

LAINGSBURG MUNICIPALITY



UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIFWE) REDUCTION STRATEGY 2026/27

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TERM	DEFINITION
	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 (SCM) 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.
Fruitless and Wasteful Expenditure	Section 1 of the MFMA defines fruitless and wasteful expenditure as expenditure that was made in vain and would have been avoided had reasonable care been exercised.

2. PREFACE

National Treasury required all municipalities to develop and implement appropriate strategies to reduce and prevent UIFWE to achieve the 2019-24 Medium-term Strategic Framework (MTSF) priority 1 targets of 75% Irregular and 100% Fruitless and wasteful expenditure.

Laingsburg Municipality's 2025 - 2029 strategy document is aimed to map out the processes and actions that should be followed to contribute towards achieving the goals under priority 1 of the 2025-2029 MTSF. The focus of this strategy is to simultaneously address the growing incidents of UIFWE and reducing UIFWE in Laingsburg Local Municipality.

Laingsburg Municipality's UIFWE Reduction Strategy is premised on three elements, namely:

- (i) supporting the Municipal Public Account Committees and Municipal Councils to fulfil their legislative responsibilities in terms of section 32(2)(b) of the MFMA to reduce incidences of UIFWE;
- (ii) the introduction of preventative controls to address further and future non-compliance with the legislative prescripts and;
- (iii) the implementation of consequence management to ensure that strong ethical, accountable and transparent financial governance and institutional arrangements are implemented in all municipalities and municipal entities.

A municipality must recover unauthorized, irregular, or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

- a) in the case of unauthorized expenditure, is—
 - o authorized in an adjustments budget; or
 - o certified by the municipal council, after investigation by a Council Committee, as irrecoverable and written off by the council; and
- 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.

5. ROLE PLAYERS AND RESPONSIBILITIES IN RESPECT OF UIFWE

i. The Accounting Officer

- In terms of section 61 of the MFMA, the Accounting Officer of a municipality must—act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs.
- In terms of section 62(1)(d) of the MFMA, the Accounting Officer must take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.
- In order to ensure the proper application of the MFMA in the municipality's administration, the Accounting Officer must develop an appropriate system of delegations that will both maximise administrative and operational efficiency and provide adequate checks and balances in the municipality's financial administration. Therefore, in terms of section 79 of the MFMA, the Accounting Officer must delegate certain functions to the Senior Manager Finance and Compliance Services (CFO), Senior Managers or other Financial Officials.
- In terms of section 32(4) of the MFMA, the Accounting Officer must promptly inform the Mayor, the MEC for Local Government in the province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality. Given the transition of this function, such reports must also be provided to the MEC for Finance in the province as a practice to align with the strategic focus in addressing UIFWE

ii. The Officials of the Municipality Including Corporate Services

- In terms of section 78(1) of the MFMA, each Senior Manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that any Unauthorised, Irregular, Fruitless and Wasteful Expenditure and any other losses are prevented.
- To give effect to the MFMA, the requirements mentioned above, as per sections 78(1) and 105(1) of the MFMA, should be included in the performance agreements of at least the Accounting Officer, the Senior Manager Finance and Compliance Services (CFO) and Senior Managers to ensure that they can be held accountable if their respective directorates are responsible for the UIFWE incurred.

iii. The Municipal Council, Including the Municipal Public Accounts Committee (MPAC)

- In terms of section 52 of the MFMA, the Mayor must provide general political guidance over the fiscal and financial affairs of the municipality. Section 32(4) of the MFMA requires the Accounting Officer to promptly inform, amongst others, the Mayor, of incidences of UIFWE.

The Executive Mayor is expected to oversee the performance of officials' in implementing measures to prevent the incurrence of UIFWE, as well as monitoring the implementation of consequence management against the officials responsible for the incurrence of UIFWE.

As mentioned above, the annual performance agreements of the relevant officials must include key performance indicators on the reduction and avoidance of incidences resulting in UIFWE. This will enable the Laingsburg Municipality to implement consequence management against the Senior Manager for poor performance. Municipal Corporate Services and Internal Audit Unit must monitor and report on this aspect to ensure internal arrangements are instituted in support of the Accounting Officer to enforce code of conduct and performance measures.

- In consequence management and disciplinary processes, the Corporate Services plays an important role. The role of the unit in disciplinary processes is to ensure that the

is sufficiently and adequately covered in the annual coverage plan. Internal auditors must be alert to fraud risks and design audit procedures and indicators that would reasonably assist in preventing and detecting potential or actual fraud and corruption.

- Internal Audit Unit must as far as possible be utilised as a resource to provide the Accounting Officer with assurance around compliance matters. For instance, municipality may consider introducing probity audits as part of the SCM implementation system whereby Internal Audit is utilised to conduct a mini audit after the bid evaluation but before the bid adjudication process to provide the bid adjudication committee and the Accounting Officer some level of assurance that the process up to that point is consistent with the municipality SCM policy and the Municipal SCM Regulations. This will ensure that non-compliance is detected before awards are made and expenditure incurred. This proactive measure will directly contribute to reduction of irregular expenditure.

1.1.2. Audit Committee

- In terms of section 166, Audit Committees must advise the Accounting Officer, Senior Management and the Council on internal controls, risk management, performance management and compliance with legislation. The committee is further required to assure the adequacy, reliability and accuracy of financial and performance information.

