



## AMAHLATHI LOCAL MUNICIPALITY



### FRUITLESS AND WASTEFUL EXPENDITURE POLICY AND PROCEDURE MANUAL

<i>Name of policy – Fruitless and Wasteful Expenditure</i>	
<b>Policy Number</b>	
<b>Policy Name</b>	Fruitless and Wasteful Expenditure Policy
<b>Policy Status</b>	Active
<b>Version</b>	
<b>Date of Approval</b>	
<b>Date of First Implementation</b>	
<b>Date Last Amended</b>	
<b>Date of Next Review</b>	
<b>Purpose</b>	The purpose of this policy is therefore to communicate across the Municipality, the objectives, principles and processes associated with fruitless and wasteful

	Expenditure management within the Municipality so as to guide and ensure unambiguous understanding and interpretation, an improved system, an appropriate control environment, acceptable compliance and accountability levels and effective and efficient management thereof.
<b>Aims and Objectives</b>	The objective of this policy is to provide a policy directive and regulatory framework on the procedures to be followed when dealing with fruitless and wasteful expenditure, accountability, reporting, disclosure of fruitless and wasteful expenditure in the Annual Financial statements (AFS) and accounting thereof in the books and records of the Municipality
<b>Policy Custodian</b>	Budget and Treasury Office
<b>Related Policies and Legislation</b>	The Municipal Finance Management Act 56 of 2003; Regulations; other laws and prescripts
<b>Approving Authority</b>	Council
<b>Applicability</b>	
<b>Policy Benchmark and References</b>	
<b>Stakeholders Consulted</b>	

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## LIST OF ACRONYMS

AFS	Annual Financial Statements
APP	Annual Performance Plan
CR	Credit
S57 Managers	Executive/ Top Management of Municipality
Municipality	Amahlathi Local Municipality
IR	Irregular Expenditure
M&E	Monitoring and Evaluation
MFMA	Municipal Finance Management Act 56 of 2003
PER	Performance
POS	Position
Accounting Officer	Municipal Manager

## ACKNOWLEDGEMENTS

The Office of the Municipal Manager wishes to acknowledge and appreciate all those who participated and contributed in the development of the Fruitless and Wasteful Expenditure policy of the Municipality. The Budget and Treasury Office believes that this policy will contribute greatly in the change of behavior regarding one of the financial management responsibilities which is to effectively manage fruitless and wasteful expenditure across the Municipality.

## **1. INTRODUCTION**

The policy and procedure manual on Fruitless and Wasteful Expenditure gives effect to the Municipal Finance Management Act, 56 of 2003 and associated National Treasury Regulations including to operationalize the National Treasury guidelines “*Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities*”. The policy is a broader strategy on improving financial management in the Municipality and attempts to outline the basics of fruitless and wasteful expenditure, the systems, the controls, the accountability arrangements, and best practice on fruitless and wasteful expenditure management.

## **2. SCOPE OF APPLICATION**

This policy and procedure is applicable to the Municipality and all its officials

## **3. PROBLEM STATEMENT**

3.1 The Municipality continuously cause fruitless and wasteful expenditure due to non-compliance with:

- procurement policies and procedures
- the Municipal Finance Management Act 56 of 2003; Regulations; other laws and prescripts
- and due to unforeseen and unavoidable circumstances.

The Auditor-General has in the past financial years raised and reported findings on Fruitless and wasteful expenditure incurred by the Municipality, including that there is no approved and adopted Fruitless and Wasteful Expenditure policy. The absence of this policy manifests itself into the following challenges and resultant shortcomings;

3.1.1 Improper and non-uniform implementation or application, control, monitoring, evaluation and reporting of fruitless and wasteful expenditure

3.1.2 Non-compliance with governing Acts, Regulations and best practices

3.1.3 Lack of accountability

3.1.4 Tainting the performance, image and reputation of the Municipality

## **4. PURPOSE**

In an attempt to address and rectify the problems above, the purpose of this policy is therefore to communicate across the Municipality, the objectives, principles and processes associated with fruitless and wasteful Expenditure management within the Municipality so as to guide and ensure unambiguous understanding and interpretation, an improved system, an appropriate control environment, acceptable compliance and accountability levels and effective and efficient management thereof.

