

**A 93 2015/16 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
EXPENDITURE INVESTIGATION REPORT OF GREATER TZANEEN
MUNICIPALITY**

(E/C 2018 09 28, C 2018 09 28)

(12/2/3/1/1)

RESOLVED

1. UNAUTHORISED EXPENDITURE

- a) That Council condone all the unauthorized expenditure of **R115 005 415, 00** as irrecoverable on the basis that the expenditures incurred are non-cash items; no loss was incurred by the municipality.

2. FRUITLESS AND WASTEFUL EXPENDITURE

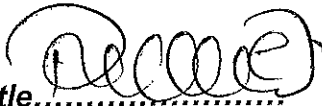
- a) That Council write-off **all** fruitless and wasteful expenditure of **R943 172, 36** which emanates from interest paid to the service providers such as Telkom, Eskom, SARS, MacP, Thomas and Swanepoel, for late payment made due to insufficient cash flow and;
- b) That the municipality should implement more effective steps and measures to prevent this from happening in future.

3. IRREGULAR EXPENDITURE

- a) That Council condone the irregular expenditure of **R39 460 427,69**
- b) That the amount of **R4 399 165, 84** paid to Kgoshi Monene be put on hold until the court processes are finalised.
- c) It is recommended that the Accounting Officer institute processes to recover money from officials where there is transgression of the law;
- d) Unauthorized expenditure be condoned on the basis that they are non-cash items, no loss was incurred by the municipality;

- e) Council to write to National Treasury for condonement of irregular in terms of Section 170 MFMA;
- f) The municipality to adhere to the SCM policy, regulations and processes;
- g) Consequence management be implemented on non-compliance;
- h) Unauthorized, irregular or fruitless and wasteful expenditure policy be developed;
- i) Monitoring and evaluation be strengthened;
- j) Contract management be strengthened;
- k) Budget practice be strengthened, that is, availability of budget be monitored to avoid unauthorized expenditure;
- l) Unauthorized, irregular or fruitless and wasteful expenditure be reported to relevant structures on quarterly basis;

Signed by Speaker
Councillor DJ Mmetle.....



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(EC 2018 09 28, C 2018 09 28)

(12/2/3/1/1)

**REPORT OF THE CHAIRPERSON OF MUNICIPAL PUBLIC ACCOUNTS
COMMITTEE, CLLR DG MKHABELE**

PURPOSE OF THE REPORT

The purpose of this report is to submit to Council the outcomes of the investigations conducted on the 2015/16 unauthorized, irregular, fruitless and wasteful expenditure (UIF).

To respond to the council resolution A80 (E/C 2018 08 21; C2018 08 30) report on finances; which seek Council to provide a defined condonation resolution on what is condoned and what must be actioned further by the Accounting officer.

BACKGROUND

The 2015/16 Unauthorized, Irregular, fruitless and wasteful expenditure oversight report was tabled in council on the 3rd July 2018 as Council resolution A63 (C 2018 07 03). The item which was approved as a council resolution could not specify the amount to be condoned, written –off, or to be recovered and while the report provide such details.

This submission does not change the contents and findings and the recommendations of the oversight report which was tabled in council on the 03 July 2018, it only specify amounts as required in terms of council resolution (A80 C 2018 08 30)

This report relates to the investigation of unauthorized expenditure of R115 005 415.00, irregular expenditure of R43 859 593.53 and fruitless and wasteful expenditure of R943 172.36 in 2015/2016 financial year which was

referred to MPAC by Council as per Council Resolution Council resolutions number A58 Of 26 of August 2016.

DUSCUSSIONS

In terms of Section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the Accounting Officer is responsible for managing the financial affairs of the municipality and he must, for this purpose, inter alia:

- a) Take all reasonable steps to ensure that unauthorized, irregular; fruitless and wasteful expenditure and other losses are prevented; and
- b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or Councilor of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

This is to ensure effective, efficient and transparent systems of financial, risk management and internal control as per Section 62 of the MFMA.

Section 32 (2) of the MFMA 56 of 2003 states that "a municipality must recover unauthorized, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-

- (a) In case of **unauthorized** expenditure;
 - (i) Unauthorized in an adjustment budget; or
 - (ii) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and
- (b) In 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."

SUMMARY OF THE KEY FINDINGS

1. UNAUTHORISED EXPENDITURE

The investigation revealed that the municipality incurred unauthorized expenditure amounting to **R 115 005 415.00**. The said expenditure can be broken down into:

DEPARTMENT	BUDGET	ACTUAL Jul'15- June'16	DIFFERENCE	% VARIANCE
02-PED	R24,982,345	R27,687,018	-R2,704,673	10.83%
03-FINANCE	R77,645,464	R85,705,792	-R8,060,328	10.38%
04-CORPORATE	R86,421,576	R100,946,456	-R14,524,880	16.81%
05-ENGINEERING	R132,842,823	R222,558,357	-R89,715,534	67.545
TOTAL			R115 005 415.00	

The investigation further revealed that: there are no losses incurred by the municipality. These expenditures are considered as non-cash items because there are no transaction with any service provider or supplier.

2. FRUITLESS AND WASTEFUL EXPENDITURE

The municipality incurred fruitless and wasteful expenditure amounting to **R 943 172.36**. The detailed breakdown is on **page 45** of the report.

