CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY

Adopted in an Ordinary Council meeting held on 27 May 2026.

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Adopted in an Ordinary Council meeting held on 27 May 2026.

BACKGROUND

1.1 The purpose of this policy is to define and regulate unauthorised, irregular or fruitless and wasteful expenditure. The aim is to prevent unauthorised, irregular or fruitless and wasteful expenditure; to identify and investigate unauthorised, irregular or fruitless and wasteful expenditure; to respond appropriately in accordance with the law and to address instances of unauthorised, irregular or fruitless and wasteful expenditure conclusively.

1.2 In terms of section 4(2)(a) of the Municipal Systems Act (MSA) the council has a duty to use the resources of the municipality in the best interest of the local community. This duty is extended to individual councillors through the Code of Conduct for Councillors which states that a councillor must –

(i) perform the functions of office in good faith, honestly and in a transparent manner; and

(ii) at all times act in the best interests of the community and in such a way that the credibility and integrity of the municipality are not compromised.

1.3 Municipalities are often challenged with unauthorised, irregular or fruitless and wasteful expenditure.

2. OBJECTIVE

2.1 The objectives of this policy include amongst other things:

a) Emphasising the accountability of employees;

b) Ensuring that employees have a clear and comprehensive understanding of the procedures they must follow when dealing with unauthorised, irregular or fruitless and wasteful expenditure;

c) Ensuring that resources made available to employees are utilised efficiently, effectively, economically and for authorised official purposes;

d) Ensuring that the Municipality's resources are managed in compliance with the MFMA, the Municipal Budget and Reporting Regulations and other relevant legislation; and

e) Ensure that irregular, unauthorised or fruitless and wasteful expenditure is detected, processed, recorded, and reported timeously.

3. DEFINITIONS

"allocation", in relation to a municipality, means –

a) a municipality's share of the local government's equitable share referred to in section 214(1)(a) of the Constitution;

b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;

c) an allocation of money to a municipality in terms of a provincial budget; or

d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised. *The phrase 'made in vain' indicates that the municipality derived no value for money from the expenditure or the use of other resources.* Fruitless and wasteful expenditure must fulfil both the conditions in the definition, namely, that it was made in vain, and it would have been avoided had reasonable care been exercised.

"irregular expenditure", in relation to a municipality or municipal entity, means –

a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170;

b) expenditure incurred by a municipality or 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 a 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 a 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".

"overspending" –

a) In relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during 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.

"unauthorised expenditure", in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, 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" in the MFMA otherwise than in accordance with any conditions of the allocation; or

f) a grant by the municipality 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.

4. REGULATORY FRAMEWORK

4.1 The following Laws and regulations, amongst others, inform this policy:

a) Section 32 of the MFMA

b) Sections 170 and 173 of the MFMA

c) Regulations 23 and 74 of the Municipal Budget and Reporting Regulations

d) Relevant GRAP statements

e) MFMA Circular 68 as updated in 2019

5. SCOPE OF APPLICATION

5.1 From a responsibility perspective, this policy is relevant to all employees of the Municipality, whether full-time or part-time. It is, however, specifically applicable to the Council, Accounting Officer, Chief Financial Officer, Senior Manager's, Officials and all employees. In particular, the duly appointed Directorate and responsibility managers have significant roles in:

- Identifying the identity of the person who is liable for unauthorised, irregular or fruitless and wasteful expenditure.
- Deciding on how to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure.
- Determining the amount of unauthorised, irregular or fruitless and wasteful expenditure to be recovered, written off or provided for.

