irregular expenditure in question should be considered for write off; and
- a description of remedial steps taken to avoid the reoccurrence of this type of irregular expenditure.

7.2.2 The submission of a report for write off must be structured as follows:

- Purpose
- Background
- Applicable legislative framework
- Motivation for write off
- Remedial steps to prevent reoccurrence
- Financial implications
- Personnel implications
- Parties consulted
- Recommendations

7.3 In the event of an approval of the write off of irregular expenditure by the council, no further action is required, as the amount has been expended in the statement of financial performance. The Irregular Expenditure Register must be updated to reflect the write off of the irregular expenditure.

7.4 Dismissal of the submission for write off of the irregular expenditure or where write off is not relevant, must determine if any person is liable in law for the irregular expenditure and immediate steps must be implemented to recover such expenses from the person(s) found to be liable in law. (Refer to paragraph 11 below: Recovery of expenses from officials liable in law.)

7.5 If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme or expenditure item (no journal is passed) and be disclosed as such in the note to the annual financial statements.

7.6 The Irregular Expenditure Register must be updated throughout the process until the case is finally closed.

8. Fruitless and wasteful expenditure

8.1 The following are examples of fruitless and wasteful expenditure:

- Expenditure due to negligence, e.g. cancellation fees incurred for missing a flight;
- Interest on overdue accounts; and
- Penalties paid.

8.2 Fruitless and wasteful expenditure is an in-house matter, and thus it is the responsibility of the Accounting Officer to deal with it as prescribed. Only in exceptional cases, such as where the Accounting Officer incurs the fruitless and wasteful expenditure, would the Mayor intervene and make recommendations on how to resolve the matter.

8.3 After identification and confirmation of fruitless and wasteful expenditure, it must be captured as such on the financial system.

8.4 It must be determined if any official(s) is/are liable in law for the fruitless and wasteful expenditure and immediate steps must be taken to recover such expenses from the official(s) found to be liable in law. (Refer to paragraph 11: Recovery of expenses from officials liable in law.)

8.5 The Fruitless and Wasteful Expenditure Register must be updated throughout the investigation process until the case is finally closed.

9. Unauthorised expenditure

9.1 The following are examples of unauthorised expenditure:

- Overspending on budget;
- Earmarked funds used for other purposes; and
- Funds used outside the mandate of the department.

9.2 The department must spend only funds provided and spend them only for the purposes for which they were provided.

9.3 Overspending on the budget is normally identified before final closure of the departmental books and after final virement.

9.4 Funds not utilized for the purpose of the vote should be identified timeously.

9.5 There must be a financial transaction (a payment) before unauthorised expenditure can occur. Therefore, the unauthorised expenditure occurs only when payment is made and not when funds are over-committed.

9.6 After identification and confirmation, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

9.7 Unauthorised expenditure approved with funding is recognised in the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

9.8 In the statement of financial performance, unauthorised expenditure approved without funding is recognised as expenditure on the date of approval.

9.9 Unauthorised expenditure must be reported in the annual report (as a note to the Financial Statements in terms of National Treasury Regulations 9.1.5).

9.10 The Unauthorised Expenditure Register must be updated throughout the investigation process until the case is finally closed.

10. Unauthorised expenditure and irregular expenditure

10.1 If a department carries out a transaction that contravenes legislation, the transaction meets the definition of irregular expenditure. The same transaction may be outside the mandate of the department or may cause overspending on a programme or a vote which meets with the definition of unauthorised expenditure.

10.2 A transaction of this nature must not be accounted for as both unauthorised expenditure and irregular expenditure. Unauthorised expenditure takes precedence over irregular expenditure and, in this instance, the transaction shall be accounted for as unauthorised expenditure.

11. Recovery of expenses from officials liable in law

11.1 The process to determine whether an official is liable in law should be conducted by the Accounting Officer in consultation with a Legal Advisor.

