



KWAZULU-NATAL PROVINCE

TREASURY
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PROVINCIAL TREASURY
STANDARD OPERATING
PROCEDURE GUIDELINE
ON
FRUITLESS AND WASTEFUL EXPENDITURE

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1. PURPOSE

- 1.1 The purpose of this Provincial Treasury Standard Operating Procedure Guideline is to provide uniform processes and procedures on the management and control of Fruitless and Wasteful Expenditure.
- 1.2 This Provincial Treasury Standard Operating Procedure Guideline must be read in conjunction with National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

2. DEFINITIONS

- 2.1 In this Provincial Treasury Standard Operating Procedure Guideline, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the Public Finance Management Act, 1999 (Act 1 of 1999) and the National Treasury Regulations, has the same meaning.

“Accounting Officer” means a person mentioned in section 36 of the PFMA;

“Another relevant function” means a function assigned by the Accounting Officer to perform a task related to Loss Control Management;

“Assessment” means a test conducted by the Loss Control function or another relevant function to assess whether the expenditure meets the definition of fruitless and wasteful expenditure;

“CFO” means the Chief Financial Officer referred to in Chapter 2 of the National Treasury Regulations;

“Delegated official” means an official who has been delegated powers or being instructed to perform any duties assigned by the Accounting Officer;

“Determination” means a formal assessment conducted by the Loss Control function or another relevant function to examine or analyse particulars of the expenditure and quantify amount/s of fruitless and wasteful expenditure;

“Fruitless and Wasteful Expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“Immediately” in the context of this standard operating procedure guideline means that the employee/s or another relevant function must take prompt action to ensure fruitless and wasteful expenditure is not incurred before the incident takes place;

“Investigation” means a formal probe conducted by a function performing investigations to analyse particulars of fruitless and wasteful expenditure, to confirm facts about the

transaction and allegations of any fraudulent, corrupt or criminal conduct as it relates to the transactions;

“Non-compliance” means the failure to comply with legal requirements;

“PFMA” means the Public Financial Management Act (Act 1 of 1999);

“Reasonable care” means applying due diligence and exercising control (careful application, attentiveness and caution) to ensure that the probability of a transaction, event or condition not being achieved as planned, is being managed;

“Register” means a list of fruitless and wasteful expenditure incurred and stating whether it is under assessment, determination or investigation and progress on historical fruitless and wasteful expenditure;

“Standard Operating Procedure (SOP)” means the method of functioning that has been established over time to execute a specific task or react to a specific set of circumstances or situation or process. Standard operating procedures document the normal or accepted methodology and help form the basis for evaluating conformance with the regularity framework;

“Treasury Regulations” means the regulations issued by National Treasury in terms of Section 76 of the PFMA; and

“Vain” means an expenditure which was undertaken without value or substance and which did not yield any desired results or objectives.

3. LEGISLATIVE FRAMEWORK

3.1 In terms of the PFMA, the Accounting Officer must:-

- a) Prevent unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct in terms of section 38(1)(c)(ii);
- b) On discovery of any unauthorised, irregular, fruitless and wasteful expenditure, immediately report in writing, particulars of the expenditure to the relevant treasury and in the case of irregular expenditure involving the procurement of goods or services to the relevant Tender Board in terms of section 38(1)(g);
- c) Take effective and appropriate disciplinary steps against any official in the service of the department who makes or permits an unauthorised, irregular, fruitless and wasteful expenditure in terms of section 38(1)(h)(iii).

3.2 In terms of National Treasury Regulations, the Accounting Officer must: -

- a) Exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and must for this purpose implement effective, efficient and transparent processes of financial and risk management.
- 3.3 This Provincial Treasury Standard Operating Procedure Guideline is issued in terms of Section 18(2)(i) of the PFMA.
- 3.4 In the event of any inconsistency between this Provincial Treasury Standard Operating Procedure Guideline and related government legislation, such legislation prevails.

4. FRUITLESS AND WASTEFUL EXPENDITURE

- 4.1 When an official of an institution discovers fruitless and wasteful expenditure, the official must immediately report in writing such expenditure to the Accounting Officer. In the case of a department and entity such expenditure must be reported in the annual report, as required by section 40(3)(b) and 55(2)(b) of the PFMA. The annual report must include:
- a) Any particulars of any material losses through criminal conduct and any unauthorised, irregular, fruitless and wasteful expenditure that occurred during the financial year; and
 - b) Any criminal or disciplinary steps taken as a result of such losses, irregular, fruitless and wasteful expenditure.
- 4.2 When an Accounting Officer determines the appropriateness of disciplinary steps against an official in terms of section 38(1)(h) of the Act, the Accounting Officer must take into account: -
- a) The circumstances of the transgression;
 - b) The extent of expenditure involved; and
 - c) The nature and seriousness of the transgression.
- 4.3 The recovery of losses or damages resulting from unauthorised, irregular, fruitless and wasteful expenditure must be dealt with in accordance with Treasury Regulation Chapter 12.
- 4.4 The amount of the unauthorised, irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the institution, as per Treasury Regulation 9.1.5.
- 4.5 Any amount written-off as irrecoverable in terms of Treasury Regulation 11.4 must be disclosed in the annual financial statements.