## **5. OBJECTIVE**

The objective of this policy is to provide a policy directive and regulatory framework on the procedures to be followed when dealing with fruitless and wasteful expenditure, accountability, reporting, disclosure of fruitless and wasteful expenditure in the Annual Financial statements (AFS) and accounting thereof in the books and records of the Municipality.

## **6. ANTICIPATED OUTCOMES**

- 6.1 Clear common understanding, interpretation and practices
- 6.2 Sustaining standardised and uniform application, best practice and management thereof
- 6.3 Enhanced levels of compliance in all different levels of transaction processes
- 6.4 An acceptable culture of accountability and responsibility
- 6.5 Improved image and reputation of the Municipality
- 6.7 Improved Auditor General audit outcome relating to Fruitless and Wasteful Expenditure

## **7. LEGISLATIVE REQUIREMENTS / OBLIGATIONS**

7.1 This policy is informed by and based on the following prescripts:

- 7.1.1 Section 62 and 95 of the Municipal Finance Act 56 of 2003, as amended
- 7.1.2 National Treasury Guidelines - Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities
- 7.1.3 Section 32 of the Municipal Finance Management Act 56 of 2003, as amended

## **8. PRINCIPLES**

8.1 The following principles have been identified and will serve as the basis for ensuring adherence to this policy;

8.1.1 Identification of fruitless and wasteful expenditure recording and reporting of information must be accurate, reliable, complete and free from significant omissions.

8.1.2 Recorded and reported information must be:-

- credible, based on qualitative and quantitative data that is fairly interpreted and presented
- consistent, namely the ability to measure and present information consistently from one period to another and being able to reasonably explain any deviation of consistencies

- honest, free from bias, with checks and balances against subjectivity
- verifiable and timely accessible to be retrieved and presented when requested
- must enhance the Municipality's operations and performance through proactively addressing challenges with appropriate remedial action

## 9. DEFINITION

9.1 Fruitless and Wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

## 10. ACCOUNTING POLICY

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance. The expenditure is disclosed in the notes to the financial statements. If the expenditure is not condoned it remains a balance in the notes to the financial statements, however if the expenditure is condoned it is disclosed in the notes to the financial statements and results in a nil balance in the financial statements.

## 11. PROCEDURES FOR THE TREATMENT OF FRUITLESS AND WASTEFUL EXPENDITURE

### Discovery, Investigation, Recovery, Maintenance, Reporting

#### 11.1 Discovery

Procedures for the treatment of fruitless and wasteful expenditure are described below:

- 11.1.1 Any employee who becomes aware of or suspects the occurrence of fruitless and wasteful expenditure should immediately report, in writing to the Accounting Officer through his/her delegate supervisor. Letter sent to the Accounting Officer through the Office of the Chief Finance Officer (See **Annexure B** for proposed standard format).
- 11.1.2 A full copy of the relevant documentation must be included with the report, and this should be filed by the Office of the Chief Financial Officer.
- 11.1.3 On discovery of any fruitless and wasteful expenditure, the Accounting Officer through his/her delegate must immediately report, in writing, particulars of the expenditure to Council. And all actual and potential fruitless and wasteful expenditure reported should immediately be captured onto the fruitless and wasteful expenditure register.
- 11.1.4 Fruitless and wasteful expenditure discovered (actual or potential) will expensed as and when the expenditure occurs and reflected in the Statement of Financial Position.
- 11.1.5 The Accounting Officer or his/her delegate must investigate the alleged fruitless and wasteful expenditure to determine whether the expenditure meets the definition of fruitless and wasteful expenditure. The results of the investigation will determine the appropriate action to be taken regarding the expenditure. All investigations regarding fruitless and wasteful expenditure must be finalised within 30 days of the assignment thereof.
- 11.1.6 The investigation must determine if the expenditure is fruitless and wasteful and also identify who was responsible for the fruitless and wasteful expenditure and whether it must be recovered



from the responsible official(s). Evidence must be sufficient to support a disciplinary hearing (for the responsible official(s)) where applicable.

