# SALDANHA BAY MUNICIPALITY

## NOTICE IS HEREWITH GIVEN TO AMEND AND / OR ADOPT COUNCIL POLICIES AT COUNCIL MEETING ON 20 AUGUST 2026

A report was tabled before Council on **30 July 2026** to consider proposed changes to existing council policies and the adoption of two new policies via Council Resolution R8/7-26. The local community are invited to provide inputs to the proposed policies in terms of section 21 of the Municipal Finance Management Act, 56 of 2003 and Regulation 7 of the Municipal Budget Reporting Regulations, 2008.

The proposed policies are as follow:

**Existing policies:**

1) Asset Management Policy
2) The Policy on the Disposal of Unserviceable Obsolete or Redundent Assets

**New policies:**

1) The Tools of Trade Policy of Councillors
2) The Policy on Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE)

The local community will have until **14 August 2026** to provide inputs before it will be considered by Council on **20 August 2026**.

Enquiries can be made to: Mr Stefan Vorster or Mr Theodorr Williams
E-mail: Stefan.Vorster@sbm.gov.za or Theodorr.Williams@sbm.gov.za

Representations can be submitted to either via e-mail or in writing as follow:

E-mail: Stefan.Vorster@sbm.gov.za or Theodorr.Williams@sbm.gov.za

In writing:

Mr. H. Mettler
MUNICIPAL MANAGER
Saldanha Bay Municipality
Private Bag 12
Vredenburg
7380

## SALDANHA BAY MUNICIPALITY

## REPORT TO THE MUNICIPAL COUNCIL

| | |
|---|---|
| **SUBJECT:** | **PROPOSED POLICY CHANGES** |
| **DIRECTORATES:** | **FINANCIAL SERVICES & ECONOMIC DEVELOPMENT AND STRATEGIC SERVICES** |
| **AUTHORS:** | **STEFAN VORSTER & CORNELL DE KOCK** |
| **DATE:** | **20 JULY 2026** |
| **FILE NO:** | **5/1/1/5** |
| **ITEM NUMBER:** | R8/7-26 |

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## 1. PURPOSE OF THE REPORT

The purpose of the report is to submit proposed changes to council policies, specifically:

1. The Asset Management Policy;
2. The Policy on the Disposal of Unserviceable Obsolete or Redundant Assets;
3. The Tools of Trade Policy of Councilors;
4. The Policy on Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE).

Policies 1, 2 and 4 are budget policies. Linked to the changes to the first two policy changes is a new policy for consideration, the Tools of Trade Policy of Councilors, that was compiled by the Directorate: Economic Development and Strategic Services.

A new budget policy is also proposed, the policy on Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE).

## 2. PROPOSED CHANGES

All the budget related policies can be found on the website of the municipality at the following link:

https://sbm.gov.za/budget/

The proposed change to the Asset Management Policy is attached as **Annexure A**. The only change that is proposed to this policy is Section 18 dealing with the "Disposal of Assets" – refer to the highlighted track changes.

The proposed changes to the Policy on the Disposal of Unserviceable Obsolete or Redundant assets are attached as **Annexure B**. The changes that are proposed are in sections 7 and 7.3 dealing with the "Method of Disposal" and "Computer Equipment donated or sold" – refer to the track changes in the attached policy.

The new proposed policy on the Tools of Trade Policy of Councillors is attached as **Annexure C**.

The new proposed policy on Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE) is attached as **Annexure D**. The draft policy was workshopped with Organised Labour on 13 May 2026 who were given opportunity to provide their inputs on it. Refer to **Annexure D1** for the inputs from IMATU.

## 3. PUBLIC PARTICIPATION ON THE PROPOSED BUDGET RELATED POLICIES

The Municipal Finance Management Act and Municipal Budget and Reporting Regulations prescribe the processes to be followed on, *inter alia*, the review of the budget-related policies. For the proposed policy changes to the budget policies, a public participation process must be followed to allow the public to provide their inputs.

A Budget Workshop was held with Council on 20 July 2026 to consider the policies mentioned in this report. These policy changes are now tabled to Council. After the Council meeting the relevant documents will be published on the municipal website from 31 July 2026 until 14 August 2026 for public inputs.

All inputs received will be considered by Council on 20 August 2026, when Council considers the approval of the proposed budget policy changes.

## 4. COMMENTS: MUNICIPAL MANAGER

The report and recommendations are supported.

## 5. RECOMMENDED

i) that the report and annexures are noted.

ii) That the proposed changes to the budget-related policies, which are the Asset Management Policy and the Policy on the Disposal of Unserviceable Obsolete or Redundant assets are noted.

iii) That the proposed new budget-related policy on Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE) is noted.

iv) That the proposed new Tools of Trade Policy of Councilors is noted.

v) That it is noted that these proposed changes to the policies in the annexures will be published on the website of the municipality for public inputs from 31 July 2026 until 14 August 2026.

vi) That it is noted that the proposed policy changes, together with any public inputs, will be submitted for final consideration by Council on 20 August 2026.

SIGNED BY:

MRS C DE KOCK
DIRECTOR: ECONOMIC DEVELOPMENT AND STRATEGIC SERVICES

DATE 20/07/26

MR S VORSTER
CHIEF FINANCIAL OFFICER

DATE 20/7/2026

MR H METTLER
MUNICIPAL MANAGER

DATE 20/7/26

COUNCILLOR T WILLIAMS
FINANCE PORTFOLIO CHAIRPERSON
AND DEPUTY-MAYOR

DATE 20/7/26

COUNCILLOR W AMERICA
FINANCE PORTFOLIO CHAIRPERSON
AND DEPUTY-MAYOR

DATE 20/7/26

## 18. DISPOSAL OF ASSETS

### 18.1 Disposal

In compliance with the principles and prescriptions of the Municipal Finance Management Act the transfer of ownership of any asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy as well as the policy on the disposal of unserviceable, obsolete or redundant assets

Every Director of a Department shall report in writing to the CFO annually on all assets controlled or used by the department concerned, which such director of Department wishes to dispose of such assets by public auction or public tender within the period up to 30 June (by completing the necessary disposal form). The CFO shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the Disposal or relevant Committee prior to being reported to the Council or the Accounting Officer (by 30 April of the financial year), as the case may be, recommending the process of disposal to be adopted. The Accounting Officer may however only dispose of moveable assets with a value as determined per the Delegation to the Accounting Officer.

Any items declared obsolete or damaged will be handed in to the Auction Stores situated in Marais Industria for safekeeping. No items will be received without a completed asset disposal form, describing the status of the item and the reason for writing-off the item.

The Asset Control Section must counter sign the disposal form after the disposal committee has recommended the method of disposal. Each Department must take the necessary steps to ensure that all their obsolete or damaged assets are disposed of in the correct and approved manner. It is the responsibility of each Department to ensure that all such assets to be disposed of are delivered to and received at the Auction Stores. The receiving of assets to be disposed of, will only be done at least once monthly on a date to be determined by the Stores Section.

The Council shall ensure that the disposal of any asset takes place in compliance with Section 14 of the Municipal Finance Management Act 2004 and the Supply Chain Management Policy.