5. DISCOVERY OF FRUITLESS AND WASTEFUL EXPENDITURE

- 5.1 An employee who becomes aware of or suspects the occurrence of fruitless and wasteful expenditure must immediately report such expenditure, in writing, to the Accounting Officer or delegated official.
- 5.2 In the case of an entity, an employee who becomes aware or suspects the occurrence of fruitless and wasteful expenditure, must immediately in writing report such expenditure to the Accounting Authority or delegated official in accordance with the entity's reporting policies.
- 5.3 When alleged fruitless and wasteful expenditure is discovered, such expenditure must remain in the expense account.

6. EVALUATION AND RECOGNITION OF FRUITLESS AND WASTEFUL EXPENDITURE

- 6.1 Fruitless and wasteful expenditure is incurred when the resulting expenditure is made in vain and no value for money was derived from the expenditure or the use of other resources.
- 6.2 Once alleged fruitless and wasteful expenditure possibility has been detected, the Accounting Officer or delegated official must evaluate incidents of that particular transaction that may lead to fruitless and wasteful expenditure, as follows:
 - 6.3 **Evaluation of an incident:** An evaluation of an incident that may lead to the unintended occurrence of fruitless and wasteful expenditure.
 - 6.4 **Exercising reasonable care:** Action, procedure or operation undertaken by the employee/s or another relevant function in responding to the possibility of incurring fruitless and wasteful expenditure.
 - 6.5 **Examination of negligence:** Confirmation of whether the action, procedure or operation of exercising reasonable care was disregarded by employee/s or another relevant function to prevent fruitless and wasteful expenditure.
- 6.6 Fruitless and wasteful expenditure must fulfil the following conditions of the definition:
 - a) Expenditure must be made in vain; and
 - b) Such expenditure would have been avoided had reasonable care been exercised.
- 6.7 Once it has been evaluated that an incident may lead to fruitless and wasteful expenditure, the employee/s or another relevant function must immediately take action to eliminate the occurrence of fruitless and wasteful expenditure.

7. ASSESSMENT OF FRUITLESS AND WASTEFUL EXPENDITURE

- 7.1 Once fruitless and wasteful expenditure has been detected, the Loss Control Function or another relevant function must conduct an assessment to confirm whether the expenditure incurred meets the definition of fruitless and wasteful expenditure within 30 days after the alleged expenditure has been reported to the Accounting Officer or Accounting Authority.
- 7.2 If there are disputes regarding whether the alleged expenditure meets the definition of fruitless and wasteful expenditure, the assessment process must be conducted and completed within three (3) months from the date the alleged fruitless and wasteful expenditure was reported to the Accounting Officer or Accounting Authority.
- 7.3 The Accounting Officer/Accounting Authority must record details and amounts of alleged fruitless and wasteful expenditure in the Register contained in Annexure B.

8. DETERMINATION OF FRUITLESS AND WASTEFUL EXPENDITURE

- 8.1 The Loss Control Function or another relevant function must finalise the determination test within thirty (30) days after assessment of fruitless and wasteful expenditure.
- 8.2 In case of a dispute, the determination process must be completed within four (4) months from after confirmation of fruitless and wasteful expenditure.
- 8.3 A determination test must be conducted by Loss Control Function or another relevant function to examine and analyse particulars of confirmed amount/s of fruitless and wasteful expenditure, to establish facts related to the expenditure and any losses incurred.
- 8.4 The determination test to be conducted by the Loss Control Function or another relevant function must collect information related to: -
- a) The root causes that led to the fruitless and wasteful expenditure;
 - b) Employee/s responsible for incurring fruitless and wasteful expenditure;
 - c) Any losses-incurred;
 - d) Allegations of fraudulent, corrupt, or other criminal conduct; and
 - e) Any breakdown in the designed internal controls systems.
- 8.5 If the determination into fruitless and wasteful expenditure confirms that an employee is responsible for fruitless and wasteful expenditure, the Accounting Officer/Accounting Authority must refer the matter to the human resource function or other responsible function to institute disciplinary process where applicable in accordance with the relevant prescripts.

