



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# CROSSWALK TO AMENDMENTS OF IRREGULAR EXPENDITURE GUIDELINE



<b>Original Guideline on Irregular Expenditure Dated May 2014</b>	<b>Updated Guideline on Irregular Expenditure Dated April 2015</b>	<b>Rational</b>
This guideline took effect in May 2014. <i>no reference to a specific paragraph</i>	This updated guideline takes effect in April 2015 <i>paragraph 4</i>	<i>It was the view of the PFMA compliant institutions to include the effect take of the guideline as the principles contained therein may have an impact on the procedures of treatment of irregular expenditure</i>
Provisions dealing with the State Tender Board Act, 1968 <i>paragraph 4 to paragraph 13</i>	This paragraph dealing with the status of the State Tender Board Act, 1968 <i>Annexure A</i>	<i>This provision was moved to Annexure A as it does not affect the principles of irregular expenditure but remains relevant for information purposes as the State Tender</i>








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		<i>Board at the national level of government has since been disbanded and it is the intention to repeal the currently dormant State Tender Board Act, 1968 (Act No. 86 of 1968) when amendments are effected to the PFMA</i>
Standards of Generally Accepted Accounting Practice <i>paragraph 16</i>	Removal of reference to Standards of Generally Accepted Accounting Practice (GAAP) <i>paragraph 6</i>	<i>South African GAAP will no longer be available for use in respect of financial years commencing on or after 1 December 2012.</i>
Non-compliance corrected prior to any payment being made will not result in any irregular expenditure. <i>paragraph 14</i>	This provision was illustrated in tabular format <i>paragraph 7: Figure 7</i>	<i>To provide an illustration of non-compliance corrected prior to payment being made for all PFMA institutions in a tabular format indicating the relevant accounting standards applying to that institutions</i>
Transgression of provision contained in <i>paragraph 17(a)-(d)</i>	Transgression of provision contained in <i>paragraph 8 (a) - (e)</i>	<i>Paragraph 8(e) was added as a transgression of irregular expenditure may also emanate from “any other applicable legislation and not only from the regulatory framework listed previously in <i>paragraph 17(a)-(d)</i></i>
<i>No reference to a specific paragraph</i>	<i>New paragraphs were included to indicate the following</i>	<i>Even though public entities</i>

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	<p><i>“if a public entity listed in Schedules 3A and 3C to the PFMA exceed their budget, such a non-compliance will constitute irregular expenditure.</i></p> <p><a href="#">paragraph 20 - 22</a></p>	<p><i>listed in schedules 3A and 3C to the PFMA will not incur unauthorised expenditure when they overspend on their respective budgets, such an overspending must be recognized as irregular expenditure in the notes to the financial statements</i></p> <p><a href="#">paragraph 22</a></p>
<p><i>Accounting policy for irregular expenditure</i></p> <p><i>“Irregular expenditure must be removed from the notes when it is either</i></p> <p><i>(a) condoned by the National Treasury or the relevant authority;</i></p> <p><i>(b) it is transferred to receivables for recovery; or</i></p> <p><i>(c) it is not condoned and is irrecoverable.</i></p> <p><i>A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be de-recognised when the receivable is settled or subsequently written off as irrecoverable.”</i></p> <p><a href="#">paragraph 27</a></p>	<p><i>Accounting policy for irregular expenditure</i></p> <p><i>“Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either</i></p> <p><i>(a) condoned by the relevant authority if no official was found to be liable in law;</i></p> <p><i>(b) recovered from an official liable in law;</i></p> <p><i>(c) written-off if its irrecoverable from an official liable in law (Debt is written off “against savings” if an official was found liable in law and a debtor was recorded for the recovery of such a debt.) or</i></p> <p><i>(d) written-off if it’s not condoned and not recoverable.” (Irregular expenditure is “NOT written off against savings” but de-recognised in the notes to the annual financial statements if a an official of the institution was not found to be liable in law.)</i></p> <p><a href="#">paragraph 24(d), paragraph 25 and paragraph 26 was added</a></p>	<p><i>To allow for irregular expenditure that is not recoverable because no official was found to be liable in law for such a transgression and was also not condoned by the relevant authority to be de-recognised in the balance of the irregular expenditure note. The accounting officer or accounting authority must only de-recognise such irregular expenditure after complying with the controls indicated in <a href="#">paragraph 25(a)- (c)</a></i></p>

