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PROCURING WITHOUT A BUDGET: LESSONS LEARNT

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What does this mean?

- Purchase of goods and services that has not been included in the approved budget for the financial year!



Year end Overspending



Unauthorised expenditure

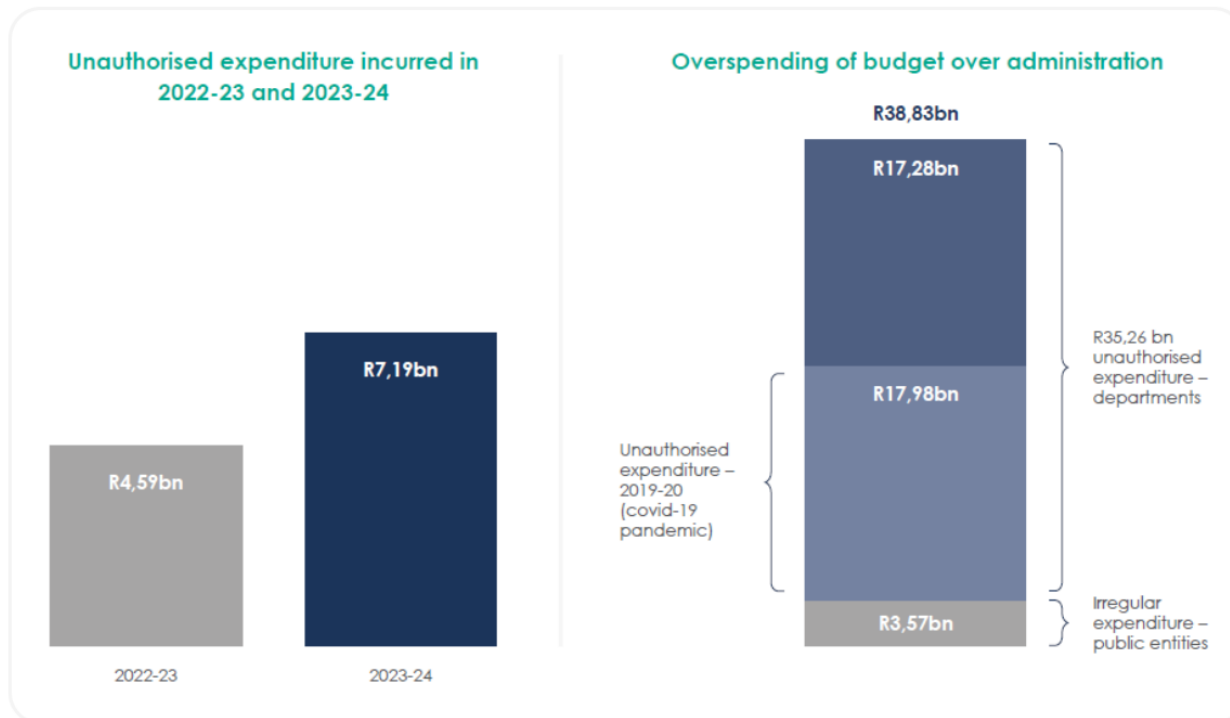


Unintended purpose



What does this mean?

Overspending of budgets



- In 2023-24, departments incurred R7,19 billion in unauthorised expenditure – 57% more than in the previous year. Public entities incurred irregular expenditure due to overspending of R0,17 billion in 2023-24, a decrease of 81% from R0,90 billion in the previous year.
- Unlike departments, which must submit their budget vote to parliamentary committee hearings for approval, public entities do not have a separate vote and thus disclose their overspending as irregular expenditure.