- 11.1.7 Should the investigation reveal that the expenditure is in fact valid expenditure and does not constitute fruitless and wasteful expenditure, the details of the expenditure should be retained in the register for the purposes of completeness (and to provide an appropriate audit trail). The register must then be updated to reflect the outcome of the investigation.
- 11.1.8 If as a result of the investigation, the liability for the fruitless and wasteful expenditure can be attributed to an official(s), steps need to be followed to recover this amount from the official(s) concerned.
- 11.1.9 Fruitless and wasteful expenditure, not identified by the Municipality, but which has subsequently been identified by the Auditor General and reported to the Municipality, must be reported to the Accounting Officer by the Chief Financial Officer and necessary investigation/s as per above process should be followed and fruitless and wasteful expenditure recorded and reported thereafter
- 11.1.10 All matters relating to discipline arising from fruitless and wasteful Expenditure are the responsibility of Line Management who in turn will use the reporting template (**Annexure B**) to report the outcome the disciplinary. Disciplinary action must be instituted within 30 days from the day of determining the validity of the case through the investigative process. The fruitless and wasteful expenditure register must be updated with the progress and outcomes of all disciplinary matters.
- 11.1.11 All reported cases and disciplinary processes should be followed up in order to ensure that said officials are trained on compliance issues to ensure that future occurrences are minimised.

## 11.2 RECOVERY OF FRUITLESS AND WASTEFUL EXPENDITURE

- 11.2.1 The Accounting Officer must determine from the investigation who the responsible party is and from whom the amount should be recovered. This information would normally become evident while performing the investigation.
- 11.2.2 The Accounting Officer must take effective and appropriate action to recover the amount from the responsible official(s), these actions may also include disciplinary steps.
- 11.2.3 Should the liability for fruitless and wasteful expenditure be attributed to an official(s), a debt account must be created if such official(s) was negligent or had malicious intent.
- 11.2.4 Immediate steps must be taken thereafter to recover the amount from the official(s) concerned.
- 11.2.5 If recovery is not possible, the accounting officer may write off the debt as a bad debt in line with the Municipality write-off policy. The write-off amount must be disclosed in the relevant note to the AFS. The fruitless and wasteful expenditure register must be updated accordingly.
- 11.2.6 Fruitless and wasteful expenditure that was incurred and identified during the current financial year (whether condoned or not) must be appropriately recorded in the fruitless and wasteful expenditure Register.

## 11.3 MAINTENANCE

11.3.1 This register must be maintained to track all fruitless and wasteful expenditure (including potential fruitless and wasteful expenditure) and record all follow-up activities that have taken place subsequent to the discovery of the alleged fruitless and wasteful expenditure. This register must be maintained for sound internal control purposes and also for internal and external audit purposes.

- 11.3.2 All items must be individually recorded in one consolidated register, the total of which must agree to monthly management accounts, quarterly IFS and annual AFS (disclosure note).
- 11.3.3 Each instance of fruitless and wasteful expenditure (potential and actual) reported will be captured on the register and will be allocated a unique number. The register will have the following headings per **Annexure E**;
  - Date of discovery

## Fruitless and wasteful Expenditure – Policy and Procedure 2018

- Reported to Accounting Officer (date)
  - Reported to Council (date)
  - Transaction details – payment date
  - Transaction details – payment number
  - Transaction details - Amount
  - Transaction details – Incident description
  - Responsible official(s)
  - Status – Under investigation
  - Status – Disciplinary Process
  - Status – Transferred to Revenue
  - General comments
- 11.3.4 Additional columns can be added to monitor the management of fruitless and wasteful expenditure items to its resolution.
- 11.3.5 The register is to be used as a control sheet to monitor all fruitless and wasteful items and to identify at what stage they are at in the process to its resolution, and to also provide an audit trail.
- 11.3.6 The allocation of the amount to the current or prior year will depend on the date that the obligation to pay arose (this is the date of receipt of the goods or services).
- 11.3.7 On the second working day after each month end, the consolidated fruitless and wasteful expenditure register will be emailed to all Division/ Unit Managers for them to confirm that all their reported instances appear on the register and that the details are correct.
- 11.3.8 They will confirm this by signing and returning a monthly confirmation (see **Annexure D**). This confirmation will also be signed by the Manager of the respective Unit/ Division, on or before the 5<sup>th</sup> working day after each month end.
- 11.3.9 On a monthly basis, the complete register must be printed and reviewed by the Chief Financial Officer to satisfy himself/ herself that all items are being investigated and resolved within reasonable timeframes and remedial action is being taken where this has not been done.
- 11.3.10 This register must be printed and signed off by the Chief Financial Officer as evidence of this review.

