



MOGALE CITY LOCAL MUNICIPALITY

**UNAUTHORISED,
IRREGULAR, FRUITLESS AND
WASTEFUL EXPENDITURE POLICY FOR
THE PREVENTION, DETECTION,
REPORTING, AND RECOVERY**

2026 -2027

Approved

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ABBREVIATIONS/ACRONYMS

Except if otherwise stated in this policy, the following abbreviations or acronyms will represent the following words:

CFO	-	Chief Financial Officer
ED	-	Executive Director
IUDG		Integrated Urban Development Grant
MCLM	-	Mogale City Local Municipality
MFMA	-	Municipal Finance Management Act, 2003, No. 56 of 2003
MM or AC	-	Municipal Manager or Accounting Officer
MPAC	-	Mogale City Local Municipality's Municipal Public Account Committee
mSCOA	-	Municipal Standard Chart of Accounts
SAPS	-	South African Police Services
MSA	-	Municipal Systems Act, 2000, No. Act 32 of 2000
Structures Act	-	Municipal Structures Act, 1998, Act No 117 of 1998
RPOBA	-	Remuneration of Public Office Bearers Act
Policy	-	Policy on Unauthorised, Irregular, Fruitless and Wasteful Expenditure
MBRR	-	Municipality Budget Rules and Regulations

DEFINITIONS

Except if otherwise indicated:

“Councillor” means member of municipal council of MCLM and includes political office bearers;

“Fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“Financial Misconduct” means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act;

“Irregular expenditure”, in relation to a municipality or municipal entity, means –

- a. expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- b. expenditure incurred by a municipality 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 this Act;
- c. expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);
- d. expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of MCLM 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; or
- e. excludes expenditure by a municipality which falls within the definition of ‘unauthorised expenditure’.

“Official”, in relation to a MCLM, means—

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

“Overspending” means

- a. in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
- b. In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- c. In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

“Political Office Bearer” means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

“Prohibited expenditure” in relation to this policy refers to unauthorised, irregular, fruitless and wasteful expenditure;

“Senior Manager” has the meaning assigned to it in section 1 of the Act;

“Unauthorised expenditure”, means any expenditure incurred by a 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 referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- f. a grant by MCLM otherwise than in accordance with the MFMA.

“**Vote**” means –

- a. One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different department or functional areas of the municipality; and
- b. which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

Approved

1. INTRODUCTION

In terms of Section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the Accounting Officer is responsible for managing the financial affairs of Mogale City Local Municipality (MCLM) and he/she must, for this purpose, inter alia:

- a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented;
- b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of MCLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

This is to ensure the effective, efficient and transparent systems of financial management, risk management, corporate governance and internal controls are adhered to.

2. OBJECTIVE

2.1 This document sets out MCLM's guidelines with regards to unauthorised, irregular, fruitless and wasteful expenditure.

2.2 This policy aims to ensure that, amongst other things:

- a) All unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
- b) The disclosure of unauthorised, irregular and fruitless and wasteful expenditure in the Annual Financial Statements (AFS);
- c) Prevent and curb unauthorised, irregular, fruitless and wasteful expenditure;
- d) Identify and investigate unauthorised, irregular, fruitless and wasteful expenditure;
- e) Respond appropriately in accordance with the law; and
- f) To address instances of unauthorised, irregular, fruitless and wasteful expenditure conclusively;
- g) To improve accountability and consequence management;
- h) To inform officials of the consequences of not complying with the relevant regulatory and legislative requirements.
- i) Officials and Political Office Bearers have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;
- j) MCLM's resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation;
- k) All officials and Political Office Bearers are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3. ENABLING LEGISLATION

3.1 The following enabling legislation sets the precedent for the development of MCLM's unauthorised, irregular, fruitless and wasteful expenditure Policy:

- a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;
- b) The Municipal Finance Management Act, 2003, No 56 of 2003;
- c) The Remuneration of Public Office Bearers Act;
- d) Municipal Systems Act, 2000, Act No 32 of 2000;
- e) MFMA Circular 68: Unauthorised, Irregular, Fruitless and Wasteful Expenditure; and
- f) Any other legislation, regulation or circular that may influence this policy.
- g) MFMA Circular No 92: Municipal Public Accounts Committee (MPAC);
- h) Municipal Budget and Reporting Regulations (MBRR);
- i) MFMA Circular No. 76: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings

4. APPLICATION OF THIS POLICY

This policy applies to all Municipal Officials, Councillors and Political Office Bearers of MCLM. This policy should be read in conjunction with the following of MCLM:

- a) Delegations of Authority;
- b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;
- c) Financial Misconduct Policy;
- d) Breach of the Code of Conduct for Municipal Staff Members; and
- e) Breach of the Code of Conduct for Councillor.