Every director of a department shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the Insurance Section, the Asset Control Section, the internal auditor, and, in cases of suspected theft or malicious damage, also to the South African Police Services. Once the assets are disposed of, the CFO shall remove the relevant records from the asset register.

Transfer of assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of disposal shall be by private treaty.

In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment.

The municipality’s ICT department will indicate to the Asset Section which ICT equipment are not needed to provide the minimum level of basic municipal services and is available to be donated to schools that qualify for the donation in terms of Section 14(2)(b)(iii) of the MFMA.

Councillors will be provided the opportunity to buy their tools-of-trade-computer equipment at market value at the end of the lifecycle of the asset, or the end of their term, provided that it is in line with the policy on the disposal of unserviceable, obsolete, or redundant assets and Regulation 40 of the

Municipal Supply Chain Management Regulation, which determine that it can be sold at market related prices at whatever process is the most advantageous.

ANNEXURE B

# DISPOSAL OF UNSERVICEABLE, OBSOLETE OR REDUNDANT ASSETS POLICY

For implementation as from ~~1 July~~20 August 2026

**TABLE OF CONTENTS**

1. PURPOSE OF POLICY ........ 3
2. SCOPE ........ 3
3. DEFINITIONS AND ABBREVIATIONS ........ 4
4. POLICY FRAMEWORK (RELATIONSHIP WITH OTHER POLICIES) ........ 5
5. RESPONSIBILITIES ........ 5
  5.1 User Departments ........ 5
  5.2 AFS, Assets & Returns Department (Asset Section) ........ 6
  5.3 Supply Chain Management Department ........ 6
  5.4 Expenditure Department (Stores section) ........ 7
  5.5 Disposal Committee ........ 7
  5.6 Fleet Management Department ........ 7
6. ADMINISTRATION OF THE DISPOSAL COMMITTEE ........ 8
  6.1 Composition of the Disposal Committee ........ 8
  6.2 Quorum ........ 9
  6.3 Meetings ........ 9
  6.4 Considerations by the Disposal Committee ........ 9
7 METHODS OF DISPOSAL ........ 10
  7.1 Auction ........ 10
  7.2 Tender ........ 11
  7.3 Computer Equipment donated to government organisations ........ 11
8 VEHICLES ........ 12
9 CONDITIONS OF SALE ........ 14~~13~~
  9.1 Voetstoots ........ 14~~13~~
  9.2 Purchase Price and Value Added Tax (VAT) ........ 14~~13~~

## 1. PURPOSE OF POLICY

The purpose of this policy is to outline when and how unserviceable, obsolete and redundant assets are identified and disposed of.

## 2. SCOPE

a) The policy covers the disposal of the following asset classes:
   i. Transport Assets;
   ii. Computer Equipment;
   iii. Machinery and equipment; and
   iv. Furniture and office equipment.

b) The following are examples of unserviceable, obsolete or redundant assets:
   i. Assets that have become uneconomical to maintain or to operate;
   ii. Assets that are no longer suitable for service delivery;
   iii. Assets that have a negative impact on the service delivery of the municipality, the environment or the community;
   iv. Assets that no longer support a Business Unit's service objective due to a change in the type of service being delivered or the delivery method;
   v. Assets where the use has become uneconomical to continue due to the limited availability of spares or the cost of replacement parts exceed the reasonable value of the item;
   vi. Assets where the technology has been outdated;
   vii. Assets which can no longer be used for the purpose originally intended; or
   viii. Assets which have exceeded their economic useful life and the current condition of the asset justify replacement.

## 3. DEFINITIONS AND ABBREVIATIONS

| ABBREVIATIONS | |
|---|---|
| AFS | Annual Financial Statements |
| BEC | Bid Evaluation Committee |
| CFO | Chief Financial Officer |
| eNATIS | Electronic National Administration Traffic Information System |
| ICT | Information and Communications Technology |
| MFMA | Municipal Finance Management Act (No 56 of 2003) |
| MM | Municipal Manager (i.e. Accounting Officer) |
| SCM | Supply Chain Management |
| VAT | Valued Added Tax |
| **DEFINITIONS** | |
| Obsolete assets | Assets that are no longer produced or used and/or out of date |
| Redundant assets | Assets that are no longer needed or useful |
| Quorum | The minimum number of members of an assembly at a meeting to make proceedings of that meeting valid. |
| Unserviceable assets | Assets that are not fit for use |
| Voetstoots | Sold as-is, without guarantee |

## 4. POLICY FRAMEWORK (RELATIONSHIP WITH OTHER POLICIES)

a) This policy is subject to all the relevant requirements contained in the:
   i. Municipal Finance Management Act 56 of 2003;
   ii. Municipal Asset Transfer Regulations 2008; and
   iii. Municipal Supply Chain Management Regulations 2005.

b) This policy, once effective, needs to be read in conjunction with other relevant adopted policies of the municipality, including the following, but not limited to–
   i. Supply Chain Management Policy of Saldanha Bay Municipality;
   ii. Asset Management Policy of Saldanha Bay Municipality; and
   iii. Delegation of Powers (Delegations register).

## 5. RESPONSIBILITIES

### 5.1 User Departments

a) A formal asset disposal form must be completed and at least the following included on the form:
   iv. Full description of the asset;
   v. Identification number (barcode and/or serial number);
   vi. Status of the asset (must clearly indicate whether the asset is unserviceable, obsolete or redundant (eg. The asset is broken, technologically outdated, etc);
   vii. Reason for disposal (eg. The asset is not required to provide the minimum level of services, Asset is not in use, etc);
   viii. Signature of the Departmental Manager responsible for the asset, indicating that the asset has been identified for disposal and confirming that all information is correct.
b) The signed asset disposal form must be accompanied with the asset and handed in at the municipality's official "Auction Stores" at Marais Park.
c) The receiving of assets for safekeeping will only be done every Thursday afternoon.

d) The department handing in the asset must request a receipt from the Stores Section that the asset was handed in.

## 5.2 AFS, Assets & Returns Department (Asset Section)

a) The asset section receives a copy of the receipt issued by the Stores Section together with the original Asset Disposal Form;
b) The asset section keeps an updated list of all assets handed in at the auction stores together with all the relevant information required, to proceed with the disposal transaction;
c) The asset section should countersign the Asset Disposal Form to ensure that all information is relevant and correct;
d) The asset section distributes a list of assets kept in the Auction Stores to the Disposal Committee, when requested;
e) Once the Disposal Committee decides on the method of disposal and that all assets listed, complies with the criteria for write-off, the asset section forwards the final list to the Stores Section to proceed with the disposal process (by means of auction, tender, donation, or demolishing the asset).

## 5.3 Supply Chain Management Department

a) SCM Department receives a list of assets identified for disposal from the AFS, Assets & Returns Department;
b) SCM follows normal procedures relating to the sale of an asset through a tender process (competitive bidding process);
c) All tender procedures as included in this document shall be complied with;
d) Once the contract is signed by the successful bidder(s) and the Accounting Officer, payment must be made within 5 days into the municipality's bank account;
e) A list of all lots sold, together with the successful bidder(s) details and the purchase price, will be forwarded to the Asset Section and Stores Section after finalised by the BEC.

