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Department:  
Roads and Public Works  
NORTHERN CAPE PROVINCE  
REPUBLIC OF SOUTH AFRICA

# **DEPARTMENTAL POLICY AND PROCEDURES ON THE MANAGEMENT OF IRREGULAR EXPENDITURE**

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## 1. DEFINITIONS

Unless otherwise indicated, the following terms shall be defined as follows:

Department	Refers the Department of Roads and Public within the Northern Cape Provincial Administration.
Financial Misconduct	Refers to any intentional act to acquire financial gain for oneself or for those of relatives, friends, or associates from or through activities and transactions related to the business of the Department.
FMC	Financial Misconduct Committee.
HOD	Head of Department.
Irregular Expenditure	Refers expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation; i.e. PFMA, Act 1 of 1999; STBA, Act 86 of 1968; any provincial legislation providing for the procurement of goods and services in that province. Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No.1of 1999), or is in contravention of the department's supply chain management policy.

## **2. POLICY STATEMENT**

This is a policy directive on irregular expenditure and how to deal with cases which are considered financial misconduct under the Public Finance Management Act, No. 1 of 1999, Sections 38.

The main purpose of the policy is to:

- a) To outline procedures with regards to the handling of irregular expenditure
- b) Familiarise employees with the consequences of committing such acts; e.g. irregular spending

## **3. INTRODUCTION AND BACKGROUND**

Section 38 of the Public Finance Management Act 1 of 1999 (as amended) requires that the "Accounting Officer" of the department must, *inter alia*, take effective and appropriate steps to prevent:

- Unauthorised expenditure.
- Irregular expenditure.
- Fruitless and wasteful expenditure.
- Losses resulting from criminal conduct.

In order for the department to address the above, all processes and procedures relating to expenditure control and management must be complied with by all officials concerned and be continuously reviewed and monitored; and these include:

- Budget.
  - Procurement.
  - Payments.
  - Accounting and Reporting.
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#### 4. REGULATORY FRAMEWORK

- 4.1. The Constitution of the Republic of South Africa (Act No. 108 of 1996), section 215 and 217.
- 4.2. Section 38 of the Public Finance Management Act no.1 of 1999 (as amended by Act no 29 of 1999) dealing with general responsibilities of accounting officers and specifically subsections:

Subsection	Detail
38 (1)(a)(i),	AO must ensure: that a department has and maintains effective, efficient and transparent systems of financial and risk management and internal control and;
38 (1)(a)(iii),	an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective and;
38 (1)(a)(iv),	system for properly evaluating all major capital projects prior to a final decision on the project;
38(1)(b)	responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;
38(1)(c)(ii),	take effective and appropriate steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct;
38(1)(f)	must settle all contractual obligations and pay all money owing, including intergovernmental claims, within the prescribed or agreed period;
38(1)(g)	on discovery of any unauthorised, irregular or fruitless and wasteful expenditure, must 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, also to the relevant tender board;
38(1)(h)(ii)	must take effective and appropriate disciplinary steps against any official makes or permits an unauthorised expenditure, irregular expenditure or fruitless and wasteful expenditure.

- 4.3. Section 44 of the Public Finance Management Act no.1 of 1999 (as amended by Act no 29 of 1999) dealing with the assignment of powers and duties (delegations) by accounting officer;

Subsection	Detail
44(1)	The Accounting Officer may:
44(1)(a)	in writing delegate any of the powers entrusted or delegated him in terms of this Act, to an official in the department;
44(1)ba)	instruct any official in that department to perform any of the duties assigned to him in terms of this Act

- 4.4. Section 45 of the Public Finance Management Act no,1 of 1999 (as amended by Act no 29 of 1999) dealing with the responsibilities of other officials and specifically subsections:

Subsection	Detail
45(a)	An official: must ensure that the system of financial management and internal control established for that department, trading entity or constitutional institution is carried out within the area of responsibility of that official and;
45(b)	is responsible for the effective, efficient, economical and transparent use of financial and other resources within that official's area of responsibility and;
45(c)	must take effective and appropriate steps to prevent, within that official's area of responsibility, any unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure and;
45(d)	must comply with the provisions of this Act to the extent applicable to that official, including any delegations and instructions in terms of section 44.

- 4.5. Treasury Regulation issued March 2005 and specifically:

Subsection	Detail
TR 9.1.1	The accounting officer of an institution must 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.

Subsection	Detail
TR 9.1.2	When an official of an institution discovers unauthorised, irregular or fruitless and wasteful expenditure, that official must immediately report such expenditure to the accounting officer. In the case of a department, such expenditure must also be reported in the monthly report, as required by section 40(4)(b) of the Act. Irregular expenditure incurred by a department in contravention of tender procedures must also be brought to the notice of the relevant tender board or procurement authority, whichever applicable.
TR 9.1.3	When an accounting officer determines the appropriateness of disciplinary steps against an official in terms of section 38(1)(g) of the Act, the accounting officer must take into account – (a) the circumstances of the transgression; (b) the extent of the expenditure involved; and (c) the nature and seriousness of the transgression.
TR 9.1.4	The recovery of losses or damages resulting from unauthorised, irregular or fruitless and wasteful expenditure must be dealt with in accordance with regulation 12.
TR 9.1.5	The amount of the unauthorised, irregular, fruitless and wasteful expenditure must be disclosed as a note to the annual financial statements of the institution.
TR 11.4.1	An accounting officer may only write off debts owed to the State if he or she is satisfied that – (a) all reasonable steps have been taken to recover the debt and the debt is irrecoverable, or, (b) he or she is convinced that – (i) recovery of the debt would be uneconomical; (ii) recovery would cause undue hardship to the debtor or his or her dependants; or (iii) it would be to the advantage of the state to effect a settlement of its claim or to waive the claim.
TR 11.4.2	An accounting officer must ensure that all debts written off are done in accordance with a write off policy determined by the accounting officer.
TR 11.4.3	All debts written off must be disclosed in the annual financial statements, indicating the policy in terms of which the debt was written off.
TR 12.7.1	Losses or damages suffered by an institution because of an act committed or omitted by an official, must be recovered from such an official if that official is liable in law.
TR 12.7.2	The accounting officer must determine the amount of the loss or

Subsection	Detail
	damage and, in writing, request that official to pay the amount within 30 days or in reasonable installments. If the official fails to comply with the request, the matter must be handed to the State Attorney for the recovery of the loss or damage.
TR 12.7.3	A claim against an official must be waived if the conditions in paragraph 12.2.1(a) to (g) are not applicable.
TR 12.7.4	If in doubt, the accounting officer of the institution must consult the State Attorney on questions of law in the implementation of paragraphs 12.7.1 and 12.7.3.

