



LEPELLE-NKUMPI

LOCAL MUNICIPALITY

INTERNAL MEMO

BUDGET AND TREASURY

TO : BUDGET AND TREASURY PORTFOLIO COMMITTEE

FROM : DEPARTMENT OF BUDGET AND TREASURY

DATE : 04 DECEMBER 2025

**SUBJECT : UIFW (UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE) REPORT FOR THE
QUARTER ENDING 30 SEPTEMBER 2025**

1. PURPOSE

The purpose of the report is to outline the unauthorised, irregular or fruitless and wasteful expenditure for the quarter ending 30 September 2025.

2. BACKGROUND

Unauthorized expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and include;

- (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 and Conditions of the allocation; or
- (f), a grant by the municipality otherwise than in accordance with this Act:

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 municipality 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"

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

In accordance with Municipal Finance Management Act 56 of 2003, section 32(4). The Accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor General, in writing, of:

- (a) *any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality*
- (b) *whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure*
- (c) *the steps that have been taken*
 - (i) *to recover or rectify such expenditure and*
 - (ii) *to prevent a recurrence of such expenditure.*

3. DISCUSSION

The municipality developed the UIF&W Expenditure reduction strategy. The main goal is to reduce increasing levels of historical UIF&W expenditures as outlined in the government 5 year medium term strategic framework. In order to achieve such the municipality has to implement interventions designed to reduce unwanted expenditures and improvement of internal control to address weakness related thereto.

3.1. Unauthorized Expenditure

There was no unauthorized expenditure incurred for the quarter ending 30 September 2025. See Annexure B

3.2. Irregular Expenditure

The municipality has incurred irregular expenditure in the quarter of September 2025/26 financial year (See Annexure A)

3.2.2.1 The municipality has incurred irregular expenditures for the quarter ending September 2025; namely:

Register of Irregular Expenditure						
No.	Name of Service Provider	ANNEXURE B(FOR THE QUARTER ENDED 30 SEPTEMBER 2025)	Total Amount (July 2025)	Total Amount (August 2025)	Total Amount (September 2025)	Total Amount (QUARTER ENDED SEPT 2025)
1	TBSS TRADING 28 T/A NASHUA LIMPOPO	The municipality has appointed supply, maintenance and leasing of ten (10) photocopy machines. The irregular expenditure is subsequent to the Auditor General Findings that there is no evidence that there is a valid existing contract and it was noted that the latest Council resolution provided had lapsed.	R35 484.64	R38 199.97	R50 309.97	R123 994.58
2	SETESHE GROUP	The municipality has appointed Seteshe Group for appointment of electrical contractor for repairs and refurbishment of high mast lights, streetlights and electrical infrastructure LNM089/2024/25.The irregular expenditure is subsequent to the Auditor General Findings that the bid document was incomplete (Page T92, T98 not completed, not signed or initialled)	R817 366.04	R3 864 929.59	R0.00	R4 682 295.63

3	MALERATE CONSTRUCTION	The municipality has appointed Malerate Construction for upgrading of Mamaolo to Mampiki road 2km internal road to tar with stormwater control (taxi rank to Lekgwareng) ward 22 multi years - LNM032/2024/25. The irregular expenditure is subsequent to the Auditor General Findings that Pricing schedule page 1200 to 5800 not signed or initialled, Page 1800 alteration not signed, Summary page on pricing schedule not signed on behalf of tenderer or initialled, Municipal rates not attached.	R0.00	R707 502.72	R1 268 562.10	R1 976 064.82
4	Batlokwa Travel	The municipality has appointed Batlokwa Travel for the procurement of accommodation and meals. The award was made whereas the service proderwasnon –tax compliant			R1 783.50	R1 783.50
	TOTAL PAYMENTS		852 850.68	4 610 632.28	1 320 655.57	6 784 138.53
	WRITTEN OFF(ALREADY INVESTIGATED BY MPAC)		R35 484.64	R38 199.97	R50 309.97	R123 994.58
	TOTAL NOT YET INVESTIGATED		R817 366.04	R4 572 432.31	R1 270 345.60	R6 660 143.95

3.2.2. The irregular expenditure incurred for the quarter ending **30 September 2025** amount to **R6 784 138.53**. The subsequent expenditure is reported as and when it is incurred on the same contracts until such times that the contract period lapse.

3.3. Fruitless and Wasteful Expenditure

There was no fruitless and wasteful expenditure incurred for the quarter ending **30 September 2025**. Annexure C

4. LEGAL IMPLICATIONS

In compliance with Section 32(4) of the Municipal Finance Management Act 56 of 2003.

5. FINANCIAL IMPLICATION(S)

The amount of R6 784 138.53 for unauthorised, irregular, wasteful and fruitless expenditure incurred for the quarter ending **30 September 2025**.

6. RECOMMENDATIONS

- 6.1. Cognisance be taken of unauthorized, irregular or fruitless and wasteful expenditure for the quarter ending 30 September 2025.
- 6.2. No Unauthorised expenditure incurred for the quarter ending 30 September 2025
- 6.3 No wasteful and fruitless expenditure incurred for the quarter ending 30 September 2025
- 6.4. Refer the irregular expenditure of R6 784 138.53 for the quarter ending 30 September 2025 amounting to MPAC for further investigations as required in terms of Section 32(2) of MFMA

MAUDAPS

ACTING SCM MANAGER

04/12/2025
DATE

Reviewed by:



Masebola

MASEMOLA MN

DELEGATED CHIEF FINANCIAL OFFICER

04/12/2025
DATE

Approved/Not approved



CHAUKE ML

ACTING MUNICIPAL MANAGER

04/12/2025
DATE

ANNEXURE B

Register of Irregular Expenditure

ANNEXURE B(FOR THE QUARTER ENDED 30 SEPTEMBER 2025)						
No.	Name of Service Provider	General comments	Total Amount (July 2025)	Total Amount (August 2025)	Total Amount (September 2025)	Total Amount (QUARTER ENDED SEPT 2025)
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WRITTEN OFF (ALREADY INVESTIGATED BY MPAQ)			R35 484,64	R38 199,97	R50 309,97	R123 994,58
TOTAL NOT YET INVESTIGATED			R817 366,04	R4 572 432,31	R1 270 345,60	R6 660 143,95