## 5.4 Expenditure Department (Stores section)

a) The Stores Section issues a receipt for each asset handed in at the Auction Stores by the User Department(s);
b) The Stores Section is responsible for the safekeeping of unserviceable, obsolete and redundant assets up to the date of sale;
c) The Stores Section will be responsible for the procedures as stipulated in the "Auction Procedures" included in this document;
d) The Stores Section will be responsible to ensure that all auctioned and/or tendered items sold, are removed from the premises within 10 days by the successful bidder(s);
e) The Stores Section shall report back to the CFO of uncollected items.

## 5.5 Disposal Committee

The Disposal Committee is called by the Administrator of the Committee to make recommendations to the CFO regarding the following:

a) Whether all assets listed on the disposal listing complies with the criteria as set out in the MFMA Section 14;
b) Where needed, physically inspect assets;
c) Supply reasons why an asset should be removed from the listing;
d) Should the Disposal Committee find that assets may still be usable by another department, they should include this in their report to the CFO;
e) Recommend to the CFO the method of disposal.

## 5.6 Fleet Management Department

This department is fully responsible for the correct procedures to be followed in the event of a vehicle being sold via tender or auction and must ensure that:

a) Vehicles classified as unserviceable, obsolete or redundant must be kept in a safe and secure building until such time of the disposal.
b) All copies of the change of ownership and documents must be filed in the vehicle file.

c) All vehicle disposal forms are completed and signed by the responsible person in the Finance Department who will in return remove the vehicle details from the asset register and insurance schedules; and
d) All vehicle details be removed from the fleet listing and re-allocate the unique number to the next new vehicle purchased.

# 6. ADMINISTRATION OF THE DISPOSAL COMMITTEE

## 6.1 Composition of the Disposal Committee

a) The Disposal Committee member must consist of 6 members, made up from persons from the following Departments/Sections:
   i. A senior representative from the AFS, Assets & Returns Department (hereafter called the Administrator of the Committee);
   ii. A senior representative from the Stores Section;
   iii. A senior representative from the Technical Directorate;
   iv. A senior representative from the ICT department;
   v. A senior representative from the Corporate Directorate;
   vi. A member of Council.

b) The Administrator of the Committee will be required to act as the Secretariat.
c) The Administrator will be required to call meetings and compile a report to the CFO on the recommendations made by the Committee;
d) The composition of the committee is not limited to the above, and the Administrator of the Committee may decide whether any other employee should attend a meeting, should he/she deem it necessary for the Committee to make an informed decision (eg, it may be necessary for a representative from the Fleet Management Department to attend meetings where vehicles are disposed.

## 6.2 Quorum

Three members will constitute a quorum.

## 6.3 Meetings

a) Meetings will be held at least every financial year. The meeting to be held to decide on the disposal of the bulk of the assets, will be held before the end of December every year, to allow sufficient time for administrative tasks and timelines to be met.
b) The Administrator will call meetings as may be required and allow a 5-day notice period.

## 6.4 Considerations by the Disposal Committee

a) The disposal committee must consider the following factors:
   i. Whether there are net disposal benefits, either in financial or other forms;
   ii. Whether there are secondary service obligations associated with the asset which dictates its retention;
   iii. Whether a disposal can be carried out without adverse impacts on the physical environment;
   iv. Whether the assets will be sold at an appropriate value. In such circumstances, the advantages of disposing the asset must be weighed against the cost of continued ownership. Examples of cost of ownership include insurance, maintenance, storage cost, operating cost and staffing cost;
   v. Whether the disposal is in accordance with this policy and the legislation as mentioned in section 4 above.
b) The disposal committee shall be responsible for:
   i. Recommending to the CFO the method of disposal to be applicable;
   ii. Considering all factors above, whether the method of disposal will yield the best value for money;
   iii. Considering whether the assets listed for disposal are no longer needed to provide the minimum level of basic services.

## 7 METHODS OF DISPOSAL

~~a)~~ Disposal of an asset should be done in terms of Regulation 40(1)(b)(ii) of the Municipal Supply Chain Management Regulations, which determines that movable assets be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the municipality.~~performed in a manner which satisfies the following objectives:~~

~~b) The disposal should take place on an equitable basis. There should be an equal opportunity for all to purchase the asset; and~~

~~The best possible return for the municipality must be achieved.~~

These methods of disposal will not be applicable to assets disposed of by means of transfer to another municipality or municipal entity or to a national or provincial organ of state, and/or where land and buildings are disposed of.

### 7.1 Auction

a) The asset section will keep an updated list of assets held in the auction store and forward this to the Expenditure (Stores) Department if so requested.
b) The Stores Section will publish details of the auction as a public notice in a widely distributed media within a reasonable time prior to the auction;
c) The conduct of the auction is subject to the control of the auctioneer who has the sole right to regulate the bidding procedures;
d) The auctioneer shall not be compelled to accept the highest or any bid and shall not be liable to furnish reasons for any decision he has made;
e) In the event of any dispute between the bidders, the decision of the auctioneer shall be final and binding;
f) If the auctioneer makes any mistakes, it shall not be binding, but shall, if practicable, be rectified as soon as possible and the auctioneer shall not on any grounds whatsoever (whether contractual, delictual or otherwise) be responsible therefor, or for any loss or damaged suffered as a result thereof, or for the fulfilment of the Conditions of Sale;
g) The parties, when signing the registration document, confirm that they have read and understood all of the terms and conditions therein and agree that they are bound to it;
h) No official in service of the state or an advisor or consultant of this municipality may offer a bid at the auction;

i) Upon appointment of the Auctioneer, all supply chain regulations will be adhered to;
j) Immediately when an item or lot is knocked down on a bidder, the risk passes to the purchaser;
k) Full ownership only passes to the purchaser after all amounts due in respect thereof have been paid in full;
l) All items purchased should be removed from the municipality's grounds within 10 days; and
m) Saldanha Bay Municipality will not be held liable for any loss or damage if the purchaser failed to remove the purchased item(s) within 10 days.

## 7.2 Tender

The supply chain management policy of the municipality determines the required procedures to be followed if this method of disposal is to be used.

a) The municipality shall not be compelled to accept the highest or any bid and shall not be liable to furnish reasons for any decisions made.
b) If the seller makes any mistakes, it shall not be binding, but shall, if practicable, be rectified as soon as possible and shall not on any grounds whatsoever (whether contractual, delictual or otherwise) be responsible therefor or for any loss or damage suffered as a result thereof, or for the fulfilment of the Conditions of Sale.
c) The purchaser must provide a certified copy of a valid TV license when bidding on television sets.
d) All vehicles sold, will be required to comply with the section on vehicles below.
e) All items sold must be removed by the purchaser within 10 days.

## 7.3 Computer Equipment donated or sold ~~to government organisations~~

a) The ICT Department will distribute a list of all available computer equipment that are still in a working order to all schools as determined by the Provincial Department of Education.
b) The Disposal Committee must be informed by the ICT Department of its decision to donate computer equipment to schools and how it will be distributed to the schools.

c) The schools on this list must be awarded an opportunity to receive such equipment as a donation.

d) The school(s) that will benefit from such a donation, must upon receipt of the equipment, acknowledge receipt by signing the list provided and stamping their official stamp on this list.

e) The donation to the schools must be approved by the Accounting Officer.

f) Should no school be interested in the equipment or the equipment be in such a state that it cannot be used by any other government organisation, it shall be sold via Tender or Auction process or .