6. RELATIONSHIPS WITH OTHER POLICIES

6.1 The unauthorised, irregular, or fruitless and wasteful expenditure policy has additional parts that cover the unique nature of the broad spectrum of expenditure generated by municipality. These policies are to be managed by all the executive managers. The following parts exist:

a) System of Delegations;

b) SCM Policy;

c) Customer Care, Credit Control, Debt Collection Policy;

d) Bad Debt Write-Off Policy; and

e) Budgets and Medium-Term Revenue and Expenditure Framework (MTREF)

7. ROLES AND RESPONSIBILITY

7.1 The MFMA outlines the responsibilities of the Accounting Officers which include amongst others:

a) To exercise all reasonable care to prevent and detect irregular, unauthorised, fruitless and wasteful expenditure and must for this purpose implement effective, efficient and transparent processes of financial and risk management.

b) To inform, in writing the mayor, executive committee and council, as the case may be, if a decision is taken which, if implemented, is likely to result in irregular, unauthorised, fruitless and wasteful expenditure.

c) On discovery of any irregular, unauthorised, fruitless and wasteful expenditure to report promptly in writing, the particulars of the expenditure to the Mayo.

d) The MFMA further prescribe the process that must be followed to deal with irregular, unauthorised, fruitless, and wasteful expenditure.

8. PRINCIPLES OF UNATHORISED EXPENDITURE

8.1 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.

9. PROCESS DEALING WITH UNAUTHORISED EXPENDITURE

9.1 Any employee who becomes aware of or suspects the occurrence of unauthorised expenditure must immediately report, in writing, such expenditure to the Accounting Officer or his/her delegate.

9.2 On discovery of alleged unauthorised expenditure, such expenditure must be left in the account i.e. relevant vote and the Accounting Officer or his/her delegate should record the details of the expenditure in an unauthorised expenditure register. (Attached as "Annexure A".)

9.3 The accounting officer or his/her delegate must investigate the alleged unauthorised expenditure to determine whether the expenditure meets the definition of unauthorised expenditure.

9.4 During the period of investigation, the expenditure must remain in the expenditure account. The results of the investigation will determine the appropriate action to be taken regarding the expenditure.

9.5 Should the investigation reveal that the expenditure is in fact valid expenditure and therefore does not constitute unauthorised expenditure the details of the expenditure should be retained in the register for completeness purposes (and to provide an appropriate audit trail). The register must then be updated to reflect the outcome of the investigation.

9.6 If the investigation indicates that the expenditure is in fact unauthorised expenditure the Accounting Officer must immediately report, in writing, the particulars of the expenditure to the Mayor.

9.7 If council subsequently condones the unauthorised expenditure, the municipality requires no further action as the amount has already been expensed in the statement of financial performance. The register should be updated to reflect the fact that the unauthorised expenditure was condoned.

9.8 If, however the council does not condone the amount, the accounting officer must take effective and appropriate action to recover the amount from the responsible person.

10. AUTHORISING UNAUTHORISED EXPENDITURE

10.1 In considering authorisation of unauthorised expenditure, council must consider the following factors:

(i) Has the matter been referred to Council for a determination and decision?

(ii) Has the nature, extent, grounds and value of the unauthorised expenditure been submitted to Council?

(iii)Has the incident been referred to a council committee for investigation and recommendations?

(iv)Has it been established whether the accounting officer or official or public office bearer that made, permitted or authorised the unauthorised expenditure acted deliberately or in a negligent or grossly negligent manner?

(v) Has the accounting officer informed Council, the mayor or the executive committee that a particular decision would result in an unauthorised expenditure as per section 32(3) of the MFMA?

(vi)Are there good grounds shown as to why an unauthorised expenditure should be authorised? For example:

- the mayor, accounting officer or official was acting in the best interests of the municipality and the local community by making and permitting unauthorised expenditure;
- the mayor, accounting officer or official was acting in good faith when making and permitting unauthorised expenditure; and
- the municipality has not suffered any material loss as a result of the action.

In these instances, the council may authorise the unauthorised expenditure. If unauthorised expenditure is approved by council, there would be no further consequences for the political office-bearers or officials involved in the decision to incur the expenditure.