- 4.6. Part 2 (Management Arrangements) section 4 dealing with financial misconduct.
- 4.7. Part 4 (Revenue and expenditure management) section 8 dealing with expenditure management and section 9 dealing with Unauthorized, irregular, fruitless and wasteful expenditure.
- 4.8. Part 6 (Frameworks) section 16A dealing with Supply Chain Management.
- 4.9. The Public Service Act, Act No. 103 of 1994 which has financial implications for a department.
- 4.10. The Public Service Amendment Act, Act No. 13 of 1996 which has financial implication for a department.
- 4.11. The Prevention and Combating of Corrupt Activities Act (12 of 2004) aims to prevent and fight corruption in the Government and in the Public Sector.



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## **5. OBJECTIVE AND SCOPE**

The main objectives of the policy are:

- 5.1. To emphasize and to enhance the accountability of departmental employees with regards to the utilization of Department of Roads and Public Works resources.
- 5.2. To ensure compliance to the Public Finance Management Act, Treasury Regulations and relevant Northern Cape Provincial Administration (Provincial Treasury) provisions on expenditure.
- 5.3. To ensure timeous prevention of irregular expenditure by the department.
- 5.4. To ensure timeous detection, processing and recording of irregular expenditure by the department.
- 5.5. Outline the procedures that must be followed by staff members with regards to the prevention and detection of irregular expenditure.
- 5.6. To provide guidance as to the accounting treatment, reporting and disclosures relating to irregular expenditure identified.

## **6. PRINCIPLES, VALUES AND PHILOSOPHY**

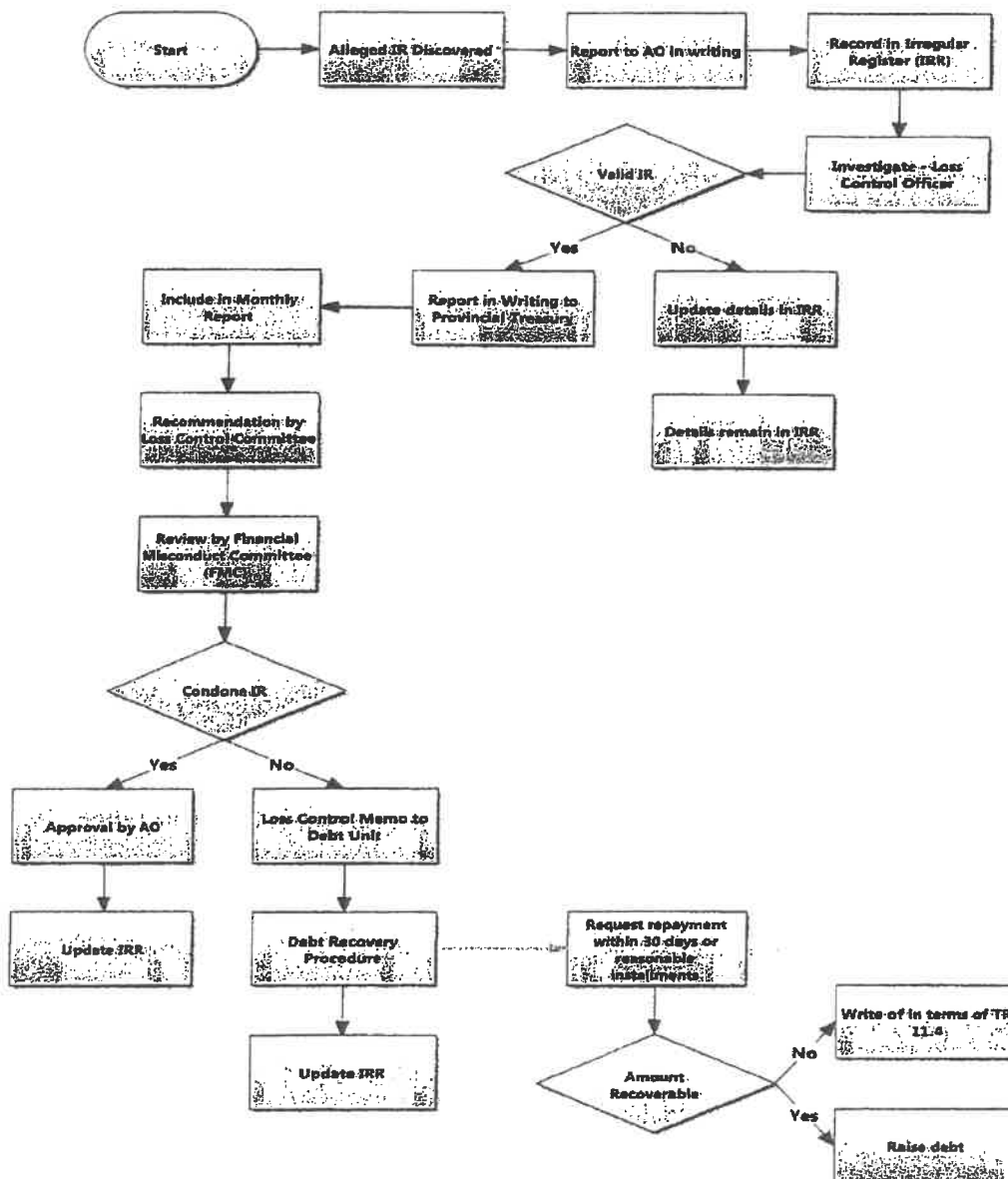
This policy is intended to reflect the department's commitment to the principles, goals and ideals described in the department vision and core values.

It shall apply to all employees of the NCDRPW, appointed in terms of the Public Service Act, 1994, as amended.

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## 7. PROCEDURES - TREATMENT OF IRREGULAR EXPENDITURE

### 7.1. SCHEMATIC REPRESENTATION FOR PROCEDURES FOR THE TREATMENT OF IRREGULAR EXPENDITURE



## **7.2. PROCEDURES IRREGULAR EXPENDITURE**

The procedures for the treatment of irregular expenditure are as follows:

### **7.2.1. Discovery of irregular expenditure**

Any employee of the department who discovers or suspects the occurrence of irregular expenditure to be taking place should immediately notify (report) the Accounting Officer or his / her delegate.

Immediate steps must thereafter be taken to:

- Confirm that the expenditure is irregular.
- Identify the responsible person.
- Take necessary disciplinary action against the responsible person,
- Where possible and applicable recover the amount from the person concerned.

### **7.2.2. Investigation of irregular expenditure**

The Accounting Officer or his / her delegate should investigate the suspected irregular expenditure to determine whether the alleged expenditure meet the criteria for the definition of irregular expenditure.