9. INVESTIGATION OF FRUITLESS AND WASTEFUL EXPENDITURE

- 9.1 The Accounting Officer or delegated official must conduct an investigation of any suspected fraudulent, corrupt or other criminal conduct emanating from the incurrence of fruitless and wasteful expenditure, and must refer the matter to a function performing investigations to establish the facts and obtain recommendations on the steps to be taken.
- 9.2 The investigation must commence within thirty (30) days after the conclusion of the determination test and provide the Accounting Officer/Accounting Authority with at least the following information:
- a) Root causes leading to the occurrence of fruitless and wasteful expenditure;
 - b) Employee/s responsible for incurring fruitless and wasteful expenditure;
 - c) Whether the department/entity suffered a loss;
 - d) The impact of the loss suffered by the department/entity; and
 - e) Whether the matter must be referred to the South African Police Service.
- 9.3 If the investigation conducted confirms that the fruitless and wasteful expenditure relates to fraudulent, corrupt or other criminal conduct, the Accounting Officer/Accounting Authority must, within seven (7) days, ensure that a criminal charge is laid with the South African Police Service against responsible official/s.
- 9.4 The Accounting Officer/Accounting Authority must also inform the relevant executive authority, the Provincial Treasury and Auditor General within seven (7) days after laying the criminal charge referred above.
- 9.5 Where criminal charges have been laid against the Accounting Officer/Authority, the executive authority through recommendation of the audit committee or another delegated official must inform Provincial Treasury and the Auditor General within seven (7) days after laying a criminal charge against the Accounting Officer/Authority.
- 9.6 The fruitless and wasteful expenditure register (Annexure B) must be updated with all the details of fraudulent, corrupt, and other criminal conduct reported to the South African Police Service.

10. IMPRACTICABILITY JUDGEMENT

- 10.1 A department/entity may apply judgement that it is impractical to quantify the full amount of fruitless and wasteful expenditure.

- 10.2 The Accounting Officer or Accounting Authority must take every reasonable step to demonstrate the impracticability when such judgement is reached including-
- a) Consideration of omissions or misstatements that could influence decisions of the users;
 - b) Use the impracticability judgement only in instances where-
 - i. it will be impossible to collect the data that was not collected at the time of the event or circumstance of the non-compliance; or
 - ii. it will be impossible to recreate or reproduce the data especially if such an exercise will result in additional costs, capacity and time or such documents were destroyed by fire etc.
- 10.3 A narrative to the annual report must be recorded in instances where quantification, assessment and determination of fruitless and wasteful expenditure is demonstrated to be impractical to disclose in the annual report.

11. MANAGEMENT OF LOSSES: RECOVERY OF FRUITLESS AND WASTEFUL EXPENDITURE

(Refer to Process Flow for the recovery of Losses: Annexure C)

- 11.1 When confirmed that fruitless and wasteful expenditure resulted in the institution suffering a loss, the Accounting Officer must recover such amount from those responsible which may include the Accounting Officer or members of Accounting Authority, then in such a case, the executive authority must recover the determined losses.
- 11.2 The debt recoverable from the responsible employee/s may equate to the value of the debt incurred as a consequence of the actions leading to the fruitless and wasteful expenditure, or a lesser amount determined by the Accounting Officer.
- 11.3 In the case where the Accounting Officer is responsible for the debt, the Provincial Treasury must determine the value of the debt incurred as a consequence of the actions leading to the fruitless and wasteful expenditure, or a lesser amount.
- 11.4 The Accounting Officer must take the appropriate disciplinary steps in terms of section 38(1)(h) of the PFMA to recover any amount owing as per National Treasury Regulation 12.7.
- 11.5 The Accounting Officer must notify the responsible official in writing of the loss and request that the responsible employee pays the amount within 30 days or in reasonable instalments, as per Treasury Regulation 11.3. This means the debtor is placed in “mora”.

