

LEPELLE-NKUMPI LOCAL MUNICIPALITY

INTERNAL MEMO

BUDGET AND TREASURY

TO : BUDGET & TREASURY PORTFOLIO COMMITTEE
FROM : DEPARTMENT BUDGET & TREASURY
DATE : 09 JANUARY 2025
SUBJECT : SCM ACTIVITIES FOR QUARTER ENDING 31 DECEMBER 2025

1. PURPOSE

The purpose of the report is to inform the Mayor on the implementation of SCM activities for the quarter ending 31 December 2025 in order to maintain oversight over the implementation of Supply Chain Management Policy.

2. BACKGROUND

In terms of Regulation 6(1) read with Regulation 6(2) of the Municipal Supply Chain Management Regulations issued in terms of the Local Government Municipal Finance Management Act 56 of 2003, the council of the Municipality must maintain an oversight role over the implementation of its Supply Chain Management Policy. This report has been compiled in compliance thereto. In addition, Regulation 6(3) provides that the quarterly reports must be submitted to the Mayor within 10 days after the end of each quarter.

Supply chain management Unit is established in terms of notice 868 of 2005, Local Government: Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulation 7(1). The objective of the unit is to support the municipality to deliver goods/services at the correct time, right price, location, quality and quantities in order to satisfy the needs of the community.

Supply Chain is divided into five sections namely: -

- a. Demand management
- b. Acquisition Management

- c. Logistic Management
- d. Contract Management
- e. Disposal management

3. DISCUSSION

3.1. Demand and Acquisition Management

Demand management is the first phase of Supply Chain where the procurement plan is developed and prepared in collaboration with the departments. This is a management tool which enable Supply Chain Management Unit to plan and monitor the procurement processes.

The following information must be submitted by End User department before the SCM officials can convene a meeting of the Bid Specification Committee:

- a. Approved permission by Municipal Manager to advertise
- b. Approved budget
- c. Approved IDP

The Progress on the implementation of the activities on the Supply Chain Management policy is depicted herein below.

3.1.1 Procurement Plan

The approved Capital Procurement Plan for 2025/26 financial year consists of 55 Capital from various departments as per the table below:

The following is the overall progress on the implementation of the procurement plan per department and quarterly SCM performance reports:

1. Technical Services (49 Bids)

All 49 projects are allocated from Panel of Consultants and Contractors. The Bid on the Appointment of Professional Engineering Service Providers for the Designs on all the conditional funded capital projects for the three-year period has been awarded and the allocations on the scope of work has been done. The Municipality has awarded the Bid on the Appointment of Panel of Civil Contractors and Electrical Contractors for a Period of Three Years. Whenever the Technical Department is ready with the Specifications invitations are issued out to the Panel of Contractors for submission of the quotations and awards are made. In circumstances where MIG projects are underfunded and would require budget maintenance, external advertisement will be made to ensure compliance with grant conditions.

- 2. Community Services (01 Bid)
- 3. Corporate Services (04 Bid)
- 4. Budget and Treasury (01)

3.1.2 Bids advertised for the quarter ending December 2025

The Municipality follows a competitive bidding process for advertisement of projects above a threshold of R 300 000.00 in terms of the PPPFA regulation of 2023. Projects above the threshold of R 300 000.00 and contract of a long nature are advertised on the etender portal, municipal website and noticeboard for a minimum period of Fourteen (14) days or thirty (30) days for projects estimated to costs more than R 10 000 000.00 or project of a long term nature.

- There were no bids advertised for the month of October 2025.
- There followings bids were advertised during the month of November 2025.

Item no.	Bid Number	Bid Description	Evaluation Criteria	Date of briefing session	Contact Person	Closing Date
01.	LN032/2020/21	Appointment of two service providers for supply and delivery of cartridges for a period of three (03) years as and when required(Re-advert)	Administrative compliance and 80/20 Preference Points	N/A	Mrs. Dorothy Diale Tel 015 633 4537/38 Phuti Mauda Tel 015 633 4616	10 December 2025 @11:00 AM
02.	LN036/2020/21	Appointment of two service providers for supply and delivery of photocopy papers for a period of three (03) years as and when required (Re-advert)	Administrative compliance and 80/20 Preference Points	N/A	Mrs. Dorothy Diale Tel 015 633 4537/38 Phuti Mauda Tel 015 633 4616	11 December 2025 @11:00 AM
03.	LN093/2023/24	Appointment of Professional Consultant for development of	Administrative compliance and Functionality	N/A	Mrs. Dorothy Diale	21 November 2025 @11:00 AM