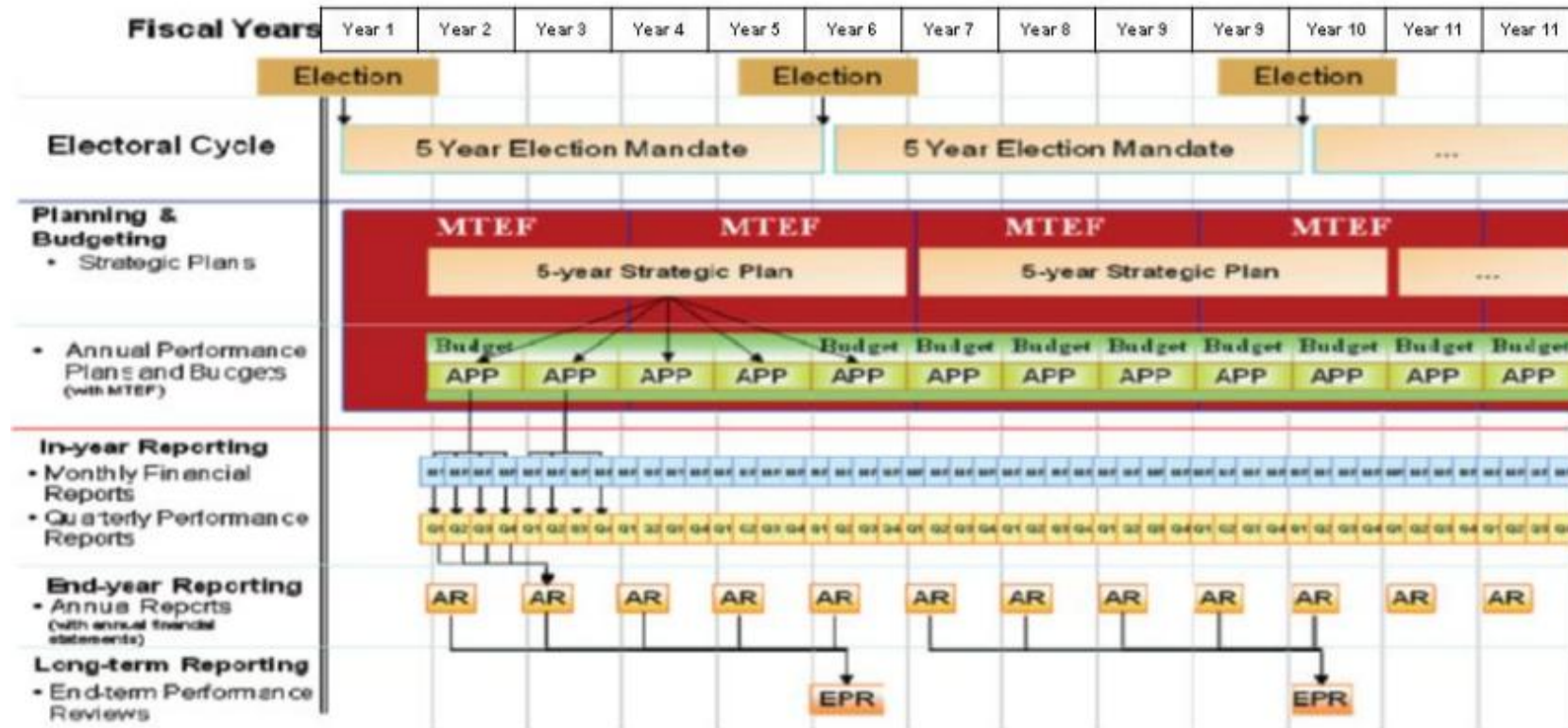


Lessons learnt

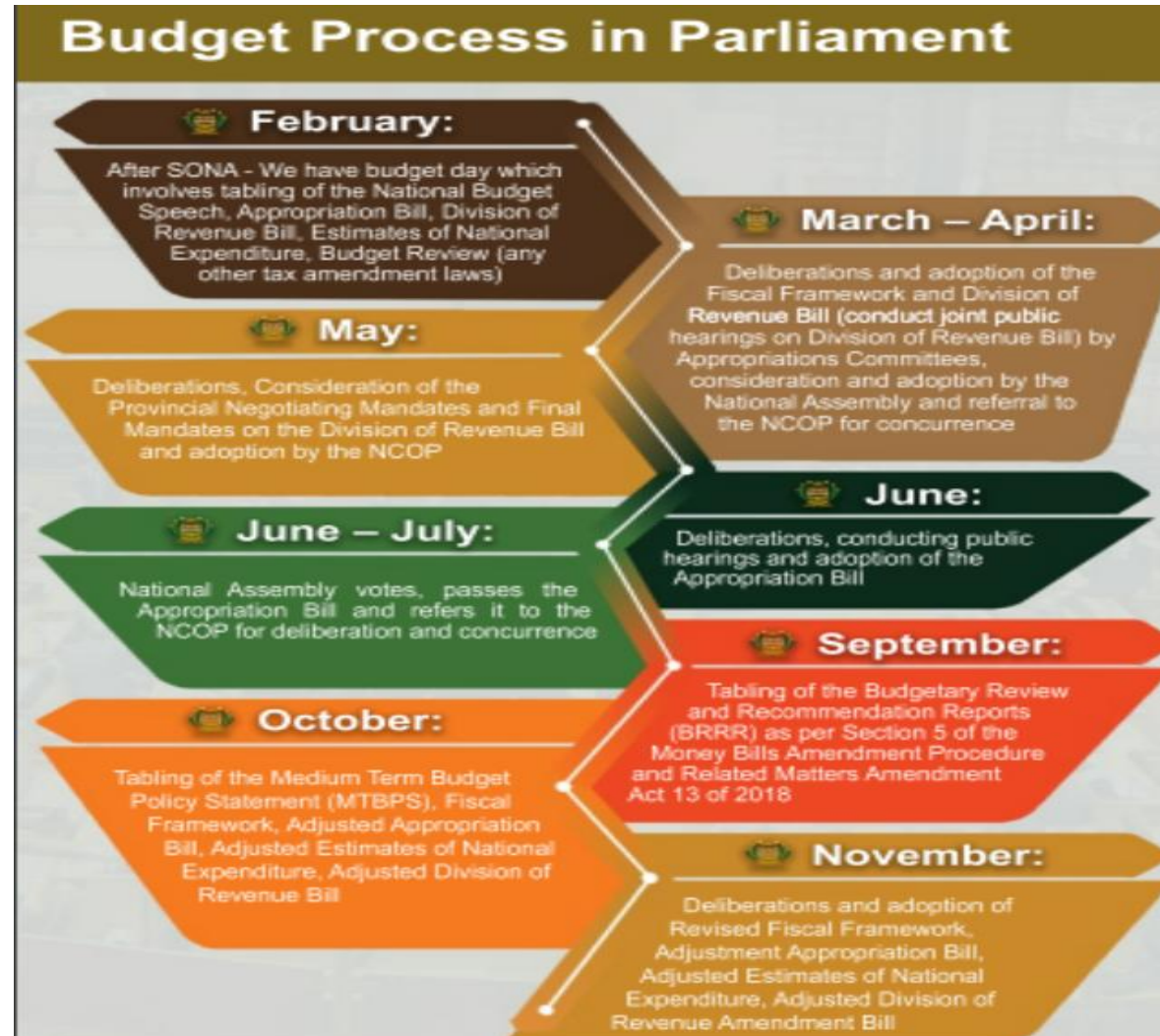
- Lack of proper procurement planning at the point of APP and MTEF budget submissions.
- Lack of proper procurement processes to avoid budget overruns.
- Lack of proper finance processes to manage budgets throughout the year.