The **root-causes** of this expenditure are due to:

- a) financial constraints;
- b) late payments;
- c) court orders

The investigation further revealed that:

- a) The municipality received the services from service providers: detailed report is on **pages 47-58**.
- b) The losses incurred by the municipality and responsible officials are on **pages 47-58** of the report.

3. IRREGULAR EXPENDITURE

The municipality incurred irregular expenditure amounting to **R 43 859 593.53**.
The breakdown of the said expenditure is on **pages 12-43** of the report.

The root-causes of this expenditure are as a result of:

- a) Expired and long term contracts;
- b) Contract amounts which differs from signed SLA;
- c) Cessions not authorized by Accounting Officer;
- d) Deviations made due to emergencies;
- e) Variation orders not signed by Accounting Officer;
- f) Supply chain processes not followed;
- g) Escalation of professional fees;

The investigation further revealed that:

- a) The municipality received the services from service providers on pages 12-43
- b) The municipality also incurred financial losses due to the irregular expenditure. Breakdown of this expenditure is on pages 12-43 of the report.

RECOMMENDATIONS OF THE CHAIRPERSON MPAC (MR DG MKHABELA)

1. UNAUTHORISED EXPENDITURE

- a) That Council condone all the unauthorized expenditure of **R115 005 415, 00** as irrecoverable on the basis that the expenditures incurred are non-cash items; no loss was incurred by the municipality.

2. FRUITLESS AND WASTEFUL EXPENDITURE

- a) That Council write-off **all** fruitless and wasteful expenditure of **R943 172, 36** which emanates from interest paid to the service providers such as Telkom, Eskom, SARS, MacP, Thomas and Swanepoel, for late payment made due to insufficient cash flow and;

- b) That the municipality should implement more effective steps and measures to prevent this from happening in future.

3. IRREGULAR EXPENDITURE

- a) That Council condone the irregular expenditure of **R39 460 427,69**
- b) That the amount of **R4 399 165, 84** paid to Kgoshi Monene be put on hold until the court processes are finalised.
- c) It is recommended that the Accounting Officer institute processes to recover money from officials where there is transgression of the law;
- d) Unauthorized expenditure be condoned on the basis that they are non-cash items, no loss was incurred by the municipality;
- e) Council to write to National Treasury for condonement of irregular in terms of Section 170 MFMA;
- f) The municipality to adhere to the SCM policy, regulations and processes;
- g) Consequence management be implemented on non-compliance;
- h) Unauthorized, irregular or fruitless and wasteful expenditure policy be developed;
- i) Monitoring and evaluation be strengthened;
- j) Contract management be strengthened;
- k) Budget practice be strengthened, that is, availability of budget be monitored to avoid unauthorized expenditure;
- l) Unauthorized, irregular or fruitless and wasteful expenditure be reported to relevant structures on quarterly basis;

FOR CONSIDERATION

GREATER TZANEEN MUNICIPALITY UIF REPORT FOR 2015/2016 FINANCIAL YEAR



MPAC: UIF INVESTIGATION REPORT

2015/2016 FY

GTM UIF INVESTIGATION REPORT FOR 2015/2016 FY

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GTM UIF INVESTIGATION REPORT FOR 2015/2016 FY

ABBREVIATIONS

<i>MFMA</i>	<i>Municipal Finance Management Act (Act No 56 of 2003);</i>
<i>STRUCTURES ACT</i>	<i>Local Government: Municipal Structures Act, (Act No 117 of 1998);</i>
<i>SYSTEMS ACT</i>	<i>Local Government: Municipal Systems Act, (Act No 32 of 2000);</i>
<i>"Constitution"</i>	<i>means the Constitution of the Republic of South Africa, 1996</i> <i>(Act No 108 of 1996);</i>
<i>PFMA</i>	<i>Public Finance Municipal Act (Act No.1 of 1999 as amended by Act 29 of 1999);</i>
<i>GTM</i>	<i>Greater Tzaneen Municipality;</i>
<i>AO</i>	<i>Accounting Officer</i>
<i>IA</i>	<i>Internal Audit</i>
<i>AC</i>	<i>Audit Committee</i>
<i>RMU</i>	<i>Risk Management Unit</i>
<i>RMC</i>	<i>Risk Management Committee</i>
<i>UIF</i>	<i>Unauthorised, Irregular or Fruitless and Wasteful Expenditure</i>
<i>SAPO</i>	<i>South African Post Office</i>

DEFINITIONS

Accounting Officer means: *Municipal Manager* in a municipality and *Chief Executive Officer* in a municipal entity.

Audit Committee means: an independent committee constituted to review the control, governance and risk management within the institution established in terms of Section 166 of MFMA.

Internal Audit means: an official within the municipality responsible for internal audit activities.

Executive Authority means: The Municipal Council in a municipality and Municipal Council of its parent municipality

Internal Auditing means: an independent, objective assurance and consulting activity designed to add value and improve municipal's operations. It helps the municipality to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Management means: all senior officials of the municipality.

MFMA means: Municipal Finance Management Act

Risk Management Committee means: a committee appointed by Accounting Officer to review the municipality's system of risk management.

Risk Management Unit means: a business unit responsible for coordinating and supporting the overall institutional risk management process, but which does not assume the responsibilities of management for identifying, assessing and managing risk.