### 11.4 REPORTING

- 11.4.1 On discovery of any fruitless and wasteful expenditure, the particulars thereof must immediately be reported, in writing, to Council including cases where fruitless and wasteful expenditure involves the procurement of goods or services. Refer to **Annexure B**.

## 12. ADVANTAGES AND BENEFITS OF ACCURATE AND TIMELY REPORTING

12.1 The Municipality will be able to determine if;

12.1.1 The policy and procedures are understood and properly followed by officials.

12.1.2 Legitimate capacity challenges exist within the relevant components of the Municipality and remedy such.

12.1.3 Unacceptable risks are identified and appropriate controls are put in place to mitigate said risks to a tolerable level.

12.1.4 The system, inclusive of the policy and procedures, realize the desired objectives in this case and where there are deficiencies, to improve on such.

## **Fruitless and wasteful Expenditure – Policy and Procedure 2018**

12.1.5 Recording and reporting are compliant with the policy and procedures and complied with at all times.

12.1.6 Said information is adequate, complete, accurate and verifiable for Auditor-General purposes and is readily available on request.

### **13. SANCTIONS FOR NON-COMPLIANCE**

13.1 The Municipality is characterised by an unacceptable culture of untimely reporting and responsiveness, poor quality reports, lack of appropriate management supervision and review and very little enforcement of accountability.

13.2 Failure to comply with this policy will be considered as a serious act of financial misconduct and all transgressors will be disciplined in terms of Section 10 of the MFMA, Act 56 of 2003 as amended.

13.3 Furthermore, non-compliance with this policy creates an environment that;

13.3.1 Undermines the performance of the Municipality

13.3.2 Permits managers to conduct themselves in an unacceptable manner

13.3.3 Contributes to the contravention of prudent financial management obligations Municipality

13.3.4 Fosters insubordination by official's not following lawful and reasonable orders and instructions

### **14. ROLE OF MANAGERS MUNICIPALITY-WIDE**

14.1 The role of managers, Municipality-wide from junior manager to middle manager to senior manager, all have a performance responsibility in this functional area and must take responsibility in terms of

14.1.1 Have and ensure a full understanding of the policy and procedure within their functional area including communicating clear instructions to other officials

14.1.2 Ensure that all related information and supporting documentation is available at all times

14.1.3 Ensure that all related information is monitored and quality reviewed and signed-off as evidence thereof

14.1.4 Take full responsibility and accountability where applicable for the performance of this functional area

14.1.5 Ensure compliance with this policy and procedure

### **15. RESPONSIBILITIES OF EXECUTIVE / TOP MANAGEMENT MUNICIPALITY-WIDE**

## **Fruitless and wasteful Expenditure – Policy and Procedure 2018**

### **15.1 The role of Executive / Top Management, Municipal-wide (All S57 Managers) must;**

15.1.1 Take responsibility for the quality and content of information and reports presented by their immediate sub-ordinates

15.1.2 Scrutinize the completeness, quality and timeliness of information and reports submitted

15.1.3 Sign-off on reports submitted to the Accounting Officer, AG, other stakeholder as a true reflection of what is being reported

15.1.4 Take ownership of the report from submission from their immediate sub-ordinates by ensuring that necessary support documents are available and support the report

## **16. ROLE OF THE ACCOUNTING OFFICER's OFFICE**

16.1 Facilitates and co-ordinates communication to Executive authority and relevant stakeholders

16.2 Upholds the Batho Pele principles of communication (requests) and service standards (48 hrs)

16.3 Ensures proper recording of all communication

16.4 Determines the level of delegated power of authority relevant to all Clusters

16.5 Submits to AG such information, returns, documents, explanation and motivation as may be required by AG

16.6 Submits the AFS and Annual Report to AG within stipulated timeframes

## **17. INFORMATION AND KNOWLEDGE MANAGEMENT**

17.1 The IT Specialist shall upload and include this policy, procedure and related information on the Municipality's central information repository so that it is available and accessible to all role-players, Municipality-wide

17.2 Any formal response, feedback, input and/or comment on the policy, procedure or related processes is welcomed and will be considered in the best interests and value-add of the effective and efficient management over the functional area and holistic Municipality responsibility of fruitless and wasteful Expenditure management