		Business Continuity Plan	80/20 Preference Points		Tel 015 633 4537/38 Ntwanano Makhubele Tel 015 633 4526	
04.	LN062/2024/25	Leasing of photocopy machines for a period of 36 months for Lepelle-Nkumpi	Administrative compliance and Functionality 80/20 Preference Points	N/A	Mrs. Dorothy Diale Tel 015 633 4537/38 Thomas Khoza Tel 015 633 4506	11 December 2025 @11:00 AM
05	LN062/2024/25	Appointment of service providers for the provision of Legal Services for Lepelle-Nkumpi Municipality as and when required for a period of 03 years (Re-advertisement	Administrative compliance and Functionality 80/20 Preference Points	N/A	Mrs. Dorothy Diale Tel 015 633 4537/38 Thomas Khoza Tel 015 633 4506	12 December 2025 @11:00 AM

- No bids were advertised during the month of December 2025.

3.1.3 Bids withdrawn

No bid was withdrawn for the quarter ending December 2025.

3.2 Acquisition Management

The accounting officer has developed a supply chain management policy approved by Council. SCM Unit operates under the direct supervision of the Chief Financial Officer in terms of section 82 of the Act. The Supply Chain Management Unit must give effect to the functions of the supply chain management systems.

3.2.1. Range of procurement processes

a. Quotations: R2000 to R300 000(Formal Written Quotations)

- The evaluation is done by the Formal written quotations committee

and recommendation by CFO made to the Accounting Officer for approval/disapproval of transactions valued above R 2 000 to R300 000.

- ii. Formal written quotations were advertised for at least seven (7) days on the Notice board and website of the Municipality.
- iii. Quotations are evaluated as per the administration compliance outlined on the RFQ documents and on 80/20 Preference Points system

b. Bids: Above R300 000.00 (Competitive bidding system)

The bid committees are composed in line with section 27, 28 and 29 of Supply Chain Management Regulations. Three bid committee appointed namely:

- i. Bid Specification Committee
- ii. Bid Evaluation Committee
- iii. Bid Adjudication Committee.

Competitive bidding process is being followed for any specific procurement of a transaction value above R 300 000.00 (VAT included) and the procurement of long term contracts.

A competitive bidding process:

- (a) Advertise for at least 14 days on Lepelle Nkumpi notice boards, website and E-tenders for Bids above R 300 000 to R10 000 000.00
- (b) Advertise for at least 30 days on Lepelle Nkumpi notice boards, website and E-tenders for Bids above R 10 000 000.00.

The following are the Bids processed for the quarter ending December 2025.

- There were no appointments made for the month of October 2025.
- The following appointments were made for the month of November 2025.

ITEM	BID DESCRIPTION	BID AMOUNT	SUCCESSFUL BIDDER	REASON FOR AWARD	ADDRESS

1.	APPOINTMENT OF ELECTRICAL CONSULTANT FOR THE PREPARATION AND SUBMISSION OF LEPELLE-NKUMPI LOCAL MUNICIPALITY ELECTRICITY AND TRADING LICENSE APPLICATION (NERSA); POST APPLICATION SUPPORT FOR A PERIOD OF THREE (3) YEARS	R13 844 084.10	RIVISI ELECTRICAL CONTRACTORS	THE BIDDERS SCORED THE HIGHEST POINTS	GROOTHOEK, ZEBEDIELA
2.	APPOINTMENT OF A CONTRACTOR FOR INSTALLATION OF 12 X SOLAR HIGH MAST LIGHTS AT MALEMANG VILLAGE-CIDG 5EP OR HIGHER MULTI YEAR	R 6 960 000.05	MADZ ELECTRICAL	THE BIDDERS SCORED THE HIGHEST POINTS	MAKWARELA EXT 3, SIBASA

- No appointments were made for the month of December 2025.

3.3 Logistics Management

Logistic management function entails procurement of goods and services through request for quotations and contracted services as and when required basis. Furthermore, it ensures that strategic materials that support service delivery are accessible when required.

3.3.1 Orders issued

OCTOBER 2025

Seven (07) Purchase orders were issued for rendering different services amounting to **R672 555.93** as follows:

