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CONSEQUENCE MANAGEMENT FOR IRREGULAR
EXPENDITURE AND PROCUREMENT IRREGULARITIES.

Irregular Expenditure

Irregular expenditure is expenditure incurred against the prescriptions and requirements of the municipal supply chain management regulations and other legislations, such as:

- Payment made for goods and services not received/rendered
- Awarding of contracts to suppliers who quoted prices that are not market related or not economical
- Conflict of interest, as tenders were awarded to suppliers in whom the employees or councillors of the municipalities had interests.
- Municipal officials not monitoring the work performed by contractors resulting in poor service delivery and additional costs incurred to remedy the situation on the delayed or poorly constructed project etc



Consequence Management

- Leadership is responsible for the implementation of key policies, developing and maintaining preventative, detective or corrective internal control systems, In instances where there are deviations from the policies and procedures and the related internal controls, leadership has the responsibility to take corrective measures, to institute disciplinary sanctions for serious transgressions by officials and contractors.



Irregular Expenditure Per Province

Province	2023-24 Irregular Expenditure	2023-24 Percentage of Municipal Expenditure Budget Irregularly Spent	Total Irregular Expenditure Over Three Years
Eastern Cape	R5.56 billion	8%	R21.41 billion
Free State	R1.34 billion	5%	R5.11 billion
Gauteng	R5.63 billion	3%	R14.85 billion
KwaZulu-Natal	R5.68 billion	5%	R17.53 billion
Limpopo	R2.03 billion	6%	R5.80 billion
Mpumalanga	R2.74 billion	3%	R6.68 billion
Nothern Cape	R0.79 billion	4%	R2.60 billion
Northwest	R3.36 billion	9%	R10.16 billion
Western Cape	R1.81 billion	1%	R2.89 billion
Total	R28.94 billion	4%	R87.03 billion



Dealing with Irregular Expenditure

Province	2023-24 Closing balance	2022-23 Closing balance	Irregular Expenditure Written off – 2023-24	Criminal or Disciplinary Proceedings
Eastern Cape	R37.45 billion	R36.36 billion	R4.41 billion	No records
Free State	R12.52 billion	R12.61 billion	R222 million	No records
Gauteng	R27.52 billion	R25.26 billion	R3.31 billion	Not records
KwaZulu-Natal	R8.27 billion	R14.76 billion	R12.21 billion	No records
Limpopo	R4.67 billion	R5.52 billion	R2.87 billion	No records
Mpumalanga	R5.70 billion	R5.62 billion	R2.57 billion	No records
North Cape	R3.67 billion	R3.43 billion	R544 million	No records
Northwest	R34.64 billion	R32.31 billion	R898 million	No records
Western Cape	R2.58 billion	R1.14 billion	R346 million	No records
Total	R137.02 billion	R136.98 billion	R27.38 billion	



Research Findings:

- Lack of Political Will by Councillors
- Lack of Oversight Abilities of Municipal Public Accounts Committees (MPACs)
- Non-Implementation of Performance Management Policies
- Lack of Clear Disciplinary Processes and Guidelines
- Poor Record Keeping
- Threats and Victimisation



Research Findings Continued:

- Assassinations
- Cadre deployment
- The Entrenchment of Mafia Gangsterism in the running of Municipalities
- Collaboration between Councillors, Officials and Contractors



Lack of Oversight by MPACs:

- Councillor A stated: *"We do have the Municipal Public Accounts Committee (MPAC) in our municipality. However, MPAC meetings have been postponed numerous times. MPAC reports are not in order. Our MPAC is there but non-functioning."*

Threats and Victimization:

- Councillor G stated: *"There is fear, manipulation, and you know, people are being manipulated both from the political and administrative sides and from the community itself."*