Councillor means member of municipal council of Greater Tzaneen Municipality

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

“Financial Misconduct” means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

“Irregular expenditure”, in relation to a municipality or municipal entity, means:

- a) expenditure incurred by a municipality 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 in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of

“Overspending” means:

- a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;
- b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

“Political Office Bearer” means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

“Prohibited expenditure” means unauthorised, irregular, fruitless and wasteful expenditure;

“Senior Manager” has the meaning assigned to it in section 1 of the MFMA and in relation to Greater Tzaneen Municipality refers to Directors and CFO

“Unauthorised expenditure” any expenditure incurred by a municipality other than in accordance with section 15 or 11(3), and includes-

- a) overspending of the total amount appropriated in the municipality’s approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” other than in accordance with any conditions of the allocation; or grant by GTM;

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- f) Any grant to an individual or household unless it is in terms of the municipality's indigent policy, bursary scheme, corporate social responsibility policy, councillors discretionary grant or the grants-in-aid ;
- g) Unforeseen and unavoidable expenditure not authorised within an adjustments budget within 60 days after the expenditure was incurred; and
- h) Any overspending on non-cash items, for example depreciation, impairments, provisions.

“Vote” means:

- a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different department or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

“Official” in relation to Greater Tzaneen Municipality, means:

- a) an employee of the municipality;
- b) a person contracted by the municipality to work as a member of the staff

1. INTRODUCTION

This report relates to the investigation of unauthorized expenditure of R115 005 415.00, irregular expenditure of R43 859 593.53 and fruitless and wasteful expenditure of R943 172.36 in 2015/2016 financial year. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as “MFMA”), the accounting officer is responsible for managing the financial affairs of Greater Tzaneen Municipality (GTM) and he must, for this purpose, inter alia:

- a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and
- b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

Section 32 (2) of the Local Government Municipal Finance Management Act 56 of 2003 “unauthorised, Irregular, fruitless and wasteful expenditure”. States that: *“a Municipality must recover unauthorised, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-*

- (a) In case of unauthorized expenditure. is*
 - (i) authorised in an adjustment budget; or*
 - (ii) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and*
- (b) In 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.”*

2. LEGISLATIVE MANDATE

Irregular Expenditure

MFMA Circular No 68 Municipal Finance Management Act No. 56 of 2003 on Unauthorised, Irregular, Fruitless and Wasteful expenditure states that;

In terms of section 32(2)(b) irregular expenditure may only be written-off by Council if, after an investigation by a council committee, the irregular expenditure is certified as irrecoverable.

In other words writing-off is not a primary response, it is subordinate to the recovery processes,

and may only take place if the irregular expenditure is certified by Council as irrecoverable, based on the findings of an investigation.

With reference to (a) as defined, - in terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

With reference to (b) as defined – there is no provision in the MSA that allows for a contravention of the Act to be condoned. Nevertheless, should a municipality wish to request that an act of non-compliance with any provision of the MSA be condoned, then the accounting officer should address the request to the Minister of Co-operative Governance and Traditional Affairs, who is responsible for administering the MSA. The resultant expenditure should however be dealt with in terms of section 32(2) of the MFMA.

With reference to (c) as defined – there is no provision to allow irregular expenditure resulting from a contravention of the Public Office-Bearers Act to be condoned. This is consistent with section 167(2) of the MFMA, which provides that such irregular expenditure cannot be written-off and must be recovered from the political office-bearer concerned.

With reference to (d) as defined – a council may condone a contravention of the council approved SCM policy or a by-law giving effect to such policy, provided that the contravention, is not also a contravention of the MFMA or the SCM regulations, in which case (a) applies and then only National Treasury can condone a contravention of the SCM regulations. Any such requests must be accompanied by a full motivation and submitted to mfma@treasury.gov.za for consideration.

Unauthorised Expenditure

MFMA Circular No 68 Municipal Finance Management Act No. 56 of 2003 on Unauthorised, Irregular, Fruitless and Wasteful expenditure states that;

“In considering authorisation of unauthorised expenditure, Council must consider the following factors:

- (i) Has the matter been referred to Council for a determination and decision?*
- (ii) Has the nature, extent, grounds and value of the unauthorised expenditure been submitted to Council?*

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- (iii) *Has the incident been referred to a council committee for investigation and recommendations?*
- (iv) *Has it been established whether the Accounting Officer or official or public office bearer that made, permitted or authorised the unauthorised expenditure acted deliberately or in a negligent or grossly negligent manner?*
- (v) *Has the Accounting Officer informed Council, the Mayor or the Executive Committee that a particular decision would result in an unauthorised expenditure as per section 32(3) of the MFMA?*
- (vi) *Are there good grounds shown as to why an unauthorised expenditure should be authorised? For example:*
- *the Mayor, Accounting Officer or official was acting in the best interests of the municipality and the local community by making and permitting unauthorised expenditure;*
 - *the Mayor, Accounting Officer or official was acting in good faith when making and permitting unauthorised expenditure; and*
 - *the municipality has not suffered any material loss as a result of the action.*

In these instances, the council may authorise the unauthorised expenditure. If unauthorised expenditure is approved by Council, there would be no further consequences for the political office-bearers or officials involved in the decision to incur the expenditure.”

Fruitless and Wasteful Expenditure

The processes to respond appropriately to fruitless and wasteful expenditure are similar to the following three processes outlined for irregular expenditure:

- (i) *disciplinary charges* against officials and political office bearers;
- (ii) *criminal charges* against officials and political office-bearers; and
- (iii) *recovery* of the fruitless and wasteful expenditure from the liable persons.

The description of the categories of irregular expenditure in the above three instances can be applied directly to fruitless and wasteful expenditure. The difference is that fruitless and wasteful expenditure can arise in any circumstance and is not dependent on non-compliance with any legislation.