11.2 Should it be so recommended, such cases from the Legal Advisor must be referred to the Corporate Service Division to confirm whether any disciplinary steps or actions should be instituted against the relevant official.

11.3 Should an official or officials be found to be liable in law by the Legal Advisor to repay the expenses, the Chief Financial Officer must immediately attempt to recover the expenses from such person(s) by issuing a written notice to the official (s) in this regard.

11.4 The Chief Financial Officer must request, in writing, the official(s) liable in law to repay the amount(s) within 30 days or in reasonable instalments.

11.5 If no official is found to be liable in law, the expenditure related thereto must remain against the relevant programme or expenditure item (no journal is passed) and be written off and disclosed as such in the note to the annual financial statements.

11.6 If it is confirmed that recovery from a liable official is not possible, the Accounting Officer may write off the amount as bad debt subject to the approval by Council.

12. Procedure for investigation and reporting

The procedure for reporting irregular, fruitless and wasteful, and unauthorised expenditure is as follows:

12.1 Any employee who becomes aware or suspects the occurrence of irregular, fruitless and wasteful, or unauthorised expenditure must immediately report such expenditure in writing to the Accounting Officer.

12.2 On identification of alleged irregular, fruitless and wasteful, or unauthorised expenditure, such expenditure must be left in the expense account.

12.3 Reporting may also occur during the various assurance processes, i.e. internal audit, external audit, compilation of the annual financial statements or normal inspections.

12.4 The Accounting Officer is responsible for:

11.4.1 reporting to Council all irregular, fruitless and wasteful, and unauthorised expenditure that was referred to his or her attention; and

11.4.2 recording the details of the alleged expense in his or her relevant Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Register.

12.5 The Accounting Officer must investigate the matter without delay to determine the validity thereof, i.e. whether it meets the definition of irregular expenditure, fruitless and wasteful expenditure or unauthorised expenditure.

12.6 Managers should assist and co-operate with Accounting Officers in every aspect of an investigation.

12.7 The Accounting Officer must immediately notify the Council of progress with and the outcome of an investigation. Notification must be in the form of a written report, accompanied by supporting documentation, if relevant. (See paragraph 7.2.2)

12.8 The Accounting Officer must immediately record details of reported cases in the Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Register.

12.9 For each reported case, the Accounting Officer must open a case file containing all the evidence and reports received.

12.10 The Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Register must be:

12.10.1 available at all times for inspection and audit purposes;
12.10.2 kept in a safe place and protected against fire, water and damage; and
12.10.3 maintained in electronic format.

12.11 Progress with and the outcome of each investigation must be updated continually in the relevant register.

12.12 During the period of investigation, the expenditure must remain in the expense account and the result of the investigation will determine the appropriate action to be taken regarding that expenditure.

12.13 Should the investigation reveal that the expenditure does not constitute irregular, fruitless and wasteful, and unauthorised expenditure and is in fact valid expenditure, the details of the expenditure should be retained in the relevant Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Registers for the purposes of completeness and to provide an appropriate audit trail.

12.14 The Accounting Officer must monitor reported cases until such cases have been resolved.

12.15 The Accounting Officer must update the relevant Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Register and case files throughout the process until such cases are closed.

12.16 If the investigation indicates that the expenditure is irregular, fruitless and wasteful, or unauthorised, the particulars of the expenditure must be reported to the Council.

12.17 The completeness of and amendments to the Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Register must be reported to Council through the monthly In-year-monitoring Report.

12.18 The Accounting Officer should submit an Irregular, Fruitless and Wasteful, and Unauthorised Expenditure report, as well as the Irregular, Fruitless and Wasteful, and Unauthorised Expenditure registers to the Council on a quarterly basis.

12.19 The report mentioned in paragraph 12.18 must be signed by the Accounting Officer and the relevant director (or his or her delegate during his or her absence). If there is a nil return, the report should, nevertheless, be submitted for control purposes.

12.20 The Accounting Officer should use the reports and registers to update and review the Irregular, Fruitless and Wasteful, and Unauthorised Expenditure Registers for completeness and correctness.

