



**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. 2 OF 2019/2020**

**IRREGULAR EXPENDITURE FRAMEWORK**

**1. PURPOSE**

- 1.1 The purpose of this National Treasury Instruction is to further regulate irregular expenditure for institutions subject to the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as set out in the Irregular 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 irregular 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 irregular expenditure within their 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.

**4. AUTHORITY**

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

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**5. EFFECTIVE DATE**

This Treasury Instruction takes effect on 17 May 2019.

**6. TRANSITIONAL ARRANGEMENTS**

6.1 Accounting officers and accounting authorities must ensure that any irregular expenditure assessments, determinations and investigations not finalised by 30 April 2019 is considered in terms of this Treasury Instruction.

6.2 Accounting officers and accounting authorities must also ensure that the recovery of losses, requests for condonation and removal of irregular expenditure not finalised by 30 April 2019 are considered in terms of this Treasury Instruction.

6.3 Any reference to non-compliance of internal policies being regarded as irregular expenditure in terms of Treasury Instruction No. 1 of 2018/2019 must be disregarded to accord with the definition of "irregular expenditure" in section 1 of the PFMA.

**7. CONDONATION OF IRREGULAR EXPENDITURE AT NATIONAL AND PROVINCIAL SPHERES OF GOVERNMENT**

7.1 All requests for condonation of irregular expenditure from national departments, trading entities, constitutional institutions and public entities listed in Schedules 2, 3A and 3B to the PFMA must be submitted to the National Treasury<sup>1</sup>.

7.2 All requests for condonation of irregular expenditure from provincial departments and public entities listed in Schedules 3C and 3D to the PFMA must be submitted to their relevant provincial treasury<sup>2</sup>.

**8. REPORTING OF IRREGULAR EXPENDITURE**

8.1 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 irregular expenditure in the format and period prescribed in **Appendix C** to the Framework.

8.2 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 irregular

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<sup>1</sup> Section 10 (1)(a), read with section 10 (2)(b)(i), of the PFMA

<sup>2</sup> Section 20 (1), read with section 20 (2)(a)(b) and (c), of the PFMA

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expenditure in the format prescribed in **Appendix C** to the Framework and the period prescribed in the relevant provincial treasury instruction.

**9. REPEAL OF NATIONAL TREASURY INSTRUCTION NO. 1 OF 2018/2019**

This Treasury Instruction repeals National Treasury Instruction No. 01 of 2018/2019 dealing with irregular expenditure incurred by departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

**10. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION**

10.1 Accounting officers of national departments are requested to 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.

10.2 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.

**11. 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>

**12. CONTACT INFORMATION**

Enquiries related to this Treasury Instruction may be directed to:

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**ZANELE MXUNYELWA**  
**ACTING ACCOUNTANT-GENERAL**

DATE: *16 May 2019*

