**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **326 [NW341E]**

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**326. Mr K Ceza (EFF) to ask the Minister of Finance:**

What amount has been recovered from municipalities of the R32 billion that was lost to fraud and corruption during the finding of audits under the tenure of the Auditor-General of South Africa, Mr K Makwetu?  NW341E

**REPLY**

Honourable Ceza’s question must be contextualised within the framework as contained in section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA). It outlines four instances where a municipality will incur irregular expenditure (a) where the expenditure incurred by a municipality is in contravention of, or that is not in accordance with a requirement of the MFMA, (b) where expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the Municipal Systems Act (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, or (d)

expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy.

It is therefore incorrect to assert all amounts to fraud and corruption. To illustrate this using an example; the law requires a municipality to advertise a tender for 14 days and if a municipality advertises the tender for 13 days or less, the law requires for the associated expenditure to be disclosed as irregular expenditure.

Powers to deal with irregular expenditure vests with the Accounting Officer and the Municipal Council. Section 32 of the MFMA, requires municipalities to investigate the irregular expenditure and either recover the irregular expenditure from the person liable or write off that expenditure where value for money was obtained. Municipalities are also required to implement consequence management against officials who failed to comply with the MFMA and implement measures to avoid future recurrences of irregular expenditure.

Where matters are reported to law enforcement agencies, the recovery of proceeds of crime are largely dependent on the successful prosecution of criminal cases. This information is not maintained by the National Treasury.