If in doubt, accounting officers and accounting authorities must consult the relevant treasury for guidance on interpretation of the definition of irregular expenditure.

### **7.2.3. Accounting treatment**

Prior to institutions recording expenditure as irregular, it is imperative that a process be instituted to ensure that the expenditure in question meets with the definition of irregular expenditure, as contained in section 1 of the PFMA.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements (no journal is passed).

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements (no journal is passed).

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned (no journal is passed).

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. The irregular expenditure register must also be updated accordingly.

#### **7.2.4. Register of Irregular Expenditure**

Accounting officers and accounting authorities shall maintain an irregular expenditure register which must contain a detailed schedule (per year) of all irregular expenditure incurred by their respective institutions.

This register must be kept up to date to track all irregular expenditure and for purposes of internal and external audit.

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#### 7.2.5. Condonation of Irregular Expenditure

Submissions requesting condonation of irregular expenditure may only be submitted to the National Treasury or the relevant authority (whichever applicable) where good reasons exist for condonation.

If the irregular expenditure is subsequently condoned by the relevant authority, no further action is required; the expenditure therefore remains in the books of the department. The register should be updated to reflect the condonation.

In the event where irregular expenditure is not considered for condonation or where National Treasury or the relevant authority does not condone the irregular expenditure, immediate steps must be taken to recover the irregular expenditure from the responsible employee, if he/she is liable in law.

Submissions to the Provincial Treasury requesting condonation of irregular expenditure must be directed to the following functionaries:

Irregular expenditure related to:	Functionary
Budget related matters	Relevant Budget Analyst within the Public Finance Division who is responsible for the Department's budgetary matters
Accounting related matters	Relevant official within the Office of the Accountant-General
Supply Chain Management related matters (including matters related to the State Tender Board	Chief Director: Supply Chain Management (Norms

**7.2.6. Guidance on Relevant Authority concerning irregular expenditure**

In this policy the relevant authority refers to *"the person or institution whose approval would have been required prior to entering into that transaction or incurring such expenditure or the institution responsible for the relevant legislation"*.

The relevant authority is set out in the table in Paragraph 7.2.7.

The relevant authority will normally be the Accounting Officer but where the function was not delegated below the Accounting Officer or where Accounting Officer transgressed, or Provincial Treasury.

Non-compliance with the PFMA, Treasury Regulations or other relevant legislation shall not necessarily be regarded as irregular expenditure unless the expenditure related to such non-compliance is inconsistent with any prescripts of the aforementioned legislation. Furthermore irregular expenditure can only be determined relative to the date when the expenditure is incurred or the transaction is entered into.

For example, non-compliance with the requirement that payments be made within 30 days from receipt of an invoice (TR 8.2.3) shall not be regarded as irregular expenditure unless the expenditure was authorised by an official who did not possess the appropriate delegated authority to approve the expense in question.

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### 7.2.7. Deviation from legislation that constitute irregular expenditure or non-compliance to legislation

The following are a list of acts of non-compliance that can lead to irregular expenditure. The table also makes reference to the relevant legislation and the relevant/applicable authority that is empowered to condone such expenditure.

#### A. PROCUREMENT AND CONTRACT MANAGEMENT

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
<b>A.1. Awards to person in service of the department and other state departments</b>			
1 Suppliers to whom awards were made did not submit declarations to declare that they are in the service of the department or that a director/ member/ principal shareholder/ stakeholder is in the service of the department.	PN 7 of 2009/10	Irregular expenditure	Accounting Officer
2 Persons in service of the department who had a private or business interest in contracts awarded by the department failed to disclose such interest.	TR 16A8.4; PFMA sec. 50(3)(a)	Irregular expenditure	Accounting Officer
3 Persons in service of the department who have interest in a supplier participated in or failed to withdraw from a process of awarding the contract to that supplier.	TR 16A8.4; PFMA sec. 50(3)(a)	Irregular expenditure	Accounting Officer
4 Officials of other state departments who have interest in a supplier participated in or failed to withdraw from a process of awarding the contract to that supplier.  Note: This mostly apply where there is a working relationship between two departments (e.g. DPW and Department of Education).	TR 16A8.4	Irregular expenditure	Accounting Officer
5 No indications that officials or other role players involved in the procurement process or their close family members/ partners/ associates received any rewards/ gifts/ favours/	TR 16A8.3(d)	Irregular expenditure	Accounting Officer

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
hospitality/ benefit directly or indirectly from the winning provider.			
6 Suppliers to whom awards were made failed to declare in their submitted declarations that they are in the service of the state or that a director/member/principal shareholder/stakeholder is in the service of the state	PN 7 of 2009/10	Non Compliance with laws and regulations	Not applicable
7 Suppliers to whom awards were made failed to declare in their submitted declarations that they are in the service of the department or that a director/member/principal shareholder/stakeholder is in the service of the department	PN 7 of 2009/10	Possible fraud if declaration was submitted but the supplier failed to declare the interest	Not applicable
8 Persons in service of the department who had interest in suppliers of the department and/or other state departments did not have approval to perform additional remunerative work.	PSA sec 30(1)	Non Compliance with laws and regulations	Not applicable
<b>A2. Awards to close family members of persons in service of the department:</b>			
9 Suppliers to whom awards were made did not submit declarations to declare that a close family member/ partner/ associate of the supplier or of a director/ member/ principal shareholder/ stakeholder of the supplier is in the service of the department.	PN 7 of 2009/10	Irregular expenditure	Accounting Officer
10 Persons in service of the department whose close family members/ partners/ associates had a private or business interest in contracts awarded by the department failed to disclose such interest.	TR 16A8.4; PFMA sec. 50(3)(a)	Irregular expenditure	Accounting Officer
11 Persons in service of the department whose close family members, partners or associates have interest in a supplier participated in or failed to withdraw from a process of awarding the contract to that	TR 16A8.4; PFMA sec. 50(3)(a)	Irregular expenditure	Accounting Officer



Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
supplier.			
12 Suppliers to whom awards were made failed to declare in their declarations that a close family member of the supplier or a director / member / principal shareholder / stakeholder of the supplier is in the service of the department.	PN 7 of 2009/10	Possible fraud if declaration was submitted but the supplier failed to declare the interest.	Not applicable
<b>A3: Combating the abuse of the SCM system and follow-up of previous reports, complaints and allegation</b>			
13 Payments to fictitious suppliers	TR 8.2.1	Irregular expenditure (if result from internal control failure)	No means of condonation. Expenditure should be transferred to receivables for recovery.
14 Awards were made to suppliers who are listed on the National Treasury's database as persons prohibited from doing business with the public sector.	TR 16A9.1(b)	Irregular expenditure	If supplier on register of tender defaulters - No means of condonation. Expenditure should be transferred to receivables for recovery. If supplier on list of restricted suppliers - the Accounting Officer is the "relevant authority"
15 The accounting officer knowingly awarded a contract to a recommended bidder who is known to have committed a corrupt or fraudulent act in competing for that particular contract.	TR16A9.1(e)	Irregular expenditure	No means of condonation. Expenditure should be transferred to receivables for recovery.
16 The accounting officer failed to cancel the contract awarded to a supplier after identifying that the supplier, any official or	TR 16A9.1(f)	Irregular expenditure	No means of condonation. Expenditure should be

Compliance deviation		Reference to legislation	Impact of deviation	Relevant authority
	other role player committed a corrupt or fraudulent act during the bidding process or the execution of that contract that benefited the supplier.			<i>transferred to receivables for recovery.</i>
17	Awards were made to a supplier who abused the department's SCM system, committed fraud or any other improper conduct in relation to such system or have failed to perform on any previous contract	TR 16A9.2(a)	Irregular expenditure	Accounting Officer
18	The accounting officer failed to investigate allegations against an official or role player, of fraud, corruption, favouritism, unfair or irregular practice or failure to comply with the SCM policy	TR 16A9.1(b)	Non Compliance with laws and regulations	Not applicable
19	The accounting officer failed to take appropriate action against an official or role player after an investigation justified allegations of fraud, corruption, favouritism, unfair or irregular practice or failure to comply with the SCM policy.	TR 16A9.1(b)(i)	Non Compliance with laws and regulations	Not applicable
20	The accounting officer failed to report the alleged criminal conduct to the SAPS	TR 16A9.1(b)(ii)	Non Compliance with laws and regulations	Not applicable
21	Contract were awarded to bidders who did not submit their certificate of independent bid determination	NT practice note date 21 July 2010	Non Compliance with laws and regulations	Not applicable
22	<u>Applicable for competitive bids advertised after 31 May 2011: In relation to contracts awarded, the details of the winning bidders, contract number and description, preference claimed and contract price were published in the government tender bulletin or website of the department.</u>	Instruction Note 32 (dated 31 May 2011) par 3.2.1; TR 16A6.3(d)	Non Compliance with laws and regulations	Not applicable
<b>A4. Procurement need and economy</b>				

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
23 The department procured goods and services through means other than the transversal contract while the goods or services were available through a transversal contract that the department participates in.	TR16A6.5	Irregular expenditure	The relevant treasury that arranged the particular transversal contract
24 The final decision on which quotation to accept was not made by an appropriately delegated official or committee.	TR 8.2	Irregular expenditure	Accounting Officer
25 The total payments made under the quotation exceeded the original quoted amount.	TR 8.2	Irregular expenditure	Accounting Officer
26 Consultants: The tariffs paid for consultant is reasonable based on the "Guide on hourly fee rates for consultants" issued by the DPSA.	PN 3 of 2003 par 9.5.4	Irregular expenditure	Accounting Officer
27 Expenditure was incurred on major capital projects without a proper needs assessment done in the form of project evaluation	PFMA sec 38(1)(a)(iv)	Non Compliance with laws and regulations	Not applicable
28 Consultants were engaged for a project / duty / study for which the necessary skills were available at the department or the accounting officer had enough time to recruit and train people with the time available.	PN 3 of 2003 par 1.5 and TR 16A6.3(g)	Non Compliance with laws and regulations	Not applicable
<b>A5: Procurement process and deviations</b>			
29 The department incurred expenditure relating to a public private partnership entered into without prior written approval of the relevant treasury.	TR 16.4.2	Irregular expenditure	Relevant treasury
30 Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	PN 8 of 2007/08 par 3.3 TR16A6.1	Irregular expenditure	Accounting Officer

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
31 Deviations were approved for the invitations of three written price quotations from accredited prospective suppliers even though it was possible to comply with the requirement.	PN 8 of 2007/08 par 3.3 TR16A6.1	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
32 Procurement of goods and services was deliberately split into parts or items of smaller value merely to avoid complying with the requirements of the SCM policy and legislation.	PN 8 of 2007/08 par 3.5 TR16A6.1	Irregular expenditure	Accounting Officer
33 The final decision on the acceptance of quotations was not done by a properly delegated official or committee.	TR 8.2	Irregular expenditure	Accounting Officer
34 Goods and services with a transaction value above R500 000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his delegate in accordance with the SCM policy.	TR16A6.4; PN 6 of 2007/08	Irregular expenditure	Accounting Officer
35 Deviations from competitive bidding were approved on the basis of it being an emergency, even though immediate action was not necessary and/or sufficient time was available for bidding process.	TR16A6.4; PN 6 of 2007/08	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
36 Deviations from competitive bidding were approved on the basis of the goods and services only being produced by, or available from, a sole service supplier even though other suitable suppliers were available on the market.	TR16A6.4; PN 6 of 2007/08	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
37 Goods and services with a transaction values between R2 000 and R10 000 were procured through verbal quotations <u>without written confirmations</u> .	PN 8 of 2007/08 par 3.2	Non Compliance with laws and regulations	Not applicable
38 Deviations from competitive bidding processes with transaction values above R1 million were not reported to the	PN 6 of 2007/08	Non Compliance with laws and regulations	Not applicable

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
relevant treasury and / or the AGSA within 10 working days			
<b>A6. Bid specification and documentation</b>			
39 Bid specifications were drafted on a biased manner which did not allow all potential suppliers to offer their goods and services.	TR16A3.2 (fairness & competition) SCM guide par 3.4.2	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
40 Bid specifications were not always drafted by bid specification committees which were constituted in accordance with the SCM policy	TR 16A6.2(b)	Non Compliance with laws and regulations	Not applicable
<b>A7. Invitation and receipt of quotations and bids</b>			
41 Public invitations for the competitive bids were advertised for a period shorter than the required 21 days and the deviation was not approved in accordance with the SCM policy requirements.	TR16A6.3(c)	Irregular expenditure	Accounting Officer
42 A shorter period for advertising of public invitations for bids was approved even though it was not an urgent case	TR16A6.3(c)	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
43 Public invitations for competitive bids were not advertised in the government tender bulletin.	TR16A6.3(c)	Irregular expenditure	Accounting Officer
44 Contracts were awarded to bidders whose bids were received after the closing date.	TR16A3.2 (fairness)	Irregular expenditure	Accounting Officer
45 The request for quotation indicated that only functionality will be evaluated	PPR 4(1) of 8 June 2011	Irregular expenditure	Accounting Officer
46 The request for quotation do not indicated:- i) the evaluation criteria for measuring functionality ii) weight of each criterion; and iii) the applicable values as well as the minimum threshold for functionality.	PPR 4(3) of 8 June 2011 NT Instruction note 15 Sep 2010. Par 3.3	Irregular expenditure	Accounting Officer

