



national treasury
 Department:
 National Treasury
 REPUBLIC OF SOUTH AFRICA



CROSSWALK TO AMENDMENTS AND NEW REQUIREMENTS

National Treasury Instruction 04 of 2022/2023: Annexure: PFMA Compliance and Reporting Framework

<p>Guideline on unauthorised expenditure issued in 2014 National Treasury Instruction No. 02 of 2019/2020 dealing with irregular expenditure Framework National Treasury Instruction No. 03 of 2019/2020 dealing with fruitless and wasteful expenditure Framework Frequently Asked Questions on irregular expenditure issued in 2021 Circular on implementation of irregular expenditure issued in 2021</p>	<p>National Treasury Instruction No. 04 of 2022/2023 PFMA Compliance and Reporting Framework</p>
<p>National Treasury Instruction No. 02 of 2019/2020 dealing with irregular expenditure Framework National Treasury Instruction No. 03 of 2019/2020 dealing with fruitless and wasteful expenditure Framework Guideline on unauthorised expenditure issued in 2014</p>	<p>Combines irregular expenditure framework, fruitless and wasteful expenditure framework and the guideline on unauthorised expenditure into one document referred to as “the Annexure” in the National Treasury Instruction No.04 of 2022/2023- PFMA Compliance and Reporting Framework. This Annexure also introduces new annual financial statement and annual report disclosure requirements .</p> <p>Added to the annexure is the:</p> <ul style="list-style-type: none"> - Reporting on the on payment of suppliers’ invoices; and - Reporting on supply chain management information related to variation of contracts and expansions

Guideline on unauthorised expenditure issued in 2014
 National Treasury Instruction No. 02 of 2019/2020 dealing with irregular expenditure Framework
 National Treasury Instruction No. 03 of 2019/2020 dealing with fruitless and wasteful expenditure Framework
 Frequently Asked Questions on irregular expenditure issued in 2021
 Circular on implementation of irregular expenditure issued in 2021

National Treasury Instruction No. 04 of 2022/2023
 PFMA Compliance and Reporting Framework

Chapter 1 definitions

Added to the annexure are the following definitions:

- budget holder
- economic classification
- immediately as it relates to fruitless and wasteful expenditure – footnote 7
- institution
- impractical judgement
- mandated insitution
- register
- the Act
- the Treasury Regulations

“relevant authority” means –

- (a) The National Treasury, in the case where an employee or the accounting officer of a national department or constitutional institution, or an employee or the accounting authority of a Schedule 2, 3A or 3B public entity, was responsible for irregular expenditure; and
- (b) The relevant provincial treasury, in the case where an employee or the accounting officer of a provincial department or an employee or the accounting authority of a Schedule 3C or 3D public entity, was responsible for the irregular expenditure.

Amended as follows:

“relevant authority” means –

- (a) The National Treasury, in the case where an employee or the accounting officer of a national department, trading entity or constitutional institution, or an employee or the accounting authority of an entity listed in Schedule 2, 3A and 3B to the PFMA, was responsible for irregular expenditure;
- (b) The relevant provincial treasury, in the case where an employee or the accounting officer of a provincial department or an employee or the accounting authority of an entity listed in Schedule 3C and 3D to the PFMA, was responsible for the irregular expenditure;
- (c) The accounting officer or accounting authority, in a case where an employee responsible for the non-compliance exercised a power or performed a duty that falls outside their delegation of authority

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	<p>(d) The accounting authority, in a case where an employee of an entity listed in Schedule 3A and 3C to the PFMA, was responsible for exceeding the budget of that public entity.</p>
<p>Chapter 3 discovery and recognition of unauthorised, irregular and fruitless and wasteful expenditure</p>	
	<p>Added to the annexure are the following recognition criteria:</p> <ul style="list-style-type: none"> - What constitute unauthorised, irregular and fruitless and wasteful expenditure for the current financial year - What constitute unauthorised, irregular and fruitless and wasteful expenditure for the previous financial year - What is disclosed in the annual financial statements - What is recorded on the annual report - What is recorded in the register - Included inter-institutional arrangements in a cases of irregular expenditure
<p>Chapter 4 assessment, determination and investigation of unauthorised, irregular and fruitless and wasteful expenditure</p>	
	<p>Added to the annexure are the following to the annexure</p> <p>Timeframe for assessment process in a case of a dispute - paragraph 4.2</p> <p>If there are disputes regarding whether the alleged unauthorised, irregular and/or fruitless and wasteful expenditure meets the definition, the assessment process must be conducted and completed within three (3) months from the date the alleged expenditure was reported to the accounting officer or accounting authority.</p> <p>Refer to footnote 6 that clarifies dispute</p>