Order no	Date	Requisition no	Supplier	DESCRIPTION OF SERVICE RENDERED	Total order amount	SCM PROCESS
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0001001717	2025/10/08	DI00001566	OMPIE AND SONS CONSTRUCTION	Procurement of burial services for unknown bodies	R64 000.00	FORMAL WRITTEN QUOTATION
0001001718	2025/10/08	DI00001640	PHOPHI TRAVEL TOUR AND PROJECTS	Accommodation and meals for 02 officials attending ITLMPOSA in Durban (Coastland Hotel and Resort), Check-in (21 October 2025) and Check-out (25 October 2025), Flight tickets and Shuttle services	42 168.95	LONG TERM CONTRACT
0001001719	2025/10/10	DI00001666	MANAPYANE HOLDINGS	RE-ADVERTISEMENT OF THE POSITION OF MUNICIPAL MANAGER AND EXECUTIVE MANAGER: PLANNING AND LED TO BE ADVERTISED ON A NATIONAL NEWSPAPER	25880.00	FORMAL WRITTEN QUOTATION
0001001720	2025/10/21	DI00001695	EMACULATE SPOTLESS	CATERING SERVICES FOR 60 PEOPLE ON THE 22-10-2025 LEBOWAKGOMO LEGISLATURE(DEPT. OF EDUCATION HALL)	6840.00	FORMAL WRITTEN QUOTATION
0001001721	2025/10/30	DI00001631	OMPIE AND SONS CONSTRUCTION	Supply and Delivery of Skip Bins Nets, Refuse Bags and Steel Rake	59000.00	FORMAL WRITTEN QUOTATION
0001001722	2025/10/30	ST00000169	TABMAT	SUPPLY AND DELIVERY OF CARTRIDGES	233616.40	FORMAL WRITTEN QUOTATION

0001001725	2025/10/31	DI00001587	KGETHIY PROJECTS AND LOGISTICS	Supply and delivery of technical services plant and equipment	241050.58	FORMAL WRITTEN QUOTATION
TOTAL					R672 555.93	

NOVEMBER 2025

Nineteen (19) Purchase orders were issued for rendering different services amounting to **R 822 091, 24** as follows:

Order no	Date	Requisition no	Supplier	DESCRIPTION OF SERVICE RENDERED	Total order amount	SCM PROCESS
0001001730	2025/11/04	DI00001727	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N AND MEALS FOR THE SPEAKER AND VIP PROTECTOR ATTENDING ANNUAL WARD COMMITTEE CONFERENCE. CHECK IN 05/11/2025 CHECK OUT 07/11/2025	3 610.80	LONG-TERM CONTRACT
0001001731	2025/11/07	DI00001742	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N AND MEALS FOR THE TWO (02) OFFICIALS ATTENDING LAW ENFORCEMENT WORSHOP HELD AT CROSSBORDER ROAD IN PRETORIA. CHECK IN 09/11/2025 CHECK OUT 10/11/2025	3 610.80	LONG-TERM CONTRACT
0001001732	2025/11/07	DI00001740	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N AND MEALS FOR ONE (01) OFFICIAL ATTENDING EPWPRS TRAINING AT BELA BELA. CHECK IN 05 AUGUST 2025 CHECK OUT 08 AUGUST 2025	34 302.60	LONG-TERM CONTRACT

0001001733	2025/11/11	DI00001686	HLE001 - HLENGI WE SANITARY LOO	SUPPLY AND DELIVERY OF ROAD MARKING PAINTS	29 498.00	FORMAL WRITTEN QUOTATION
0001001734	2025/11/13	DI00001654	LOT001 - L-O THAMAG A AND SON S TRADING ENTERPRISE	SUPPLY, DELIVERY AND SERVICING OF FIRE FIGHTING EQUIPMENTS	33 469.59	FORMAL WRITTEN QUOTATION
0001001735	2025/11/13	DI00001724	PHO001 - PHOPHI TRAVEL TOUR AND PROJECTS	ACCOMMODATION, MEALS, FLIGHT TICKETS AND CAR RENTALS FOR THE SPEAKER, MAYOR, CHIEF WHIP, 2X VIP PROTECTORS AND 3X DRIVERS ATTENDING SALGA MEMBERS ASSEMBLY AT INKOSI ALBERT LUTHULI DURBAN. CHECK IN 24/11/2025 CHECK OUT 28/11/2025	203 272.33	LONG-TERM CONTRACT
0001001736	2025/11/13	DI00001741	PHO001 - PHOPHI TRAVEL TOUR AND PROJECTS	ACCOMMODATION AND MEALS FOR ONE (01) OFFICIAL ATTENDING GENERAL COMMITTEE AT EMPERORS PALACE IN GAUTENG. CHECK IN 20/11/2025 CHECK OUT 21/11/2025	1 895.08	LONG-TERM CONTRACT
0001001737	2025/11/14	DI00001746	PAY001 - PAY-DAY SOFTWARE SYSTEMS	PAYDAY SYSTEM TRAINING FOR THREE (03) OFFICIALS	26 903.10	LONG-TERM CONTRACT
0001001738	2025/11/14	MA00000491	EVO001 - EVONIX	SUPPLY AND DELIVERY OF CLEANING MATERIALS	149 968.00	FORMAL WRITTEN QUOTATION
0001001739	2025/11/14	DI00001752	ASH003 - ASHCOR TRAVELS	ACCOMMODATION AND MEALS FOR ONE (01) OFFICIAL ATTENDING EPWP INFRASTRUCTURE MEETING IN GREATER LETABA MUNICIPALITY. CHECK IN 18/11/	2 116.00	LONG-TERM CONTRACT