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
<p>47 Consultants: i) A terms of reference (TOR) was compiled and issued with a request for proposals. The terms of reference do not clearly defines the task directive (methodology), objectives, goals and scope of the assignment. ii) The evaluation criteria, their respective weights, minimum qualifying score for functionality and the values that will be applied for evaluation was not clearly indicated. The evaluation criteria did not included at least the following: - consultant's experience relevant to assignment; - the quality of the methodology; - the qualification of key personnel</p>	<p>PN 3 of 2003 par 9.3.1, 2 &amp; 9.5.5</p>	<p>Irregular expenditure</p>	<p>Accounting Officer</p>
<p>48 A list of prospective suppliers from whom to invite price quotations was not in place.</p>	<p>PN 8 of 2007/08 par 5.1</p>	<p>Non Compliance with laws and regulations</p>	<p>Not applicable</p>
<p>49 The list of prospective suppliers was not administered in accordance with the requirements of SCM regulations</p>	<p>PN 8 of 2007/08; TR 16A9.1(c) and PN 7 of 2009/10</p>	<p>Non Compliance with laws and regulations</p>	<p>Not applicable</p>
<p>50 Quotations for the procurement of goods and services of a transaction value between R10 000 and R500 000 were obtained from suppliers who are not listed in the prospective suppliers' list and who do not meet the listing requirements</p>	<p>PN 8 of 2007/08 par 3.3.1</p>	<p>Non Compliance with laws and regulations</p>	<p>Not applicable</p>
<p>51 <u>Applicable for competitive bids advertised after 31 May 2011:</u> <u>The names of bidders that submitted bids were not published on the department's website</u></p>	<p>Instruction Note 32 (dated 31 May 2011) par 3.2.1</p>	<p>Non Compliance with laws and regulations</p>	<p>Not applicable</p>
<p><b>A8. Evaluation and adjudication committees</b></p>			

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
52 Final awards and/or recommendation of awards to the accounting officer were not always made by an adjudication committee which was not constituted in accordance with the department's SCM policy and delegation of powers.	TR 16A6.2(b) & ( c)	Irregular expenditure	Accounting Officer
53 The department awarded a bid to a supplier that was not recommended by the bid adjudication committee and the deviation was [not justifiable and/or not approved] in terms of the SCM policy.	TR16A6.2(b) Code of conduct for BAC, issued March 2006 - par 2.2	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
<b>A9. Evaluation - General</b>			
54 Evaluation criteria applied in evaluating quotations/ bids differed from those indicated in the original request for quotations/ bid documentation.	TR16A3.2 (fairness)	Irregular expenditure	Accounting Officer
55 Awards were made to suppliers who did not have tax clearance from SARS that their tax matter are in order and who have not made arrangements with SARS to meet their tax obligations	PPR 16 - 10 August 2001 TR16A9.1(d) PN 8 of 2007/08 par 6	Irregular expenditure	Accounting Officer
56 If the invitation for bids stipulated 80/20 preference point system will be used and all bids received were above R1 million the tender was cancelled and re-advertised as a 90/10 preference points. If the invitation for bids stipulated 90/10 preference point system will be used and all bids received were equal or below R1 million the tender was cancelled and re-advertised as a 80/20 preference points.	PPR 8 of 8 June 2011	Irregular expenditure	Accounting Officer
57 Consultants: The quotations were not evaluated in two stages - firstly the assessment of functionality and there-after the suppliers	NT Instruction note - September 2010 PN 3 of 2003 par 9.5.1	Irregular expenditure	Accounting Officer

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
that qualified were evaluated in terms of the 80/20 preference system. The 80 points were used for price only.			
58 Evaluation criteria for procurement of consultant work through quotations did not include [the consultant's experience relevant for the assignment, the quality of the methodology and / or the qualification of key personnel]	PN 3 of 2003	Non Compliance with laws and regulations	Not applicable
59 Awards were made to suppliers who failed to declare the following:- (i) whether the bidder or any persons connected to the bidder is employed by the state (ii) whether the bidder, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid	PN 7 of 2009/10	Non Compliance with laws and regulations	Not applicable
<b>A10. Evaluation.- Preference points and functionality</b>			
60 Evaluation criteria applied in evaluating quotations/ bids for functionality, price and/or preference points were not stipulated in the request for quotations.	PPPFA Sec 2(1)(e); PPR 7, 8(1), 8(5), 17(2) & 17(4) - 10 Aug 2001 NT Instruction note - September 2010. Par 3.3;	Irregular expenditure	Accounting Officer
61 The allocation and calculation of preference points were not correctly done in accordance with the requirements of the PPPF Act and PPR. The non-compliance resulted in the award to the incorrect price quotation/ bid.	PPPF Act and its regulations	Irregular expenditure if wrong supplier awarded the bid else non-compliance	Accounting Officer
62 Applicable if functionality was used as an evaluation criterion: Only quotes which achieved the minimum qualifying score for functionality as indicated in the request for quotations were regarded as acceptable quotations and evaluated further in terms of the	PPR 4(4) of 8 June 2011	Irregular expenditure	Accounting Officer



Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
preference points.			
63 Applicable if functionality was used as an evaluation criterion: All quotes which achieved the minimum qualifying score for functionality were regarded as acceptable quotes and were evaluated further in terms of the preference points.	PPR 4(5) of 8 June 2011	Irregular expenditure	Accounting Officer
64 Awards was made to the quotation/ bids not scoring the highest points. Objective criteria was NOT used to justify that reasonable grounds existed not to select the quotation with the highest points.	PPPFA Sec 2(1)(f)	Irregular expenditure if proven beyond reasonable doubt that objective criteria were not used	Accounting Officer
<b>A11: Construction contracts</b>			
65 Construction contracts were awarded to contractors who are not registered with the Construction Industry Development Board	CIDB Act section 18(1)	Irregular expenditure	CIDB
66 Construction contracts were awarded to contractor whose CIDB grading is not suitable for the value of contract.	CIDB regulation 17; CIDB regulation 25 (7A)	Irregular expenditure	CIDB
67 Construction contracts were awarded to contractors who are not registered in the class of construction works that the projects relate to.	CIDB regulation 17	Irregular expenditure	CIDB
68 The invitation for tenders was advertised for at least 10 working days before the closing date and 5 working days before any compulsory site meetings.	CIDB SFU 4.2.1.4 & 5	Irregular expenditure	CIDB
69 Where quality was evaluated at not at least three persons who are fully conversant with the technical aspects of the requirements/ procurement undertook the evaluation of quality.	CIDB SFU 4.3.5	Irregular expenditure	CIDB
70 The contract signed is not in line with the applicable	CIDB SFU 4.4.4.1	Irregular expenditure	CIDB