- 11.6 If the responsible employee/s deny liability for the debt, the matter must be referred to the State Attorney to confirm the debtor’s liability in law.
- 11.7 A debt must be registered on BAS as follows:
“Business; Debt; Agreement maintenance; Transaction details; credit the relevant expenditure allocation”.
- 11.8 Should it be determined that the debt is found to be irrecoverable, it may be written-off by the Accounting Officer in terms of Treasury Regulation 11.4.
- 11.9 The debt must be amended on BAS as follows:
“Business; Debt; Transaction Maintenance; Amend status to “Doubtful” and once authorised the status will be amended to “Bad debt”, debiting Thefts and Losses and crediting “Debt Account: CA”.
- 11.10 If the Accounting Officer is responsible for the loss and is unable to re-pay the debt, the Accounting Officer must report the inability to Provincial Treasury to consider approving the write off, if such a debt is irrecoverable.
- 11.11 If the debt was not registered on BAS, the loss must be recorded on the Loss Control System, debiting “Theft and Losses” and crediting the relevant expenditure allocation.
- 11.12 All amounts written-off must be disclosed in the notes to the annual financial statements.
- 11.11 In cases where the employee has left the service of the department, the Accounting Officer must follow the required processes to recover the debt which may include, amongst others, engaging the State Attorney, or debt management agencies on a no trace, no pay basis.

12. REPORTING OF FRUITLESS AND WASTEFUL EXPENDITURE

12.1 Reporting by the Accounting Officer

- a) Reports on fruitless and wasteful expenditure referred to in section 38(1)(g) of the PFMA must be submitted quarterly to Provincial Treasury in the form set out in **Annexure D** to this SOP/Guideline;

QUARTER	Due date of Submission
Q1 : Ending 30 June	31 July
Q2: Ending 30 September	31 October
Q3: Ending 31 December	31 January
Q4: Ending 31 March	30 April

- b) Fruitless and wasteful expenditure that is confirmed must be disclosed in the annual financial statements of the department/entity, refer to paragraph 12.3 below;
- c) Fruitless and wasteful expenditure that is still under assessment, determination or investigations and the progress thereof must be recorded in the annual report as referred to in paragraph 12.4 below.

12.2 Reporting by the Accounting Authority

- a) The Accounting Authority must report fruitless and wasteful expenditure quarterly to Provincial Treasury in the form set out in **Annexure B** to this SOP/Guideline;

12.3 Reporting of fruitless and wasteful expenditure in the note to the annual financial statements

- a) Fruitless and wasteful expenditure that is confirmed must be disclosed in the annual financial statements of the department/entity;
- b) Fruitless and wasteful expenditure must be recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of fruitless and wasteful expenditure incurred and confirmed in that current financial year unless it is impractical to determine, in which case reasons must be provided in the annual report.
- c) Disclosure of fruitless and wasteful expenditure in the annual financial statements is illustrated in the table below.

Notes to the Annual Financial Statements	20YY/20ZZ	20XX/20YY
	R'000	R'000
Fruitless and wasteful expenditure		
Total		

- d) Fruitless and wasteful expenditure for the current financial year include:
 - (i) amounts incurred and confirmed in that financial year; and/or
 - (ii) payments made as it relates to multi-year contracts.
- e) Fruitless and wasteful expenditure for the previous financial year include:
 - (i) amounts confirmed in that financial year;

- (ii) amounts that were under assessment in that financial year and confirmed in the current financial year; and
- (iii) amounts that were not discovered in the previous year and are identified and confirmed in the current financial year.

12.4 Reporting of fruitless and wasteful expenditure in the annual financial report:

- a) when it is either: -
 - (i) still under assessment, determination or investigations and the progress thereof;
 - (ii) transferred to receivables for recovery, or
 - (iii) written off if it is not recoverable.
- b) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure.
- c) The Annual Report Guide can be found on the National Treasury website- ([https://oag.treasury.gov.za/Publications/20.Annual Report Guide](https://oag.treasury.gov.za/Publications/20.Annual%20Report%20Guide))

13. ACCOUNTING FOR FRUITLESS AND WASTEFUL EXPENDITURE

Books Open

- 13.1 If the fruitless and wasteful expenditure is found to be recoverable from the responsible official a debt must be registered on BAS as follows: *“Business; Debt; Agreement Maintenance; Transaction details; debiting “Debt Account: CA” and crediting the relevant expenditure allocation (Vote)”*.
- 13.2 Should it be determined that the fruitless and wasteful expenditure is found to be irrecoverable, it may be written off by the Accounting Officer. The debt must be amended on BAS as follows: *“Business; Debt; Transaction Maintenance; Amend status to “Doubtful” and once authorised the status will be amended to “Bad Debt “, debiting “Thefts and Losses” and crediting “Debt Account: CA”*.
- 13.3 The Fruitless and Wasteful Expenditure Checklist (Annexure B) must be updated accordingly.

Books Closed

- 13.4 If the fruitless and wasteful expenditure is found to be recoverable from the responsible official a debt must be registered on BAS as follows: *“Business; Debt; Agreement Maintenance; Transaction details; debiting “Debt Account: CA” and crediting “Recoverable Revenue” (previous financial year).*
- 13.5 The fruitless and wasteful expenditure checklist (Annexure B) must be updated accordingly.

