

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1200 [NW1474E]
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1200. Ms A M van Zyl (DA) to ask the Minister of Finance *[Interdepartmentally transferred from Cooperative Governance and Traditional Affairs with effect from Wednesday, 16 October 2024]*:

- (1) What is the total amount for the municipalities in each province that incurred (a) irregular, (b) fruitless and wasteful and (c) unauthorised expenditure in the (i) 2022-23 and (ii) 2023-24 financial years;
- (2) what (a) is the name of each municipality in each province and (b) measures have been put in place to recover all the specified expenditures in each case;
- (3) whether consequence management was initiated in each specified municipality; if not, what is the position in each case; if so, what are the details of the steps of consequence management that were taken in each municipality? NW1474E

REPLY

- (1) (i) The total amounts as published by the Auditor-General of South Africa (AGSA) for the 2022/23 financial year are as follows:
 - (a) Irregular Expenditure – R27.59 billion
 - (b) Fruitless and Wasteful Expenditure – R7.41 billion
 - (c) Unauthorised Expenditure – R24.12 billion
- (ii) The total amounts for the 2023/24 financial year will be available once the audits are completed by the AGSA.
- (2) (a) Please refer to the attached Annexure A, which outlines the total amounts incurred by municipalities in the 2022/23 financial year. Please note that this Annexure together with its content was populated by the AGSA.
- (b) In terms of Section 32(2) of the Municipal Finance Management Act (MFMA), a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure, in the case of unauthorised expenditure is authorised in an adjustments budget or certified by the municipal council after investigation by a council committee, as irrecoverable and written off by the council; and in the case of irregular or fruitless and wasteful expenditure, is after investigation by a council committee, certified by the council as irrecoverable and written off by the council. This is supported by MFMA Circular 68, which the National Treasury issued in 2013. Section 32 of the MFMA was further

strengthened by MFMA Circular 111 that was issued in 2021, which advocated for the development and adoption of Unauthorised, Irregular and Fruitless & Wasteful Expenditure (UIFW) Reduction Strategies. The responsibility however remains that of the municipal council and Municipal Public Account Committees to fulfil their legislative responsibilities to process UIFW.

- (3) The legislative framework in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings provides a framework within consequence management which must be implemented. It places the responsibility on the municipalities to implement consequence management.