



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 • Tel: (+27 12) 315 5111 • Fax: (+27 12) 326 5445

Enquiries: J Soobramanian

Ref: 3/4/3/2/10

Tel: 315 5233

Fax: 315 5343

e-mail: jeyrel.soobramanian@treasury.gov.za

**TO ALL :ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS
:HEAD OFFICIALS OF PROVINCIAL TREASURIES
:ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A & 3C TO THE PFMA**

SUPPLY CHAIN MANAGEMENT OFFICE

IRREGULAR EXPENDITURE

1. On 24 October 2005, the National Treasury's Supply Chain Office issued a circular on irregular expenditure to the effect that in cases where goods and services are procured in terms of applicable procurement legislation but without the necessary departmental internal authorization, then such expenditure is deemed to be unauthorized expenditure and not irregular expenditure.
2. Classification of the above as unauthorized expenditure is, however, inconsistent with section 1 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) which defines unauthorized expenditure as:
 - (a) overspending of a vote or a main division within a vote;
 - (b) expenditure not 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. Due to this inconsistency, the circular mentioned in paragraph 1 that was issued on 24 October 2005 is hereby withdrawn. Circular 1 of 2004 which was repealed in the aforementioned circular is also repealed.
4. Procedures for the treatment of irregular expenditure are contained in the Guide for the Preparation of Annual Reports.

5. The National Treasury is nevertheless in the process of issuing a detailed practice note that will provide clarity on the concept of irregular expenditure and the procedures for the treatment of such expenditure.
6. Any enquiries in this regard must be directed to the Office of the Accountant-General at the National Treasury at the following e-mail address oaq@treasury.gov.za.

Jan. Breitenbach
JAN BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: 2008/02/19

Js485w