The Budget process



The Budget process

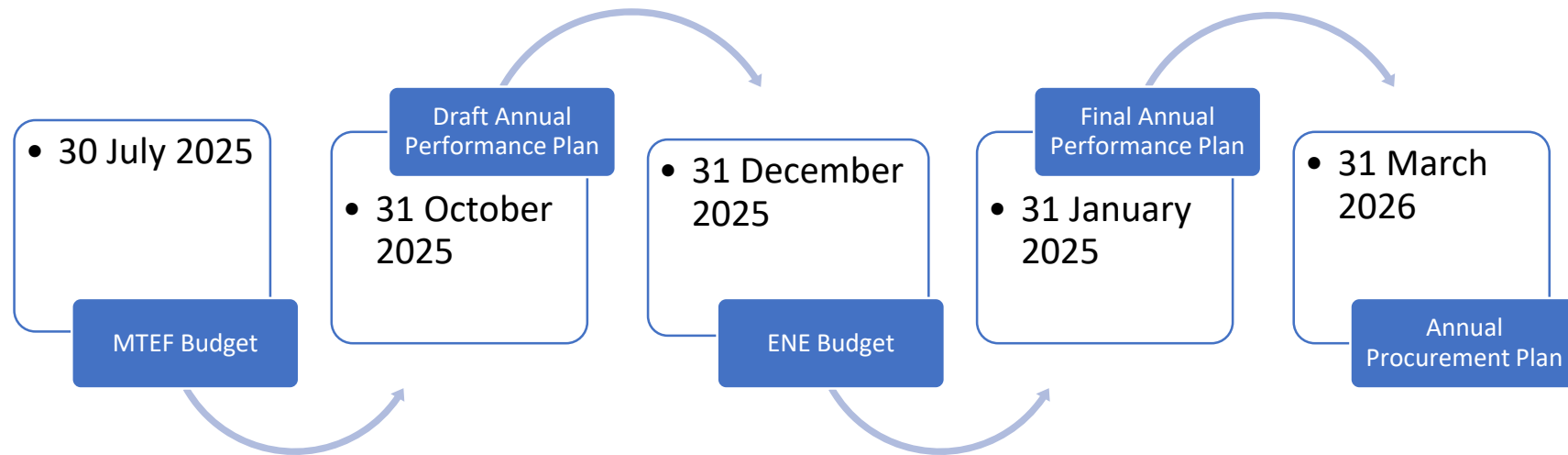


The Budget process

ITEM	DATE
2026 MTEF guidelines presented to FOSAD	07 July 2025
Preliminary 2026 MTEF guidelines issued to institutions	08 July 2025
Institutions submit requests for budget programme structure revision and create new transfer items for the 2026 MTEF	10 July 2025
2026 MTEF submission workbooks issued to departments	15 July 2025
Fiscal Framework discussion with institutions (Virtual)	21 July 2025
2026 MTEF guidelines and calendar presented to Cabinet	23 July 2025
Final Cabinet approved 2026 MTEF guidelines and Budget calendar published	24 July 2025
Conditional Grant change proposal submission	30 July 2025
2026 MTEF Submission from institutions submissions	30 July 2025
Fiscal Framework public engagement (virtual)	15 August 2025
MTEF process concludes: Recommendations tabled to MINCOMBUD	Sep/Oct 2025
Budget Council and Budget Forum (after MINCOMBUD and before Cabinet)	October 2025
MINCOMBUD and Cabinet approval of 2026 MTEF	October 2025
Tabling of the Medium-Term Budget Policy Statement (MTBPS)	November 2025
Preliminary allocation letters issued to departments	November 2025
Cabinet approved allocations letters distributed to departments	December 2025
Budget tabled in Parliament	February 2026



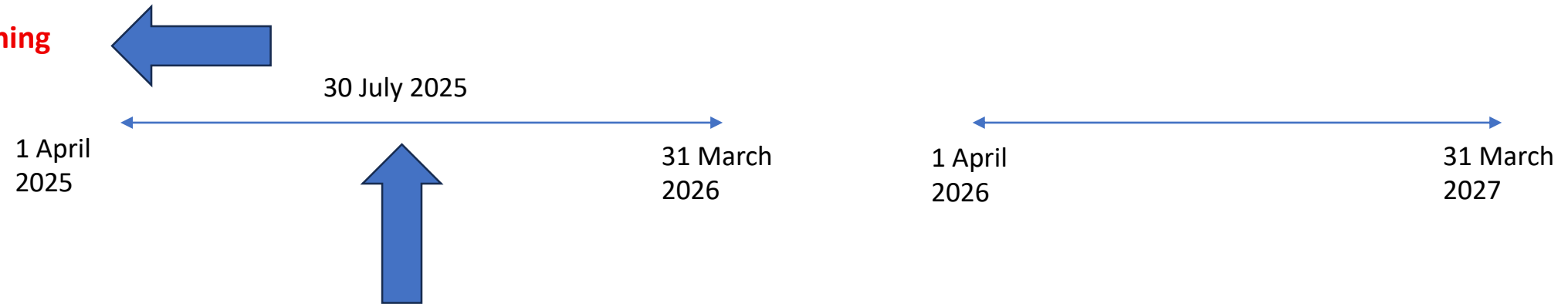
The Budget process – 2026/2027



The Planning process

2026/2027

Planning



MTEF budget due

Is it practical?

Is this working?

How can we help in the budgeting process?