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
standard form of contract.			
71 The tender invitations / request for quotations did not stipulate the minimum category which the bidders must be registered at with the CIDB in order to qualify for evaluation	CIDB regulation 25(1); CIDB standard for uniformity (SFU) 4.5.4	Non Compliance with laws and regulations	Not applicable
72 The invitations to tender or for calls of expression for construction procurement where not advertised on the CIDB website	CIDB regulation 24	Non Compliance with laws and regulations	Not applicable
73 Construction projects above the value of R200 000 were not registered on the CIDB's register of construction contracts.	CIDB Act section 22(3) and CIDB regulation 18(1A), (1)	Non Compliance with laws and regulations	Not applicable
<b>A12: Contracts and contract management</b>			
74 The total payments made under the quotation exceeded the original quoted amount.	TR 8.2	Irregular expenditure	Accounting Officer
75 Goods and services were supplied by the supplier without a written signed contract	PN 1 of 2003 par 1.2 and 2.3	Non Compliance with laws and regulations	Not applicable
76 Contracts were in conflict with the general conditions of contract as issued by National Treasury and / or the prescripts of the CIDB	TR 16A6.3(a) and (e)	Non Compliance with laws and regulations	Not applicable
77 The performance of contractors was not monitored to ensure that they comply with the specific goals	PPR 17(4) - 10 Aug 2001	Non Compliance with laws and regulations	Not applicable
78 No action was taken against the suppliers who failed to perform up to the standards agreed upon in the contract	GCC clause 22 & 23	Non Compliance with laws and regulations	Not applicable
<b>A13: IT related goods and services</b>			
79 IT goods and services of a transaction value of below R500 000 were procured through quotations from suppliers who are not registered on the SITA list of prospective suppliers.	PN 5 of 2009/10 par 4.1.1(d) TR 16A6.3(e)	Irregular expenditure	SITA
80 The department procured IT related services which are classified as mandatory through other means than	TR 16A6.3(e) P/N 5 of 2009/10 par. 3.3	Irregular expenditure	SITA

	Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
	SITA.			
81	<p>The following non-compliance by the department identified in the procurement of department specific IT contract through SITA:</p> <ul style="list-style-type: none"> <li>• IT related procurement was done using bid documentation which was not properly approved;</li> <li>• The bid for IT procurement was evaluated by a committee which was not properly constituted;</li> <li>• A contract for IT related goods and services was awarded to a bidder other than the one recommended without justification.</li> </ul>	P/N 5 of 2009/10 SITA regulations	Irregular expenditure	SITA
82	The department amended existing or purchased new computerised system that affects financial administration without obtaining written approval from National Treasury.	TR 17.3.1	Irregular expenditure	Accounting Officer
83	<p>The following non-compliance by the department identified in the procurement of department specific IT contract through SITA:</p> <ul style="list-style-type: none"> <li>• the department did not appoint a designated official to administer the contract;</li> <li>• IT related goods and services were procured without an approved business case;</li> <li>• a contract for IT related goods and services was awarded to a bidder other than the one recommended and the reason for such deviation was not submitted to the AGSA and the relevant treasury within 10 working days</li> </ul>	P/N 5 of 2009/10 SITA regulations	Non Compliance with laws and regulations	Not applicable
<b>A14. Unsolicited bids</b>				
84	Unsolicited bids were accepted without a business case being established by a comprehensive and relevant project feasibility study.	PN 11 of 2008/09 par 2.1	Irregular expenditure if transgression supported by factual	Accounting Officer

Compliance deviation		Reference to legislation	Impact of deviation	Relevant authority
			evidence	
85	Unsolicited bids were accepted and awarded to bidders who did not have tax clearance from SARS confirming that their tax matters are in order.	PN 11 of 2008/09 par 2.2(d)	Irregular expenditure	Accounting Officer
86	Unsolicited bids were accepted for goods/ services which are generally available from other suppliers.	PN 11 of 2008/09 par 3.1(b)	Irregular expenditure if transgression supported by factual evidence	Accounting Officer
87	Unsolicited bids were accepted from bidders who did not declare their past SCM practices	PN 11 of 2008/09 par 2.2(f)	Non Compliance with laws and regulations	Not applicable
88	Unsolicited bids were accepted from bidders who did not declare the following: (i) whether the bidder or any person connected to the bidder is employed by the state (ii) whether the bidder or any person connected with the bidder, has any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid	PN 11 of 2008/09 par 2.2(e)	Non Compliance with laws and regulations	Not applicable

#### B. HUMAN RESOURCES MANAGEMENT

Compliance deviation		Reference to legislation	Impact of deviation	Relevant authority
89	Overtime paid to employees even though the department does not have an overtime policy	PSR 1/V/D2(b)	Irregular expenditure	Accounting Officer
90	Employees received salary increases to higher salary range without a job evaluation to prove that the post was incorrectly graded.	PSR 1/V/C5	Irregular expenditure	Accounting Officer
91	Employees received overtime payments in excess of 30% of their monthly salaries, without justification.	PSR 1/V/D2(d)	Irregular expenditure	Accounting Officer
92	Employees worked and received payments for overtime without prior written	PSR 1/V/D2(c)	Irregular expenditure	Accounting Officer

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
authorization.			
93 Performance bonuses were paid to employees even though the department does not have a policy for financial incentive scheme.	PSR 1/III/F1	Irregular expenditure	Accounting Officer
94 The department awarded performance bonuses to SMS employees who are not entitled to the bonus in terms of the rules of the departmental financial incentive scheme and the SMS handbook.	PSR 4/III/B3 Chapter 4 of SMS handbook - 2003	Irregular expenditure	Accounting Officer
95 Acting allowance was paid to employees who acted in higher positions for periods less than the minimum six weeks provided for in the DPSA Policy on Acting Allowance	PSR 1/VI/B5.1	Irregular expenditure	Accounting Officer
96 Employees acted in higher vacant posts for an uninterrupted period exceeding 12 months	PSR 1/VI/B.5.3	Irregular expenditure	Accounting Officer
97 SMS members acted on higher positions for periods exceeding six months without prior approval from the relevant executive authority as provided for in the DPSA Policy on Acting Allowance for SMS	PSR 1/VI/B5.1	Irregular expenditure	Accounting Officer
98 Employees were compensated for acting in posts which [were not vacant and/or resulted in more than two employees simultaneously being compensated as a result of a single vacancy]	PSR 1/VI/B.5.1 and 5.2	Irregular expenditure	Accounting Officer
99 Overtime was paid to SMS employees	PSR 1/V/D2(a)	Irregular expenditure	Accounting Officer

