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Tropical Paradise

**A90 INVESTIGATION REPORT ON THE OUTSTANDING 2018/19 AND 2019/2020  
FRUITLESS AND WASTEFUL EXPENDITURE.**

(E/C 2023 05 29)

(12/2/3/1/1)

**RESLOVED**

- 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 by Council on the 23<sup>rd</sup> of September 2020 to the Financial Misconduct Board for further investigation, did not include the fruitless and wasteful expenditure investigation but only focused on the irregular expenditures. *(Resolution A59, 26 February 2022).*
- b) That Council notes that the report submitted by the Financial Misconduct Board on the 2019/20 financial year UIF/W investigation report by MPAC on the 26<sup>th</sup> of April 2022 and amended on the 30 August 2022, excluded the investigation on the fruitless and wasteful expenditure for finalization.
- c) That Council refers again the fruitless and wasteful expenditures for 2018/19 and 2019/20 financial years that were previously referred to the Financial Misconduct Board for further investigation and finalization.

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

*[Signature]*

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

**PURPOSE OF THE REPORT**

The purpose of the report is to request Council to refer the investigation of the outstanding Fruitless and wasteful expenditure for the financial years 2018/19 and 2019/2020 to the Financial Misconduct board for further investigation.

**BACKGROUND**

Council has during its meeting held on the 27<sup>th</sup> of June 2019 referred the 2018/19 Unauthorized, Irregular and Fruitless and Wasteful expenditure to MPAC for investigation. The scope of the investigation covered 2018/2019 UIF/W expenditure incurred by the municipality which are accumulated figures of unauthorized expenditure of (R83 025 989.00), irregular expenditure of (R 19 073 994.89) and fruitless and wasteful expenditure of (R9 975 974.30).

The Municipal Public Accounts Committee investigated the expenditures and tabled the investigation report to Council on the 23<sup>rd</sup> of September 2020 (**A18**) and the 25<sup>th</sup> of March 2021 (**A43**), amending the recommendations that the committee had tabled during the Council of the 23<sup>rd</sup> of September 2023. Recommendation (a) of both **A18** and **A43** was requesting Council to refer the areas of the report which had an element of financial misconduct to the Financial Misconduct Board for further investigation. The Financial Misconduct Board which was established by Council on the 25 October 2018 and its term of office ended on the year 2022, tabled the investigation report on the 2018/19 UIF/W to Council on the 26<sup>th</sup> of April 2022 (**A59**).

The report by the board only dealt with the areas of financial misconduct relating to the Irregular expenditure of R 19 073 994, 00, which relates to Theuwedi Trading Enterprise, Eternity Star Investment, Tshiamiso Trading (Mulati & Codesa), and the report was approved by the Council and the Fruitless and wasteful expenditure was not investigated by the board.

During the Council meeting of the 26<sup>th</sup> of February 2020, Council approved the 2019/2020 UIF/W MPAC investigation report (A38), which investigated the unauthorized expenditure of R0, irregular expenditure of (R 43 362 077,03) and fruitless and wasteful expenditure of (R5 997 292,32). Further investigation was recommended by the committee to the Financial Misconduct Board where the committee felt there were elements of financial misconduct.

The above mentioned A59 report from the Financial Misconduct Board which finalised the 2018/19 on the areas relating to the Irregular expenditure and also dealt with the 2019/2020 irregular expenditure investigation as the projects were multi year projects.

It was then discovered during the Auditor General's audit that the Fruitless and wasteful expenditure was not investigated further by the Board, and there are outstanding fruitless and wasteful expenditures which were not finalised for the financial years 2018/19 and 2019/20.

## 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 by Council on the 23<sup>rd</sup> of September 2020 to the Financial Misconduct Board for further investigation, did not include the fruitless and wasteful expenditure investigation but only focused on the irregular expenditures. (***Resolution A59, 26 February 2022***).
- b) That Council notes that the report submitted by the Financial Misconduct Board on the 2019/20 financial year UIF/W investigation report by MPAC on the 26<sup>th</sup> of April 2022 and amended on the 30 August 2022, excluded the investigation on the fruitless and wasteful expenditure for finalization.
- c) That Council refers again the fruitless and wasteful expenditures for 2018/19 and 2019/20 financial years that were previously referred to the Financial Misconduct Board for further investigation and finalization.

**FOR CONSIDERATION.**