13.6 Should it be determined that the fruitless and wasteful expenditure is found to be irrecoverable, it may be written off by the Accounting Officer.

13.7 The debt must be amended on BAS as follows: *“Business; Debt; Transaction Maintenance; Amend status to “Doubtful”* and once authorised the status will be amended to *“Bad Debt “*, debiting *“Thefts and Losses”* and crediting *“Debt Account: CA”*.

14. PREVENTION AND DETECTION OF FRUITLESS AND WASTEFUL EXPENDITURE

14.1 The Accounting Officer must exercise all reasonable care to prevent and detect fruitless and wasteful expenditure and must for this purpose implement effective efficient and transparent processes of financial and risk management, as per Treasury Regulation 9.1.1.

14.2 Financial and risk management measures should include but are not limited to:

- a) Development of and Fruitless and Wasteful Expenditure Checklists.
- b) The official approving expenditure must ensure that the checklist is completed and attached to the payment, prior to capturing and authorising on BAS.
- c) Development of a compliance checklist for the various stages of procurement, inclusive of all legislative requirements, and attached to the final order.
- d) Strict application of financial management legislation and supply chain management policy and processes when procuring goods and services.

15. FINANCIAL MISCONDUCT

In terms of section 81(1) of the PFMA, an Accounting Officer: -

- a) For a department commits an act of financial misconduct if the Accounting Officer wilfully or negligently: -
 - i) Fails to comply with a requirement of section 38, 39, and 40; or
 - ii) Makes or permits an unauthorised expenditure, irregular expenditure or a fruitless and wasteful expenditure;

15.1 Financial Misconduct by Officials

15.1.1 In terms of section 81(2) of the PFMA, an official of a department, to whom a power or duty is assigned in terms of section 44 commits an act of financial misconduct if that official wilfully or negligently fails to exercise that power or perform that duty.

15.2 Investigation of alleged Financial Misconduct

15.2.1 In terms of Sections 85(1) (b) (c) and (d) of the PFMA: -

- a) The Accounting Officer of an institution must conduct an investigation if an official is alleged to have committed financial misconduct. On confirmation a disciplinary hearing must be held in accordance with the relevant prescripts and agreements applicable in the public service.
- b) The Accounting Officer must ensure that an investigation is instituted within 30 days from the date of discovery of the alleged financial misconduct.
- c) If an Accounting Officer is alleged to have committed financial misconduct the Provincial Treasury, once aware of the alleged misconduct must ensure that the relevant executive authority initiates an investigation, and once confirmed, hold a disciplinary hearing in accordance with the relevant prescripts and agreements applicable in the public service.
- d) The Provincial Treasury may: -
 - i) Direct that an official other than an employee of the institution conducts the investigation; and
 - ii) Issue any reasonable requirement regarding the way in which the investigation should be performed.

15.3 Criminal Proceedings

15.3.1 The Accounting Officer must advise the Executive Authority, Provincial Treasury and the Auditor-General of any criminal charges laid against any person in terms of Section 86 of the PFMA.

15.3.2 The Provincial Treasury may direct an institution to lay criminal charges against any person should an Accounting Officer fail to take appropriate action.

15.4 Offences and Penalties

15.4.1 In terms of Section 86 of the PFMA: -

- a) An Accounting Officer is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years if that Accounting Officer wilfully and negligently failed to comply with a provision of Section 38, 39 or 40.

15.5 Reporting

15.5.1 In terms of Section 85(1)(a) and (e) of the PFMA: -

- a) The Accounting Officer of a department must, once disciplinary proceedings are completed, report to the Executive Authority, the Department of Public Service and Administration and the Public Service Commission on the outcome, including:-

- i) The name and rank of the official against whom proceedings were instituted;
- ii) The charges, indicating the financial misconduct the official is alleged to have committed;
- iii) The findings;
- iv) Any sanction imposed on the official; and
- v) Any further action to be taken against the official, including criminal charges or civil proceedings.

15.6 Recording of Financial Misconduct

15.6.1 The Accounting Officer or delegated official must maintain a Financial Misconduct Register for Fruitless and Wasteful Expenditure (**Annexure E**).

15.6.2 All cases of financial misconduct relating to fruitless and wasteful expenditure must be updated in the Financial Misconduct Register for record and audit purposes.

