



**UNAUTHORISED, IRREGULAR, FRUITLESS
AND WASTEFUL EXPENDITURE POLICY
UTHUKELA ECONOMIC DEVELOPMENT
AGENCY
2025/2026 FINANCIAL YEAR**

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1. DEFINITIONS

" Accounting Authority " means the Board of the UThukela Economic Development Agency responsible for governance and oversight.

" Accounting Officer " means the Chief Executive Officer of the Entity.

" CFO " means the Chief Financial Officer responsible for financial administration, reporting and maintenance of the UIFW Register.

" Fruitless and Wasteful Expenditure " means expenditure made in vain that could have been avoided had reasonable care been exercised.

" UIFW Register " means the official register maintained to record all UIFW cases.

" Recovery " means the process of reclaiming losses from responsible officials or third parties.

" Condonement " means formal approval that expenditure will not be recovered due to absence of negligence or misconduct.

" Write-off " means removal of expenditure from records after all recovery efforts have failed.

2. PURPOSE

The purpose of this policy is to regulate the identification, reporting, investigation and management of fruitless and wasteful expenditure within the UThukela Economic Development Agency.

3. OBJECTIVES OF THE POLICY

3.1 Promote accountability and sound financial management.

3.2 Prevent fruitless and wasteful expenditure.

3.3 Ensure compliance with legislation and Treasury Regulations.

3.4 Provide clear reporting and investigation procedures.

3.5 Ensure consequence management and recovery processes.

3.6 Strengthen internal controls and governance.

4. SCOPE OF APPLICATION

This policy applies to all employees, officials, Board members, consultants and service providers of the Entity.

5. LEGISLATIVE FRAMEWORK

This policy must be read together with:

- 5.1 Municipal Finance Management Act, 56 of 2003;
- 5.2 National Treasury Guidelines and Circulars;
- 5.2 KwaZulu-Natal Provincial Treasury Guidelines;
- 5.4 Public Audit Act;
- 5.5 Supply Chain Management Regulations; and
- 5.6 Applicable Labour Legislation.

6. POLICY PRINCIPLES

- 6.1 The Entity adopts a zero-tolerance approach towards fruitless and wasteful expenditure.
- 6.2 All officials are accountable for proper utilization of public resources.
- 6.3 UIFW expenditure must be identified, reported, investigated and resolved promptly.

7. ROLES AND RESPONSIBILITIES

The Board, CEO, CFO, Managers and Internal Audit are responsible for implementation, oversight, monitoring, reporting and compliance with this policy.

8. CLASSIFICATION OF UIFW EXPENDITURE

UIFW expenditure may be classified as:

- 8.1 Under Investigation
- 8.2 Confirmed UIFW
 - 8.3 Recoverable
 - 8.4 Recovered

8.5 Condoned

8.6 Written-off

9. IDENTIFICATION OF UIFW EXPENDITURE

Examples include:

9.1 Interest and penalties due to late payments;

9.2 Duplicate payments;

9.3 Payments for services not rendered;

9.4 Cancellation fees due to negligence; and Avoidable legal costs.

10. REPORTING PROCEDURES

All suspected UIFW expenditure must immediately be reported to management and the CFO through approved reporting channels.

11. UIFW REGISTER

The CFO shall maintain a detailed UIFW Register containing all relevant case information and status updates.

12. INVESTIGATION PROCESS

Investigations must commence within ten working days and be completed within thirty working days where reasonably possible.

13. CONSEQUENCE MANAGEMENT

Appropriate disciplinary action shall be taken where negligence or misconduct is proven.

14. RECOVERY OF LOSSES

The Entity shall take all reasonable steps to recover losses resulting from fruitless and wasteful expenditure.

15. CONDONEMENT AND WRITE-OFF

Condonement and write-off of UIFW expenditure require proper investigation and approval by the Board or delegated authority.

16. DISCLOSURE AND REPORTING

UIFW expenditure must be disclosed in financial reports and Annual Financial Statements in accordance with legislation.

17. PREVENTION AND INTERNAL CONTROLS

Management shall implement:

- 17.1 Effective internal controls;
- 17.2 Budget monitoring;
- 17.3 Compliance monitoring;
- 17.4 Staff awareness and training; and
- 17.5 Segregation of duties.

18. MONITORING AND OVERSIGHT

The Audit Committee and Internal Audit shall monitor compliance and report findings to management and the Board.

19. ENFORCEMENT PROCEDURES

Failure to comply with this policy may constitute financial misconduct and result in disciplinary action.

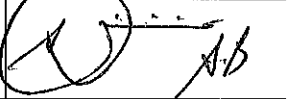
20. IMPLEMENTATION AND REVIEW

This policy becomes effective upon approval and shall be reviewed annually or when legislation changes.

21. SHORT TITLE

This policy shall be known as the Fruitless and Wasteful Expenditure Policy of the UThukela Economic Development Agency 2025/2026.

22. APPROVED BY:

NAME	SIGNATURE	DESIGNATION	DATE
MR SB SIBISI		ACTING CHIEF EXECUTIVE OFFICER	29/05/2026