				2025 CHECK OUT 19/11/2025		
0001001740	2025/11/ 18	DI00001730	KGA009 - KGAKE TRADING ENTERP RISE	HIRING OF A TENT, MOBILE TOILETS, HIRING OF MOBILE AIR CONDITIONERS AND PROVISION OF DECORATION SERVICES FOR LEPELLE-NKUMPI INVESTOR CONFERENCE	111 500.00	FORMAL WRITTEN QUOTATION
0001001742	2025/11/ 18	DI00001736	MOR007 - MORONT SHENG TRADING	PROCUREMENT OF VIP CATERING SERVICE FOR 300 PEOPLE ATTENDING LEPELLE-NKUMPI INVESTOR CONFERENCE AT LEBOWAKGOMO CIVIC HALL	57 615.00	FORMAL WRITTEN QUOTATION
LN0000173 7	2025/11/ 19	DI00001737	MIE004 - MIEDWIN	HIRING OF SOUND SYSTEM, LED SCREENS, VIDEO PRODUCTION, GENERATOR AND LIVE STREAMING SERVICES	68 000.00	FORMAL WRITTEN QUOTATION
0001001743	2025/11/ 20	DI00001755	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N AND MEALS FOR THREE (03) OFFICIALS ATTENDING PAYDAY SYSTEM TRAINING IN PRETORIA. CHECK IN 30/11/ 2025 CHECK OUT 04/12/2025	24 480.00	LONG-TERM CONTRACT
0001001744	2025/11/ 20	DI00001770	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N, MEALS, FLIGHT TICKETS AND CAR RENTAL FOR THE ACTING MUNICIPAL MANAGER ATTENDING SALGA MEMBERS ASSEMBLY AT INKOSI ALBERT LUTHULI DURBAN. CHECK IN 24/11/2025 CHECK OUT 28/11/2025	31 601.74	LONG-TERM CONTRACT
DI00001773	2025/11/ 20	DI00001773	PHO001 - PHOPHI TRAVEL TOUR AND	FLIGHT TICKET FOR THE SPEAKER AND REIMBURSEMENT OF PARKING FEES FOR	9 971.00	FORMAL WRITTEN QUOTATION

			PROJEC TS	MAYOR, SPEAKER AND CHIEFWHIP'S VEHICLES.		
0001001745	2025/11/ 20	DI00001738	MAM002 - MAMABO LO INDUSTRIAL SOLUTIONS	HIRING OF PROFESSIONAL SERVICES OF SIGN LANGUAGE INTERPRETERS FOR LEPELLE- NKUMPI INVESTORS CONFERENCE	15 000.00	FORMAL WRITTEN QUOTATION
0001001746	2025/11/ 20	DI00001753	ASH003 - ASHCOR TRAVELS	ACCOMMODATIO N AND MEALS FOR ONE (01) OFFICIAL ATTENDING EPWP MONITORING AND EVALUATION REPORTING QUARTELY MEETING IN ELIAS MOTSWALEDI MUNICIPALITY. CHECK IN 03/12/ 2025 CHECK OUT 05/12/2025	4 126.20	FORMAL WRITTEN QUOTATION
0001001747	2025/11/ 20	DI00001774	PHO001 - PHOPHI TRAVEL TOUR AND PROJEC TS	ACCOMMODATIO N AND MEALS FOR THREE (03) OFFICIALS ATTENDING PDPF MEETING IN WATERBERG. CHECK IN 23/11/ 2025 CHECK OUT 25/11/2025	11 151.00	FORMAL WRITTEN QUOTATION
TOTAL					822 091.24	

DECEMBER 2025

Eleven (11) Purchase orders were issued for rendering different services amounting to **R1 095 864.47** as follows:

Order no	Date	Requisition no	Supplier	DESCRIPTION OF SERVICE RENDERED	Total order amount	SCM PROCESS
0001001748	2025/12/03	DI00001717	KGO003 - KGOBABE ENTERPRISE	CATERING SERVICE FOR 80 PEOPLE ATTENDING TRAINING FOR NPO's / NGO's FOR PEOPLE LIVING WITH DISABILITIES AT	8 560.00	FORMAL WRITTEN QUOTATION