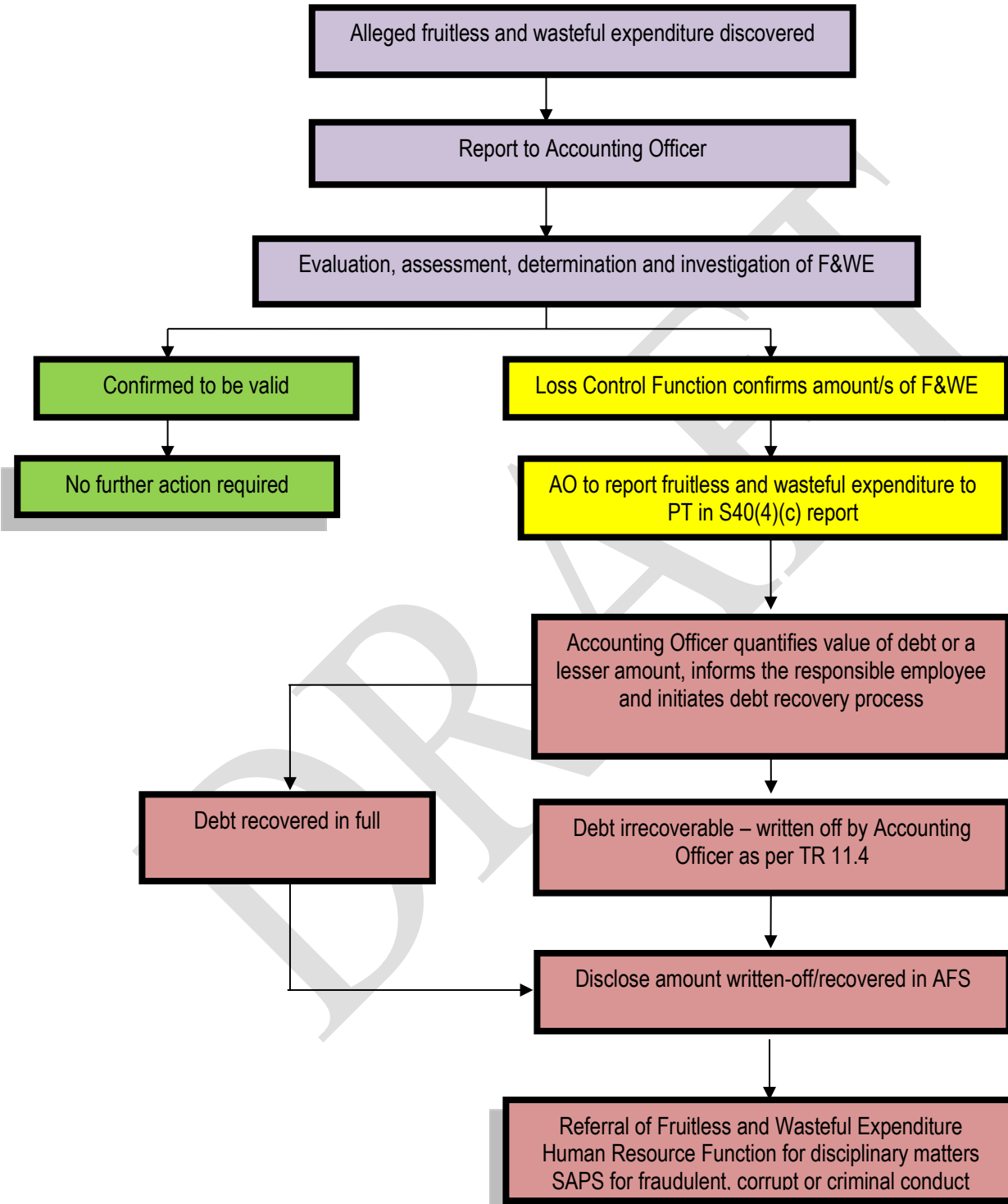
16. COMPLIANCE CHECKLIST

16.1 Compliance checklists ensure consistency in application of procedural requirements and financial norms and standards and facilitate compliance monitoring with regulatory requirements, policy and procedural frameworks.

16.2 The compliance checklist, attached as **Annexure F**, should be implemented or adapted, where applicable, to support departmental requirements.