10.2Adjustments budgets to authorise unauthorised expenditure:

Council may only authorise unauthorised expenditure in an adjustments budget. This can be addressed in three different adjustments budgets as follows:

a) ***Adjustments budget for unforeseen and unavoidable expenditure:*** An adjustments budget to allow council to provide ex post authorisation for unforeseen and unavoidable expenditure that was authorised by the mayor in terms of section 29 of the MFMA must be tabled in council at the "first available opportunity" or within the 60 days after the expenditure was made. Should either of these timeframes be missed, the unforeseen and unavoidable expenditure must be treated in the same manner as any other type of unauthorised expenditure and may still be authorised in one of the other adjustments budgets process described below.

b) ***Main adjustments budget***: Council may authorise unauthorised expenditure in the adjustments budget which may be tabled in council "at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year". Where unauthorised expenditure from this period is not identified or investigated in time to include in this adjustments budget, it must be held over to the following adjustments budget process noted below.

c) ***Special adjustments budget to authorise unauthorised expenditure:*** Council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report. This special adjustments budget "may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act."

11. RECOVERY OF UNAUTHORISED EXPENDITURE

11.1 All instances of unauthorised expenditure must be recovered from the liable official or political office-bearer, unless the unauthorised expenditure has been authorised by council in an adjustment budget.

a) The Accounting Officer (or his/her delegate) must determine who the responsible party is from whom the amount should be recovered. This information would normally become evident while performing the investigation.

b) The Accounting Officer (or his/her delegate) must in writing request that the liable official or political office-bearer to pay the amount relating to such unauthorised expenditure within 30 days. If the person/s fails to comply with the request, the matter may be handed to the municipality's legal division for the recovery of the debt through normal debt collection process.

12. PRINCIPLES ON IRREGULAR EXPENDITURE

12.1 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), the Remuneration of Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy or system of delegation.

12.2 Categories of irregular expenditure
Irregular Expenditure incurred as a result of a non-compliance with a Treasury regulation, the MFMA and Chris Hani District Municipal Supply Chain Management Policy.

Example:

- Procuring of goods or services by means of quotations where the value of the goods/services exceed the set threshold as determined in the SCM policy quotations;

- Irregular Expenditure incurred as a result of procuring goods or services by means of other that through competitive bids where the reason for deviating from the prescribed processes have not been recorded or approved in terms of section 17 of the SCM regulations.

- Irregular Expenditure resulting from non-adherence to the delegation of authority as approved;

- Irregular Expenditure incurred as a result of expenditure outside contracts or contracts expired and not extended in terms of MFMA section 116.

- Expenditure resulting from non-adherence to an institution's delegation of authority is also regarded as irregular expenditure.

12.3 Procedures for the condonation of irregular expenditure

a) As part of the enclosed procedures (Annexure B), provision is made for accounting officers to forward submissions to the Provincial Treasury or the relevant authority to request condonation for non-compliance with the MFMA or other legislation respectively. The treasury to which the submission must be forwarded will depend on the provision that was contravened. It must, however, be emphasised that submissions requesting condonation for non-compliance must contain detailed motivation as to why the irregular expenditure in question should be considered for condonation, together with steps that have been taken to avoid a recurrence of this type of irregular expenditure.

b) It must, however, be emphasised that submissions requesting condonation of irregular expenditure must contain detailed motivation as to why the irregular expenditure in question should be considered for condonation, together with steps that have been taken to avoid a recurrence of the irregular expenditure.

c) If the irregular expenditure is subsequently condoned by the relevant authority, no further action is required by the department as the amount has already been expensed in the statement of financial performance. The register must be updated to reflect that the irregular expenditure was condoned and the notes to the annual financial statements must also be updated to reflect the condoned irregular expenditure.

d) In instances where condonation for irregular expenditure is not granted by the relevant authority, immediate steps must be taken to recover such expenditure from the relevant person, if he/she is liable in law.

e) If there is doubt regarding liability in law referred to in (d) above, the accounting officer must consult their in-house legal services in this regard.

13. PRINCIPLES ON FRUITLESS AND WASTEFUL EXPENDITURE

13.1 No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

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

13.3 Fruitless and Wasteful expenditure will always emanate from an action instigated by an official that resulted in a financial loss to the institution.

13.4 Fruitless and wasteful expenditure can arise from a range of events, activities and actions from a simple oversight in performing an administrative task to a deliberate and/or an intentional transgression of relevant laws and regulations.