### C. TRANSFERS AND CONDITIONAL GRANTS

Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
100 Transfers were made to other entities without [obtaining a written assurance that that entity implements effective, efficient and transparent financial management and internal control systems / or rendering the transfer of funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems].	PFMA sec 38(1)(j)	Irregular expenditure	Accounting Officer
101 The schedule 4, 5, 7 or 8 allocation was utilised for purposes other than those stipulated in the schedule or in accordance with the framework published for the allocation.	DoRA sec 11(1)(a), 12(1) & 15(1)	Irregular expenditure	National Treasury

	Compliance deviation	Reference to legislation	Impact of deviation	Relevant authority
102	The accounting officer transferred a schedule 5, 7 or 8 allocation portion of the allocation to another entity without entering into a payment schedule with the entity.	DoRA sec 15(2)	Irregular expenditure	National Treasury

#### 7.2.8. Reporting of Irregular Expenditure

Once the investigation is completed and is determined that irregular expenditure has been incurred; the Accounting Officer has the responsibility to report, in writing, in terms of section 38(1) (g) of the PFMA; the particulars of the irregular expenditure to the relevant Treasury in line with the format provided.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements as per Treasury Regulations 9.1.5 and 28.2.1 and updated accordingly in the irregular expenditure register (no journal is passed).

#### 7.2.9. Recovery of Irregular Expenditure not Condoned

The Accounting Officer must in writing, instructs the official concerned to pay within one month (30 days) the amount of irregular expenditure as determined. If the official concerned does not adhere to the request then the matter may handed over to the state attorney to start the legal process of recovering the said debt.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as a bad debt in accordance with Treasury Regulations 11.4 and disclose such in the relevant note to the financial statements.

### **7.3. DISCIPLINARY ACTION**

The Accounting Officer of the Department is empowered in terms of the Public Finance Management Act to effect disciplinary actions against any individual within the department who is found to have committed acts of financial misconduct that could result in the financial loss or damage to the department and the provisions of the Act are quoted verbatim below as follows:-

The Accounting officer must take effective and appropriate disciplinary steps against any official in the service of the department, who:

- a) Contravenes or fails to comply with a provision of the Public Finance Management Act, Act 1 of 1999 as amended;
- b) Commits an Act which undermines the financial management and internal control systems of the department; and
- c) Makes or permits unauthorized expenditure, irregular expenditure or fruitless and wasteful expenditure
- d) Collect all revenue which has accrued to the Department

When an accounting officer determines the appropriateness of disciplinary steps against an official in terms of section 38 (1) (g) of the Act, the accounting officer must take the following into account:

- a) the circumstances of the transgression;
- a) the extent of the expenditure involved; and
- b) the nature and seriousness of the transgression.

When disciplinary action is being considered, departments are advised to contact the Directorate Human Capital Management (Human Resources – Labour Relations) to ensure compliance with collective bargaining agreements and Department of Roads and Public Work HR policies.

Human Resources must be informed of any disciplinary action being considered to also ensure that employee's rights related to compensation and benefits are protected and reasonable employee relations are maintained. It is also advisable that departmental employees from regional and district offices should regularly discuss cases of financial misconduct amongst themselves.

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Should you act in any way that infringes the terms of this policy, you may face disciplinary action. In cases of serious violations involving deception, this may lead to the matter being dealt with through the department's formal grievance and disputes procedure.

Failure to take disciplinary action where required under this policy shall itself be a breach of financial discipline under this policy.

**7.4. CRIMINAL PROCEEDING (TR Part 2 Section 4.2)**

The accounting officer must advise the executive authority, relevant treasury and the Auditor-General of any criminal charges it has laid against any person in terms of section 86 of the Act.

The relevant treasury may direct an institution to lay criminal charges against any person should an accounting officer fail to take appropriate action.

**7.5. GRIEVANCE HANDLING**

If you consider that this policy has not been applied fairly or correctly, you should raise the matter initially with your immediate supervisor. If you subsequently remain dissatisfied by any response you receive, you may take up this matter with your employee representative, the human capital management department, or any member of senior management. Serious grievances may also ultimately be handled through the Department's formal grievance and disputes procedure.

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## 8. ROLES AND RESPONSIBILITIES

RESPONSIBLE PERSON	RESPONSIBILITY	TIME FRAME
Employee	<ul style="list-style-type: none"> <li>If he comes aware of or suspects the occurrence of irregular expenditure must immediately report, in writing such expenditure to the Accounting Officer or his/her delegate</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> </ul>
	<ul style="list-style-type: none"> <li>Prevent irregular expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> </ul>
	<ul style="list-style-type: none"> <li>Where fraudulent activities are suspected, they should be reported immediately.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> </ul>
The Executive Authority / Member of the Executive Council (MEC)	<ul style="list-style-type: none"> <li>The Executive Authority must investigate allegations of financial misconduct against the Accounting Officer and if necessary institute disciplinary proceedings</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
The Accounting Officer / Head of Department	<ul style="list-style-type: none"> <li>Must take effective and appropriate steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> </ul>
	<ul style="list-style-type: none"> <li>Must investigate allegations of financial misconduct and if necessary institute disciplinary proceedings.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Sections 81 - 86 of the PFMA also make provisions for sanctions against non-compliance. Persons who are found responsible for non-compliance are liable to a charge of financial misconduct which may lead to a dismissal or suspension.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
The Human Capital Management	<ul style="list-style-type: none"> <li>Labour Relation Officer will issue reports to Head of Department.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>The Human Resource section must consult with the Head of the Unit / Directorate when internal discipline involves suspension or termination of employee's service.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Assist in ensuring that any action conforms to collective bargaining agreements and departmental policies, as well as informed on employee rights including those related to compensation and benefits.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>