12.24 Irregular, fruitless and wasteful, and unauthorised expenditure must be accounted for and disclosed in the annual financial statements, according to the applicable Accounting Standards and NT Guidelines.
(Annexure A reflects the reporting requirements in a diagram)

13. Role of council committee

The council may appoint a committee to investigate the recoverability of Unauthorized, Irregular, Fruitless and Wasteful Expenditure.

In terms of section 74 the Municipal Budget and Reporting Regulations contained in Government Notice 393 of 17 April, 2009, a council committee appointed to investigate the recoverability or otherwise of any unauthorised, irregular or fruitless and wasteful expenditure must consider –

(13.1) the measures already taken to recover such expenditure;

(13.2) the cost of the measures already taken to recover such expenditure;

(13.3) the estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and

(13.4) submit a motivation explaining its recommendation to the council for a final decision.

The Accounting Officer must provide the committee concerned with such information as it may require for the purpose of conducting a proper investigation.

The aforesaid committee may only comprise councillors and should not include political office bearers of the municipality. At least 3 councillors are required to constitute a committee.

It should be noted that the council is required by resolution to certify that the expenditure concerned is considered irrecoverable and that it should be written off. This power may not be delegated by the council.

An audit committee established in terms of section 166 of the Act is not precluded from assisting the appointed committee with its deliberations.

14. Writing off of unauthorised, irregular, fruitless and wasteful expenditure is no excuse in criminal and disciplinary proceedings

In terms of section 32 (5) of the Act, the writing off of any unauthorised, irregular or fruitless and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of the Act relating to such unauthorised, irregular or fruitless and wasteful expenditure.

15. Liability of political office bearers for unauthorised expenditure

Without limiting liability in terms of the common law or other legislation, a political office-bearer of the municipality is, in terms of section 32(1)(a) of the Act, liable for unauthorised expenditure if that office-bearer either knowingly or after having been advised by the accounting officer that the expenditure concerned is likely to result in unauthorised expenditure, instructed an official of the municipality to incur such expenditure.

The Act defines a "political office-bearer" as the speaker, mayor or a member of the executive committee of a municipality elected, designated or appointed in terms of a specific provision of the Municipal Structures Act, 1998.

16. Liability for unauthorised expenditure deliberately or negligently incurred

Section 32 (1)(b)(c) and(d) of the Act provides that, without limiting liability in terms of the common law or other legislation:

(16.1) the accounting officer is liable for **unauthorised expenditure** deliberately or negligently incurred by him or her, subject to section 32 (3). The accounting officer accordingly incurs liability for unauthorised expenditure deliberately or negligently incurred unless he / she informs the council or the mayor, as the case may be, in writing that a decision which has been taken, if implemented, is likely to result in unauthorised expenditure;

(16.2) any political office-bearer or official of the municipality who deliberately (intentionally) or negligently (failed to take adequate care) committed, made or authorised an **irregular expenditure**, is liable for that expenditure; or

(16.3) any political office-bearer or official of the municipality who deliberately or negligently made or authorised **a fruitless and wasteful expenditure** is liable for that expenditure.

An **"official"** of the municipality has a wider meaning that an employee or staff member of the municipality and includes -

- an employee of a municipality;
- a person seconded to the municipality to work as a member of the staff of the municipality; or
- a person contracted by a municipality to work as a member of the staff of the municipality otherwise than as an employee.

17. Reporting and investigating unauthorised, irregular or fruitless and wasteful expenditure

Section 32 (4) of the Act requires the accounting officer to promptly inform the Mayor, the MEC for local government and the Auditor-General, in writing, of –

(17.1) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;

(17.2) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and

(17.3) the steps that have been taken –

(17.3.1) to recover or rectify such expenditure; and

(17.3.2) to prevent a recurrence of such expenditure

18. Reporting of irregular expenditure, theft and fraud

Section 32 (6) of the Act obliges the accounting officer to report to the South African Police Service all cases of alleged -

(18.1) irregular expenditure that constitute a criminal offence; and

(18.2) theft and fraud that occurred in the municipality.

