
Your Ref:
Room 201, Bram Fischer Building

Our Ref:
Date: 20 September 2020

Council item

Speaker, Clr M Siyonzana

REPORT ON THE CUMULATIVE UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AS AT END OF 2018/19 FINANCIAL YEAR

1. PURPOSE

To submit to Council the cumulative report and registers on Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure as at end of the 2018/19 financial year and for referral to the Municipal Public Accounts Committee (MPAC).

2. INTRODUCTION

The MFMA Circular 68 provides guidance to municipalities on how to define, identify and respond to instances of unauthorised, irregular, fruitless and wasteful expenditure. A Register of unauthorised, irregular, fruitless and wasteful expenditure must be introduced for all transactions falling within this category. All expenditure falling into the above category must be investigated as required by the MFMA, recommendations submitted to Council for consideration and decisions taken to attend to such matters, where appropriate.

3. DELIBERATIONS

In terms of the Municipal Finance Management Act, the fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised. The rationale behind the concept of fruitless and wasteful expenditure is to ensure that public administration is accountability for its actions and expenditure of the public purse. It is further aimed at promoting efficient, economic and effective use of resources and the attainment of value for money for all goods and service procured and received on behalf of the Municipality and other government entities. The overall objective is to ensure that Council, the

executive political leadership under the stewardship of the Executive Mayor and the accounting officer maintain their fiduciary responsibility to ensure that municipal resources are used in the best interests of the Municipality and the local community.

The legislation further outlines the 'expenditure' as referring to processes that must be followed in procurement, transactions with service providers or suppliers and the use of other resources belonging to the Municipality. In terms of the MFMA, all UIWF expenditure must be investigated and recommendations submitted to Council for consideration and decisions taken to attend and clear such matters where applicable.

Council should follow section 32(2)(b) of the MFMA when dealing with instances of fruitless and wasteful expenditure. In line with the guidance provided by the MFMA Circular 68 and as part of complying with sections 62(1)(d) and 95(d) of the MFMA, the administration has set-up and is maintaining a Register of Unauthorised, Irregular, Fruitless and Wasteful Expenditures. To this end, cumulative UIWF register as at end of the 2018/19 financial year is hereby attached for referral to MPAC.

4. RECOMENDATIONS

It is recommended that:

- 4.1 Council note the report and the attached UIWF expenditure registers.
- 4.2 Council refer the report to MPAC for investigation and report back to Council.



Adv. Tankiso Mea
City Manager

Date: _____

Approved / ~~not approved~~



Clr Lebohang Masoetsa
Acting Executive Mayor

Date: _____