Council should follow section 32(2)(b) of the MFMA when dealing with instances of fruitless and wasteful expenditure. Section 32 (2) MFMA No 56 of 2003 “Unauthorised, Irregular, fruitless and wasteful expenditure”. States that:

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“a Municipality must recover unauthorised, irregular, fruitless and wasteful expenditure from the person liable for such expenditure unless the expenditure-

(a) In case of unauthorized expenditure. is

(i) authorised in an adjustment budget; or

(ii) Certified by the municipal Council, after investigation by the council committee as irrecoverable and written off by Council; and

(b) In 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. PURPOSE OF THE REPORT

The purpose of this submission is to report to Council on the results of the investigations conducted on the 2015/16 unauthorised, irregular, fruitless and wasteful expenditure (UIF).

4. SCOPE OF THE INVESTIGATION

The scope of the investigation will cover 2015/2016 UIF expenditure incurred by the municipality which are accumulated figures of unauthorized expenditure of R115 005 415.00, irregular expenditure of R43 859 593.53 and fruitless and wasteful expenditure of R943 172.36. The scope of the UIF investigation was established by the Council resolutions number A58 of 26 of August 2016. All relevant information from the opening balances was scrutinized which is covered by the investigation.

It should be noted that despite a diligent effort on our part to obtain all information and documentation relevant to conduct the investigation, we cannot guarantee that such is accurate. Therefore, our opinion and conclusions may change should further documentation or information be obtained or made available to us that materially impacts on this investigation. The scope of our investigation was limited to an analysis of documentation, information and data made obtained. It should further be noted that this report does not limit the overall scope of this investigation and that GTM may extend the scope of this investigation in the event of further areas of concern and/or irregularities being identified.

Scope limitation:

We were not able to interview former CFO, former Director Engineering Services and former Municipal Manager as they have since resigned.

5. METHODOLOGY

The procedures performed are based on the information and documentation made available to us during the investigation. The conclusions and recommendations are based on the information obtained through interviews with officials deemed relevant for the investigation and scrutiny of documents obtained.

Should further documentation and/or information, previously not divulged to us for whatever reason be made available to ourselves, our conclusions and inferences may change, and if considered necessary, a supplementary report will be issued.

CONFIDENTIAL

6. IRREGULAR EXPENDITURE PER DEPARTMENT

6.1.OFFICE OF THE MUNICIPAL MANAGER

SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	COMMENTS
Ntsumi Telecommunications	26/11/2015	1059760	633 976,00	Contract Amount differs from amount in SLA	Municipal Manager	Ntsumi Telecommunication was appointed through Supply Chain Regulation 32 in February 2015, SCMU BID no 14/2013 of Umgeni Municipality. The amount charged as per letter signed by the former CFO is R1.36 per MMS statement per month VAT inclusive. The SLA and the addendum to the SLA between the
Ntsumi Telecommunications	27/05/2016	1062821	175 440,00			
Ntsumi Telecommunications	06/05/2016	1062370	350 880,00			

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	COMMENTS
						municipality and the service provider indicates that MMS up to 100KB will be R4.00 and the SMS to a maximum of 160 characters at R0.40. The SLA further indicates that the client will be billed at the end of each month for all successful processed records during the month. There was a court order issued by the High Court of South Africa, case no 98845/15, to pay the service provider the amount of

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	COMMENTS
						R2 360 572.00 (R1 960 572.00 plus R200 000.00 for November 2016 and R200 000 for December 2016 respectively) on the 29 th January 2016. There is a price difference of R4.00 as per SLA and R1. 36 per appointment letter for MMS. It is recommended that the expenditure be condoned.
TOTAL			1 862 043,36			

6.2.BUDGET AND TREASURY OFFICE (CFO'S)

SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Focus Outsourcing Solution CC	30/07/2015	1057726	54 549,48	Contract Expired	Finance Revenue	Focus Outsourcing assist the municipality with printing of water and lights statements. Deviation approved by Accounting Officer, in April 2013, as per Supply Chain Regulation number 36. The contract has long lapsed, 9 years ago; no efforts were made to appoint new contractor. It is recommended that the expenditure be condoned and the finance department to begin with the procurement processes.
Focus Outsourcing Solutions CC	30/09/2015	1058925	24 701,47			
Focus Outsourcing Solution	26/11/2015	1059720	24 355,31			
Focus Outsourcing Solutions	07/04/2016	1061833	108 140,02			
Focus Outsourcing Solutions CC	31/05/2016	1062873	53 351,63			
Contour Technology (Pty) Ltd	30/07/2015	1057724	11 157,46	Contract Expired	Finance Revenue	The service provider was appointed to render the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Contour Technology (Pty) Ltd	30/09/2015	1058921	22 755,29			services of electricity prepaid vending. Deviation approved by Accounting Officer, in April 2013, as per Supply Chain Regulation number 36. The contract has long lapsed, 9 years ago; no efforts were made to appoint new contractor. Contour Technology has monitoring hardware and software for specific metres and also hinders ghost vending. It was reported that former CFO verbally made arrangements to keep the service provider till end of the financial year, 2016//2017. It is recommended that the amount be condoned and the finance department to
Contour Technology (Pty) Ltd	26/11/2015	1059715	21 574,67			
Contour Technology (Pty) Ltd	18/12/2015	1060155	11 223,16			
Contour Technology (Pty) Ltd	25/02/2016	1061117	11 167,62			
Contour Technology	31/05/2016	1062867	11 961,06			

