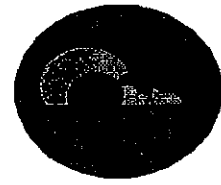




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Tropical Paradise

**A11 FINAL INVESTIGATION REPORT OF THE 2018/19 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL EXPENDITURE REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC).**

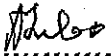
**(C 2021 07 29)**

**(12/2/3/1/1)**

**RESOLVED**

- a) That Council notes that the investigation report on the 2018/19 Unauthorized, Irregular, Fruitless and Wasteful expenditures that was investigated by MPAC and referred to the Financial Misconduct Board by Council on the 23<sup>rd</sup> September 2020 was tabled and approved by Council under item A59 on the 26<sup>th</sup> April 2022.
- b) That Council notes that the 2018/19 UIF/W investigation report by the Financial Misconduct Board recommended that the irregular expenditure of R 19 073 994, 00 be written-off, which relates to Theuwedi Trading Enterprise, Eternity Star Investment, Tshiamiso Trading (Mulati & Codesa), and the report was approved by the Council.
- c) That the Municipal Manager must ensure full implementation of all the resolutions as per the Financial Misconduct Board report which was approved by Council as item (A59) on 26 April 2022.

- d) That user departments avoid at all cost activities that can lead to incurring future UIF/W expenditures.

**Signed by the Speaker**  
**Councillor MS Tiba.....** 

**A11 FINAL INVESTIGATION REPORT OF THE 2018/19 UNATHORISED, IRREGULAR. FRUITLESS AND WASTEFUL EXPENDITURE REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC).**

**(C 2021 07 29)**

**(12/2/3/1/1)**

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**REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.**

**PURPOSE OF THE REPORT**

The purpose of the report is to submit to Council the report to finalize the 2018/19 Unauthorized, Irregular, Fruitless and Wasteful expenditure (UIF/W). The report was initially investigated and tabled in Council for consideration on the 23<sup>rd</sup> September 2020 and approved by Council, as Item A18.

**BACKGROUND**

This report relates to the investigation of Unauthorized expenditure of (R 83 025 989.00), Irregular expenditure of (R 19 073 994.89) and Fruitless and Wasteful expenditure of (R 9 975 974.30) which occurred in 2018/2019 financial year. Council referred the expenditures to the Municipal Public Accounts Committee for an investigation.

The committee recommended that Council write-off an unauthorized expenditure of R83 025 989, 00 in line with (MFMA Sec 32 (2)(a)) on the basis that it is mainly non-cash items, no loss was incurred by the municipality.

Furthermore, the committee recommended that Council write-off the combined fruitless and wasteful expenditure of R4 783 657, 24 that was incurred as a result of interest on late payments on the Eskom Bulk Purchases, Eskom Mohlaba High Mast, DBSA-LTL Redemption & ESKOM-N'wamitwa High Mast, and the write-off was approved by Council.

On matters concerning to irregular expenditure, the committee had recommended that an irregular expenditure of R 19 073 994, 30 be referred to the Municipal Financial Misconduct Board for further investigation. The reason for further referral was on the element of financial misconduct detected by the committee on the irregular expenditure.

The Financial Misconduct Board presented its report on its findings on the 26<sup>th</sup> April 2022, Item A59 with recommendations. The committee is tabling the report before Council to finalize on the areas that it did not complete as they were referred for further investigation.

#### **RECOMMENDATIONS:**

- a) That Council notes that the investigation report on the 2018/19 Unauthorized, Irregular, Fruitless and Wasteful expenditures that was investigated by MPAC and referred to the Financial Misconduct Board by Council on the 23<sup>rd</sup> September 2020 was tabled and approved by Council under item A59 on the 26<sup>th</sup> April 2022.
- b) That Council notes that the 2018/19 UIF/W investigation report by the Financial Misconduct Board recommended that the irregular expenditure of R 19 073 994, 00 be written-off, which relates to Theuwedi Trading Enterprise, Eternity Star Investment, Tshiamiso Trading (Mulati & Codesa), and the report was approved by the Council.
- c) That the Municipal Manager must ensure full implementation of all the resolutions as per the Financial Misconduct Board report which was approved by Council as item (A59) on 26 April 2022.
- d) That user departments avoid at all cost activities that can lead to incurring future UIF/W expenditures.

**FOR CONSIDERATION.**