~~f)~~g) Before any computer equipment are donated or sold, a risk assessment must be done to determine if it poses any ITC related risks, such as cybersecurity breaches.

## 8 VEHICLES

a) The purchaser must on his own cost obtain any roadworthy certificates or other documentation which may be required to register any vehicles which he/she may have bought into his/her name. The purchaser also pays all costs and expenses which may be incurred to obtain such roadworthy certificate or documentation and to affect the transfer. The owner of such goods shall on request sign all documents which may be required to register goods in the name of the purchaser, providing all amounts payable in respect thereof have been paid.

b) Municipal logos may not be used on vehicles bought and must be removed by the purchaser.

c) The eNATIS documentation must be completed in full.

d) When the bidder purchase vehicles on behalf of another individual, it is compulsory that the following documentation be provided by the bidder:

    i. Completed Section B of NCO form (Notification of change of ownership/sale of motor vehicle), obtainable from any Traffic Department.

    ii. Bidder must be in possession of a certified proxy, issued by the purchaser, authorising the bidder to purchase a vehicle on his/her behalf.

    iii. Certified copies of ID document of bidder as well as purchaser.

~~d)~~e) No vehicle registration papers will be handed over to the bidder unless proof of change of ownership is provided.

f) The Fleet Management Department will be responsible for all administrative tasks in the case of vehicles sold per tender or auction.

# 9 CONDITIONS OF SALE

## 9.1 Voetstoots

a) The goods are sold as is (“voetstoots”) and without guarantee of any nature. The seller shall not be liable for any representation in respect of any goods being sold.
b) When a bidder tenders on a lot or an item, it is accepted that he is fully familiar therewith.

## 9.2 Purchase Price and Value Added Tax (VAT)

a) All goods are sold for cash and the purchaser pays the purchase price plus the VAT thereon immediately after written notification of being the preferred bidder was received, but in any event before items are removed from the seller’s premises. However, any items where pricing needs to be determined as per the weight classification, payment will take place after the weight has been determined.
b) The Purchase price (bid price) is exclusive of VAT.
c) VAT invoices will only be issued if so indicated and all relevant information is provided.

# ICT TOOLS OF TRADE POLICY FOR COUNCILLORS

*Draft Policy for Council Consideration*

| | |
|---|---|
| **Policy owner** | Municipal Manager |
| **Responsible implementation units** | ICT Division, Finance Department and Office of the Municipal Manager |
| **Applicable to** | All councillors of Saldanha Bay Municipality, subject to eligibility and Council approval |
| **Effective date** | Date of approval by Council |
| **Review cycle** | Annually, or when legislation, national determinations or municipal policies change |
| **Status** | Draft |

## Contents

1. Purpose....3
2. Objectives....3
3. Legislative and policy framework....3
4. Guiding principles....3
5. Scope and application....4
6. Definitions....4
7. Tools of trade that may be provided....5
   7.1 ICT devices and software....5
   7.2 Connectivity and electronic document access....5
8. Ownership, asset control and insurance....5
9. Use of ICT equipment, software and municipal information....5
10. Connectivity, digital documents and meetings....6
11. Support, maintenance and helpdesk arrangements....6
12. Loss, theft, damage and negligent use....6
13. Return, replacement and end-of-term disposal....6
14. Roles and responsibilities....7
15. Monitoring, compliance and breach of policy....7
16. Review and effective date....7

## 1. Purpose

The purpose of this Policy is to regulate the provision, allocation, use, control, support, replacement and disposal of tools of trade provided by Saldanha Bay Municipality to councillors for the performance of official municipal duties.

This Policy promotes accountable, affordable and secure enablement of councillors, while supporting paperless governance, efficient communication and responsible management of municipal assets.

## 2. Objectives

- Enable councillors to perform official duties efficiently and effectively.
- Improve communication between councillors, the municipal administration and communities.
- Reduce reliance on printed agendas, reports and committee packs through electronic distribution.
- Safeguard municipal investments in hardware, software, systems and information.
- Ensure equitable, transparent and cost-controlled allocation of municipal resources.
- Provide clear accountability for the use, safekeeping and return of municipal assets.

## 3. Legislative and policy framework

This Policy must be read with, and implemented subject to, applicable legislation, national determinations and municipal policies, including:

- The Constitution of the Republic of South Africa, 1996;
- Local Government: Municipal Systems Act, 2000;
- Local Government: Municipal Finance Management Act, 2003;
- Remuneration of Public Office Bearers Act, 1998, and annual determinations or guidelines issued by the Minister responsible for Cooperative Governance and Traditional Affairs;
- Saldanha Bay Municipality Asset Management Policy;
- Saldanha Bay Municipality Policy on the Disposal of Unserviceable Obsolete or Redundant Assets;
- Saldanha Bay Municipality Supply Chain Management Policy;
- Saldanha Bay Municipality Information Security Policy and ICT governance standards; and
- Any Council resolution that approves or amends the councillor tools of trade policy.

## 4. Guiding principles

The provision of tools of trade must be guided by the following principles:

| | | |
|---|---|---|
| **Accessibility** | **Affordability** | **Cost control** |
| **Equity** | **Flexibility** | **Simplicity** |
| **Transparency** | **Accountability** | **Value for money** |

## 5. Scope and application

This Policy applies to councillors of Saldanha Bay Municipality who qualify for tools of trade in terms of legislation, national frameworks, municipal policy, budget availability and Council approval. It may include the Executive Mayor, Deputy Executive Mayor, Speaker, members of the Mayoral Committee, full-time councillors, part-time councillors, ward councillors and proportional representative councillors.

The allocation of tools of trade must be applied consistently and must be recorded in the municipal asset register or relevant control register.

## 6. Definitions

| Term | Meaning |
|---|---|
| **Councillor** | A public office-bearer elected or appointed to serve on the Council of Saldanha Bay Municipality. |
| **Full-time councillor** | A councillor designated or recognised as full-time in terms of applicable legislation, national determination, Council resolution or municipal practice. |
| **Part-time councillor** | A councillor who is not designated as a full-time councillor. |
| **Tools of trade** | Resources or enabling facilities provided by the Municipality to a councillor to enable effective fulfilment of official duties in a cost-effective manner. |
| **ICT equipment** | Municipal technology devices and accessories such as laptops, tablets, chargers, bags, peripherals and approved software. |
| **Municipal information** | Any information created, received, accessed, stored or transmitted in connection with municipal business. |
| **Negligence** | Failure to take reasonable care to protect municipal assets or information, including avoidable loss, theft, damage, misuse or unauthorised disclosure. |

## 7. Tools of trade that may be provided

### 7.1 ICT devices and software

Eligible councillors may be issued with a standard municipal laptop or tablet, protective bag or case, charger, approved software, security tools and an official municipal e-mail account. Device specifications will be determined by the ICT Division according to municipal standards and operational requirements.

### 7.2 Connectivity and electronic document access

Councillors must use approved municipal channels for official e-mail and electronic access to agendas, reports, committee documents and other municipal records. Municipal Wi-Fi may be made available at municipal premises where feasible. Councillors are expected to make reasonable arrangements for adequate connectivity to download and access official documents before meetings.