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
					T	begin with the procurement processes.
TOTAL			354 937,17			

6.3.ENGINEERING SERVICES

SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Sonco voertuie	30/10/2015	1059319	7 300,56	Break downs	Engineering Services	Accounting Officer approved the deviation in June 2015. The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter and later there was a settlement between the director and the municipality. The expenditure is recommended for condonement and considering appointing term contractors for breakdowns.
Steyn Steel	Oct 14- June 15		211 535,12		Engineering Services	Cession was not submitted to MM for approval. The
Plumbblink SA (Pty) Ltd	Oct 14- June 15		493 913,95			

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Abeco Tanks	29/04/2015	1056145	353 400,00	Cession not authorised by MM		disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter and later there was a settlement between the director and the municipality. The expenditure is recommended for condonement.
Arenweng Construction	06/07/2015	1057109	692 808,21			
Engelbrecht Engineering	30/06/2015	1056989	65 274,18			
Beka (Pty) Ltd	08/07/2015	1057236	179 892,00			
Quality Plant Hire	May-14		7 975 515,00			
Molototsi Brickyard	May-14		239 120,00			
Wearne Precast	Jan-14	1045050	757 448,00			
Swaranang Development Agency	Jan-14	1047363	25 080,00			
Geomaton (Pty) Ltd	Jan-14	1050247/1054195/1047357	334 360,00			
Topoclass	Jan-14	1048236/1050253	198 360,00			
KPG Surfacing	Jan-14		4 066 264,00			
Bohlale Engineers	Jan-14	1053516	34 200,00			
Amanzotho General Trading	May-14		60 964,00			
DMIO Concrete Mixer	May-14		290 454,50			

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Quality Plant Hire	Jun-13		58 933,00			
Polokwane Surfacing	Sep-15		4 160 207,00			
Polokwane Surfacing	Sep-15		1 465 878,95			
Quality Plant Hire	Sep-15		1 065 355,50			
Bargain House	Sep-15	1058760	405 845,00			
Mmaeshibe General Trade	26/06/2013		889 350,25	Variation Order not signed by the MM	Engineering Services	Variation order not submitted to MM for signature. The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter and later there was a settlement between the director and the municipality. The expenditure is recommended for condonement.
Selby Construction	Nov-13		3 594 239,88			
Bukuta BK	30/06/2016	1063468	50 046,00	Supply Chain process not followed	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Lowveld Motor Rewinding	30/10/2015	1059294	8 591,95	Break downs	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.
Mhluri Consultants	26/02/2015	1055154	89 940,00	Cession not authorised by MM	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.
Polokwane Surfacing	Oct 14- June 15		847 973,31	Cession not authorised by MM	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						is recommended for condonement.
Bohlale Engineers	Feb-13		1 080 079,85	Escalation of professional fees	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.
Ratanane Construction	Oct-13		243 681,00	Unauthorised Expenditure-Mopye Low Level Bridge	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.
Quality Plant Hire	26/06/2013		349 187,00	Cession not authorised by MM	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Expectra 388 cc	29/02/2016	1061298	2 216 768,63	Escalation of Contract Amount	Engineering Services	The disciplinary processes against the Director Engineering Services took place. She was suspended due to the matter. The expenditure is recommended for condonement.
TOTAL IRREGULAR			33 011 966,84			

6.4.COMMUNITY SERVICES DEPARTMENT

SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATION S
Letaba Locksmith	17/07/2015	1057397	R684,00	Supply Chain Process not followed	Community Services	In terms of the Supply Chain Management Policy the department must request one quotation for any amount less than R2000.00. It is recommended that the expenditure be condoned.
Letaba Security	24/07/2015	1057501	R 41 724,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned
Ingwe Waste Management	30/07/2015	1057744	R18 332,88	Contract Expired	Community Services	The contract expired. There is no request to

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						regularise the expenditure by Community Services. The expenditure be condoned
Kgoshi Monene Security Services	07/08/2015	1057831	R600 175,19	Contract Expired	Community Services	There is no request to regularise the expenditure by the Accounting Officer. The expenditure be condoned.
Letaba Security	14/08/2015	1057892	R41 524,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned.
Ingwe Waste Management	18/08/2015	1058015	R18 332,88	Contract Expired	Community Services	There is no request to regularise the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATION S
						expenditure by the Accounting Officer. The expenditure be condoned.
Letaba Locksmiths	26/08/2015	1058130	R969,00	Supply Chain Process not followed	Community Services	The expenditure be condoned. The department must request one quotation for any amount less than R2000.00
Letaba Locksmiths	31/08/2015	1058307	R513,00	Supply Chain Process not followed	Community Services	The expenditure be condoned. The department must request one quotation for any amount less than R2000.00
Ingwe Waste Management	29/09/2015	1058878	R18 332,88	Contract Expired	Community Services	There is no request to regularise the expenditure by the Accounting Officer.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Letaba Security	04/09/2015	1058356	R41 524,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer June 2016. The expenditure be condoned.
Kgoshi Monene security Services	07/10/2015	1058971	R600 172,19	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned due to court order.
Kgoshi Monene security Services	19/10/2015	1059109	R1 021 523,51	Contract Expired	Community Services	The request to regularise the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						expenditure was approved by the Accounting Officer. The expenditure be condoned
Ingwe Waste Management	29/10/2015	1059380	R18 332,88	Contract Expired	Community Services	There is no request to regularise the expenditure by the Accounting Officer. The expenditure be condoned.
Kgoshi Monene Security Services	05/11/2015	1059446	R600 175,19	Contract Expired	Community Services	Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned
Kgoshi Monene Security Services	06/11/2015	1059491	R105 337,08	Contract Expired	Community Services	Deviation was approved by the Accounting