				LEBOWAKGOMO CIVIC CENTRE		
000100174 9	2025/12/0 4	DI0000174 3	THE008 - THERAPY ON THE GO	MEDICAL EXAMINATION FOR 71 MUNICIPAL EMPLOYEES	99 204.75	FORMAL WRITTEN QUOTATIO N
000100175 0	2025/12/0 9	DI0000180 0	ASH003 - ASHCOR TRAVELS	ACCOMMODATIO N AND MEALS FOR ONE (01) OFFICIAL ATTENDING MEPP GENERAL MEETING AT JOHANNESBURG CHECK IN 10/12/2025 CHECK OUT 12/12/2025	4 975.51	LONG- TERM CONTRACT
000100175 1	2025/12/0 9	DI0000179 2	ASH003 - ASHCOR TRAVELS	ACCOMMODATIO N AND MEALS OF THE ACTING MUNICIPAL MANAGER ATTENDING SALGA MUNICIPAL MANAGER'S FORUM. CHECK IN 10/12/2025 CHECK OUT 11/12/2025	2 063.02	LONG- TERM CONTRACT
000100175 2	2025/12/1 0	DI0000180 1	ASH003 - ASHCOR TRAVELS	ACCOMMODATIO N AND MEALS FOR THE WASTE OFFICER ATTENDING EPWP SECTOR MEETING. CHECK IN 11/12/2025 CHECK OUT 12/12/2025	1 970.53	LONG- TERM CONTRACT
000100175 3	2025/12/1 9	DI0000177 6	OMP002 - OMPIE AND SONS CONSTRUCTIO N	SUPPLY AND DELIVERY OF PROMOTIONAL MATERIALS	24 000.00	FORMAL WRITTEN QUOTATIO N
000100175 4	2025/12/1 9	DI0000166 4	ERI001 - ERIKON CONSTRUCTIO N	SUPPLY AND DELIVERY OF FIRST AID KIT AND REFILLS	4 700.00	FORMAL WRITTEN QUOTATIO N
000100175 5	2025/12/2 3	DI0000178 7	THA024 - THALEMA TRADING ENTERPRISE	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING (FACILITIES OFFICIALS)	134 090.00	LONG- TERM CONTRAC T

000100175 6	2025/12/2 3	DI0000179 0	DID002 - DIDO DIGITAL DOCUMENT	SUPPLY AND DELIVERY OF LAPTOPS	191 571.66	LONG- TERM CONTRACT
000100175 7	2025/12/2 3	DI0000181 1	THA024 - THALEMA TRADING ENTERPRISE	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING (WASTE MANAGEMENT OFFICIALS)	308 031.00	LONG- TERM CONTRACT
000100175 8	2025/12/2 3	DI0000178 4	THA024 - THALEMA TRADING ENTERPRISE	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE CLOTHING (CORPORATE SERVICE OFFICIALS)	316 698.00	LONG- TERM CONTRACT
TOTAL					1 095 864.47	

Total orders issued for the quarter ending 31st December 2025 amount to R 2 590 511.64

3.4 Inventory management

The closing balance as at the 30 September 2025 is R 2 054 361.28 and was an opening balance for the quarter beginning October 2025.

Purchases made for the first quarter amounted to R383 584.4 and the issues that were made amounted to R302 472.33. Therefore, the closing balance for the quarter ending 31 December 2025 is R 2 135 473.35

3.5 Procurement of goods and services under contracts secured by other organs of state

There was no procurement of goods and services under contracts secured by other organs of state as per section 32 of SCM Regulation.

3.6 Deviation from, and ratification of minor breaches of, procurement processes

SCM Regulations 36(2) states that: "The Accounting Officer must record reasons for any deviations in terms of sub regulation."

Deviation from, and ratification of minor breaches of, procurement processes are processed as per requirements of Municipal SCM Regulations and the Lepelle- Nkumpi Municipality SCM Policy :

There were no deviations incurred for the quarter ending of 31st December 2025

OCTOBER 2025

- There was no deviation incurred for the month of October 2025.

NOVEMBER 2025

- There was no deviation incurred for the month of November 2025.

DECEMBER 2025

- There was no deviation incurred for the month of December 2025.

3.7 Contract Management

To implement contract management practices that will ensure that parties meet their obligations under the contract, and these obligations are appropriately recorded and disclosed in the Financial Statements. It should be noted that proper contract management have a potential to improve opportunities, decrease costs and enhance service delivery.

All departments must adhere to the prescripts of Supply Chain Management when dealing with extensions or variations to avoid irregular expenditures.