18.3 The Municipality's central information repository will be updated with any such consideration and consequent amendment

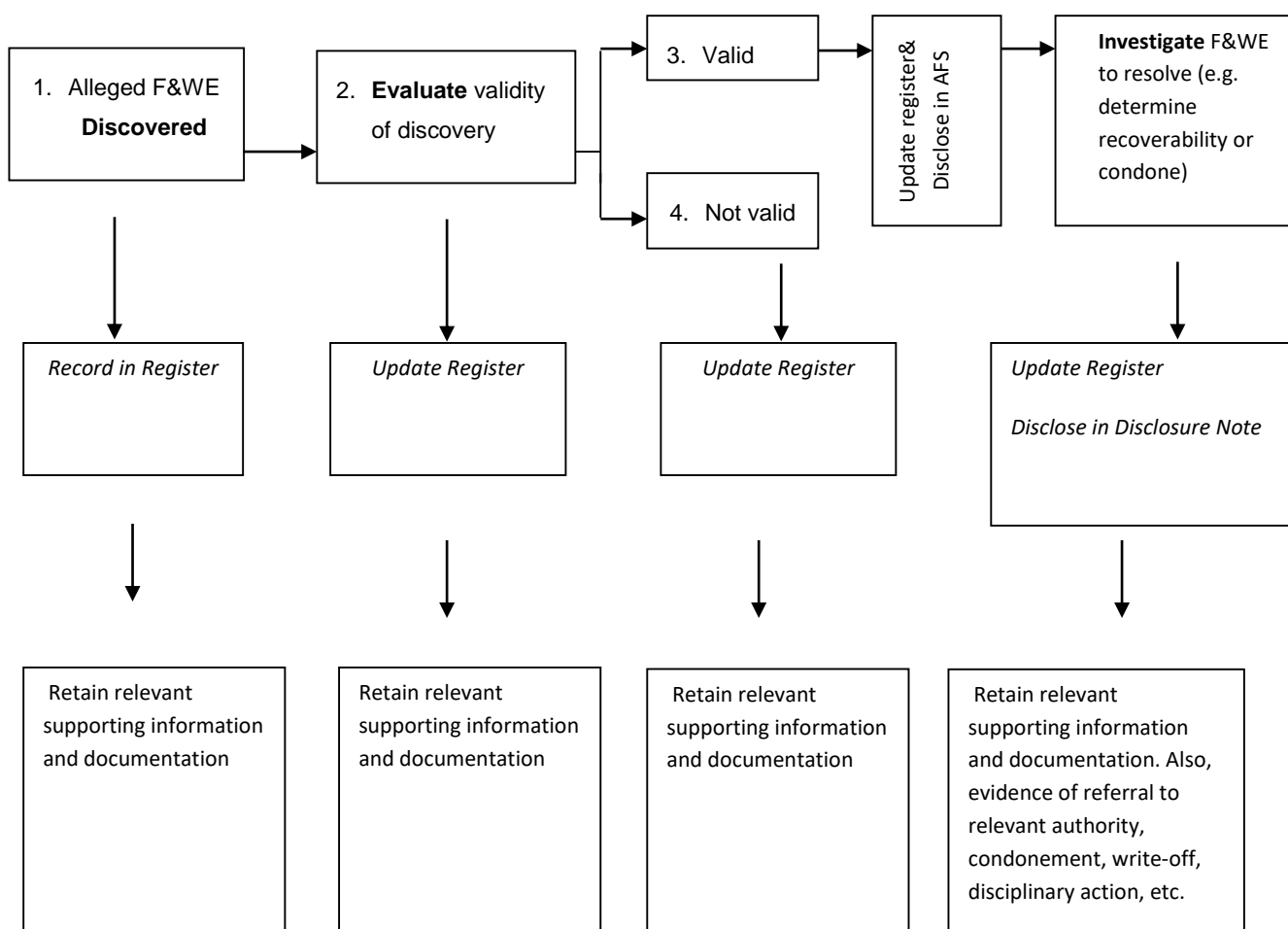
## **18. POLICY REVIEW**

The policy will be reviewed annually or earlier when deemed necessary

**19. CONCLUSION**

The policy on fruitless and wasteful Expenditure will go a long way in clarifying the requirements, in this regard, in the Municipality. The proper understanding of all the elements (identification/discovery, evaluation, recording, maintaining, investigation and resolution) will contribute toward improved financial management and performance of the Municipality. All officials are urged to encourage a culture of effective implementation, compliance and quality reporting so that collective accountability may be taken for commensurate successes and challenges