Officials and Political Office Bearers must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure is prevented where possible and is detected and reported in a timely manner.

5. UNAUTHORISED EXPENDITURE

5.1 Mogale City Local Municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

5.2 Expenditure incurred within the ambit of MCLM's virement policy is not regarded as unauthorised expenditure.

5.3 Any 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, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.

5.4 Unauthorised expenditure would include:

- a) Any overspending in relation to both the operational budget and capital budget of the municipality.
- b) Overspending in relation to each of the votes on both the operational budget and capital budget.

- c) Use funds allocated to one department for purposes of another department or for purposes that are not provided for in the budget;
- d) Funds that have been designated for a specific purpose or project within a departments vote may not be used for any other purpose;
- e) Any use of conditional grant funds for a purpose other than that specified in the relevant conditional grant framework is classified as unauthorised expenditure;
- f) Any grant to an individual, unless it is in terms of the municipality's Indigent Policy, the 2% Corporate Social Responsibility policy or bursary scheme;
- g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and
- h) Any overspending on non-cash items, for example depreciation, impairments, provisions.

5.5 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible and are detected and reported in a timely manner. Expenditures that are NOT classified as unauthorised expenditure.

5.6 Given the definition of unauthorised expenditure, the following are examples of expenditure that are NOT unauthorised expenditure:

- a) Any over-collection on the revenue side of the budget as this is not an expenditure; and
- b) Any expenditure incurred in respect of:
 - i. any of the transactions mentioned in section 11(1)(a) to (j) of the MFMA;
 - ii. re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
 - iii. overspending of an amount allocated by standard classification on the main budget Table A2 (Budgeted Financial Performance: revenue and expenditure by standard classification), as long as it does not result in overspending of a 'vote' on the main budget Table A3 (Budgeted Financial Performance: revenue and expenditure by municipal vote) and Table A4 (Budgeted Financial Performance: revenue and expenditure (read in conjunction with supporting Table SA1) of the MBRR; and
 - iv. overspending of an amount allocated by standard classification on the main budget Table A5 (Budgeted Capital Expenditure by vote, standard classification, and funding) of the MBRR so long as it does not result in overspending of a 'vote' on the main budget Table A5.

5.7 Money withdrawn from a bank account under the following circumstances, without appropriation, in terms of an approved budget, is not regarded as unauthorised expenditure: a. To defray expenditure authorised in terms of section 26 (4) of the MFMA, [Section 26:

Consequences of failure to approve a budget before the start of the budget year];

- b. defray unforeseen / unavoidable expenditure circumstances strictly in accordance with Section 29 (1) of the MFMA [*Section 29: Unforeseen and unavoidable expenditure*] failing which the unforeseen /unavoidable expenditure is unauthorised;
- c. re-allocation of funds and the use of such funds in accordance with a council approved virement policy;
- d. Expenditure incurred from a special bank account for relief, charitable or trust purposes provided of course that it is done strictly in accordance with Section 12 of the MFMA [*Section 12: Relief, charitable, trust or other funds*];
- e. To pay over to a person or organ of state money received by MCLM on behalf of that person or organ of state, including—
 - i. money collected by the MCLM on behalf of that person or organ of state by agreement; or
 - ii. any insurance or other payments received by the MCLM for that person or organ of state;
- f. To refund money incorrectly paid into a bank account;
- g. To refund guarantees, sureties and security deposits;
- h. For cash management and investment purposes in accordance with section 13 [*Section 13: Cash Management and Investments*];
- i. To defray increased expenditure in terms of section 31 [*Section 31: Shifting of funds between multi-year appropriations*].

5.7 Any expenditure approved in terms the Municipal Budget and Reporting Regulations (MBRR).

5.8 Adjustments budgets to authorise unauthorised expenditure

Section 15 of the MFMA provides that a municipality may incur expenditure only in terms of an approved budget. This is confirmed by section 32(2)(a)(i) of the MFMA that provides that council may only authorise unauthorised expenditure in an adjustments budget.

Sections 28(2)(c) and 28(2)(g) of the MFMA, read together with regulations 23(1), 23(2), 23(4) and 23(6) of the MBRR, discusses when council may authorise unauthorised expenditure in an adjustments budget.