## 8. Ownership, asset control and insurance

- All municipal tools of trade remain the property of Saldanha Bay Municipality unless lawfully disposed of or transferred in terms of the Asset Management Policy.
- All allocated assets must be recorded in the asset register or relevant control register and linked to the councillor to whom they are issued.
- Councillors must present assets for verification when requested by the Finance Department, ICT Division, internal audit or other authorised officials.
- The Municipality is responsible for ordinary insurance, support, maintenance and repairs under normal usage conditions, subject to exclusions for negligence, unauthorised use or misuse.

## 9. Use of ICT equipment, software and municipal information

- Councillors must use municipal ICT equipment primarily for official municipal purposes.
- Limited incidental private use may be permitted if it does not interfere with municipal duties, compromise security, create additional cost, breach any law or damage the Municipality's reputation.
- Only software approved by the ICT Division may be installed or used on municipal devices.
- Councillors may not remove, disable or bypass antivirus, security controls, device management tools, passwords, updates or other ICT safeguards.
- Confidential, personal, restricted or sensitive municipal information must be protected against unauthorised access, disclosure, loss or copying.
- Passwords, access credentials and authentication tokens must not be shared with any other person.
- Councillors must comply with municipal records management, information security and privacy requirements applicable to official information.

## 10. Connectivity, digital documents and meetings

- Council and committee documentation should, as far as reasonably possible, be distributed electronically.
- Hard-copy packs should be limited to exceptional circumstances approved by the Municipal Manager or authorised delegate.
- Councillors must download, review and store required meeting documents in advance of Council and committee meetings.
- Councillors must ensure that devices are sufficiently charged for the expected duration of meetings.
- Where internet access is unavailable or unreliable, alternative arrangements for access to electronic documents may be made through the responsible secretariat or authorised official.

## 11. Support, maintenance and helpdesk arrangements

- The ICT Division is responsible for configuration, authorised software installation, security controls and technical support for municipal ICT devices.
- Councillors must log faults, support requests and access issues through the approved ICT helpdesk or support channel.
- Councillors may not open, tamper with, repair, modify or reconfigure municipal hardware or software without ICT authorisation.
- Repairs or replacement will be assessed by the ICT Division and processed subject to budget, warranty, insurance and asset management requirements.

## 12. Loss, theft, damage and negligent use

All loss, theft or damage must be reported immediately to the ICT Division and relevant municipal authority. In the case of theft, the councillor must report the incident to the South African Police Service and provide the case number to the Municipality as soon as reasonably possible.

Where negligence, wilful misconduct, unauthorised use or failure to take reasonable care is established, the Municipality may recover repair or replacement costs from the councillor in accordance with applicable law, Council policy and due process.

## 13. Return, replacement and end-of-term disposal

- A councillor must return all municipal assets issued under this Policy when ceasing to hold office, when requested for replacement or verification, or when the asset is withdrawn by the Municipality.
- Returned devices must be inspected by the ICT Division and Finance Department to determine condition, data sanitisation requirements and asset status.
- At the end of a Council term, Council may resolve to retain, reallocate, replace, derecognise or dispose of equipment in accordance with the Asset Management Policy, Policy on the Disposal of Unserviceable Obsolete or Redundant Assets, and applicable legislation.

- Where permitted, equipment may be offered for purchase at market-related value as determined by the Municipality and approved in accordance with applicable policy and legislation.

## 14. Roles and responsibilities

| Role-player | Responsibilities |
|---|---|
| **Council** | Approve this Policy and any material amendment. |
| **Municipal Manager** | Ensure overall implementation, issue administrative directives and approve exceptions where permitted. |
| **Chief Financial Officer** | Ensure asset management, insurance, verification, depreciation and disposal compliance. |
| **Chief Information Officer / ICT Division** | Set ICT standards, procure/configure devices, manage security, provide support and advise on replacement cycles. |
| **Speaker / Office of the Speaker** | Coordinate councillor requirements and communication with the administration where applicable. |
| **Councillors** | Use tools responsibly, safeguard municipal assets and information, report incidents and return assets when required. |

## 15. Monitoring, compliance and breach of policy

Compliance with this Policy may be monitored through asset verification, ICT security controls, helpdesk records, audit processes, handover checks and management reporting.

A breach of this Policy may result in withdrawal of tools of trade, recovery of losses, referral to appropriate municipal processes or any other lawful remedy available to the Municipality.

## 16. Review and effective date

This Policy must be reviewed annually or when required by changes in legislation, national determinations, municipal operating requirements, technology standards or Council direction.

This Policy comes into operation on the date approved by Council and replaces any prior councillor tools of trade arrangement to the extent of inconsistency.

## Schedule A. Councilor asset acknowledgement form

To be completed when tools of trade are issued, replaced or returned.

| Field | Details |
|---|---|
| **Councillor name** | |
| **Councillor role / ward / party** | |
| **Asset description** | |
| **Asset number / serial number** | |
| **Accessories issued** | |
| **Condition at issue** | |
| **Date issued** | |
| **Issued by** | |
| **Councillor signature** | |
| **Return date** | |
| **Condition at return** | |
| **Received by** | |

ANNEXURE D

SALDANHA BAAI BAY
MUNISIPALITEIT | MUNICIPALITY | uMASIPALA

# Unauthorised, Irregular, Fruitless and Wasteful Expenditure ('UIFWE') Policy

For implementation as from 20 August 2026
Council Resolution: ______________

## TABLE OF CONTENTS


| | | |
|---|---|---|
| 1. | PURPOSE, LEGAL EFFECT AND STATUTORY CONTEXT | 3 |
| 2. | APPLICATION AND BINDING EFFECT OF THE POLICY | 4 |
| 3. | DEFINITIONS | 5 |
| 4. | UIFWE MANAGEMENT PROCESS | 6 |
| 5. | UIFWE REGISTER | 16 |
| 6. | PRACTICAL CONSIDERATIONS | 17 |
| 7. | REVIEW AND AMENDMENT OF THE POLICY | 17 |

## 1. PURPOSE, LEGAL EFFECT AND STATUTORY CONTEXT

a) The purpose of this Policy is to establish a comprehensive governance framework to support the prevention, identification, classification, recording, reporting, investigation, determination, recovery, write-off, disclosure, and oversight of unauthorised, irregular, fruitless, and wasteful expenditure ('UIFWE') incurred by the municipality.

b) This Policy constitutes an internal governance instrument adopted in terms of the municipality's obligations under the Municipal Finance Management Act 56 of 2003 (MFMA) and must be applied by all officials and political office bearers in the performance of their functions.

c) Any failure to comply with this Policy must be regarded as a breach of financial governance duties and may constitute financial misconduct or misconduct in terms of applicable legislation.

d) This Policy must be interpreted in a manner consistent with the MFMA, the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, the Municipal Supply Chain Management Regulations, the Municipal Budget and Reporting Regulations, 2008, the Municipal Cost Containment Regulations and National Treasury guidance.

e) UIFWE classification is based on the objective characteristics of a transaction and does not depend on retrospective approval, value received, or perceived service delivery benefit.

f) Recording UIFWE is mandatory once the statutory criteria are met and must not be deferred pending investigation, Council consideration or legal advice.

g) The duty to record UIFWE exists independently of the duty to determine liability, recoverability or misconduct.