**Annexure A: The process for the evaluating of audit findings to be completed prior to the finalisation of the audit**



**Annexure B: Template for reporting fruitless and wasteful expenditure to the Accounting officer**

**INTERNAL MEMORANDUM**

**REPORTING FRUITLESS AND WASTEFUL EXPENDITURE TO THE ACCOUNTING OFFICER**

<b>TO :</b>	The Accounting Officer
<b>CC:</b>	Chief Financial Officer
<b>FROM:</b>	
<b>RESPONSIBLE DEPARTMENT:</b>	
<b>SUBJECT:</b>	Report of discovery of fruitless and wasteful expenditure (potential or actual).
<b>DATE:</b>	

**1. PURPOSE:**

This memo is to report the discovery of potential or actual *(Delete non applicable one)* fruitless and wasteful expenditure to the Accounting Officer.

**2. BACKGROUND:**

*(Provide full details of the expenditure including what the expenditure was for and why it is fruitless and wasteful. Also include the supplier name, date of supply of goods or services and the amount.)*

**STATUS**

*(Provide full details of the status of the reported fruitless and wasteful expenditure, namely whether the matter is being investigated, is in the process of being investigated, is a clear case of either negligence or recoverability / irrecoverability, is resolved, etc. or other)*

**3. PREVENTATIVE MEASURES**

*(This application should indicate what preventative measures are to be implemented to prevent the re-occurrence of fruitless and wasteful expenditure.)*

**4. FINANCIAL IMPLICATIONS (details of where posted to and if budget is available)**

<b>Operational/ Capital</b>	
<b>Department</b>	
<b>Relevant Cost/ Section</b>	
<b>Line Item within Cost Centre</b>	
<b>Amount</b>	<b>R</b>
<b>Budget available</b>	<b>R</b>

**5. See attached copy of supporting documentation for your records.**

Name:	Signature	Date
<b>Official</b>		
Name:	Signature	Date
<b>Relevant Manager</b>		

Name:	Signature	Date
<b>Chief Financial Officer</b>		

**Annexure C: Template for Application for Condonation**



## INTERNAL MEMORANDUM

### REQUEST FOR APPROVAL TO CONDONE F&W EXPENDITURE

TO :	<i>(Insert name of relevant authority)</i>
FROM:	MUNICIPAL MANAGER
SUBJECT:	CONDONATION OF FRUITLESS AND WASTEFUL EXPENDITURE
DATE:	

#### 1. PURPOSE:

This purpose of this memorandum is to obtain approval for the condonation of fruitless and wasteful expenditure.

#### 2. BACKGROUND:

*(This paragraph must summarize your application and must give a concise overview of the circumstances and events or actions that led to the Municipality incurring fruitless and wasteful expenditure. Also include the supplier name, date of supply of goods or services and the amount.)*

#### 3. FULL MOTIVATION

*(This paragraph must motivate fully and explain why this fruitless and wasteful expenditure could not have been avoided. The motivation must also certify that:*

- *Reasonable care and action was taken to prevent this;*
- *The expenditure did not originate as a result of negligence;*
- *Goods and or services have been received and delivered satisfactorily and requisite value was received in relation to said expenditure.*
- *Payment can be effected (where it is known and potential and not yet paid) and that no payment has been made previously.*

#### OUTCOME OF THE INVESTIGATION

## Fruitless and wasteful Expenditure – Policy and Procedure 2018

*(This paragraph must include the outcome of the investigation into the incident(s) and provide confirmation that this motivation is as a result of no negligence on behalf of any official(s))*

### 4. PREVENTATIVE MEASURES

*(The application should indicate what preventative measures are to be implemented to prevent the re-occurrence of fruitless and wasteful expenditure at your office or institution.)*

### 6. FINANCIAL IMPLICATIONS

<b>Operational/ Capital</b>	
<b>Department</b>	
<b>Relevant Cost/ Section</b>	
<b>Line Item within Cost Centre</b>	
<b>Amount</b>	<b>R</b>
<b>Budget available</b>	<b>R</b>

### 7. RECOMMENDATION

*(Your submission concludes with your recommendation. Escalate the report to the Chief Financial Officer, and submit to the Relevant Authority.)*

Name:	Signature	Date
<b>Senior Manager: Internal Financial Control</b>		

Name:	Signature	Date
<b>General Manager: Financial Management Services</b>		

Name:	Signature	Date
<b>Municipal Manager</b>		

Name:	Signature	Date
<b>Relevant Authority</b>		

**Annexure D: Monthly confirmation by Manager**

Fruitless and wasteful Expenditure Confirmation for the month of.....