RESPONSIBLE PERSON	RESPONSIBILITY	TIME FRAME
The Financial Misconduct Committee	<ul style="list-style-type: none"> <li>Facilitate the development of the department's procedures on handling cases of possible financial misconduct/ losses or damages as a result of negligence.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Establish criteria for the evaluation of possible financial misconduct, losses or damages.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Evaluate all cases of possible financial misconduct, which may result in irregular expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>Per schedule</li> </ul>
	<ul style="list-style-type: none"> <li>Make recommendations to the HOD on appropriate control processes to be implemented to avoid future recurrence.</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Make recommendations to the AO on condonement of irregular expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>Per schedule</li> </ul>
	<ul style="list-style-type: none"> <li>Make recommendations to the HOD on appropriate disciplinary action against an official/s who had committed financial misconduct, is responsible for a loss to the Agency or has caused damage to the Agency's property/ asset.</li> </ul>	<ul style="list-style-type: none"> <li>Per schedule</li> </ul>
	<ul style="list-style-type: none"> <li>Establish whether appropriate processes were followed to determine liability on the part of the official.</li> </ul>	<ul style="list-style-type: none"> <li>Per schedule</li> </ul>
	<ul style="list-style-type: none"> <li>Make recommendations to the HOD on the writing off of losses.</li> </ul>	<ul style="list-style-type: none"> <li>Per schedule</li> </ul>
Financial Accounting	<ul style="list-style-type: none"> <li>Reporting alleged Irregular to AO</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Record alleged irregular in register</li> </ul>	<ul style="list-style-type: none"> <li>Five working days after reported</li> </ul>
	<ul style="list-style-type: none"> <li>Report confirmed IR to Provincial Treasury</li> </ul>	<ul style="list-style-type: none"> <li>Five working days after updating register</li> </ul>
	<ul style="list-style-type: none"> <li>Update Register with IR not confirmed</li> </ul>	<ul style="list-style-type: none"> <li>One working day after confirmation</li> </ul>
	<ul style="list-style-type: none"> <li>Include in monthly report</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>

RESPONSIBLE PERSON	RESPONSIBILITY	TIME FRAME
	<ul style="list-style-type: none"> <li>Take debt for IR confirmed onto system and follow debt procedures</li> </ul>	<ul style="list-style-type: none"> <li>Five working days after updating register</li> </ul>
Loss Control Officer	<ul style="list-style-type: none"> <li>Investigate alleged irregular expenditure</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>
	<ul style="list-style-type: none"> <li>Make recommendations to FMC on condonement, disciplinary action and recoupment of IR.</li> </ul>	<ul style="list-style-type: none"> <li>As per schedule</li> </ul>

## 9. RESOURCE IMPLICATIONS

### 9.1 An Enabling Environment

- Protection of whistle-blowers through the establishment of a whistle blowing policy in line with the Protected Disclosure Act, Act 6 of 2000.
- Political will in fighting corruptions.
- Strengthening public / private discourse.
- Talking freely about issues relating to fraud, corruption and related activities
- Consider the establishment of a well-publicized means; (i.e. fraud hotlines, government meet the people programmes) to receive and process information from the public on perceived irregularities.

### 9.2 Human Capital Requirements

- Recruitment of suitably qualified financial misconduct investigators or re-training of inspectorate officials to deal with cases of financial misconduct.
- Training of all departmental employees on issues relating to irregular expenditure, through the attendance workshops and seminars.
- Induction of the Financial Misconduct Board members.

### 9.3 Financial Resources

- The Chief Financial Officer shall ensure that the Financial Misconduct Committee is adequately funded, with a dedicated budget to ensure the sustainability of the programme.
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## **10. MONITORING AND EVALUATION**

The effectiveness of the program will be monitored closely by the Financial Misconduct Board in conjunction with the departmental units such as Labour Relations, Legal Services, Finance, Strategic Planning and Inspectorate.

All reports that relates to the issues concerning financial misconduct will be dealt with confidentially by all relevant parties.

## **11. POLICY REVIEW**

This policy will become effective and applicable after the approval by the Head of Department and is subject to review and amendment every five (5) years. In the event that the policy is amended, the amended policy or provisions thereof will supersede the previous one.

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## 12. APPROVAL

*This policy is Approved / Not Approved*

*Comments:*

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HEAD OF DEPARTMENT

5-3-19  
DATE

### 13. ANNEXURE 1

#### CHECKLIST FOR EVALUATION OF EXPENDITURE PAYMENT BATCHES (AFTER 7 DECEMBER 2011)

PROCUREMENT PROCEDURE	Effective Date	THRESHOLD VALUES (RAT INCLUSIVE)						
		0 - 2000	2001 - 10000	10001 - 30000	30001 - 200000	200001 - 500000	500001 - 1M	above 1M
1 Written quote.		X						
Telephonic quotations x 3 - Accepted quote confirmation in writing - Record of other quotes obtained attached to payment			X					
Written Quotations x 3 - If not possible record the reasons - Report to SCM & Accounting Officer				X	X			
Written Quotations x 5 - If not possible record the reasons - Report to SCM & Accounting Officer						X		
Competitive Bidding (from R500 000)							X	X
Deviations from SCM Procedures - Record reasons for departure - Adjudication Committee to approve		X	X		X	X	X	X
Rating (80/20) principle Rating (90/10) principle (above R 1 mil)					X	X	X	X





PROCUREMENT PROCEDURE	Effective Date	Estimated Value of Procurement (KSh)									
		0 - 100,000	100,001 - 200,000	200,001 - 300,000	300,001 - 400,000	400,001 - 500,000	500,001 - 600,000	600,001 - 700,000	700,001 - 800,000	800,001 - 900,000	900,001 - 1,000,000
Disclosure of Interest (SBD 4)	1-Jun-11	X		X		X		X		X	X
BBBEE Certificate	8-Dec-11			X		X		X		X	X
Bidders past SCM practices (SBD 8)	8-Dec-11	X		X		X		X		X	X
SBD 9	8-Dec-11	X		X		X		X		X	X
Supplier ID & or Company Reg Doc (Copy)				X		X		X		X	X
Needs assessment - minutes of meetings, project plans, etc				X		X		X		X	X
Proof that specifications were compiled by Bid specifications committee				X		X		X		X	X
Evaluation criteria is clearly indicated in bid documents i.e 80/20 or 90/10 points system, etc.				X		X		X		X	X
Terms of reference (TOR)				X		X		X		X	X
Proof that bid was advertised for 21 days				X		X		X		X	X
Proof bid was advertised in government tender bulletin								X		X	X
Proof that bid was evaluated by the evaluation committee								X		X	X
The details of the winning bidder was published in government tender bulletin and website of the department								X		X	X
Contract signed by successful bidder and delegated official								X		X	X
Construction contract								X		X	X



#### 14. EXAMPLE OF IRREGULAR EXPENDITURE REGISTER

**Register for Irregular expenditure (IR) (example only)**

**Key:**

### UI - Irregular expenditure Under Investigation

**DP - Disciplinary process initiated against responsible person**

**TR - Transferred to receivables for recovery**