

ITEM:**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 25% (03 months). The actual and budgeted figures on staff benefits for the period ending 30 September 2009 are as follows:

DESCRIPTION	08/09 ACTUAL 30.09.08	09/10 BUDGET	09/10 ACTUAL 30.09.09	BASE LINE	% SPENT
Salaries and Wages	4 830 051	26 506 459	5 514 673	25%	21%
Council Contribution : Pension	802 314	4 847 418	894 993	25%	18%
Medical Aid	279 203	1 682 120	328 189	25%	20%
Provident Fund	37 029	257 249	47 249	25%	18%
UIF	33 937	182 749	36 034	25%	20%
Statutory contributions	54 944	599 967	65 792	25%	09%
Provision for leave	237 799	1 075 000	304 459	25%	28%
Protective clothing	0	30 025	0	25%	0%
Continued members	78 730	358 700	96 331	25%	27%
Allowances : Housing Subsidy	65 370	360 899	62 860	25%	17%
Travel	647 773	3 953 702	823 943	25%	21%
Cell phone	13 172	377 334	60 480	25%	16%
Overtime Payments	27 635	116 014	43 296	25%	37%
Provision for Performance bonus	0	442 987	0	25%	0%

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

Statutory contributions

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

Provision for leave

The over expenditure on provision for leave is due a number of resignations and one official going on pension for which accrued leave had to be paid out. There are also many employees, especially health, which has their leave accrual in the first quarter at which time they then sell their allowed 8 days leave accrued.

Protective clothing

There is a commitment to procure protective clothing for the abattoir but the service has not yet been rendered or the invoice submitted for payment.

Continued members

Mr Fick from the Health Department went on pension in July 2009 and his pension was not budgeted for as we were not aware of the intention to retire. The shortfall will be funded from his salary savings.

Cell-phone allowances

Some employees are still in process of transferring accounts from Waterberg District Municipality to their own names.

Overtime

An amount of R27 940 was claimed from Municipal Health department even though there is no budget in the current financial year. This claim relates to overtime worked in June 2009 based on the 0809 salaries before the annual increase and these 0809 salaries were still below the overtime notch and thus had to be paid out. The large number of overtime hours worked was due to the cholera outbreak. The shortfall in overtime budget will be funded from savings on vacant positions in the Health Department.

Provision for Performance bonus

Performance bonuses will only be paid after recommendations by the evaluation panel. That will also depend on the outcome of the Auditor General's report for the 08/09 financial year.

In comparison to 08/09 year:

The travel allowance has increased significantly due to the implementation of travel allowances for all health officials from 1 July 2009.

The cell phone allowance has increased significantly due to the implementation of the new cell phone policy where officials should get cell phone allowances and no longer use municipal cell phones.

STAFF IMPLICATION

As above.

OTHER PARTIES CONSULTED

Divisional Managers: Budget and Treasury Office

AUTHORITY

Municipal Finance Management Act, No 56 of 2003

RECOMMENDATION

1. That the report by the Chief Financial Officer regarding expenditure on staff salaries, wages, allowances and benefits as at 30 September 2009 as contained in the agenda, be noted.