MONTH	IN OPERA TION	ON MONTH TO MONTH	ON EXTENTION	EXPIRING IN THE NEXT SIX MONTHS	EXPIRED	EXPIRED IN THE CURRENT YEAR	TOTAL
Technical Services	82	1	0	0	8	9	100
Budget and Treasury	7	1	0	1	0		9
Corporate Services	4	6	1	2	1		14
Community services	2	0	0	1	0		3
Planning and LED	2	0	0	0	0		2
Municipal Manager's Office	0	0	0	0	1	1	2
Leasing out of municipal property	3	0	0	1	0		4
TOTAL	100	8	1	5	10	10	134

4. CHALLENGES AND MITIGATIONS

- a) Bids are not awarded in time due to none adherence of the timeframes provided in the Procurement Plan.
- b) The contract on the appointment of Professional Engineering service providers for the design on all the conditional funded capital projects for the three-year period has been awarded and allocations on the scope of work is done.
- c) The Municipality has awarded a contract on the Appointment of Professional Engineering Service Providers for the Designs on all the conditional funded capital projects for the three-year period.
- d) The programme will go in a long way to accelerate capital expenditure in the three years cycle and to avoid any possible means of non-spending on the conditional grant.

5. IMPLICATIONS.

- (i) Impact on service delivery if bids are not awarded on time
- (ii) Procurement plan may not be 100% implemented

5.1. LEGAL IMPLICATION(S)

Non-compliance with the implementation of Supply Chain Management policy and other legislative requirements may lead to irregular expenditure.

5.2. FINANCIAL IMPLICATION(S)

All transactions reported had been processed as per the vote numbers provided on the approved budget.

5.3. HUMAN RESOURCE IMPLICATION(S)

Internal staff is used to manage the processes but the capacity is not adequate.


5.4. BUSINESS RISK IMPLICATIONS

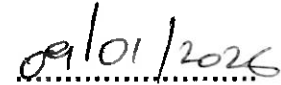
- (i) To reduce the risk of non-compliance with legislations.
- (ii) Withdrawal of conditional grants by Treasury

6. RECOMMENDATION(S)

6.1 Cognisance be taken of the implementation of the Supply Chain Management activities for the quarter ending 31 December 2025 as required in terms of SCM regulation 6(3)


Prepared by:


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MAUDA PS
ACTING SCM MANAGER


.....
DATE


Reviewed by:

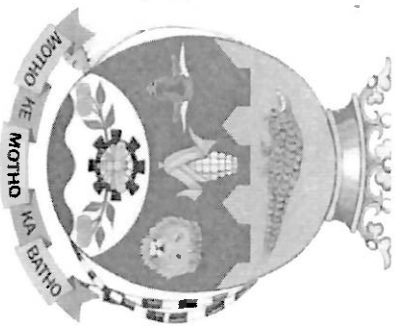

.....
MASEMOLA MN
DELEGATED CHIEF FINANCIAL OFFICER


.....
DATE

Approved/~~Not approved~~


.....
CHAUKE ML
ACTING MUNICIPAL MANAGER


.....
DATE



LEPELLE-NKUMPI

LOCAL MUNICIPALITY

INTERNAL MEMO

BUDGET AND TREASURY

TO : BUDGET AND TREASURY PORTFOLIO COMMITTEE

FROM : DEPARTMENT OF BUDGET AND TREASURY

DATE : 09 JANUARY 2025

**SUBJECT : UIFW (UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE) REPORT FOR THE
QUARTER ENDING 31 DECEMBER 2025**

1. PURPOSE

The purpose of the report is to outline the unauthorised, irregular or fruitless and wasteful expenditure for the quarter ending 31 December 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 any 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 31 December 2025. See Annexure A

3.2. Irregular Expenditure

The municipality has incurred irregular expenditure in the quaeeter of 31 December 2025. (See Annexure B)

3.2.1 The municipality has incurred irregular expenditures for the quarter ending **December 2025**; namely:

3.2.2. The irregular expenditure incurred for the quarter ending 31 December 2025 amount to R30 078 573.58

	ANNEXURE B(FOR THE QUARTER ENDED 31 DECEMBER 2025)					
Name of Service Provider	General comments	2024/25 (Identified by AGSA, Not yet reported to Council)	Total Amount (October 2025)	Total Amount (November2025)	Total Amount (December 2025)	QUARTER ENDED 31 DECEMBER 2025
TBSS TRADING 28 T/A NASHUA LIMPOPO Appointment date: 01 December 2025 Expiry date: Month to month extension	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.	R0.00	R53 324.93	R26 182.18	R32 635.31	R112 142.42
SETESHE GROUP Appointment date: 27 May 2025 Expiry date:26 November 2025	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)	1 938 777.01	R0.00	R0.00	R0.00	R1 938 777.01