13.5 It seems that the most logical approach to address assess whether or not an expenditure can be classified as fruitless and wasteful expenditure is to ask a few elementary questions prior to the spending of municipal funds such as:

a) **Did the intended spending relate to the formal powers of the municipality?**

A municipality may perform only those functions and powers conferred to it by the Constitution and relevant legislation. Any expenditure incurred relating to an act or conduct exercised outside those functions and powers will result in fruitless and wasteful expenditure notwithstanding sufficient provision has been made on the budget and correct procedures were followed in incurring the expenditure.

b) **Would the expenditure further the interest of the municipality?**

The expenditure incurred to obtain a service, inventory, asset or to render a service, etc. must have been necessary and ideally unavoidable to enable the Municipality to exercise its functions and powers in accordance with the relevant legislation.

c) **Was it essential to incur the intended expenditure?**

It is of paramount importance to incur expenditure only when it is really necessary or essential for purposes as mentioned above. One should be satisfied that non-incurrence of such expenditure will have a negative impact on the lawful activities of the Municipality.

d) **Was any other option perhaps available to prevent the intended expenditure or to reduce it?**

This question overlap to some extent with question above but it is more specific in the sense that it put pressure on the Municipality to apply its mind and to consider all possible options. Should it appear after the expenditure has been incurred that a more effective and perhaps a less expensive option was at the disposal of the Municipality but that it was ignored or disregarded without good cause the expense will be regarded as fruitless and wasteful.

14. PROCESS DEALING WITH IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

14.1 Any official who becomes aware of or suspects the occurrence of irregular or fruitless and wasteful expenditure should immediately report in writing, the particulars of such expenditure which are within his or her knowledge, to the Accounting Officer or his or her delegate;

14.2 Once the Accounting Officer or his or her delegate has received the report alleging the occurrence of irregular - or fruitless and wasteful expenditure, the details of such expenditure must be recorded in a register for irregular or fruitless and wasteful expenditure. An example of such register is attached as "Annexure A";

14.3 The Accounting Officer or his or her delegate should investigate the alleged irregular - or fruitless and wasteful expenditure to determine whether the expenditure meets the definition of irregular or fruitless and wasteful expenditure;

14.4 For accounting records purposes, during the investigation, the expenditure must remain in the expense account i.e. the vote of the department within the municipality. The results of the investigation will determine the appropriate action to be taken regarding such expenditure. Should the investigation reveal that the expenditure is not irregular - or fruitless and wasteful expenditure as defined; the details of the expenditure should be retained in the register for record purposes and to provide a full audit trail. The register must be updated to reflect the outcome of the investigation;

14.5 Should the investigation reveal that the expenditure is irregular - or fruitless and wasteful expenditure as defined above, the Accounting Officer must immediately report, in

writing, the particulars of such expenditure to the Mayor. The register must be updated to reflect the outcome of the investigation;

14.6 The Accounting Officer must also include the expenditure in the relevant department's monthly revenue and expenditure report submitted to council in terms of the MFMA; and

14.7 For accounting records purposes, the irregular - or fruitless and wasteful expenditure must be treated as an asset in the books of the municipality until such time as the expenditure is recovered from the responsible person or certified by council as irrecoverable and written off in the Annual Financial Statements.

15. ROLE OF COUNCIL COMMITTEE

15.1 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 –

a) the measures already taken to recover such expenditure;

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

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

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

15.2 The accounting officer must provide the committee concerned with such information it may require for the purpose of conducting a proper investigation.

15.3 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.

15.4 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.

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

16. INVESTIGATIONS AND DISCIPLINARY ACTIONS

16.1 In terms of sections 172 and 173 of the MFMA, an Accounting Officer is guilty of financial misconduct and an offence respectively if he or she:

a) wilfully or negligently fails to take effective and appropriate steps to prevent unauthorised, irregular or fruitless and wasteful expenditure as required by the MFMA;

b) fails to take effective and appropriate disciplinary steps against an official in the department who makes or permits unauthorised, irregular or fruitless and wasteful expenditure; and

c) fails to report unauthorised, irregular or fruitless and wasteful expenditure in terms of the MFMA.