ANNEXURE A

PROCEDURE FOR FRUITLESS AND WASTEFUL EXPENDITURE



ANNEXURE B

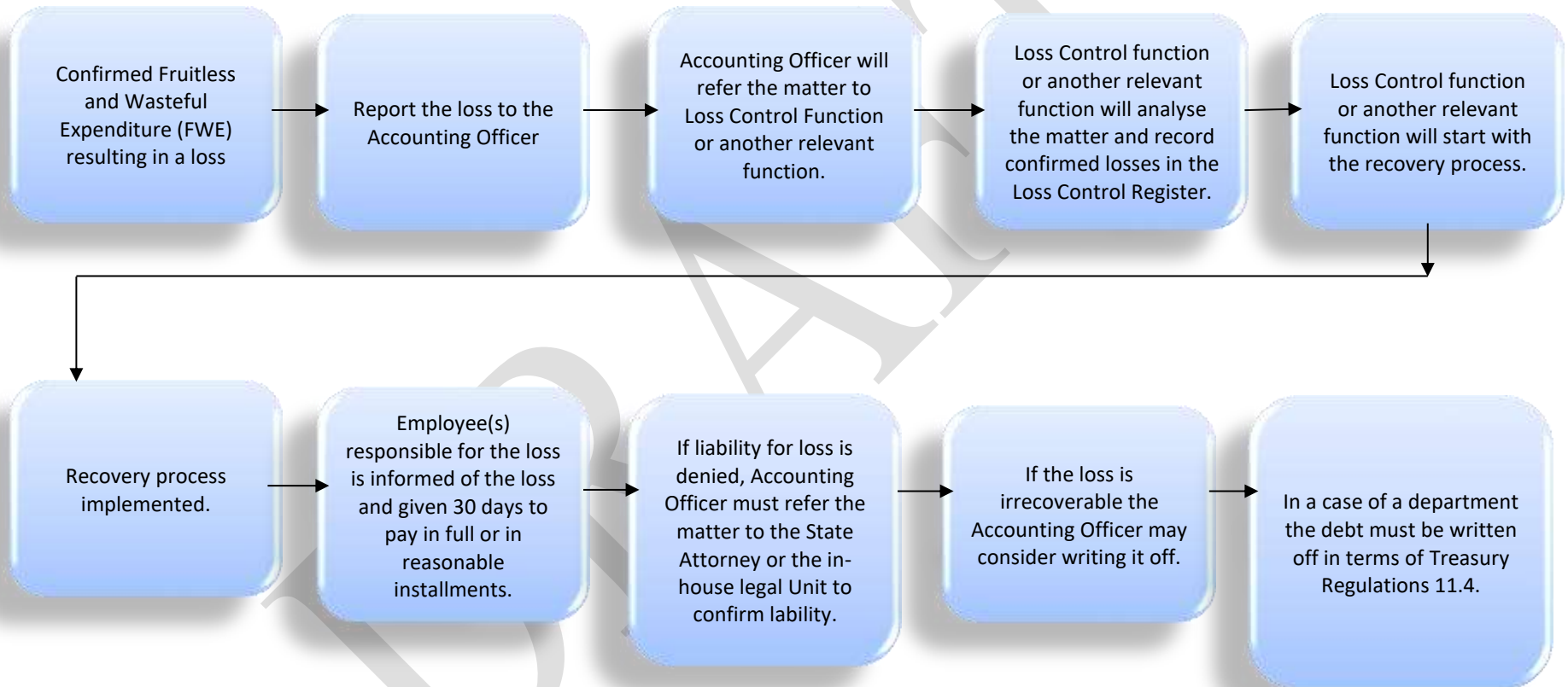
FRUITLESS AND WASTEFUL EXPENDITURE REGISTER

Total Amount of Fruitless and Wasteful Expenditure				Total Amount					
Total amount of fruitless and wasteful expenditure				-					
Total fruitless and wasteful expenditure condoned				-					
Total fruitless and wasteful expenditure removed				-					
Total losses recovered				-					
Total losses written off				-					
Report number and date e.g., 4th report of 2022/2023	Date Incurred	Date Identified	Date reported to the AO/AA	Amount of fruitless and wasteful expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due criminal conduct	Steps taken to prevent fruitless and wasteful expenditure

A separate register must be kept and maintained for historical fruitless and wasteful expenditure incurred in previous financial years and not addressed.