MALERATE CONSTRUCTION Appointment date: 20 February 2025 Expiry date:30 August 2025	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.	2 026 887.85	R2 189 620.75	R0.00	R5 191 147.22	R9 407 655.82
PHEKISO CONSULTING ENGINEERS Appointment date: 20 August 2024 Expiry date:19 August 2027	Director Pheeha LL shares the same address and surname with Director Pheeha MC of MAPCO. The two companies also share the same address, No disclosure on MBD 4.	8 379 516.00	R589 422.48	R0.00	R797 630.31	R9 766 568.79
MAPCO PROJECTS AND DEVELOPMENTS Appointment date: 20 August 2024 Expiry date:19 August 2027	Director Pheeha MC shares the same address and surname with Director Pheeha LL of MAPCO. The two companies also share the same address, No disclosure on MBD 4.	7 128 389.00	R460 593.63	R699 827.19	R0.00	R8 288 809.82
Wanthla Architects cc	Civil litigation for copyright infringement	2 382 832.06	R0.00	R0.00	R0.00	R2 382 832.06
Catering services for Woman's month law endorsement operation: Sunset Cleaning and Catering	Non-compliance with SCM prescripts	14 700.00	R0.00	R0.00	R0.00	R14 700.00

Catering for 100 people attending council outreach meeting (Ga- Mathabatha): Mologadi Mmawi Trading	Non-compliance with SCM prescripts	15 200.00	R0.00	R0.00	R0.00	R15 200.00
Catering for 100 people attending council outreach meeting (Ga- Mathabatha): Kholomaatla	Non-compliance with SCM prescripts	10 000.00	R0.00	R0.00	R0.00	R10 000.00
Catering for 100 people attending council outreach meeting (Ga- Mathabatha): Les Presh Trading and Projects	Non-compliance with SCM prescripts	11 600.00	R0.00	R0.00	R0.00	R11 600.00
Competency assessment for senior managers (technical and corporate services): Gijima Holdings	Non-compliance with SCM prescripts	14 400.00	R0.00	R0.00	R0.00	R14 400.00
Transportation costs for people attending GBV at Motsereng Zebediela: WMM TRUSTEE HOLDINGS	Non-compliance with SCM prescripts	2 900.00	R0.00	R0.00	R0.00	R2 900.00

Firewall 2300 enterprise and campus edge XGS Desktop: MABAPA TRADING	Non-compliance with SCM prescripts	299 989.00	R0.00	R0.00	R0.00	R299 989.00
SCM MDHLULI Attorneys	Lapsed contract	3 840 000.00	R0.00	R0.00	R0.00	R3 840 000.00
Office of the CFO	Increase of salary package without Council resolution	77 529.00	R0.00	R0.00	R0.00	R77 529.00
TOTAL PAYMENTS		26 142 719.92	3 292 961.79	726 009.37	6 021 412.84	R36 183 103.92
WRITTEN OFF (ALREADY INVESTIGATED BY MPAC)		-	R53 324.93	R26 182.18	R32 635.31	R112 142.42
TOTAL NOT YET INVESTIGATED		R26 142 719.92	R3 239 636.86	R699 827.19	R5 988 777.53	R36 070 961.50

3.3. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure identified amount to **R16 623.89**. Annexure C

LEPELLE-NKUMPI LOCAL MUNICIPALITY

No	Date of discovery	Date Reported to Accounting Officer	Transaction details				Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status					
			Date of Payment	Name of Service Provider	Payment Number	Amount	Description of Incident		UI	DP	CC	TR	P	WO

1	2024/25	05-Dec-25	26/04/2025	SARS	-	R1 193.01	Penalty	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	2024/25	05-Dec-25	01/08/2025	SARS	-	R437.60	Interest	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2024/25	05-Dec-25	01/04/2025	SARS	-	R659.20	Penalty	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	2024/25	05-Dec-25	01/04/2025	SARS	-	R1 288.88	Penalty	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	2024/25	05-Dec-25	01/05/2025	SARS	-	R3 454.33	Penalty	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	2024/25	05-Dec-25	01/05/2025	SARS	-	R3 176.02	Interest	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A

7	2024/25	05-Dec-25	01/02/2025	TELKOM SA SOC LTD	-	R1 414.85	interest on account	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	2025/26	09-Jan-26	28/11/2025	Thompson's Body 107	EX-8665	R5 000.00	Insurance excess	CFO AND Municipal manager	Fruitless and Wasteful Expenditure	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL						R16 623.89										

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 **R30 078 573.58** for irregular expenditure and **R16 623.89** for fruitless expenditure identified during the month of December 2025.