## 2. APPLICATION AND BINDING EFFECT OF THE POLICY

a) This Policy applies to:

(i) all municipal councillors;

(ii) the Accounting Officer;

(iii) all senior managers;

(iv) all municipal officials;

(v) any person seconded to the municipality to work as a staff member of the municipality;

(vi) a person contracted to the municipality to work as a staff member of the municipality, other than as an employee of the municipality;

(vii) all former municipal officials;

(viii) all former municipal councillors; and

(ix) all municipal governance and oversight structures.

b) The Policy applies to all municipal expenditure, irrespective of funding source, including grants, borrowings, own revenue, and third-party-administered funds.

c) The Policy applies to UIFWE identified in the current, future, or any previous financial year, regardless of when the UIFWE was incurred.

## 3. DEFINITIONS

a) In this Policy, a word or expression to which a meaning has been assigned in the MFMA and regulations issued in terms of the MFMA, referred to herein, has the same meaning as in the MFMA, unless the context indicates otherwise.

b) **"Department's head"** means third level managers which within the municipality refers to officials directly reporting to the relevant directors or in the case of the Office of the Municipal Manager, managers reporting directly to the Municipal Manager other than directors.

c) "**Expenditure incurred**" means recognising UIFWE transactions and other events when they occur, not when cash or its equivalent is received or paid.

d) ''**Fruitless and wasteful expenditure**'' means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

e) ''**Irregular expenditure**'', in relation to a municipality or municipal entity, means—
*(a)* expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
*(b)* expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that 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, 1998 (Act No. 20 of 1998); 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, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of ''unauthorised expenditure'';

f) "**Municipal Manager**" carries the same meaning as "Accounting Officer" in terms of the MFMA, and the two titles may be used interchangeably UIFWE management process.

g) ‘‘**Unauthorised expenditure**’’, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—
*(a)* overspending of the total amount appropriated in the municipality’s approved budget;
*(b)* overspending of the total amount appropriated for a vote in the approved budget;
*(c)* expenditure from a vote unrelated to the department or functional area covered by the vote;
*(d)* expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
*(e)* spending of an allocation referred to in paragraph *(b)*, *(c)* or *(d)* of the definition of ‘‘allocation’’ otherwise than in accordance with any conditions of the allocation; or
*(f)* a grant by the municipality otherwise than in accordance with this Act;

## 4. UIFWE MANAGEMENT PROCESS

### *4.1 Identification and reporting of UIFWE*

a) The municipality must ensure that its system of internal controls, financial reporting, supply chain management monitoring, contract management, human resource management, expenditure management, and audit processes are capable of detecting potential UIFWE at the earliest possible stage of the transaction cycle. UIFWE must be identified at the earliest possible stage, once expenditure is incurred or information becomes available indicating that the expenditure may fall within the MFMA's statutory definitions.

b) UIFWE may be identified through management controls, compliance reviews, internal audit work, SCM monitoring, contract performance reviews, Auditor-General findings, forensic investigations, whistle-blowing reports, or any other source of information, including external sources.

c) All municipal officials and councillors have a duty to report suspected UIFWE immediately upon becoming aware of circumstances indicating that expenditure may fall within the statutory definitions. The duty to identify UIFWE applies to all officials involved in financial management, supply chain management, contract administration, project management and budget execution, and such officials must not defer identification on the basis that further information is required or that the expenditure may later be justified.

d) Failure by any official to report suspected UIFWE immediately, or within five (5) working days by the latest, upon becoming aware of it, may constitute a breach of the duty of care to the municipality and may give rise to disciplinary or financial misconduct proceedings.

### *4.2 Recording of UIFWE*

a) UIFWE must be recorded in the municipality's financial records, and the UIFWE register must be updated immediately upon meeting the criteria for classification. Recording of UIFWE must not be delayed pending investigation, legal advice, Council consideration, internal consultation or the availability of complete documentation. The recording requirement is separate from the process of determining liability, recoverability or misconduct.

b) Any attempt to delay the recording of UIFWE to avoid disclosure must be regarded as a breach of this Policy and will constitute financial misconduct or normal misconduct, depending on the circumstances.

c) The Chief Financial Officer or delegated officials (Senior Manager: Financial Operations) must ensure that all UIFWE is recorded immediately, in the UIFWE register, upon identification, regardless of whether investigations, recovery actions, or disciplinary proceedings are still pending. The recording must include the full financial amount, the date of occurrence, the department involved, the nature of the breach, and the available supporting documentation.

d) Each UIFWE case must be allocated a unique reference number and must be traceable to the accounting records and financial statements. Recording must be supported by sufficient documentation to allow audit verification, MPAC and Council oversight.

### *4.3 UIFWE incidence report*

a) The Municipal Manager must ensure that systems exist within the municipality requiring departments to compile UIFWE incident reports in a consistent format and within prescribed timeframes. The Municipal Manager must ensure that such reports are retained as official records of the municipality and made available to internal audit, MPAC, Council, and external oversight bodies, where required.

b) Once UIFWE has been identified or reasonably suspected, the responsible department's head or Director, and the alleged responsible officials must compile a formal UIFWE incident report to ensure that the expenditure is properly recorded, assessed, and processed in accordance with the MFMA. The UIFWE incident report serves as the primary administrative record of the occurrence and must contain sufficient factual and financial information to enable the Municipal Manager, MPAC and Council to exercise their statutory functions.

c) The department in which the UIFWE occurred, together with the responsible head or Director, must compile the initial UIFWE incident report within a reasonable period after the expenditure is identified, which should not be later than ten (10) working days after the UIFWE has been reported. Should the UIFWE report not compiled within ten (10) working days the responsible head or Director must request extension in writing from the Municipal Manager. This must also be communicated to the Chief Financial Officer or delegated official (Senior Manager: Financial Operations) to enable timeous updating of the UIFWE register.

d) The UIFWE incidence report should include the reports of persons allegedly responsible for the UIFWE incurred.

e) The duty to compile the report rests with the operational department that authorised, incurred, or administered the expenditure, and may not be transferred to the finance unit, internal audit, or any other structure unless formally directed by the Municipal Manager or, where appropriate, the Executive Mayor.

f) Failure by a department or responsible official to compile the UIFWE incident report timeously constitutes a breach of duty of care to the municipality and may give rise to disciplinary proceedings.

g) The UIFWE incidence report should include content that facilitates the MPAC UIFWE recovery investigation and that considers the requirements of the MFMA. The UIFWE incident report must be submitted to the Municipal Manager and the Chief Financial Officer /delegated officials (Senior Manager: Financial Operations) for verification and recording in the UIFWE register.

h) The Municipal Manager must review the report to ensure that it contains sufficient information to support financial recording and must request additional information where necessary. Where the report is incomplete, the originating department must provide the outstanding information within the timeframe specified by the Municipal Manager, which must be within five (5) working days of the Municipal Manager's request to do so. Any extensions must request extension in writing responsible head or director from the Municipal Manager.

i) Persistent failure to provide required information must be reported to the Municipal Manager and may be referred for disciplinary consideration. Failure to compile or submit a UIFWE incident report, submission of materially inaccurate information, or deliberate omission of relevant facts may constitute misconduct or financial misconduct. Where such conduct is suspected, the Municipal Manager must consider whether disciplinary or financial misconduct proceedings are required.

j) All UIFWE information should be safeguarded in terms of policies and controls of the municipality.

