

# Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>63. Irregular expenditure</b>		
Opening balance as previously reported	442,658,742	347,416,875
Correction of prior period error	(51,697)	-
<b>Opening balance as restated</b>	<b>442,607,045</b>	<b>347,416,875</b>
Add: Irregular expenditure - identified in the current year	842,457,694	95,241,867
Less: Amount written off*	(336,548,786)	-
<b>Closing balance</b>	<b>948,515,953</b>	<b>442,658,742</b>

During the current and prior year there were uncertainties relating to the interpretation of legislation regulating the composition of the Bid Adjudication Committee. The matter is still under investigation to determine its validity and whether it will have any impact on irregular expenditure.

\*At a council sitting on 30 August 2019, the council resolved that after an investigation performed, irregular expenditure to the value of R336,548,786 is regarded as irrecoverable and were written off.

### Details of irregular expenditure - current year

	Disciplinary steps taken/criminal proceedings	
Expenditure items identified were that of supply chain process that was not followed	None	222,067,358
Service providers where contracts were extended without council approval	None	275,675,031
During the year overpayment of Councillors remuneration and cell phone allowance was made and led to a subsequent overpayment on fixed motor car allowance.	The expenditure was identified during the current financial year and still needs to be investigated.	67,134
Expenditure in contravention of section 33 of the Division of Revenue Act	The matter is currently being addressed with National Treasury	344,648,171
		<b>842,457,694</b>

### 64. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	14,100,000	13,300,000
Amount paid - current year	(14,100,000)	(13,300,000)
	-	-

Contributions to organised local government consists of annual subscriptions paid to SALGA.

#### Audit fees

Opening balance	417,826	6,103,565
Current year subscription / fee	19,723,277	17,293,887
Amount paid - current year	(18,511,990)	(16,876,060)
Amount paid - previous years - Mangaung Metropolitan Municipality	(417,826)	(3,265,711)
Amount paid - previous years - former Naledi Local Municipality	-	(2,837,855)
	<b>1,211,287</b>	<b>417,826</b>