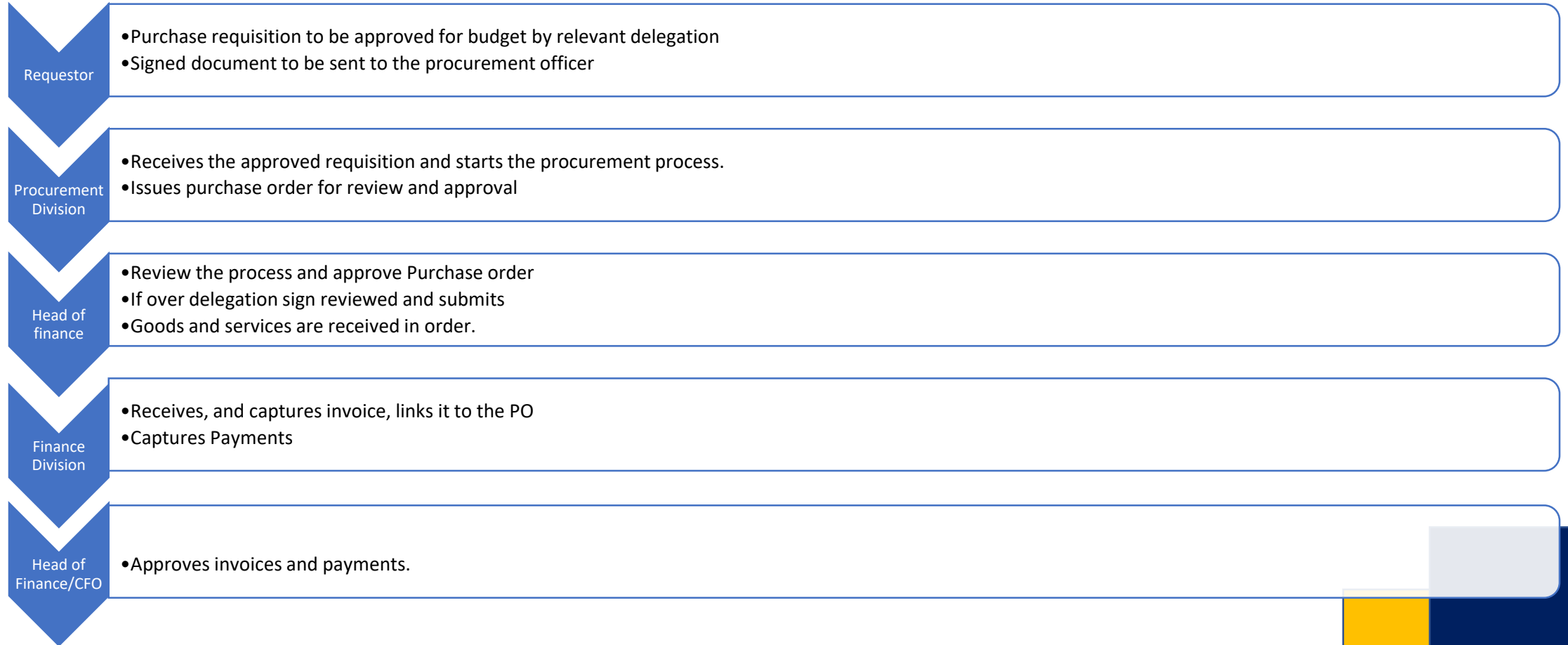
The Planning process



- Start planning in the first quarter of the financial year for the next year.
- The procurement section must be part of the budgeting process.
- Finance and procurement to work together to help the end users identify their needs.
- Finance and procurement to be part of the APP process!!!



The Procurement process



The Finance process

- A signed Annual Performance plan and MTEF/ENE budget template
- A signed Annual Procurement Plan
- Quarterly reports against the signed Annual Procurement Plan
- All bids are linked to a signed Purchase request that confirms budget availability, finance can confirm budget availability.
- If no budget was available, motivation for savings is signed off by the required delegation of authority.
- Monthly finance reports are sent and discussed with end users by finance and procurement to understand and plan for the year.



The Audit process

- Implementation of procurement checklists signed prior to PO signed.
- Proper filing system – online/hardcopies
- Review of the filing by managers
- Proper management of the audit process – checking of samples before submission to auditors
- Use internal audit to issues in readiness for external audit
- Address all action plans to prior year audit findings – Audit tracking register.



Breakaway session

- Question:
 1. Share some of the procurement audit findings that you have received leading upto material irregular expenditure disclosed in your Annual Financial Statements?
 2. What were the root causes of the findings?
 3. What steps were taken to avoid this in the future?



Conclusion



THANK YOU!

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