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned.
Letaba Security	05/11/2015	1059447	R42 353,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned.
Letaba Security	03/11/2015	1059455	R41 704,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Rigoda Trading Enterprise	02/12/2015	1060017	R 8 000,00	Supply Chain processes not followed.	Community Services	Video capturing during safety and security summit. The service was rendered before the order was issued. The request to regularise the expenditure was approved by Accounting Officer. The expenditure be condoned.
Letaba Security	01/12/2015	1060005	R41 324,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned
Ingwe Waste Management	21/12/2015	1060251	R18 332,88	Contract Expired	Community Services	There is no request to regularise the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Kgoshi Monene Security Services	02/12/2015	1060004	R13 343,14	Contract Expired	Community Services	expenditure by the Accounting Officer. The expenditure be condoned. Deviation was approved by the Accounting Officer. Former CFO indicated that the payment is in line with court order. The expenditure be condoned.
Kgoshi Monene Security Services	02/12/2015	1060004	R23 199,00	Contract Expired	Community Services	Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Kgoshi Monene Security Services	02/12/2015	1060004	R705 512,27	Contract Expired	Community Services	Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned.
Kgoshi Monene Security Services	18/12/2015	1060165	R13 343,14	Contract Expired	Community Services	Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned.
Kgoshi Monene Security Services	23/12/2015	1060276	R703 041,99	Contract Expired	Community Services	Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Kgoshi Monene Security Services	24/12/2015	1060283	R13 343,14	Contract Expired	Community Services	The expenditure be condoned. Deviation was approved by the Accounting Officer. CFO indicated that the payment is in line with court order. The expenditure be condoned.
Letaba Security	13/01/2016	1060421	R41 324,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned
Letaba Security	09/03/2016	1061441	R83 528,12	Contract Expired	Community Services	The request to regularise the expenditure was approved by the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						Accounting Officer. The expenditure be condoned
Letaba Security	13/04/2016	1061935	R42 204,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned.
Makhuvele V B	14/04/2016	1061965	R1 852,50	Funeral of H B Mlondobozi	Community Services	The service provider is an official of the municipality, GTM, deviation was approved by Accounting Officer. The expenditure be condoned.
Falconwood Beverages	15/04/2016	1061974	R1 852,50	Funeral of H B Mlondobozi	Community Services	Deviation was approved by Accounting Officer.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Maakane Trading	15/04/2016	1062018	R10 000,00	Funeral of H B Mlondobozi	Community Services	The expenditure be condoned. Catering at the funeral of the late HB Mlondobozi. Deviation was approved by Accounting Officer. The expenditure be condoned.
Alumbi Events	15/04/2016	1061979	R5 775,00	Funeral of H B Mlondobozi	Community Services	Decoration at the funeral of HB Mlondobozi. Deviation was approved by Accounting Officer. The expenditure be condoned.
Giyase Misili Mghanu (Pty) Ltd	15/04/2016	1061983	R14 150,00	Funeral of H B Mlondobozi	Community Services	VIP toilets at the funeral of the late HB Mlondobozi. Deviation was approved by

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
						Accounting Officer. The expenditure be condoned.
Kalamazoo Transport	15/04/2016	1061985	R6 400,00	Funeral of H B Mlondobozi	Community Services	Buses to transport community to the funeral of the late HB Mlondobozi. Deviation was approved by Accounting Officer. The expenditure be condoned.
T and T Cleaning Specialists	19/04/2016	1062031	R29 300,00	Funeral of H B Mlondobozi	Community Services	The expenditure incurred was for Marquee tent and chairs for the funeral of HB Mlondobozi. Deviation was approved by Accounting Officer. The expenditure be condoned.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Vatoto Trading Enterprise	15/04/2016	1062014	R28 500,00	Catering for training	Community Services	The service was rendered without the order being issued. The expenditure be condoned.
Ratisani Trading CC	19/04/2016	1062030	R28 500,00	Catering for training	Community Services	The service was rendered without the order being issued. The expenditure be condoned.
Letaba locksmiths	22/04/2016	1062099	R1 402,20	New locking system	Community Services	The expenditure be condoned. The department must request one quotation for any amount less than R2000.00
Letaba Security	11/05/2016	1062483	R41 984,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATION
						S Accounting Officer. The expenditure be condoned.
Ratisani Trading CC	30/05/2016	1062831	R86 600,00	Funeral of the late H B Mlondobozi	Community Services	The service provider is alleged to be the sole supplier of sound and stage during the funeral service of HB Mlondobozi. Deviation was approved by Accounting Officer. The expenditure be condoned.
Letaba Security	08/06/2016	1062987	R42 204,06	Contract Expired	Community Services	The request to regularise the expenditure was approved by the Accounting Officer. The expenditure be condoned.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Hotel Victoria	20/08/2015	1058039	R257 790,00	SCM Processes not followed	Community Services	Expenditure incurred for SAIMSA games (municipal sports). Council resolved that the amount be paid. Council resolution number B45, of 30 June 2015. The expenditure be condoned.
TOTAL			R5 474 516,16			