The council must, in terms of section 32(7) of the Act and through the mayor, take all reasonable steps to ensure that all cases of irregular expenditure incurred as a result of a criminal offence, theft and fraud are reported to the South African Police Service if -

the charge is against the accounting officer; or

the accounting officer failed to comply with section 32(6) (referred to above) of the Act.

19. Criminal sanctions - councillors, senior managers and other officials

Councillors and officials of the municipality are also subject to criminal sanctions if they:

Sect.	Offence
79	Deliberately or in a grossly negligent* way contravene or fail to comply with a condition of a delegation of power.
173(5)(a)	Deliberately or in a grossly negligent way impede an accounting officer from complying with a provision of the Act.
173(5)(b)	Deliberately or in a grossly negligent way give incorrect, untrue or misleading information material to an investment decision relating to borrowing by the municipality.
173(5)(b)	**I**llegally withdraw money from a municipal bank account.
173(5)(d)	Fail to disclose material information when the municipality borrows money.
173(5)(e)	Interfere in the supply chain management system.
173(5)(f)	Provide false or misleading information for the purposes of any document which must in terms of a requirement of the Act be submitted to the council, mayor or accounting officer, the Auditor-General, the National Treasury or be made public.

* Gross negligence is a conscious and voluntary disregard of the need to use reasonable care, which is likely to cause foreseeable grave injury or harm to persons, property, or both. It is conduct that is extreme when compared with ordinary negligence, which is a mere failure to exercise reasonable care.

20. Civil liability of municipality, structures, office bearers and officials

The Act exempts municipalities, their political structures, office-bearers or officials from civil liability for any loss or damage resulting from the exercise of any power or the performance of any function in terms of the Act, provided same was done in good faith. Without limiting liability in terms of the common law or other legislation, a municipality may recover from its political office bearers and officials, any loss or damage suffered by it because of their deliberate or negligent unlawful actions when performing a function of office.

Annexure A

Reporting Requirements

The following diagram provides guidance as to the reporting requirements regarding unauthorised, irregular, fruitless and wasteful expenditure:

Unauthorised, irregular, fruitless and wasteful expenditure is brought to the attention of the Accounting Officer.

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The Accounting Officer must promptly investigate and report in writing in terms of Section 32(4)(a) and (b) of the MFMA, to the Mayor, MEC for Local Government in the province and the Auditor-General and take steps to prevent a recurrence of such expenditure.

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The Accounting Officer must in terms of Section 32(4)(c)(i)(ii) of the MFMA, investigate and implement appropriate disciplinary processes and take steps to rectify or recover such expenditure and to prevent a recurrence of such expenditure.

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The Accounting Officer must in terms of Section 32(6)(a) and (b) of the MFMA, report to the South African Police Services all cases of alleged irregular expenditure that constitute a criminal offence and theft and fraud that occurred in the municipality within a period of 14 days of the matter being reported to the Accounting Officer.

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The Accounting Officer tables his report on unauthorised, irregular, fruitless and wasteful expenditure before the Council.

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Council has the following responsibilities in terms of Section 32(2)(a)(i)(ii) of the MFMA:

1) Authorise the expenditure in the adjustment budget.
2) Certify after investigation by a Council Committee that the expenditure is irrecoverable and approve the write off by the Council.
3) Recommend the recovery of the expenditure from the responsible person.

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If unauthorised, irregular, fruitless and wasteful expenditure is not condoned the Accounting Officer must:

1. Take appropriate disciplinary steps as required in Section 62 (e) of the MFMA to recover the amount from responsible person

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Unauthorised, irregular, fruitless and wasteful expenditure must be reported in the annual report (as a note to the annual financial statements) in terms of Section 125(2)(d)(i)-(iii) of the MFMA.