

NORTHERN CAPE PROVINCIAL GOVERNMENT



OFFICE OF THE PREMIER

UNAUTHORISED EXPENDITURE POLICY

1. GENERAL

This policy outlines the identification and treatment of unauthorised expenditure in the Office of The Premier according to the requirements of the PFMA.

In terms of section Sections 38(1)(a)I, (g) of the PFMA] and Treasury Regulation 9.1.1, the Accounting Officer of a department must exercise all reasonable care to prevent and detect unauthorised expenditure, and must for this purpose implement effective, efficient and transparent processes of financial and risk management.

2. Unauthorised Expenditure

Definition

The overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

3. Objective

The objectives of the policy include -

- emphasising the accountability of employees for the Department's resources.
- ensuring that employees have a clear and comprehensive understanding of the procedures they must follow.
- ensuring that resources made available to employees are utilised efficiently, effectively, economically and for authorised official purposes; and ensuring that the Department's resources are managed in compliance with the Public Finance Management Act, the Treasury Regulations and other relevant legislation.
- ensure that unauthorised expenditure is detected, processed and recorded accordingly.

4. Procedures

The procedures for the treatment of unauthorised expenditure are described below:

Identification, investigation and reporting of unauthorised expenditure

- (a) The Accounting Officer shall be notified immediately when unauthorised expenditure has been discovered.
- (b) The Accounting Officer or his/her delegate shall investigate the alleged unauthorised expenditure to determine whether the expenditure meets the definition of unauthorised expenditure. During the period of the investigation the expenditure must remain in the expense account, and then recorded in the unauthorised expenditure register.

- (c) once an investigation has been concluded and the results verify that the expenditure constitutes unauthorised expenditure, the Accounting Officer must immediately report, in writing, the particulars of the unauthorised expenditure to the relevant Treasury.

Condonation of unauthorised expenditure

- (d) The Provincial Legislature is the appropriate authority to condone unauthorised expenditure.
- (e) If the unauthorised expenditure is subsequently condoned by the Provincial Legislature, no further action is required by the department as the amount has already been expensed in the statement of financial performance. The register should be updated to reflect the fact that the unauthorised expenditure was condoned.
- (f) If, however, the amount is not condoned by the appropriate authority this amount would become the first charge in the vote of the department.

5. Accounting treatment

Recognition and measurement of unauthorised expenditure shall be treated in terms of latest available guidelines for the compilation of the Annual Financial Statements issued to by National Treasury to departments on an annual basis.

Endorsed by SMT