



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS**

**ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES
2 AND 3 TO THE PFMA**

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION NO. 3 OF 2019/2020

FRUITLESS AND WASTEFUL EXPENDITURE FRAMEWORK

1. PURPOSE

- 1.1 The purpose of this National Treasury Instruction is to further regulate fruitless and wasteful expenditure for institutions subject to the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as set out in the Fruitless and Wasteful Expenditure Framework (herein referred to as “the Framework”) enclosed as **Annexure A**.

2. BACKGROUND

- 2.1 In terms of sections 38(1)(c)(ii) and 51(1)(b)(ii) of the PFMA, accounting officers and accounting authorities must take effective and appropriate steps to, amongst others, prevent fruitless and wasteful expenditure.
- 2.2 Sections 45(c) and 57(c) of the PFMA also provide that an official of a department, trading entity, constitutional institution and public entity must take effective and appropriate steps to prevent fruitless and wasteful expenditure within their respective areas of responsibility.

3. APPLICABILITY

This National Treasury Instruction applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

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4. AUTHORITY

This National Treasury Instruction is issued in terms of sections 76(2)(e) and 76(4)(a) of the PFMA.

5. EFFECTIVE DATE

This Treasury Instruction takes effect on 1 November 2019.

6. TRANSITIONAL ARRANGEMENTS

6.1 Accounting officers and accounting authorities must ensure that any fruitless and wasteful expenditure assessments, determinations and investigations not finalised by 31 October 2019 is considered in terms of this Treasury Instruction.

6.2 Accounting officers and accounting authorities must also ensure that the recovery process of fruitless and wasteful expenditure not finalised by 31 October 2019 is considered in terms of this Treasury Instruction.

7. REPORTING OF FRUITLESS AND WASTEFUL EXPENDITURE

7.1 Accounting officers of national departments, trading entities and constitutional institutions and accounting authorities of public entities listed in Schedules 2, 3A and 3B to the PFMA must report on cases of fruitless and wasteful expenditure in the format and period prescribed in **Appendix C** to the Framework.

7.2 Accounting officers of provincial departments and accounting authorities of public entities listed in Schedules 3C and 3D to the PFMA must report on cases of fruitless and wasteful expenditure in the format prescribed in **Appendix C** to the Framework and in the period prescribed in the relevant provincial treasury instruction.

8. REPLACEMENT OF GUIDELINE ON FRUITLESS AND WASTEFUL EXPENDITURE

This Treasury Instruction replaces the Guideline on Fruitless and Wasteful Expenditure issued in May 2014.

9. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

9.1 Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of all -

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- (a) accounting officers of government components and constitutional institutions that receive transfers and subsidies from its vote; and
- (b) accounting authorities of public entities reporting to their executive authorities.

9.2 Head Officials of Provincial Treasuries are requested to bring the contents of this Treasury Instruction to the attention of all accounting officers of departments and accounting authorities of public entities in their respective provinces.

10. REFERENCE TO TREASURY INSTRUCTION

This Treasury Instruction is available on the National Treasury Website at:

<http://www.treasury.gov.za/legislation/pfma/TreasuryInstruction/AccountGeneral.aspx>

11. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

Ms. Moipone Ramoipone
Director: PFMA Support
Office of the Accountant-General
Phone: 012 315 5284
E-Mail: oagqueries@treasury.gov.za; or
PFM queries portal: <http://pfmportal.treasury.gov.za/>



SILINDILE KUBHEKA
ACTING ACCOUNTANT-GENERAL

DATE: 27/08/2019