16.2 As soon as the accounting officer becomes aware of an allegation of financial misconduct against an official, the Accounting Officer has a responsibility to ensure that the Mayor initiates an investigation into the matter and if the allegations are confirmed, holds a disciplinary hearing in accordance with the prescripts of the applicable legislation.

16.3 In terms of section 172 of the MFMA, an official of a department to whom a duty or power has been assigned commits an act of financial misconduct if that official will fully or negligently fail to perform that duty or exercise that power in line with applicable legislation.

16.4 In terms of the MFMA, the accounting officer must take appropriate and effective disciplinary steps against an official who makes or permits unauthorised, irregular or fruitless and wasteful expenditure.

16.5 When an accounting officer determines the appropriateness of disciplinary steps against an official in terms of applicable legislation, he or she must take into account the following:

a) circumstances of the transgression;
b) extent of the expenditure involved; and
c) nature and seriousness of the transgression.

16.6 Ratification of minor breaches of the procurement process

The accounting officer may 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 provided that this provision is included in the municipality's supply chain management policy and the official or committee who committed the breach had the delegated authority to perform the function.

16.7 Disciplinary charges for Irregular or Fruitless and Wasteful Expenditure

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

If the irregular expenditure falls within the ambit of the above description, then the council, mayor or accounting officer (as may be relevant) must institute disciplinary action as follows:

(i) *Financial misconduct in terms of section 171 of the MFMA*: in the case of an official that deliberately or negligently:

- contravened a provision of the MFMA which resulted in irregular expenditure; or
- made, permitted or authorised an irregular expenditure (due to noncompliance with any of legislation mentioned in the definition of irregular expenditure);

(i) *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

(ii) *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 political office-bearer improperly interfered in the management or administration of the municipality.

16.8 Criminal charges arising from an act of Irregular or Fruitless and Wasteful expenditure -

a) If, after following a proper investigation, the council concludes that the official or political office-bearer responsible for making, permitting or authorising an instance of irregular expenditure acted deliberately or negligently, then the Council must institute disciplinary procedures and lay criminal charges against the liable official or political office-bearer.

b) The irregular expenditure was the result of a breach of the definition of irregular expenditure it must be considered in terms of section 173 of the MFMA.

17. RECOVERY

17.1 Notwithstanding the disciplinary process, the accounting officer must identify the official who is responsible for the unauthorised -, irregular or fruitless and wasteful expenditure.

17.2 The relevant information would normally be evident from the investigation process.

17.3 The amount of the expenditure should be recovered from the official concerned by taking the following steps:

a) The accounting officer must write to the official concerned and request him or her to pay the amount within 30 days or in reasonable instalments.

b) Reasonable instalments will vary from case to case depending on such factors as the total amount involved and the affordability level of the official concerned.

c) The accounting officer is expected to apply his or her discretion judiciously.

17.4 Should the official refuse or fail to pay as requested, the matter may be referred to an attorney for recovery.

17.5 If the amount is not recoverable the accounting officer may request council to certify the debt as irrecoverable and write it off in terms of the municipal adopted policy.

17.6 All instances of irregular expenditure must be recovered from the liable official or political office-bearer, unless the expenditure is certified by the municipal council, after investigation by a council committee, as irrecoverable and is written off by the council.

17.7 Irregular expenditures resulting from breaches of the Public Office-Bearers Act is an exception in that the irregular expenditure must be recovered from the political office-bearer to whom it was paid, who might not have been responsible for making, permitting or authorising the irregular expenditure.

17.8 Once it has been established who is liable for the irregular expenditure, the accounting officer must in writing request that the liable political office-bearer or official pay the amount within 30 days or in reasonable instalments. If the person fails to comply with the request, the matter must be recovered through the normal debt collection process of the municipality.

18. REPORTING

18.1 The accounting officer must comply with the following reporting requirements: attached as "Annexure B".

18.2 Immediately upon discovery of unauthorised, irregular or fruitless, and wasteful expenditure, the accounting officer must report the details of the unauthorised, irregular or fruitless, and wasteful expenditure to the Mayor. The report must include the following details:

a) amount of the unauthorised, irregular or fruitless and wasteful expenditure.

b) name of the vote from which the expenditure was made;

c) reason why the unauthorised, irregular or fruitless and wasteful expenditure could not be avoided;

d) name and title of the responsible official;

e) details of any recovery steps taken or to be taken by the municipality; and

f) details of any disciplinary steps taken or to be taken by the municipality.