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	<p>A dispute may only be known if it was formally raised with the relevant treasury and the Auditor-General of South Africa (AGSA). Disputes between the AGSA, the auditee or any other relevant party must be escalated by the auditee to the relevant treasury as soon as it is known.</p> <p>Timeframe for determination process in a case of a dispute - paragraph 4.12 If there are any disputes, the determination process must be completed within four (4) months after confirmation of unauthorised, irregular and/or fruitless and wasteful expenditure. Refer to footnote 8</p> <p>Inclusion of impracticability judgment – paragraphs 4.19 to 4.21. Refer to footnote 9</p>
<p>Chapter 5 management of unauthorised, irregular and fruitless and wasteful expenditure</p>	
<p>Unauthorised expenditure guideline 2014</p> <p>Irregular expenditure Paragraph 56 of the irregular Irregular Expenditure Framework- Condonation criteria Criminal conduct Confirmation that a criminal charge has been laid in the case of alleged fraudulent, corrupt or other criminal conduct.</p> <p>Disciplinary</p>	<p>Inclusion of unauthorised expenditure approved with funding or without funding</p> <p>Condonation criteria was amended as follows: Amendment of the condonation criteria</p> <ul style="list-style-type: none"> - Confirmation that the matter is free of fraudulent, corrupt or other criminal conduct. If the matter is not free of criminal conduct, evidence or proof must be submitted to the effect that the matter has been lodged with SAPS Crime Administration System (CAS) when requesting condonation from the relevant authority. <p>Disciplinary</p> <ul style="list-style-type: none"> - Confirmation that disciplinary action was taken or in the process of being taken against the responsible official or officials

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<p>Confirmation that disciplinary action was taken against the responsible employee(s)</p> <p>Paragraph 58 of the irregular Irregular Expenditure Framework-removal criteria Criminal conduct Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the Loss Control Function or another relevant function (in a case of a determination) and a function that conducted the investigation confirms that – (a) the matter is free of fraudulent, corrupt or other criminal conduct.</p>	<p>Removal criteria was amended as follows: Paragraph 5.8</p> <p>Removal of irregular expenditure may take place only if the accounting officer or accounting authority is satisfied that the recommendations of the loss control function or another relevant function that conducted the determination confirms that – (a) the matter is free of fraudulent, corrupt or other criminal conduct; new (b) if the matter has fraudulent, corrupt or other criminal conduct, confirmation of a case number showing that a case was opened with the South African Police Services (in such a case) a register must be updated.</p>
<p>Chapter 6 Management of losses</p>	
	<p>No changes</p>
<p>Chapter 8 reporting of unauthorised, irregular and fruitless and wasteful expenditure</p>	
<p>Chapter 6: Irregular expenditure framework and fruitless and wasteful expenditure framework</p> <p>Submission of In-year monitoring reports</p>	<p>Replaced with chapter 7 as follows:</p> <p>Submission of quarterly reports (register as contained in Appendix A,B & C to the annexure. Link to submission of registers – PFMAComReports@Treasury.gov.za)</p>

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<p>Chapter 7: Irregular expenditure framework - Paragraphs 77 and 78</p> <p>Chapter 7: Irregular expenditure framework - Paragraph 73- checklist and lead schedule (Appendices A and B)</p> <p>Chapter 7: Fruitless and wasteful expenditure framework - Paragraphs 61 and 62</p> <p>Chapter 7: Fruitless and wasteful expenditure framework - Paragraph 57- checklist and lead schedule (Appendices A and B)</p>	<p>New annual financial statements disclosure requirements for unauthorised, irregular and fruitless and wasteful expenditure – Paragraph 7.6 and 7.7 – refer to footnote 11</p> <p>Not a requirement</p> <p>New annual financial statements disclosure requirements for unauthorised, irregular and fruitless and wasteful expenditure – Paragraph 7.6 and 7.7 – refer to footnote 11</p> <p>Not a requirement</p>
<p>Chapter 9 Part E of the annual reporting guide: PFMA Compliance Report</p>	
	<p>New requirement for reporting in the Annual Report</p> <p>Annual report to reflect</p> <ul style="list-style-type: none"> a) Reconciliation of unauthorised, irregular and fruitless and wasteful expenditure and reconciling notes b) Details of current and previous year unauthorised, irregular and fruitless and wasteful expenditure (under assessment, determination, and investigation) c) Details of current and previous year irregular expenditure condoned, not condoned and removed. Fruitless and wasteful expenditure recoverable or written off. Unauthorised expenditure approved with funding or without funding

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	<p>d) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution <i>is not</i> responsible for the non-compliance)</p> <p>e) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution <i>is</i> responsible for the non-compliance)</p> <p>f) Details of current and previous year disciplinary or criminal steps taken as a result of unauthorised, irregular and fruitless and wasteful expenditure</p> <p>g) Details of other material losses</p> <p>h) Other material losses recovered</p> <p>i) Other material losses written off</p> <p>Additional requirement for the annual report (Appendices D and E)</p> <ul style="list-style-type: none"> - Information on late and / or non-payment of suppliers - Information on Supply Chain Management (procurement through other means and variations and contract expansions)