6.5.CORPORATE SERVICE DEPARTMENT

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Raphela Attorneys	07/08/2015	1057830	R199 463	Legal Fees	Corporate Services	Raphela is not on the panel of attorneys. The panel of attorneys were appointed by the Accounting Officer and therefore wouldn't be appropriate to make use of them for his arbitration (the former Accounting Officer is the one who appointed the panel of attorney whilst in the employ of the municipality). The expenditure be condoned.
Bakhtluma Mobile Promotions	29/09/2015	1058832	R49 300	Supply Chain Process not followed	Corporate Services	Deviation was signed by the Accounting Officer in. The expenditure be condoned.
Mologadi catering & Cleaning Services	29/09/2015	1058850	R5 000	Supply Chain Process not followed	Corporate Services	Catering for Mayoral Imbizo. Deviation was approved by the Accounting Officer. The expenditure be condoned.

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SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATIONS
Alfa travel agency	30/10/2015	1059261	R36 300	SCM Processes not followed	Corporate Services	The invoice was issued before the order was made. The expenditure be condoned.
GTFM	29/07/2016	1063947	R10 000	SCM Processes not followed	Corporate Services-Communication	Only one quotation was sourced. There is deviation from SCM process. The expenditure be condoned.
TOTAL			R300 747			

6.6.PLANNING AND ECONOMIC DEVELOPMENT (PED)

SERVICE PROVIDER	PAYMENT DATE	PAYMENT NUMBER	AMOUNT	DESCRIPTION	DEPARTMENT	RECOMMENDATION
Sekgota Beaucares	22/12/2015	1060188	R2 150	SCM Processes not followed	PED	Breakfast provided at the show, Agri Expo. The deviation was approved by the Accounting Officer. The expenditure be condoned.
Poultry Club S A	18/12/2015	1060178	R5 800	SCM Processes not followed	PED	The service provider is alleged to be the sole supplier of the service. Deviation to deviate from the SCM processes was signed by the Accounting Officer. The expenditure be condoned.
TOTAL			R7 950			

7. UNAUTHORISED EXPENDITURE

Unauthorised expenditure occurs when the municipality exceeded their budget.

DEPARTMENTS THAT OVERSPENT	BUDGET (R-Value)	ACTUAL JULY TO JUNE (R-Value)	DIFFERENCE (R-Value)	% VARIANCE
02-PED	R24,982,345	R27,687,018	-R2,704,673	10.83%
03-FINANCE	R77,645,464	R85,705,792	-R8,060,328	10.38%
04-CORPORATE	R86,421,576	R100,946,456	-R14,524,880	16.81%
05-ENGINEERING	R132,842,823	R222,558,357	-R89,715,534	67.545

Total unauthorised expenditure: R115 005 415.00

Unauthorized expenditure be condoned on the basis that they are non-cash items, no loss was incurred by the municipality.

8. FRUITLESS EXPENDITURE

SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
MacP Construction	07/2015	1057283	R 672,973.78	Interest on late payment	Court order issued and payment was delayed. Interest was levied on late payment. (Supplier charged interest on late payment by the municipality)	If there are disputes between the Municipality and the Service Providers, a clause on the service level agreement should be added that no payment should be made until disputes are resolved. There should be	The service provider, MacP Construction, and the municipality concluded an SLA in 2011 for the construction of the Sasekani Road to Nkowankowa D. The service provider terminated the contract with the municipality in 2014 pending a court case. The service provider requested the municipality for payments of the standing time and for work done. The municipality, represented by the former Acting MM in

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						further investigation on the cause of the delay. June 2015, agreed with the service provider to withdraw its interdict (service provider's) wherein interest of R15,5% was levied to the outstanding amounts. It is recommended that the fruitless expenditure be condoned but the Accounting Officer must to institute recovery measures from the official who delayed payment. Since the former CFO is no longer the employee of the municipality, Accounting Officer should seek legal advice on the possibility to	

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Eskom	09/2015	1058916	R1,210.61	Interest on late payment	Invoice was kept for investigation by the Electrical Department and the account was never billed until July 2015 and interest was charged for August and September statement	An agreement should be reached by both parties in writing before the commencemen t of the investigation that interest should not be charged on the account during the investigation with stipulated period of	recover the interest paid from former CFO. Electricity charged for the municipal house (stadium house) rented by municipal employee. The employee must register for the consumption with the municipality. It is recommended that the Accounting Officer institute processes to recover interest paid from the employee.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						finalizing the investigation. The investigation should not overlap a month.	
Eskom	12/2015	1060021	R2,495.96	Interest on late payment	Payment was delayed due to queries related to the account.	An agreement should be reached by both parties in writing before the commencement of the investigation that interest should not be charged on the	Electricity charged for the municipal house (stadium house) rented by municipal employee. The employee must register for the consumption with the municipality. It is recommended that the Accounting Officer institute processes to recover interest from the employee.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						account during the investigation with stipulated period of finalizing the investigation. The investigation should not overlap a month.	
Eskom	05/2016	1062403	R515.85	Interest on late payment	Payment was delayed due to queries related to the account.	An agreement should be reached by both parties in writing before the commencement	Electricity charged for the municipal house (stadium house) rented by municipal employee. The employee must register for the consumption with the municipality. It is

