

MAGARENG



MUNICIPALITY

**Action Plan for the
Reduction of
Unauthorised,
Irregular, Fruitless &
Wasteful Expenditure
(UIFWE)
2025/2026**

MAGARENG LOCAL MUNICIPALITY

Action Plan for the Reduction of Unauthorised, Irregular, Fruitless & Wasteful Expenditure (UIFWE)

2024/2025

1. Introduction

Section 62(1)(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA) requires an accounting officer of a municipality to take reasonable steps to prevent unauthorised, irregular, or fruitless and wasteful expenditure (UIFWE) and other losses. Section 62(1)(e) of the MFMA obligates the accounting officer to ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any municipal officials who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

Section 32 (2) requires the municipality to recover UIFWE from the person liable unless the expenditure is:

(a) In the case of Unauthorised expenditure: (i) authorised through adjustment budget or (ii)

certified irrecoverable after MPAC investigations and council approved the recommendations by MPAC.

(b) In the case of Irregular or Fruitless & wasteful expenditure: certified by MPAC after investigations then council approves the recommendations by MPAC.

Section 32(4) require that AO must promptly inform the Mayor, MEC LG & AG in writing of-

UIFWE incurred by the municipality.

Indicate if responsible persons are under investigations of incurring UIFWE.

Indicate steps taken to recover/rectify expenditure and the steps taken to prevent recurrence.

2. Purpose

The purpose of the action plan is to reduce the current and historical UIFWE to ensure commitment to sound financial management and compliance with regulations. The plan unpacks the key process of processing the UIFWE balances up to 30 June 2024 by 31 August 2025. The process to be followed to establish and appoint members of the disciplinary board and address the backlog of financial misconduct referrals to the disciplinary board is also covered.

3. Objectives

- ✚ Eliminate and prevent UIFWE.
- ✚ Strengthen internal controls and financial accountability.
- ✚ Enhance training and awareness among employees.
- ✚ Improve monitoring, reporting, and consequence management.

4. Assessment and Analysis

4.1) Data Gathering

- Compile a comprehensive list of all historical UIFWE cases, including details on the nature of the expenditure, responsible parties, and amounts involved.
- Analyse audit reports and internal control evaluations to identify recurring patterns and weaknesses in processes.
- Conduct interviews with key stakeholders to understand the contributing factors and decision-making processes behind historical UIFWE.

4.2) Root Cause Analysis

- Identification of key causes of UIFWE as indicated on the monthly UIFWE registers.
- Classify UIFWE cases based on type (unauthorized, irregular, fruitless, and wasteful) to identify specific areas of concern.
- Identify systemic issues like inadequate procurement procedures, weak contract management, lack of oversight, or poor delegation of authority.
- Analyse the impact of historical UIFWE on the organization's financial health and operational efficiency.

	Type of Expenditure	Root Causes	Actions to be taken
1	Unauthorised	Unfunded Budget Inaccurate budgeting	Adopt a funded budget with accurate estimates. Adjust the budget timeously. Perform the virements in line with the budget policy.
2	Irregular	Weak Internal Controls Inadequate training Poor Oversight No Segregation of duties	Follow the SCM policy, regulations and SoPs. Ensure financial delegations are signed
3	Fruitless & Wasteful	Unfunded budgets. Poor Cash flow management Other factors	Adopt a funded budget with accurate estimates.

5. Corrective Actions

5.1) Investigation/Assessment and Recovery

- Initiate comprehensive investigations into identified historical UIFW cases to determine liability and potential consequences. (refer reports to both MPAC & Financial Disciplinary Board)
- Where possible, pursue legal action to recover funds from individuals or entities responsible for the irregular expenditure.
- Consider options for write-offs where recovery is deemed impossible, with proper documentation and justification.

5.2) Internal Control Enhancements

- Review and update procurement policies to include stricter compliance measures, competitive bidding, and thorough vendor vetting.
- Implement robust contract management practices with clear performance metrics and penalty clauses.
- Strengthen budget monitoring and reporting systems to identify potential issues early on.
- Establish clear delegation of authority guidelines and ensure all staff are aware of their responsibilities. (Approved by council: system of delegations)

5.3) Capacity Building

- Provide training to relevant staff on updated policies, procedures, and ethical conduct related to financial management at least once a year. (Use FMCMM assessments for early identification of weaknesses and correction)

- Develop awareness campaigns to educate employees about the consequences of UIFW and the importance of compliance at least once a year.
- Regularly capacitate the MPAC members to ensure that they are able to deal with reported cases. SALGA, COGHSTA and NCPT will be the key stakeholders in the capacity building of MPAC members.

6. Monitoring and Reporting

6.1) Continuous Monitoring

- Establish a dedicated monitoring team to review transactions and identify potential UIFWE issues on an ongoing basis. (Agenda item for monthly Management meetings)
- Conduct regular internal audits to assess the effectiveness of implemented controls.