### *4.4 Statutory reporting in terms of section 32 of the MFMA*

a) The Municipal Manager must report all UIFWE to the Executive Mayor, the relevant MEC for local government, and the Auditor-General within a reasonable period after detection, which should be, at the latest, one calendar month following the UIFWE's incurrence or payment being identified.

b) Such reporting must include a description of the expenditure, the amount involved, the known facts at the time of reporting and the steps being taken to investigate the matter.

### *4.5 Referral of financial misconduct allegations or normal misconduct allegations*

a) Where UIFWE gives rise to a reasonable suspicion that a municipal official or Municipal Manager may have acted deliberately or negligently in breach of the MFMA, the written council approved MFMA system of delegations or any applicable financial management prescript, the municipality must consider whether such conduct constitutes financial misconduct as contemplated in Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

b) Referral of a UIFWE matter for possible financial misconduct processing does not depend on MPAC and/or Council having determined the UIFWE, and financial misconduct processes may proceed in parallel with MPAC and/or Council consideration, where appropriate.

c) Both the MPAC and Council can refer UIFWE incurred to the municipality's disciplinary board for financial misconduct investigation, if the matter has not been referred to the disciplinary board, and the UIFWE incurred triggers non-compliance with section 171 of the MFMA.

d) Where the UIFWE is incurred, but does not lead to an allegation of financial misconduct, which may be due to lack of delegations, where applicable, the processes for normal misconduct for officials should be followed.

e) Where UIFWE is reasonably suspected to have arisen from the conduct, decision, instruction, interference or omission of a councillor, the municipality must assess whether such conduct constitutes a breach of the Code of Conduct for Councillors, a financial offence, or a criminal offence.

f) Where a UIFWE-recovery investigation indicates that a councillor may have:

(i) Improperly interfered in the administration of the municipality;

(ii) Voted in favour of or supported a decision that contravened legislation;

(iii) Instructed officials to act contrary to legal or procurement requirements;

(iv) Authorised or permitted expenditure outside lawful authority; or

(v) Otherwise contributed to the incurring of UIFWE through action or omission;

g) The matter must be referred for consideration in terms of the Code of Conduct for Councillors Regulations and any applicable legislation. Such a referral must occur irrespective of whether recovery proceedings are also being pursued.

### *4.6 Criminal referrals*

a) Where there is reasonable suspicion that an offence may have been committed in relation to UIFWE, the Municipal Manager must ensure that the matter is reported to the appropriate law-enforcement authority without delay.

b) Where it is reasonably suspected that the Municipal Manager may have committed a criminal offence in the incurring of UIFWE, the Executive Mayor must ensure that the matter is reported without delay to the appropriate law-enforcement authority and that Council is informed accordingly.

c) Where it is reasonably suspected that a councillor, including the Executive Mayor, may have committed a criminal offence in the incurring of UIFWE, the Speaker must ensure that the matter is reported without delay to the appropriate law-enforcement authority and that Council is informed of the referral.

d) Where it is reasonably suspected that the Speaker may have committed a criminal offence in the incurring of UIFWE, the Executive Mayor must ensure that the matter is reported without delay to the appropriate law-enforcement authority and that Council is informed of the referral.

e) Such a reporting obligation exists independently of disciplinary processes and must not be deferred pending internal investigations or Council consideration.

f) The municipality must retain records of criminal referrals and monitor their progress.

### *4.7 Reporting the UIFWE to the MPAC*

a) The Municipal Manager or the Executive Mayor (in the case of UIFWE incurred by the Municipal Manager) should refer UIFWE incident reports directly to MPAC for their UIFWE recovery investigation.

b) Where the Municipal Manager or the Executive Mayor (in the case of UIFWE incurred by the Municipal Manager) is not able to submit the UIFWE report to the MPAC, any other director of the municipality is empowered to submit UIFWE reports to the MPAC.

### *4.8 MPAC UIFWE-recovery considerations*

a) The MPAC must conduct a UIFWE-recovery investigation in terms of sections 32(2)(a)(ii) and 32(2)(b) of the MFMA before the Municipal Council may certify any UIFWE as irrecoverable or approve its write-off.

b) The MPAC investigation for UIFWE recovery purposes is not a forensic investigation into the nature of the breach or the determination of disciplinary or criminal liability, which remains the responsibility of the disciplinary board and competent authorities. The MPAC investigation must therefore be limited to determining whether the UIFWE should be recovered due to a financial loss being suffered by the municipality, written off as irrecoverable, or, in the case of unauthorised expenditure, recommended for authorisation in an adjustments budget where legally permissible.

c) In performing its UIFWE-recovery investigation, the MPAC must regard recovery as the primary statutory objective. The MPAC must first assess whether the UIFWE incurred should be recovered from any official, political office-bearer or other liable person.

d) The MPAC may only recommend that UIFWE be written off as irrecoverable where it cannot rationally recommend that recovery should be pursued. Any recommendation submitted by MPAC to the Municipal Council must contain clear, rational and evidence-based reasons for recommending either recovery or write-off.

e) In discharging its UIFWE-recovery investigation function, the MPAC must, at a minimum, consider:

(i) The measures already taken by the municipality to recover the UIFWE;

(ii) The cost incurred in implementing those recovery measures; and

(iii) The estimated cost and likely benefit of any further recovery measures.

f) The MPAC must ensure that its recommendation is accompanied by a written motivation explaining how these factors were considered and how they informed its recommendation to Council.

g) In every UIFWE-recovery investigation, the MPAC must also assess whether the matter has been referred to the disciplinary board or relevant authority for consideration of financial misconduct or other disciplinary processes. Where no such referral has been made, the MPAC must recommend to the Municipal Council that the matter be referred in terms of Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

h) Under regulation 74(2) of the Municipal Budget and Reporting Regulations, 2008, the Municipal Manager must serve as the primary conduit for information required by the MPAC for UIFWE recovery investigations. The MPAC may request any documentation or information it reasonably requires, including:

(i) Financial records;

(ii) Contracts and SCM documentation;

(iii) Correspondence relevant to the UIFWE incurred;

(iv) Audit findings;

(v) Investigation reports; and

(vi) Any other relevant material deemed relevant to the UIFWE-recovery investigation.

i) The Municipal Manager must provide all requested information to the MPAC without delay. Information requested by MPAC must be provided within five (5) working days of the MPAC request or any other period as agreed to by MPAC not exceeding one (1) calendar month. Failure by officials to cooperate with MPAC information requests will result in consequences in terms of relevant council policies.

### *4.9 MPAC UIFWE-recovery recommendation to Council*

a) After completing its UIFWE-recovery investigation, the MPAC must submit a written recommendation to the Municipal Council.

b) The MPAC recommendation must include:

   (i) A summary of the facts;

   (ii) The financial impact;

   (iii) The UIFWE-recovery assessment outcome;

   (iv) The regulation 74 considerations;

   (v) The consequence management assessment; and

   (vi) The recommended Council decision.

