

**ITEM: FRUITLESS AND WASTEFUL EXPENDITURE FOR THE FINANCIAL YEAR**  
**2024/2025 FOR THE MONTH OF APRIL 2025**

**1. PURPOSE OF THE REPORT**

The purpose of the report is to inform the Section 80 Committee of the Fruitless and Wasteful Expenditure incurred during the month of April 2025 for 2024/2025 financial period, which may constitute Fruitless and Wasteful Expenditure and to take appropriate steps to address this.

**2. STRATEGIC OBJECTIVE**

The strategic objective of this matter is under sound financial management and viability.

**3. RISK IMPLICATIONS**

Non-compliance to Section 32 of the Municipal Finance Management Act, 2003 (MFMA)

**4. POLICY IMPLICATIONS**

Ensure compliance in terms of section 32 of the MFMA

**5. LEGAL IMPLICATIONS**

None identified at this stage

**6. FINANCIAL IMPLICATIONS**

The financial implications are outlined in the Fruitless Register detailed below.

**DISCUSSION:**

***Section 32 of the MFMA determines the following:***

***1) Without limiting the liability in terms of the common law or other legislation-  
Fruitless Expenditure***

- a) Any political office-bearer or official of a municipality who deliberately or negligently committed, made or authorized a fruitless and wasteful expenditure, is liable for that expenditure.*

***2) A municipality must recover unauthorized, irregular, fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure –***

- a) In the case of irregular or fruitless and wasteful expenditure, after investigation by a council committee, certified as irrecoverable and written off by Council.*

***Fruitless and Wasteful Expenditure***

- *Means expenditure that was made in vain and would have been avoided had reasonable care been exercised.*
- *Fruitless Expenditure for the month April 2025 of 2024/2025 financial period amounts to R 18 859 642.23 which is caused by the interest charged on outstanding balance on Eskom Holding and Rand water accounts.*

Section 32 of the MFMA provides that the accounting officer of the Municipality must inform the Mayor, the MEC and the Auditor General in writing of any irregular and Fruitless and Wasteful expenditure incurred by the municipality. The accounting officer must also inform them if any person is responsible or under investigation for such expenditure and the steps that have been taken to rectify such expenditure.

#### **RECOMMENDATIONS:**

- a) That Section 80 Committee take note of identified Fruitless and Wasteful Expenditure incurred in the month of April 2025 of 2024/2025 financial period.
- b) That Section 80 Committee take note of Fruitless and Wasteful Expenditure reported on the month of April 2025 of 2024/2025 financial period amounting R 18 859 642.23 submitted.
- c) That Section 80 Committee refers the identified Fruitless and Wasteful Expenditure for the Financial Year 2024/2025 for the month of April 2025 amounting R 18 859 642.23 to Council and MPAC for consideration and analysis in terms of Section 32 of the MFMA. **See attached table below - Annexure "A"**

		Register of Fruitless and Wasteful Expenditure 2024/2025							ANNEXURE A								
Name of Municipality: Merafong City Local Municipality																	
No	Date of discovery	Date Reported to Accounting Officer		Transaction details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status							
				Date of Invoice/Statement	Payment Number	Total Amount 30 April 2025	Description of Incident			UI	DP	CC	TR		WO	General comments	
			Vendor name														
1	20250505	20250506	Rand water	20250502	Interest not paid	1 224 250.46	Interest on account-514 Carletonville	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration
2	20250505	20250506	Rand water	20250502	Interest not paid	1 338 783.36	Interest on account-521 Fochville	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration
3	20250505	20250506	Rand water	20250502	Interest not paid	1 929 714.56	Interest on account-538 Khutsong	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration
4	20250505	20250506	Rand water	20250502	Interest not paid	1 135 682.34	Interest on account-566 Wedela	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration
5	20250505	20250506	Rand water	20250502	Interest not paid	328 146.39	Interest on account-326 GFI Mining SA	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration
6	20250505	20250506	Rand water	20250502	Interest not paid	15.00	Intersest on account-327 Blyvooruitzicht	HOD Infrastructure and HOD Finance	Fruitless and Wasteful								Matter to be referred to Council and MPAC for consideration



	Abbreviations:					
	UI:	Irregular expenditure Under Investigation				
	DP:	Disciplinary process initiated against responsible person				
	CC:	Criminal charges laid with SAPS				
	TR:	Transferred to receivables for recovery				
	P:	Paid or in process of paying in installments				
	WO:	Written-off by council as irrecoverable				
			<b>Prepared by:</b>	<u>Leah Maki</u>		
			<b>Acting Manager: Expenditure</b>			
			<b>Reviewed by:</b>	<u>Reece Pillay</u>		
			<b>Manager: Financial Reporting</b>			
			<b>Authorised by:</b>	<u>Palesa Makhubela</u>		
			<b>Chief Financial Officer</b>			