



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. 1 OF 2018/2019

IRREGULAR EXPENDITURE FRAMEWORK

1. PURPOSE

1.1 The purpose of this National Treasury Instruction is to –

1.1.1 introduce principles of irregular expenditure to be used by departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999); and

1.1.2 give legal effect to the **Irregular Expenditure Framework** that provides for the application, interpretation and implementation of principles related to irregular expenditure.

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 are required to take effective and appropriate steps to, amongst others, prevent irregular expenditure.

2.2 Section 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 irregular expenditure within their areas of responsibility.

National Treasury Instruction No. 1 of 2018/2019
Irregular Expenditure Framework

3. APPLICABILITY

This National Treasury Instruction, which gives legal effect to the **Irregular Expenditure Framework** is enclosed as **Annexure A** and applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

4. AUTHORITY

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

5. EFFECTIVE DATE

This Treasury Instruction takes effect from 1 December 2018.

6. TRANSITIONAL ARRANGEMENTS

6.1 Accounting officers of departments, trading entities and constitutional institutions and accounting authorities of public entities listed in Schedules 2 and 3 to the PFMA must report on cases of irregular expenditure in the format contained in the Irregular Expenditure Framework.

6.2 In the interim, accounting officers of national and provincial departments are required to report cases of irregular expenditure to the relevant treasuries in the format determined in the In-Year Monitoring Report.

7. REPEAL OF NATIONAL TREASURY PRACTICE NOTE NO. 4 OF 2008/2009

This Treasury Instruction repeals National Treasury Practice Note No. 4 of 2008/2009 dealing with irregular expenditure incurred by departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

8. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

8.1 Accounting officers of national departments are requested to please bring the contents of this Treasury Instruction to the attention of all:

- (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.

National Treasury Instruction No. 1 of 2018/2019

Irregular Expenditure Framework

8.2 Head Officials of Provincial Treasuries are requested to please 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.

9. CONTACT INFORMATION

Enquiries related to this Treasury Instruction may be directed to:

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PFM queries portal: <http://pfmportal.treasury.gov.za/>



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