



NAMA KHOI MUNISIPALITEIT

BUDGET AND TREASURY OFFICE

NAAM/NAME: Financing costs: FRUITLESS AND WASTEFUL EXPENDITURE

DOEL/GOAL: To report to Council on Section 32 of the MFMA (Municipal Finance Management Act), Fruitless and Wasteful Expenditure (Interest paid & Panalties paid) for Council Approval.

AGTERGROND/BACKGROUND: Fruitless Expenditure (Interest Paid) amounted to **R2 573 581** for the period July-March 2014.

Fruitless and Wasteful Expenditure at 31 March 2014

Description	Amount
#132:ESKOM:INTEREST	2 354 872
#297:OUDITEUR - GENERAAL:OUDIT	61 511
#476:SA POSKANTOOR	4 135
ADNECO CONSTRUCTION - INTEREST	152 497
Other Interest	566
TOTAL	2 573 581

FINANSËLE IMPLIKASIES/FINANCIAL IMPLICATION :

WETLIKE IMPLIKASIES/LEGAL IMPLICATION: Section 32 of the MFMA

32. (1) Without limiting liability in terms of the common law or other legislation—
(a) a political office-bearer of a municipality is liable for unauthorised expenditure if that office-bearer knowingly or after having been advised by the accounting officer of the municipality that the expenditure is likely to result in unauthorised expenditure, instructed an official of the municipality to incur the expenditure;

(d) any political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.

(2) (b) 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.

(3) If the accounting officer becomes aware that the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

(4) The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—
(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;

(b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and

(c) the steps that have been taken—
(i) to recover or rectify such expenditure; and
(ii) to prevent a recurrence of such expenditure.

(5) The writing off in terms of subsection (2) of any unauthorised, irregular or fruitless and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of this Act relating to such unauthorised, irregular or fruitless and wasteful expenditure.

(8) The Minister, acting with the concurrence of the Cabinet member responsible for local government, may regulate the application of this section by regulation in terms of section 168.

AANBEVELINGS/RECOMMENDATION:

Council to take note of the report.

That the Council should follow Section 32 of the MFMA (Municipal Finance Management Act) in dealing with this issue.

Chief Financial Officer

Nozuko Mdaka