

ITEM: 4

EXPENDITURE ON STAFF SALARIES, WAGES, ALLOWANCES AND BENEFITS

REPORT BY THE CHIEF FINANCIAL OFFICER

PURPOSE OF THE REPORT

The purpose is to report on expenditure on staff benefits as required by the Municipal Finance Management Act.

STATUTORY/ LEGAL REQUIREMENT

Section 66 of the Municipal Finance Management Act reads as follows:

“Accounting Officer of a municipality must in a format and as it may be prescribed, report to Council on all expenditure incurred by the municipality on staff salaries, wages and allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.”

BACKGROUND, EXPOSITION, FACTS AND PROPOSAL

The report is based on a baseline of 100% (12 months). The actual and budgeted figures on staff benefits for the period ending 30 June 2011 are as follows:

DESCRIPTION	09/10 ACTUAL 30.06.10	10/11 BUDGET	10/11 ACTUAL 30.06.11	BASE LINE	% SPENT
Salaries and Wages	21 267 502	27 716 020	25 234 941	100%	91%
Council Contribution : Pension	3 498 678	5 136 647	4 343 571	100%	85%
Medical Aid	1 311 789	1 947 278	1 632 902	100%	84%
Provident Fund	178 807	309 930	234 225	100%	76%
UIF	139 493	187 639	156 359	100%	83%
Statutory contributions	310 353	743 384	295 854	100%	40%
Provision for leave	1 401 728	1 772 791	736 803	100%	42%
Protective clothing	25 892	185 900	146 447	100%	79%
Continued members	397 467	516 000	420 122	100%	81%
Allowances :					
Housing Subsidy	190 551	239 113	168 295	100%	70%
Travel	3 374 187	4 747 592	3 826 708	100%	81%
Cell phone	216 982	382 228	273 378	100%	72%
Overtime Payments	139 908	101 530	47 042	100%	46%
Provision for Performance bonus	115 500	429 718	0	100%	0%
Volunteers - stipend	0	179 550	146 850	100%	82%

AN EXPLANATION ON THE EXPENDITURE VARYING BY MORE THAN 10% IS AS FOLLOWS:

Salaries, pension, medical aid, provident fund, UIF, travel allowance, housing subsidy and cell phone allowance

The under-spending is due to vacancies that exist in some departments, resignations and employees going on pension. The following vacancies exist:

Budget and Treasury	1 post: Procurement Officer
Cooperate Support & Shared Services	1 post: General Cleaner
Office of the Executive Mayor	3 posts: Section 57 Manager Driver to the EM Council & Committees Clerk
Municipal Enviromental Health Department	2 posts: Enviromental Health Peactiontiners

Statutory contribution

The under expenditure on statutory contributions is due to the Workmens' Compensation that is paid only once towards year end.

Protective clothing

Most of the protective clothing was procured by Fire Fighting department during the last quarter of the financial year.

Overtime

A minimal amount was claimed from overtime vote in the fourth quarter, hence the low expenditure balance.

Provision for Performance bonus

Performance bonuses paid already but a journal will be written to show expenditure incurred.

Volunteers – stipend

In March volunteers were employed for two weeks to educate communities within the District through hygiene awareness campaign on how to prevent and control cholera.

STAFF IMPLICATION

- None

OTHER PARTIES CONSULTED

- Divisional Managers: Budget and Treasury Office

AUTHORITY

- Municipal Finance Management Act, No 56 of 2003

RECOMMENDATION

That :

1. The report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 30 June 2011 as contained in the agenda, be noted.