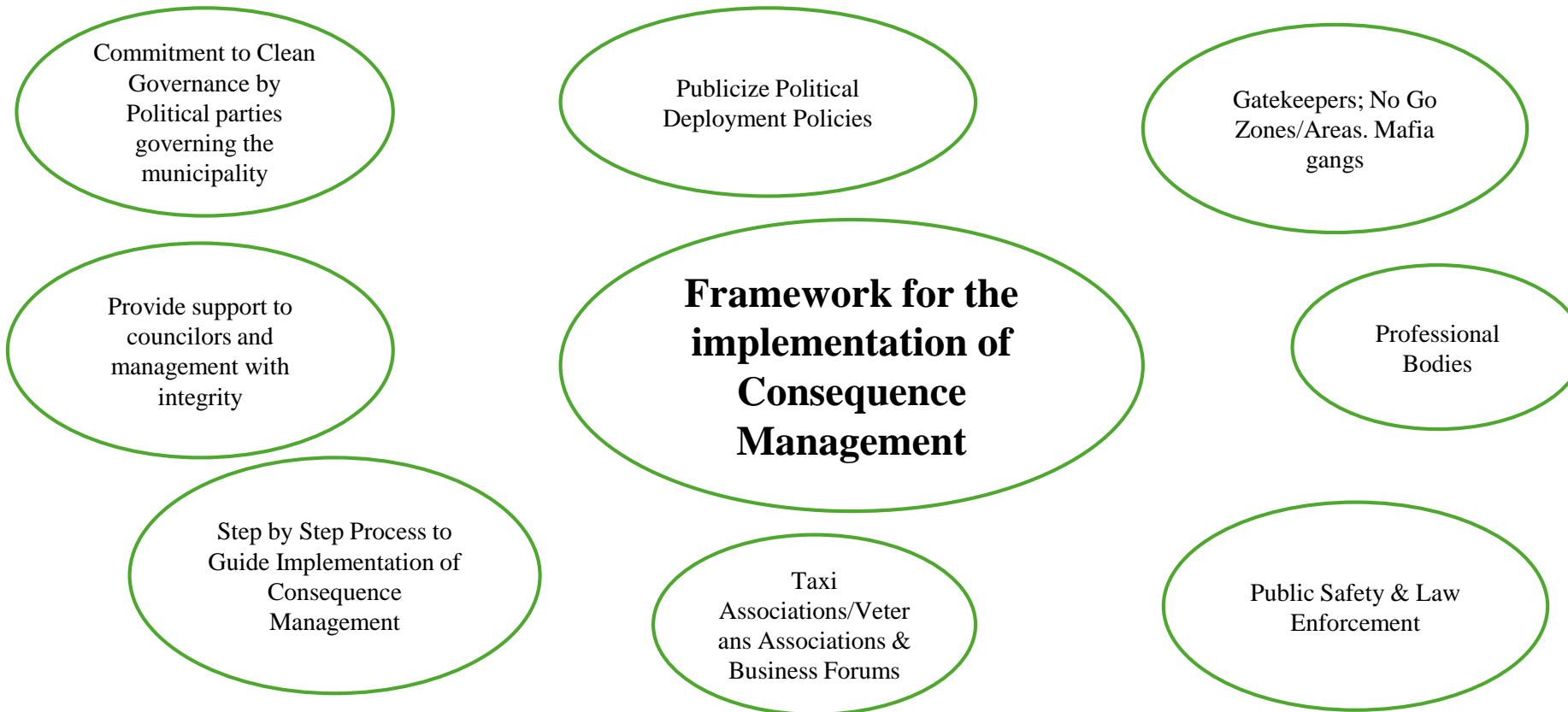


Collaborations:

- Councillor D said: *If you are going to implement consequence management, you must understand within local government you do not work as an individual. It is always a team. It is always an instruction coming from one person to another. So, if you are going to deal with one person, you must be able to deal with all, and it becomes challenging to do that.*“
- Councillor A added: *"Consequence management is virtually non-existent. The problem is that the supply chain manager or municipal manager, he is not going to go down alone when they were given instructions by politicians as to who these tenders and awards must go to."*



Framework for implementation of Consequence Management in Municipalities





Thank You



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