6. IRREGULAR EXPENDITURE

6.1 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality' Supply Chain Management Policy;

6.2 Irregular expenditure is expenditure that is in violation of some, or other procedural/legislative requirement as specified in the MFMA and Supply Chain Management Policy;

6.3 Irregular expenditure excludes unauthorised expenditure;

6.4 Although a transaction or an event may trigger irregular expenditure, a Council will identify irregular expenditure when it accrues and not ONLY when it is paid. The recognition of irregular expenditure must be linked to a financial transaction;

Ratification of minor breaches of the procurement process

In terms of regulation 36(1)(b) of the Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality may allow the Accounting Officer to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical in nature. Where a municipality's supply chain management policy does not include this provision the accounting officer cannot exercise this ratification power. It is important to note that the accounting officer can only rely on this provision if the official or committee who committed the breach had the delegated authority to perform the function in terms of the municipality's adopted System of Delegations, which must be consistent with the MFMA and its regulations.

In terms of regulation 36 of the SCM Regulations, the accounting officer is responsible for deciding whether a particular breach of procurement processes is minor or material. In exercising this discretion, the accounting officer must be guided by:

- a) the specific nature of the breach: is it simply technical in nature, not impacting in any significant way on the essential fairness, equity, transparency, competitiveness or cost effectiveness of the procurement process?
- b) the circumstance surrounding the breach: are the circumstances justifiable?
- c) the intent of those responsible for the breach: were they acting in good faith? the financial implication as a result of the breach: what was the extent of the loss or benefit?

All the factors above must be considered before the accounting officer exercises his or her discretion. The accounting officer would have to consider the merits of each breach of the procurement processes and take a decision as to whether it should be classified as a minor or material breach.

7. FRUITLESS AND WASTEFUL EXPENDITURE

7.1 All officials and political office bearers must always act cautiously when spending public money and ensure that they abide by the public and accountability principles which are to promote “efficient, economic and effective use of resources and the attainment of value for money”;

7.2 Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised;

7.3 This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful;

7.4 Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

7.5 An expense is only fruitless and wasteful in terms of this policy if:

- a) It was made in vain (meaning that the municipality did not receive value for money) and;
- b) would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

7.6 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is:

- a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances?
- b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

7.7 Officials and councillors must ensure that all instances of fruitless and wasteful expenditure are prevented where possible, and are detected and reported in a timely manner.

8. REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

8.1 Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

- a) A political office-bearer of a municipality must be reported to the Speaker of the council.
- b) The Municipal Manager must be reported to the mayor.
- c) The Executive Managers or the chief financial officer, or the chief operating officer, chief audit executive of a municipality, must be reported to the municipal manager.
- d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded;
- e) officials below executive management level of the municipality must be reported to the CFO.

8.2 All reports made by officials, councillors or political office bearers must be treated with utmost confidentiality.

8.3 The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

- a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- b) the steps that have been taken:
 - i. To recover or rectify such expenditure; and
 - ii. To prevent a recurrence of such expenditure.

8.4 All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

- a) The Finance Portfolio Committee on a quarterly basis;
- b) Mayoral Committee on a quarterly basis;
- c) Council on a quarterly basis;
- d) MPAC on a quarterly basis; and
- e) Audit Committee on a quarterly basis.

8.5 In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

- a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate register, created for each of the above types of expenditure.
- b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury regulation.
- c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

9. MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1 Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure.

- a) This register will be maintained by the CFO for all officials and public office bearers of Mogale City Local Municipality.

9.2 The registers must be updated on a quarterly basis.

10. INVESTIGATION OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1 All expenditure alleged to have been unauthorised, irregular, fruitless and wasteful expenditure must be referred to a Council appointed Committee for investigation.

10.2 The Council appointed committee must either refer the matter to the MCLM's Internal Audit Unit or to MPAC Unit or to an appropriate investigative body for investigation, to determine:

- a) Whether the expenditure is in fact unauthorised, irregular, fruitless and wasteful; and
- b) Whether grounds exist for a charge of financial misconduct to be laid against the official or political office bearer liable for the expenditure?

10.3 Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, MCLM must institute the necessary procedures, which could include disciplinary action as well criminal proceedings.

10.4 A municipality must recover the unauthorised, irregular, or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure –

a) In the case of unauthorised expenditure, is-

- (i) Authorized in an adjustment budget; or
- (ii) Certified by the Municipal Council, after investigation by a Council Committee, as irrecoverable and written off by the

Council; and

b) In the case of Irregular or Fruitless and Wasteful Expenditure, is, after investigation by a Council Committee, certified by the Council as irrecoverable and written off by the Council.

11 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1 If, after having followed a proper investigation, the Council concludes that the political office bearer, councillor or municipal official responsible for making, permitting or authorising unauthorised, irregular, fruitless and wasteful expenditure did not act in good faith, then the municipality must consider instituting disciplinary action and/or criminal charges against the liable person/s.