6. RECOMMENDATIONS

- 6.1. Cognisance be taken of unauthorised, irregular or fruitless and wasteful expenditure for the quarter ending **31 December 2025**.
- 6.2. No Unauthorised expenditure incurred for the quarter ending **31 December 2025**.
- 6.3 Refer the wasteful and fruitless expenditure of **R16 623.89** identified during the quarter ending **December 2025** to MPAC for further investigations as required in terms of Section 32(2) of MFMA
- 6.4. Refer the irregular expenditure of **R36 183 103.92** for the month ending 31 December 2025 to MPAC for further investigations as required in terms of Section 32(2) of MFMA

.....
MAUDAPPS
ACTINGSCM MANAGER

09/01/2026
.....
DATE

Reviewed by:
.....
MASEMOLA MN
ACTING CHIEF FINANCIAL OFFICER

09/01/2026
.....
DATE

Approved/Not approved

.....
CHAUKE ML
ACTING MUNICIPAL MANAGER

09/01/2026
.....
DATE

ANNEXURE B

Register of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

ANNEXURE B/FOR THE QUARTER ENDED 31 DECEMBER 2025)

No.	Name of Service Provider	General comments	2024/25 (Identified by AGSA, Not yet reported to Council)	Total Amount (October 2025)	Total Amount (November 2025)	Total Amount (December 2025)	QUARTER ENDED 31 DECEMBER 2025
1	TESS 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.	R0.00	R53 324.93	R26 182.18	R32 635.31	R112 142.42
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 192, 198 not completed, not signed or initialed)	1 938 777.01	R0.00	R0.00	R0.00	R1 938 777.01
3	MALEKATE CONSTRUCTION	The municipality has appointed Malekate Construction for upgrading of Mamaclo to Mampiki road 2km internal road to tar with stormwater control (tax rank to Lekgwere) 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 initialed, Page 1800 alteration not signed, Summary page on pricing schedule not signed on behalf of tenderer or initialed, Municipal rates not attached	2 026 887.85	R2 189 620.75	R0.00	R5 191 147.22	R9 407 655.82
	PHEKISO CONSULTING ENGINEERS	Director Pheeha LL shares the same address and surname with Director Pheeha MC of MAPCO. The two companies also share the same address, No disclosure on MBD 4.	8 379 516.00	R589 422.48	R0.00	R797 630.31	R9 766 568.79
	MAPCO PROJECTS AND DEVELOPMENTS	Director Pheeha MC shares the same address and surname with Director Pheeha LL of MAPCO. The two companies also share the same address, No disclosure on MBD 4.	7 128 389.00	R460 593.63	R699 827.19	R0.00	R8 288 809.82
	Wanthia Architects cc	Civil litigation for copyright infringement	2 382 832.06	R0.00	R0.00	R0.00	R2 382 832.06
	Catering services for Woman's month law endorsement operation Sunset Cleaning and Catering	Non-compliance with SCM prescripts	14 700.00	R0.00	R0.00	R0.00	R14 700.00
	Catering for 100 people attending council outreach meeting (Ga-Mathabatha) Molegadi Mmawu Trading	Non-compliance with SCM prescripts	15 200.00	R0.00	R0.00	R0.00	R15 200.00

Catering for 100 people attending council outreach meeting (Ga-Mathabatha): Kholomalla	Non-compliance with SCM prescripts	10 000.00	R0.00	R0.00	R0.00	R10 000.00
Catering for 100 people attending council outreach meeting (Ga-Mathabatha): Les Presh Trading and Projects	Non-compliance with SCM prescripts	11 600.00	R0.00	R0.00	R0.00	R11 600.00
Competency assessment for senior managers (technical and corporate services): Gijima Holdings	Non-compliance with SCM prescripts	14 400.00	R0.00	R0.00	R0.00	R14 400.00
Transportation costs for people attending GBV at Moserereeng Zebediela: WMM TRUSTEE HOLDINGS	Non-compliance with SCM prescripts	2 900.00	R0.00	R0.00	R0.00	R2 900.00
Firewall 2300 enterprise and campus edge XGS Desktop: MABAPA TRADING	Non-compliance with SCM prescripts	299 989.00	R0.00	R0.00	R0.00	R299 989.00
SCM MDHLULI Attorneys	Lapsed contract	3 840 000.00	R0.00	R0.00	R0.00	R3 840 000.00
Office of the CFO	Increase of salary package without Council resolution	77 529.00	R0.00	R0.00	R0.00	R77 529.00
	TOTAL PAYMENTS	26 142 719.92	3 292 961.79	726 009.37	6 021 412.84	R36 183 103.92
	WRITTEN OFF (ALREADY INVESTIGATED BY MPAC)	-	R53 324.93	R26 182.18	R32 635.31	R112 142.42
	TOTAL NOT YET INVESTIGATED	R26 142 719.92	R3 239 636.86	R699 827.19	R5 988 777.53	R36 070 961.50