

**MPAC/2019**

**TABLING OF THE REPORT ON THE IRREGULAR EXPENDITURE INCURRED FOR THE PERIOD 2017/18 FINANCIAL YEAR (MPAC CHAIRPERSON) (6/1/2/2)**

**PURPOSE**

To table a report on Irregular Expenditure incurred for the financial periods ended 30 June 2018 to the MPAC for consideration.

**BACKGROUND**

The Municipality is required to disclose particulars of Unauthorised, Irregular or Fruitless and Wasteful expenditure as part of the notes to the Annual Financial Statements in terms of the requirements of Section 125(2) (d) of the Municipal Finance Management Act.

As part of the process to correct the audit exceptions, an investigation on Irregular Fruitless and Wasteful Expenditure should be undertaken.

**\*\*\*The report on Irregular Expenditure is attached as a separate cover.**

**LEGAL IMPLICATIONS**

The *Municipal Finance Management Act No.56 of 2003* under paragraph 1 defines; “Irregular expenditure “, in relation to a municipality or municipal entity, as-

- a) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- b) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of Municipal Systems Act, and which has not been condoned in terms of the MFMA;
- c) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office- Bearers Act 1998 (Act no.20 of 1998); or
- d) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law.

But excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure.”

**FINANCIAL IMPLICATIONS**

The Irregular Expenditure for the year end 2018 is **R17 184 482, 22.**

**SUBMITTED FOR CONSIDERATION.**