I confirm that:

- I have received the consolidated reports of fruitless and wasteful expenditure (received by email) <insert date>.
- I have reviewed all supporting documentation applicable to the Department.
- All potential and actual irregular expenditure has been captured on the consolidated fruitless and wasteful expenditure register.
- The Register is complete and accurate, and contains all instances of actual fruitless and wasteful expenditure.
- Any errors / omissions / updates necessary after the review have been provided to the SCM Manager to update the consolidated register for submission to the Chief Financial Officer.

Name:	Signature	Date
<b>Relevant Manager</b>		

Name:	Signature	Date
<b>CFO</b>		

Note this confirmation to be submitted to Chief Financial by the 5<sup>th</sup> working day after each month end.

	Unauthorised Expenditure	Irregular Expenditure	Fruitless and Wasteful Expenditure
<b>Definition</b>	<i>The overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.</i>	<i>Comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:</i> <ul style="list-style-type: none"> <li>• the MFMA</li> <li>• the State tender Board Act, 1968; or</li> <li>any local government legislation providing for the procurement procedures in that local government entity.</li> </ul>	<i>Means expenditure which was made in vain and would have been avoided had reasonable care been exercised.</i>
<b>Accounting policy/ recognition</b>	<u>Disclosed in Note</u>  Disclose in notes to the financial statements	<u>Disclosed in Note</u>  (Expenditure - Against actual expense line item)  Receivable, if not condoned) <ul style="list-style-type: none"> <li>• Recover from official</li> <li>• Write off</li> </ul>	<u>Disclosed in Note</u>  (Expenditure - Against actual expense line item)  Receivable, if not condoned) <ul style="list-style-type: none"> <li>• Recover from official</li> <li>• Write off</li> </ul>
<b>Other considerations</b>	N/A	<ul style="list-style-type: none"> <li>• Relates to CY or PY?</li> <li>• Arises at transaction date</li> </ul>	<ul style="list-style-type: none"> <li>• Relates to CY or PY?</li> <li>• Arises at transaction date</li> </ul>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Overspending on budget</li> <li>• Earmarked funds used for other purposes</li> <li>•</li> </ul>	<p>Incurring as a result of:</p> <ul style="list-style-type: none"> <li>• Purchase exceeding threshold</li> <li>• Procuring without inviting competitive bid</li> <li>• Non-compliance with Delegations of Authority</li> <li>• Non-compliance with legislation e.g. MFMA, SCM guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Negligence - (reasonable man's test/ accounting officer's judgment e.g. miss a flight – cancellation fees incurred)</li> <li>• Interest on overdue accounts</li> <li>• Penalties</li> <li>• Committing 10 officials to training and 8 attend</li> <li>• Procuring 10 desks when 8 is required</li> </ul>

<b>Conclusion</b>	<p>There has to be expenditure incurred before consideration of whether or not it is unauthorised.</p> <p>The entity must spend only funds provided and spend it only for the purposes provided.</p>	<p>There has to be expenditure incurred before consideration of whether or not it is irregular.</p> <p>The entity may only incur expenditure if expenditure is within the legislative framework</p>	<p>There has to be expenditure incurred before consideration of whether or not it is fruitless or wasteful. Management's judgement required to determine fruitless and wasteful expenditure within the ambit of prevailing legislation and law.</p>

### Annexure E: Prescribed format of fruitless and wasteful Expenditure Register

### Register for fruitless and wasteful expenditure (IR)

Municipality:

[illegible]

<b>Key:</b>	<b>UI</b>	-	Fruitless and wasteful expenditure Under Investigation
	<b>DP</b>	-	Disciplinary process initiated against responsible official
	<b>TR</b>	-	Transferred to receivables for recovery