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<p><i>Procedures for treatment of irregular expenditure</i></p> <p><i>Procedures for the discovery, investigation and reporting of irregular expenditure</i> <i>Paragraph 30 (a)-(e)</i></p>	<p><i>Procedures for treatment of irregular expenditure</i></p> <p><i>This provision was spilt as follows:</i></p> <ul style="list-style-type: none"> <li> <i>Discovery of irregular expenditure- <a href="#">paragraph 27.1</a></i></li> <li> <i>Enquiry or investigation into the alleged irregular expenditure- <a href="#">paragraph 27.2</a></i></li> <li> <i>Confirmation and reporting of irregular expenditure- <a href="#">paragraph 27.3</a></i></li> </ul>	<p><i>The provisions as contained in the original guideline were spilt in the revised guideline to allow for proper flow of procedures.</i></p>
<p><i>Procedures for raising a receivable and the recovery of irregular expenditure</i> <i>paragraph 31 (a)-(f)</i></p>	<p><i>Provision of procedures for raising a receivable and the recovery of irregular expenditure was spilt as follows:</i></p> <ul style="list-style-type: none"> <li> <i>Recovery of irregular expenditure- <a href="#">paragraph 28.1</a></i></li> <li> <i>Determination of an official liable in law- <a href="#">paragraph 28.2</a></i></li> <li> <i>Recovery for irregular expenditure- <a href="#">paragraph 28.3</a></i></li> <li> <i>Irregular expenditure written off- <a href="#">paragraph 28.4</a></i></li> </ul>	<p><i>The provisions as contained in the original guideline were spilt in the revised guideline to allow for proper flow of procedures.</i></p>
<p><i>Paragraph 33 indicating the following:</i></p>	<p><i>Revised by paragraph 30 as follows:</i></p> <p><b><i><a href="#">Annexure A : See footnote”2 “on page 4 of the Guideline on irregular expenditure</a></i></b> <b><i><a href="#">Annexure B</a></i></b> <i>illustrates a step by step process to the treatment of irregular expenditure</i> <b><i><a href="#">Annexure C</a></i></b> <i>illustrates the accounting framework</i></p>	<p><i>New annexures were developed to provide more clarity on a step by step process to be followed when dealing irregular expenditure.</i></p>

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<p><b>Annexure A</b> illustrates procedures for the treatment of irregular expenditure by departments, trading entities, government components and constitutional institution</p> <p><b>Annexure B</b> illustrates procedures to be followed by public entities</p> <p><b>Annexure C</b> illustrates examples for irregular expenditure</p> <p><b>Annexure D</b> illustrates example template for reporting of Irregular Expenditure</p>	<div style="border: 1px solid black; background-color: #c00000; color: white; padding: 5px; margin-bottom: 10px;"> <p><b>Annexure D: Procedures for treatment of IE for departments, government components, constitutional institutions and trading entities</b></p> </div> <div style="border: 1px solid black; background-color: #c00000; color: white; padding: 5px; margin-bottom: 10px;"> <p><b>Annexure E: Procedures for treatment of IE for public entities</b></p> </div> <div style="border: 1px solid black; background-color: #c00000; color: white; padding: 5px; margin-bottom: 10px;"> <p><b>The new annexure will be issued as an addendum to the guideline due to the new reforms being developed on supply chain management.</b></p> </div> <div style="border: 1px solid black; background-color: #c00000; color: white; padding: 5px;"> <p><b>Annexure F: illustrates procedures to be followed by public entities</b></p> </div>	
<p>Irregular expenditure register <i>Paragraph 42, Annexure D</i></p>	<p>Irregular expenditure register <i>Paragraph 42, Annexure F</i></p>	<p>Annexure D was revised by the new Annexure F</p>
<p>Contracts arranged by other institutions</p> <p><i>Paragraph 58, 59 and 60</i> were improved in the guideline by including the following new provisions in</p>	<p>Provisions dealing with contracts arranged by other institutions was spilt as follows:</p> <p><i>Paragraph 56</i></p>	<p>These provisions were improved by splitting and indicating which provisions as they apply at national level and</p>

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<i>the guideline:</i>	<p><i>Paragraph 57</i></p> <p><i>Paragraph 58</i></p> <ul style="list-style-type: none"> <li><i>✦ Sub-paragraph 58.1</i></li> <li><i>✦ Sub-paragraph 58.2</i></li> <li><i>✦ Sub-paragraph 58.3</i></li> <li><i>✦ Sub-paragraph 58.4</i></li> </ul> <p><i>Paragraph 59</i></p> <p><i>Paragraph 60</i></p> <p><i>Paragraph 61</i></p> <ul style="list-style-type: none"> <li><i>✦ Sub-paragraph- 61.1</i></li> <li><i>✦ Sub-paragraph- 61.2</i></li> <li><i>✦ Sub-paragraph- 61.3</i></li> <li><i>✦ Sub-paragraph- 61.4</i></li> </ul>	<p><i>provincial level</i></p>