18.3 The accounting officer must also include the expenditure in the relevant department's monthly revenue and expenditure report submitted to the Council in terms of the MFMA.

18.4 All unauthorised, irregular or fruitless and wasteful expenditure must be reported as a note to the annual financial statements.

18.5 The Accounting Officer must record the reasons for any deviations in terms of SCM regulations and report to the next Council meeting and disclose this expenditure in a note to the annual financial statements.

19. REGULAR REVIEW OF THE UNAUTHORISED IRREGULAR, OR FRUITLESS AND

WASTEFUL EXPENDITURE REGISTER

19.1 The unauthorised, irregular or fruitless and wasteful expenditure register should be reviewed on a monthly basis by the chief financial officer of the municipality. This review will ensure that unauthorised -, irregular or fruitless and wasteful expenditure are adequately disclosed, dealt with, recorded and that no mathematical errors exist.

20. ACCOUNTING TREATMENT OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND

WASTEFUL EXPENDITURE

20.1 Unauthorised, irregular or fruitless and wasteful expenditure identified during one financial period, but not paid in the specific period should be recorded in the following financial year.

20.2 The cumulative unauthorised, irregular or fruitless and wasteful expenditure incurred at financial year end should be adequately and appropriately disclosed in the financial statements of the municipality.

20.3 Recognition and measurement of unauthorised, irregular or fruitless and wasteful expenditure shall be treated in terms of the latest available guidelines for the compilation of the Annual Financial Statements issued to municipalities by National

Treasury on an annual basis and be in line with the latest GRAP requirements. (Circular 68)

DISCLOSURE OF UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

20.4 MFMA section 125 require accounting officers and accounting authorities to disclose in the notes to the Annual Financial Statements of the municipality particulars of any material unauthorised, irregular or fruitless and wasteful expenditure incurred during the financial year.

20.5 Particulars of any criminal or disciplinary steps taken as a result of such unauthorised, irregular or fruitless and wasteful expenditures should be disclosed in the notes to the Annual Financial Statements.

DOCUMENT CONTROL

Summary: This document describes the Unauthorised, Irregular, Fruitless & Wasteful Expenditure Policy that will be applicable to Chris Hani District Municipality, with effect from **1 July 2026**.

Adopted in an Ordinary Council meeting held on 27 May 2026.

Resolution No: C163

2026-2027.

Signed by Municipal Manager: G. Mashiyi — *Initial and Surname* — *Signature* — 09-07-2026 — *Date*

Signed by Speaker of Council: J. Cengani — *Initial and Surname* — *Signature* — 09-07-2026 — *Date*

Adopted in an Ordinary Council meeting held on 27 May 2026.

APPENDIX A: UIF&W

Chris Hani District Municipality

Financial Year _____

No	Date of discovery	Date Reported to Accounting Officer	Transaction details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						
			Date of Payment	Payment Number	Amount	Description of Incident			UI	DP	CC	TR	P	WO	General comments

Adopted in an Ordinary Council meeting held on 27 May 2026.

Abbreviations:

UI:	Irregular expenditure Under Investigation
DP:	Disciplinary process initiated against responsible person
CC:	Criminal charges laid with SAPS
TR:	Transferred to receivables for recovery
P:	Paid or in process of paying in instalments
WO:	Written-off by council as irrecoverable

Adopted in an Ordinary Council meeting held on 27 May 2026.

APPENDIX B: 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 immediately report in writing in terms of section 32(4)(a) and (b) of the MFMA, to the Executive Mayor, MEC for Local Government in the province and the Auditor-General.

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The Accounting Officer must in terms of section 32(4)(c)(i)(ii) of the MFMA, implement 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.

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The Accounting Officer tables 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.
2. Recover the amount.

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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.