11.2 If the unauthorised, irregular, fruitless and wasteful expenditure falls within the ambit of the above description, then the Council, Mayor or Municipal Manager (as may be relevant) must institute disciplinary action as follows:

- a) *Financial misconduct in terms of section 171 of the MFMA:*** in the case of an official that deliberately or negligently:
 - i. contravened a provision of the MFMA which resulted in irregular expenditure; or
 - ii. made, permitted or authorised an irregular expenditure (due to non-compliance with any of legislation mentioned in the definition of irregular expenditure);
- b) *Breach of the Code of Conduct for Municipal Staff Members:*** in the case of an official whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code; and
- c) *Breach of the Code of Conduct for Councillors:*** in the case of a political office-bearer, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a Councillor knowingly voted in favour or agreed with a resolution before Council that contravened legislation resulting in irregular expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

11.3 The Council, Mayor or Municipal Manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

- a) Irregular expenditure that constitute a criminal offence; and
- b) Theft and fraud that occurred in the municipality.

1.4 The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

- a) The charge is against the MM; or
- b) The MM fails to comply with the above paragraph.

11.5 If any municipal official, councillor or public office bearer is found guilty of incurring unauthorised, irregular, fruitless, and wasteful expenditure, they will be dealt with in terms of the Financial Misconduct Policy.

12 RECOVERIES OF UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE:

12.1 A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure –

a. in the case of unauthorised expenditure, is

- i. authorised in an adjustment budget; OR
- ii. certified by the Municipal Council, after investigation by a Council Committee, as irrecoverable and written off by council; and

b. in the case of irregular or fruitless and wasteful expenditure, is, after investigation by council committee, certified by council as irrecoverable and written off by council.

12.2 Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the political office bearer to whom it was paid and not from the official, public office bearer who might have been responsible for making, permitting or authorising the irregular expenditure.

12.3 Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable political office bearer or official pay the amount within 30 days or in reasonable instalments.

12.4 Without limiting liability in terms of the common law or other legislation, MCLM must recover any such expenditure, in full, from the official or Public Office Bearer where:

- a. In the case of a Public Office Bearer, the Public Office Bearer knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of MCLM to incur the expenditure.
- b. In case of the official, the official deliberately or negligently incurred such expenditure.

12.5 The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

- a) Either disciplinary action or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure.
- b) Recovery of such expenditure from such person.

12.6 If the person fails to comply with the request, the matter must be recovered through the normal debt collection process of the municipality.

Furthermore - once it has been established who is liable for the unauthorised expenditure, the accounting officer must, in writing, request that the liable official or political office-bearer pay the full amount within 30 days or in reasonable instalments via a salary stop order.

12.7 All instances of unauthorised expenditure must be recovered from the liable official or political office-bearer, unless the unauthorised expenditure has been dealt with in terms of the approved Budget and virement Policy of the municipality that allows the accounting officer to make limited shifts of funds, or authorised in an adjustments budget in terms of section 32(2)(a)(i) of the MFMA or certified as irrecoverable by the council after an investigation by a council committee in terms of section 32(2)(a)(ii) of the MFMA.

If the person fails to comply with the request or defaults on any payments, the matter must be handed to the municipality's legal division for the recovery of the debt through the normal debt collection process.

13 CONSEQUENCES OF NON-COMPLIANCE

13.1 Any official, councillor or political officer bearer not complying with this policy could be found guilty of Financial Misconduct.

13.2 Any councillor or political office bearer of MCLM will be committing an act of financial misconduct if that councillor deliberately or negligently makes or permits, or instructs another official of MCLM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

14 PROTECTIONS OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

14.1 If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation to the MM or the Mayor where applicable.

14.2 The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

14.3 Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

15 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

16 REVIEW OF POLICY

This policy must be reviewed and updated:

- a. Annually in line with the budget cycle and submitted with the budget policies; or
- b. Sooner if new legislation, regulation or circulars are issued that will impact this policy.

17 TRAINING & AWARENESS

The CFO must ensure all officials and councillors receive annual training on this policy and Circular 68 requirements.

18 APPROVALS

IMPLEMENTATION, EVALUATION AND REVIEW OF THE POLICY

- i) This policy will come into effect once it has been approved at Council.
- ii) In terms of section 17(1) (e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy must be tabled at Council for approval as part of the Annual Budget Process.
- iii) Changes in legislation must be taken into account for future amendments to the policy.

This policy has been aligned with **MFMA Circular 68 (2023)** and other relevant national directives, including the Municipal Budget and Reporting Regulations (MBRR) and MFMA Circular 76 on Financial Misconduct Procedures.

This Policy will be effective from 01 July 2026 once approved by Council.