ANNEXURE C

PROCESS FLOW FOR THE RECOVERY OF LOSSES



ANNEXURE D

REPORTING/DISCLOSURE OF FRUITLESS AND WASTEFUL EXPENDITURE

NO.	Description	Transgression took place in the <u>current</u> financial year	Transgression took place in <u>previous</u> financial year
ASSESSMENT			
1.	<ul style="list-style-type: none"> ▪ Alleged transaction related to fruitless and wasteful expenditure was identified and in the process of confirmation 	<ul style="list-style-type: none"> ▪ No disclosure in the fruitless and wasteful expenditure note. 	<ul style="list-style-type: none"> ▪ No disclosure in the fruitless and wasteful expenditure note.
DETERMINATION			
2.	<ul style="list-style-type: none"> ▪ Alleged transaction was confirmed as fruitless and wasteful expenditure. ▪ Further determination to identify facts and quantify the amounts of fruitless and wasteful expenditure. 	<ul style="list-style-type: none"> ▪ Disclose amount/s of confirmed fruitless and wasteful expenditure in the fruitless and wasteful expenditure note. ▪ Disclose disciplinary steps taken in the annual report. 	<ul style="list-style-type: none"> ▪ Disclose amount/s of confirmed fruitless and wasteful expenditure in the fruitless and wasteful expenditure note. ▪ Disclose disciplinary steps taken in the annual report.
INVESTIGATION			
3.	<ul style="list-style-type: none"> ▪ Confirmed fruitless and wasteful expenditure is investigated in order to establish facts whether the 	<ul style="list-style-type: none"> ▪ Disclose details of disciplinary steps taken in the annual report. 	<ul style="list-style-type: none"> ▪ Disclose details of disciplinary steps taken in the annual report.

NO.	Description	Transgression took place in the <u>current</u> financial year	Transgression took place in <u>previous</u> financial year
	transaction is related to fraudulent, corrupt or other criminal conduct.	<ul style="list-style-type: none"> ▪ Disclose progress of fruitless and wasteful expenditure in the fruitless and wasteful expenditure register ▪ Update the register 	<ul style="list-style-type: none"> ▪ Disclose progress of fruitless and wasteful expenditure in the fruitless and wasteful expenditure register ▪ Update the register
Fruitless and Wasteful Expenditure incurred and irrecoverable			
4.	<ul style="list-style-type: none"> ▪ Fruitless and wasteful expenditure incurred is irrecoverable. 	<ul style="list-style-type: none"> ▪ Determine amount/s of fruitless and wasteful expenditure that are irrecoverable and consider writing off such amounts, as per Treasury Regulation 11.4.1(a). ▪ Disclose amount/s of fruitless and wasteful expenditure irrecoverable in the fruitless and wasteful expenditure note under “<i>Amount/s written-off</i>”. 	<ul style="list-style-type: none"> ▪ Determine amount/s of fruitless and wasteful expenditure that are irrecoverable from the date on which fruitless and wasteful expenditure was incurred to the end of the reporting period and consider writing off such amounts, as per Treasury Regulation 11.4.1(a). ▪ Disclose amount/s of fruitless and wasteful expenditure irrecoverable in the fruitless and wasteful expenditure note under “<i>Amount/s written-off</i>”.

NO.	Description	Transgression took place in the <u>current</u> financial year	Transgression took place in <u>previous</u> financial year
CRIMINAL PROCEEDINGS			
5.	<ul style="list-style-type: none"> ▪ Fraudulent, corrupt or other criminal conduct is alleged or confirmed. 	<ul style="list-style-type: none"> ▪ Follow the relevant steps required in terms of Treasury Regulations 4, 9 and 12. ▪ Report in terms of section 34 of the Prevention and Combating of Corrupt Activities Act. ▪ Include supplementary disclosure on criminal proceedings instituted. 	<ul style="list-style-type: none"> ▪ Follow the relevant steps required in terms of Treasury Regulations 4, 9 and 12. ▪ Report in terms of section 34 of the Prevention and Combating of Corrupt Activities Act. ▪ Include supplementary disclosure on criminal proceedings instituted.

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ANNEXURE E

FINANCIAL MISCONDUCT REGISTER - FRUITLESS AND WASTEFUL EXPENDITURE

Transaction No	Date the alleged expenditure reported	Details of the alleged expenditure	Date of Determination or Investigation began	The name and rank of the responsible employee for FWE	The charges, indicating the financial misconduct the employee is alleged to have committed	Information on the amounts of FWE for each case;	Information on the amounts recovered for each case, if applicable;	Information on irrecoverable amounts to be written off (if applicable	Disciplinary steps to be initiated against the employee	Outcome

ANNEXURE F

COMPLIANCE CHECKLIST

FRUITLESS AND WASTEFUL EXPENDITURE

PROCESS		Y/N	REMEDIAL ACTION
FRUITLESS AND WASTEFUL EXPENDITURE			
1.	Established processes to prevent and detect fruitless and wasteful expenditure.		
2.	Discovery of fruitless and wasteful expenditure reported to Accounting Officer and Provincial Treasury.		
3.	Established processes for evaluation, assessment, determination and investigation of alleged and valid fruitless and wasteful expenditure.		
4.	Alleged fruitless and wasteful expenditure recorded in Fruitless and Wasteful Expenditure Register.		
6.	Supporting documentation retained for audit purposes.		
7.	Fruitless and wasteful expenditure disclosed as a note to the financial statements.		
8.	Losses suffered by department recovered from responsible official.		