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						t of the investigation that interest should not be charged on the account during the investigation with stipulated period of finalizing the investigation. The investigation should not overlap a month.	recommended that the Accounting Officer institute processes to recover interest paid from the employee.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Eskom	01/2016	1060606	R28.17	Interest on late payment	Invoices received late.	If accounts are not received, the creditors should be contacted to either email or fax the statement. An agreement should be reached by both parties in writing not to pay interest in instances where statements are not received and follow ups are made and	The amounts be written off.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						still statements not sent.	
Eskom	08/2015	1057221	R25.89	Interest on late payment	Invoices received late.	If accounts are not received, the creditors should be contacted to either email or fax the statements. An agreement should be reached by both parties in writing not to pay interest in instances where statements are not received	The amounts be written off.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						and follow ups were made and still statements not sent.	
Telkom	09/2015	1058831	R363.50	Interest on late payment	Invoices received late due to South African Post Office (SAPO) strike.	If accounts are not received, the municipality should make an effort to contact the service provider. An agreement should also be reached by both parties in writing not to pay interest in instances where	The municipality should in future negotiate with Telkom to waive interest in the instances where accounts or statements were not received due to strikes. It is recommended that attempts be made with Telkom to credit the municipality with the interest paid given the fact that the strike was out of the municipality's control. In the event where the Telkom refuses to write off the
Telkom	09/2015	1058831	R0.93	Interest on late payment			
Telkom	09/2015	1058831	R3.84	Interest on late payment			
Telkom	09/2015	1058830	R124.67	Interest on late payment			
Telkom	09/2015	1058715	R6.71	Interest on late payment			

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Telkom	10/2015	1059395	R399.37	Interest on late payment			
Telkom	10/2015	1059395	R1.02	Interest on late payment			
Telkom	10/2015	1059395	R4.17	Interest on late payment			
Telkom	10/2015	1059394	R135.16	Interest on late payment			
Telkom	10/2015	1059433	R2,054.47	Interest on late payment			
Telkom	11/2015	1059910	R412.78	Interest on late payment			
						statements are not received.	interest it is recommended that the expenditure be written off.

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Telkom	11/2015	1059910	R1.05	Interest on late payment			
Telkom	11/2015	1059909	R138.42	Interest on late payment			
Telkom	11/2015	1057424	R1,880.45	Interest on late payment			
Telkom	12/2015	1060021	R4.31	Interest on late payment			
Telkom	12/2015	1060127	R1.09	Interest on late payment			
Telkom	01/2016	1060516	R51.63	Interest on late payment			

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Telkom	01/2016	1060516	R0.13	Interest on late payment			
Telkom	01/2016	1060516	R0.95	Interest on late payment			
Telkom	01/2016	1060515	R17.28	Interest on late payment			
Telkom	03/2016	1061572	R7.18	Interest on late payment			
Telkom	06/2016	1063122	R6.90	Interest on late payment			
Telkom		1060127/4	R2,645.39	Interest on late payment			

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
Telkom		1060516/4	R559.72	Interest on late payment			
Telkom		1063122	5.16	Interest on late payment			
SARS	09/2015		256,440.37	Interest and penalties on late Payment	Interest charged due to not paying SARS on time, reason being that	Any political office-bearer or official of a Municipality who deliberately or negligently made or authorized a fruitless and wasteful expenditure is	Budget and Treasury Office indicated that the amount invoiced by SARS is not a true reflection. Therefore the invoice was kept in the office of the former CFO without processing the payment which accumulated interest. It is recommended that the Accounting Officer seek legal advice on the possibility to recover the

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SUPPLIERS NAME	DATE OF PAYMENT	PAYMENT NUMBER	AMOUNT	FINDINGS	RESULTS OF INVESTIGATION N FROM DEPT	REASONS	COMMENTS/ RECOMMENDATIONS
						liable for that expenditure.	interest and penalties paid from the former CFO.
TOTAL			R 943,172.36				

9. CRITICAL ISSUES IDENTIFIED DURING INVESTIGATIONS

- a) Non-termination of contracts by the municipality;
- b) Expired contracts;
- c) Overspending on budget by departments (led to unauthorized expenditure);
- d) Supply chain processes are not followed;
- e) Cessions not authorized by the Accounting Officer;
- f) Variation orders not authorized by the Accounting Officer;

10. RECOMMENDATIONS

- a) It is recommended that the Accounting Officer institute processes to recover money from officials where there is transgression of the law;
- b) Unauthorized expenditure be condoned on the basis that they are non-cash items, no loss was incurred by the municipality;
- c) The municipality to adhere to the SCM policy, regulations and processes;
- d) Consequence management be implemented on non-compliance;
- e) Unauthorized, irregular or fruitless and wasteful expenditure policy be developed;
- f) Monitoring and evaluation be strengthened;
- g) Contract management be strengthened;
- h) Budget practice be strengthened, that is, availability of budget be monitored to avoid unauthorized expenditure;
- i) Unauthorized, irregular or fruitless and wasteful expenditure be reported to relevant stakeholders on quarterly basis.

11. CONCLUSION

The municipality can avoid unauthorised, irregular or fruitless and wasteful expenditure if due processes and procedures are being followed. The development of the policies such as UIF & W policy will be of the utmost importance. Those charged with responsibilities should adhere to the policies, procedures and processes. The Accounting Officer must set the tone at the top and introduce consequence management for the transgressors of the law and legislative prescripts.

GTM UIF INVESTIGATION REPORT FOR 2015/2016 FY

REPORT BY THE MPAC CHAIRPERSON

CLLR G. Mkhabele

MPAC CHAIRPERSON

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