DATE OF ADOPTION: 29 May 2025

DATE OF IMPLEMENTATION: 01 July 2025

SIGNATURE OF ACTING MUNICIPAL MANAGER: 

DATE: 01 July 2025

See table below for monthly implementation & reporting

UIFWE ACTION PLAN AS PER CIRCULAR 129																				
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2024/25																				
No	Mar-25	Name of the report under review	Financial year of the report under review	Any recon done? Supporting documents available? Or any challenge?	Responsible official to compile the report	Due date for submission to CFO	Submitted or not?	Due date for review by CFO	Reviewed & submitted to MM or not?	Due date for review by MM	Reviewed & submitted to MPAC or not?	Due date for assessment by MPAC	Assessed & submitted to the Speaker or not?	Due date for tabling the report to council	Item discussed or not?	Recovery or Write off by council?	Due date for the Implementation of council decision.	Was the matter referred to FDB or not?	Monitoring due date by MPAC.	Due date for submission of progress report to PT
1		Tabling of the FBDM resolution to extend the FDB shared service term.	2024/25		MM	N/A		N/A	N/A	N/A	N/A	N/A	26-Mar-25	30-Mar-25					Next MPAC meeting	14-Apr-25
2	1-Mar-25	Tabling of the UIFWE reduction strategy.	2024/25		S Sithole	18-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
3	1-Mar-25	Tabling of the UIFWE Action plan.	2024/25		S Sithole	18-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
4	1-Mar-25	Tabling of the reviewed UIFWE policy	2024/25		MM	N/A		N/A	N/A	N/A	N/A	N/A	26-Mar-25	30-Mar-25						
																			Next MPAC meeting	14-Apr-25
4	1-Mar-25	Unauthorised expenditure	2023/24		S Sithole	19-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
5	1-Mar-25	Unauthorised expenditure	2024/25		S Sithole	19-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
6	1-Mar-25	Fruitless & wasteful expenditure	2023/24		D Senonohi	20-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
7	1-Mar-25	Fruitless & wasteful expenditure	2024/25		D Senonohi	20-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
8	1-Mar-25	Irregular expenditure	2024/25		C Kruger	20-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
9	1-Mar-25	Irregular expenditure	2023/24		C Kruger	20-Mar-25		20-Mar-25		24-Mar-25		26-Mar-25		30-Mar-25					Next MPAC meeting	14-Apr-25
																			Next MPAC meeting	14-Apr-25
	1-Mar-25	Any alleged financial misconduct case reported ?	Q3 2024/25		MM	N/A		N/A		N/A			26-Mar-25	30-Mar-25					Next MPAC meeting	14-Apr-25

No	Jun-25	Name of the report under review	Financial year of the report under review	Any recon done? Supporting documents available? Or any challenge?	Responsible official to compile the report	Due date for submission to CFO	Submitted or not?	Due date for review by CFO	Reviewed & submitted to MM or not?	Due date for review by MM	Reviewed & submitted to MPAC or not?	Due date for assessment by MPAC	Assessed & submitted to the Speaker or not?	Due date for tabling the report to council	Item discussed or not?	Recovery or Write off by council?	Due date for the Implementation of council decision.	Was the matter referred to FDB or not?	Monitoring due date by MPAC.	Due date for submission of progress report to PT
Jul-25																				
	1-Jul-25	Unauthorised expenditure	Historic balances		S Sithole	19-Mar-25	Yes	20-Mar-25	25-Mar-25			Next MPAC Me	30-Mar-25	31-Mar-25						Next MPAC meeting
		Fruitless & wasteful expenditure	Historic balances		D Senonohi	19-Mar-25	Yes	20-Mar-25	25-Mar-25			Next MPAC Me	30-Mar-25	31-Mar-25						Next MPAC meeting
		Irregular expenditure	Historic balances		C Kruger	19-Mar-25	Yes	20-Mar-25	25-Mar-25			Next MPAC Me	30-Mar-25	31-Mar-25						Next MPAC meeting
No	Jun-25	Name of the report under review	Financial year of the report under review	Any recon done? Supporting documents available? Or any challenge?	Responsible official to compile the report	Due date for submission to CFO	Submitted or not?	Due date for review by CFO	Reviewed & submitted to MM or not?	Due date for review by MM	Reviewed & submitted to MPAC or not?	Due date for assessment by MPAC	Assessed & submitted to the Speaker or not?	Due date for tabling the report to council	Item discussed or not?	Recovery or Write off by council?	Due date for the Implementation of council decision.	Was the matter referred to FDB or not?	Monitoring due date by MPAC.	Due date for submission of progress report to PT

14	1-Apr-25	Irregular expenditure	2022/23		C Kruger	11-Apr-25		16-Apr-25		18-Apr-25		28-Apr-25		Next Council meeting						14-May-25
15	1-Apr-25	Irregular expenditure	2021/22		C Kruger	11-Apr-25		16-Apr-25		18-Apr-25		28-Apr-25		Next Council meeting						14-May-25
No	May-25	Name of the report under review	Financial year of the report under review	Any recon done? Supporting documents available? Or any challenge?	Responsible official to compile the report	Due date for submission to CFO	Submitted or not?	Due date for review by CFO	Reviewed & submitted to MM or not?	Due date for review by MM	Reviewed & submitted to MPAC or not?	Due date for assessment by MPAC	Assessed & submitted to the Speaker or not?	Due date for tabling the report to council	Item discussed or not?	Recovery or Write off by council?	Due date for the Implementation of council decision.	Was the matter referred to FDB or not?	Monitoring due date by MPAC.	Due date for submission of progress report to PT
May																				
16	1-May-25	Unauthorised expenditure	2020/21		S Sithole	12-May-25		16-May-25		22-May-25		27-May-25		30-May-25						14-Jun-25
17	1-May-25	Unauthorised expenditure	2019/20		S Sithole	12-May-25		16-May-25		22-May-25		27-May-25		30-May-25						14-Jun-25
18	1-May-25	Fruitless & wasteful expenditure	2020/21		D Senonohi	12-May-25		16-May-25		22-May-25		27-May-25		30-May-25						14-Jun-25
19	1-May-25	Fruitless & wasteful expenditure	2019/20		D Senonohi	12-May-25		16-May-25		22-May-25		27-May-25		30-May-25						14-Jun-25
20	1-May-25	Irregular expenditure	2020/21		C Kruger	12-May-25		16-May-25		22-May-25		27-May-25		30-May-25						14-Jun-25

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