

ANNEXURE A:

UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIFWe) REDUCTION PLAN

The Council of Mangaung Metropolitan Municipality has referred the 2019-20 Auditor-General's Report (inclusive of findings relating to Unauthorized, Irregular, Fruitless and Wasteful Expenditure) to MPAC for oversight and where necessary investigation.

Municipal Public Accounts Committee has requested administrative support in investigating UIFW expenditure. The investigation is currently carried out and the report will be available before the end of December 2021.

Internal Controls introduced to curb UIFW Expenditure

The municipality is currently implementing Auditor-General's recommendations aimed at avoiding future "Unauthorised, Irregular, Fruitless and Wasteful Expenditure. The following internal control procedures were considered:

- ✚ Stabilization of Supply Chain Management Unit by reallocating the responsibilities to experienced and qualified staff;
- ✚ Review of composition of Bid Adjudication Committee after consultation with National Treasury;
- ✚ Monitoring and reporting on contracts;
- ✚ Payment of long outstanding creditors to avoid interest;
- ✚ Budgeting sufficiently for debt impairment and depreciation
- ✚ Improvement of debt collection levels;
- ✚ Improvement and enforcement of existing internal controls.

Plan to Reduce existing Unauthorized, Irregular, Fruitless and Wasteful Expenditure

Description	Reduction Strategy	Target Date	Amount	Responsibility
Unauthorized Expenditure				
Depreciation (Non-Cash item)	Investigations and appropriation by Council	March 2022	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Debt Impairment (Non-cash item)	Investigations and appropriation by Council	March 2022	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Cash items	Investigations, referral Municipal Disciplinary Board and where necessary	June 2022	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Total – Unauthorised Expenditure			R 3 912 056 378	
Irregular Expenditure				
Non-compliance on composition of Bid Adjudication Committee	Investigations and referral to National Treasury for finalization	June 2022	R 2 180 125 536,52	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Extension of Contracts	Investigations, referral Municipal Disciplinary	June 2024	To be determined	- Intervention Team - Accounting Officer

Description	Reduction Strategy	Target Date	Amount	Responsibility
	Board and Law enforcement agencies where necessary			- Audit Committee - MPAC - Council
Spending of Conditional Grants on operational items	Investigations and referral to Municipal Disciplinary Board where necessary	June 2022	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Non-Compliance with Supply Chain Management Policy	Investigations and referral to Municipal Disciplinary Board and Law enforcement agencies (where necessary) and National Treasury for finalization	June 2024	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Total – Irregular Expenditure			R 3 459 000 711	
Fruitless and Wasteful Expenditure				
Interest and penalties charged on overdue accounts	Investigations and referral to Municipal Disciplinary Board where necessary	June 2022	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council

Description	Reduction Strategy	Target Date	Amount	Responsibility
Over-payment of Councillors	Recovery and referral to Municipal Disciplinary Board where necessary	March 2022	R 1 476 280,65	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Court orders	Investigations, referral to Municipal Disciplinary Board and/ or Law enforcement agencies where necessary	June 2024	To be determined	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Duplicate Payments/ Costs that could have been avoided	Investigations, referral to Municipal Disciplinary Board and/ or Law enforcement agencies where necessary	June 2024	R 27 631 983,66	- Intervention Team - Accounting Officer - Audit Committee - MPAC - Council
Total – Fruitless & Wasteful Expenditure			R 83 762 135	