1.1.3. Risk management

- The Risk Management function must identify all the critical risks that may result in the incurrance of UIFWE and ensure that a risk strategy to address the related risks is developed and monitored by both Council and the Accounting Officer.

6. LAINGSBURG MUNICIPALITY SUPPORT ACTIVITIES

Laingsburg Municipality will be addressing historical and current UIFWE over the MTSF period 2018/19, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24, 2024/25, 2025/26 to 2026/27. The following processes will be followed:

- a) Identify the official/department responsible for the irregular expenditure.
- b) Official/department to write a report setting out the expenditure, the non-compliance and the relevant analysis of the value-for-money, including a measure to prevent future incidents of non-compliance that might result in UIFWE.
- c) Maintain an up-to-date register on UIFWE and locate the report with the Senior Manager Finance and Compliance Services (CFO) and Internal Audit.

NO.	DELIVERABLE	SCOPE	OBJECTIVES
	process.		<ul style="list-style-type: none"> irregular and fruitless and wasteful expenditure, such expenditure is certified as irrecoverable and written off
2.	Council resolution that refers the UIFWE to a Council Committee for investigation, as contemplated by section 32(2) of the MFMA	UIF&W expenditure, as determined by the council to be investigated by a Council Committee	To enable the Council Committee to investigate the UIFWE and produce a report on its recommendations to the council for a final decision, as contemplated in section 32(2) of the MFMA
	Report by the Council Committee or MPAC	UIFWE investigated, as per the terms and referenced defined by the Council Committee	<p>Enable the Council Committee/MPAC to consider the:</p> <ul style="list-style-type: none"> measures are already taken, and the cost thereof to recover such expenditure estimated cost and the likely benefit of further measures to recover such expenditure submit a motivation explaining its recommendations to the council for a final decision in terms of section 32(2) of the MFMA
	Council resolution following its consideration of the report of the Council Committee/MPAC on the investigation of the UIFWE	Report and recommendations covering the UIFWE investigated by the Council Committee	<ul style="list-style-type: none"> Recovery of the UIFWE, unless the council certifies such expenditure as irrecoverable and to be written off Institution of criminal and/or disciplinary proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such UIFWE

MPAC CHAIRPERSON

The MPAC committee will have **MONTHLY/REGULAR** UIF&W expenditure meetings to process UIF&W expenditure.

ACCOUNTING OFFICER

The accounting officer must **MONTHLY/REGULAR** table the UIF&W registers at the MPAC committee meeting.

The accounting officer must process unauthorised expenditure authorised by the council in the next available adjustment budget **JANUARY/FEBRUARY**.

Progress Report, using the UIF&W template submitted to Executive Mayor, Provincial Treasury and National Treasury on **MONTHLY** basis.

10. DETAILED PLAN OF REDUCING HISTORICAL IRREGULAR FRUITLESS AND WASTEFUL EXPENDITURE TO ACHIEVE THE MEDIUM-TERM STRATEGIC FRAMEWORK GOALS

1. Nature of irregular and fruitless and wasteful (IFW) expenditure

Information based on the classification by management and/or the related audit findings, for example, non-compliance with supply chain management regulations. This is specific and/or presented in categories, for example, SCM regulations 36, SCM regulation 32, MFMA section 33, MFMA section 116, etc.

2. Amount

The total amount provided of the UIFWE subject to the MFMA section 32 process. The recorded amount(s) are supported by detailed listings making up that amount, including supporting documentation and responsible persons, based on the investigation of the accounting officer, the UIFWE register and the audited financial statements.

3. Financial year to which the UIFWE relates

These are the financial year(s) to which the UIFWE relates, as per the audited financial statements of the municipality.

4. Planned date of reporting the UIFWE to the council by the Accounting Officer

The Accounting Officer must prepare a report, including full details of the UIFWE, as per the relevant registers and audited financial statements, as required by MFMA section 32(4).

5. Planned date of the council resolution to refer the IFWE to a council committee for investigation by Municipal Council

The Council Committee, normally the Municipal Public Accounts Committee, should determine the terms of reference for the investigation, including the modality of the investigation, for example, through internal audit, the municipal forensic service, etc.

6. Planned date/timeframe of the investigation of the UIFWE by the council committee by Council Committee or MPAC

The council resolution should reflect the council's decision to recover UIFWE from the person liable for that expenditure unless the expenditure


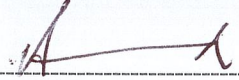
(a) in the case of unauthorised expenditure is:

- (i) authorised in an adjustments budget; or
- (ii) certified by the municipal council, after an investigation by a council committee, as irrecoverable and written off by the council; and

DOCUMENT CONTROL

VERSION AND DOCUMENT CONTROL



POLICY NAME:	Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) Reduction Strategy		
POLICY OWNER:	Finance and Compliance Services / SCM		
RELATED POLICIES:	Supply Chain Management Policy		
REVIEW:	Annually	Budget Policy	No
POLICY EFFECTIVE DATE:	01 July 2026	Budget Policy Nr	N/A
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1	24 March 2026	28 May 2026	
2			1 st Revision
3			2 nd Revision
4			3 rd Revision
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Municipal Manager J. Booyen		Mayor A. Theron	
Date: 28 May 2026		Date: 28 May 2026	