### *4.10 Council UIFWE-determination*

a) Council must consider MPAC's recommendations together with all supporting evidence and must determine whether the UIFWE is recoverable, irrecoverable and requires further legal action.

b) Council must record its decision by a normal majority resolution supported by reasons in terms of the municipality's rules of order.

### *4.11 UIFWE-recovery measures*

a) Where Council determines that UIFWE is recoverable, the Municipal Manager must institute recovery measures, which may include civil proceedings, lawful salary deductions, or any other legal mechanism available to the municipality.

b) The recovery of UIFWE must be effected in terms of the relevant policies of the municipality.

c) Progress on UIFWE-recovery must be reported to Council every quarter.

d) The recovery of UIFWE from a municipal official or councillor does not prevent the referral of UIFWE incurred for investigation by the disciplinary board for municipal officials, law-enforcement authority or municipal official or councillor disciplinary measures.

e) Where a municipal official or councillor has left the municipality for any reason and has been found responsible for the UIFWE incurred, UIFWE-recovery should continue in terms of any relevant policy of the municipality.

f) For any other persons, including suppliers, seconded persons or other persons contracted to be staff members at the municipality, who have been identified as responsible for the UIFWE incurred, UIFWE-recovery should be processed in terms of any relevant policy of the municipality.

g) Where UIFWE was incurred as a result of the conduct or involvement of more than one person, including officials, councillors and/or external parties, those persons may be held jointly and severally liable for the UIFWE incurred by the municipality. In such circumstances, the municipality may pursue recovery from any one or more of the persons involved for the full amount of the loss, without prejudice to the municipality's right to recover proportionate contributions from other liable parties.

h) The determination of joint or shared responsibility must be informed by the investigation findings, applicable law, contractual obligations and the degree to which each person's conduct contributed to the UIFWE incurred.

## 5. UIFWE REGISTER

a) The municipality must maintain a central UIFWE register forming part of its official financial records. The register will be maintained by the Senior Manager: Financial Operations.

b) The register must contain at least the following information:

- (i) Reference number;
- (ii) Type of UIFWE;
- (iii) Amount;
- (iv) Date detected;
- (v) Responsible department;
- (vi) Alleged responsible persons;
- (vii) Investigation status;
- (viii) Disciplinary status;
- (ix) Criminal referral details;
- (x) Council decision; and
- (xi) Recovery status.

c) The register must be continuously updated and must be capable of reconciliation to the accounting system and annual financial statement disclosures.

## 6. PRACTICAL CONSIDERATIONS

a) Where the municipality experiences practical, administrative or institutional difficulties in processing unauthorised, irregular, fruitless or wasteful expenditure, including delays arising from capacity constraints, conflicts of interest, vacancies, or operational bottlenecks, the municipality must utilise its approved system of delegations in order to ensure that UIFWE recording, investigation, reporting and decision-making processes continue without interruption.

b) In applying the system of delegations, the Municipal Manager, Executive Mayor, Speaker or Council, as may be appropriate, must ensure that any delegated authority is exercised lawfully, transparently and within the limits of the municipality's delegation framework, and that such delegation does not undermine statutory responsibilities imposed by the MFMA. The use of delegations must therefore serve to facilitate lawful UIFWE processing and may not be used to avoid accountability or to delay the exercise of statutory duties.

## 7. Review and amendment of the Policy

a) This Policy must be reviewed periodically as part of the Annual Budget process in order to ensure continued alignment with the MFMA, applicable regulations, National Treasury guidance, audit findings and the operational needs of the municipality.

b) In addition to periodic review, the municipality must review this Policy where:

c) Legislative or regulatory amendments affect UIFWE processes;

d) Audit findings or oversight recommendations indicate weaknesses in UIFWE management;

e) Institutional changes require clarification of roles, procedures or reporting lines; or

f) Practical implementation challenges reveal gaps or ambiguities in the Policy.

g) The Council must approve any amendment to this Policy following consideration of a formal submission setting out the reasons for the amendment, the proposed changes and the implications for financial governance and oversight.

h) Until amendments are approved by Council, the existing provisions of this Policy remain binding on all officials and councillors.

ANNEXURE D1

## Inputs on UIFWE policy by IMATU

The inputs received from IMATU on the new drafted UIFWE policy are:

| Paragraph | Proposed by | Current policy wording | Proposed change |
|---|---|---|---|
| 1. APPLICATION AND BINDING EFFECT OF THE POLICY | IMATU | New | 2(d) In applying this Policy, responsibility must be assessed according to each person's role, job description, delegated authority, level of responsibility, training, knowledge, access to information and actual ability to prevent or correct the UIFWE. |
| 4.2 Recording of UIFWE | IMATU | New | 4.2(e) The recording of UIFWE does not constitute a finding of guilt, misconduct, negligence, liability or recoverability against any employee. |
| 4.3 UIFWE incident report | IMATU | New | 4.3(k) Where an employee is identified as an alleged responsible person in a UIFWE report, the employee must be informed of the allegation, given access to relevant documents, and afforded a reasonable opportunity to provide a written response.<br><br>4.3(l): Where UIFWE involves more than one official, the investigation must assess each person's role, authority, conduct and contribution. Subordinate/employees must not be held solely responsible where managers, supervisors or delegated authorities also contributed through approval, authorisation, failure to monitor, failure to verify or failure to exercise oversight. |
| 4.4 MPAC UIFWE-recovery considerations | IMATU | 4.8(b) The MPAC investigation for UIFWE recovery purposes is not a forensic investigation into the nature of the breach or the determination of disciplinary or criminal liability, which | 4.8(b): The MPAC investigation for UIFWE recovery purposes is not a forensic investigation into the nature of the breach or the determination of disciplinary or criminal liability, which remains the responsibility of the disciplinary board and |

| Paragraph | Proposed by | Current policy wording | Proposed change |
|---|---|---|---|
| | | remains the responsibility of the disciplinary board and competent authorities. The MPAC investigation must therefore be limited to determining whether the UIFWE should be recovered due to a financial loss being suffered by the municipality, written off as irrecoverable, or, in the case of unauthorised expenditure, recommended for authorisation in an adjustments budget where legally permissible. | competent authorities. The MPAC investigation must therefore be limited to determining whether the UIFWE should be recovered due to a financial loss being suffered by the municipality, written off as irrecoverable, or, in the case of unauthorised expenditure, recommended for authorisation in an adjustments budget where legally permissible. MPAC recommendations must therefore not be treated as a disciplinary finding or finding of guilt against any employee. |
| 4.11 UIFWE-recovery measures | IMATU | New | 4.11(i)No salary deduction, acknowledgement of debt, repayment arrangement or recovery action may be imposed on an employee unless liability has been established through a lawful and procedurally fair process. Any salary deduction must comply with applicable labour legislation, collective agreements and written consent or lawful authorization. |
| 5. UIFWE REGISTER | IMATU | New | 5(d) The inclusion of a person as an 'alleged responsible person' is for tracking and investigation purposes only and must be updated once the outcome of the relevant process is known. |
| 6. PRACTICAL CONSIDERATIONS | IMATU | New | 6(c) The municipality must provide UIFWE awareness and role-specific training to affected employees before strict enforcement of this Policy. Training must cover reporting duties, delegations, incident reports, MPAC processes, employee rights and consequences of non-compliance. |