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MEMORANDUM

TO : CHIEF OPERATING OFFICER
ACTING / CHIEF FINANCIAL OFFICER
ACTING / EXECUTIVE DIRECTORS
ACTING / DIRECTOR – EXECUTIVE MAYOR'S OFFICE

FROM : ACTING CITY MANAGER

DATE : 22 JULY 2024

AVOIDANCE OF CAUSING UNAUTHORISED EXPENDITURE RESULTING FROM COMMITTING THE INSTITUTION WITHOUT CONSIDERING BUDGETARY IMPLICATIONS

I am certain that you are aware and will agree with me that as this institution we are not at a better space when it comes to the issues of compliance with the legal framework, as this city is recorded as the leader in the country, in incurring the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW-E).

We must understand that section 78(1)(c) of the Local Government: Municipal Finance Management Act (56 of 2003) instructs us (i.e. Senior Managers and other officials of the municipality) to ensure that this kind of expenditure transactions are prevented from occurring.

We must also be aware that section 171 of the Local Government: Municipal Finance Management Act (56 of 2003) details what the implications are to us all as it relates to financial misconduct. Accordingly, I want to emphasise on us all that as we embark on the delivery of services to the good of the institution and our communities that, we **must** at all costs, avoid committing the municipality without properly considering the budgetary issues or the available of the budget.

One of the reasons already identified resulting to the service providers to be disgruntled and some of which inconvenience the institution through actions being taken are because of allowing for the work to be undertaken or services to be rendered without considering the

sufficient availability of the budget.

I want to implore on yourselves to be aware of the implications when such occurrences happen, as they will have dire consequences to the institution and to us, as the financial misconduct results to consequence management as elaborated in the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (No. 37682 of 2003).

Lastly, the reason for preparing a budget that is approved by Council is to enforce proper financial management, as such budget is informed by various factors including the raising of tariffs to project revenue as well as Collection Rate. Spending the approved budget greater than anticipated or planned places the municipality in an awkward position financially, and accordingly it is an act of financial misconduct.

Kind regards,



M GEORGE (Mr)
ACTING CITY MANAGER

cc. Executive Mayor
cc. Deputy Executive Mayor
cc. All MMC's
cc. MPAC Chairperson

