



NAMA KHOI MUNISIPALITEIT

BUDGET AND TREASURY OFFICE

NAAM/NAME: Financing costs: UNAUTHORISED EXPENDITURE

DOEL/GOAL: To report to Council on Section 32 of the MFMA (Municipal Finance Management Act), Unauthorised Expenditure for Council Approval.

“Unauthorised Expenditure (MFMA)” “in relation to a Municipality, means any expenditure incurred by a Municipality otherwise than in accordance with section 15 or 11(3), and includes:-

- (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;”

“Virement” means the process of transferring an approved budgetary provision from one operating cost element or capital project to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

The municipality did not have unauthorised expenditure in terms of votes, however there was expenditure on RDP housing which was not budgeted. The necessary process was followed in terms of Section 29 and the information was referred to the Mayor for approval.

The salaries which so overspending needs to be corrected on the financial system as it was budgeted.

Overspent Items at 31 August 2014

ACCOUNT NO	DESCRIPTION	YTD BUDGET	YTD ACTUAL	ANNUAL BUDGET	Overspent Items
					-
DIRECTORATE: 10	EXECUTIVE MAYOR & COUNC				-
DEPARTMENT: 204	COUNCIL GENERAL ADMINIS				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
102040210162	CONTR. MEDICAL FD - (31 249		-31 249
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
102042811525	MEMBERSHIP & SUBSCRIPT	94 420	707 171	650 000	-57 171
102042811757	TRAVELLING AND SUBSIST		670		-670
					-
DIRECTORATE: 11	MUNICIPAL MANAGER				-
DEPARTMENT: 220	OFFICE OF THE MUNICIPAL				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
112200210065	ALLOWANCE - HOUSING SU		2 258		-2 258
112200210117	ALLOWANCE - TRANSPORT		3 814		-3 814
112200210161	CONTRIBUTIONS - MEDICA		32 062		-32 062
112200210203	INSURANCE : UIF	152	5 473	1 040	-4 433
112200210223	LEVY - BARGAINING COUN	22	285	152	-133
	CLASSIFICATION TOTAL	509 056	961 695	3 504 442	2 542 747
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
112202811582	RDP HOUSING EXPENDITUR		708 766		-708 766
112202811584	RDP HOUSING EXPENDITUR		22 439		-22 439
					-
DIRECTORATE: 11	MUNICIPAL MANAGER				-
DEPARTMENT: 221	INTERNAL AUDITING				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
112210210173	CONTRIBUTIONS - PENSIO		25 174		-25 174
DIRECTORATE: 11	MUNICIPAL MANAGER				-
DEPARTMENT: 229	MUSEUM				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
112290210065	ALLOWANCE - HOUSING SU		250		-250
112290210173	CONTRIBUTIONS - PENSIO		4 845		-4 845
112290210203	INSURANCE : UIF		184		-184
112290210223	LEVY - BARGAINING COUN		14		-14
112290210281	SALARIES		18 100		-18 100
DIRECTORATE: 13	CORPORATE SERVICES				-
DEPARTMENT: 261	MANAGER: CORPORATE SERV				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
132610210065	ALLOWANCE - HOUSING SU		1 762		-1 762
132610210109	ALLOWANCE - STANDBY		5 736		-5 736
132610210113	ALLOWANCE - TRAVELLING	14 126	96 208	97 248	1 040
132610210117	ALLOWANCE - TRANSPORT		1 600		-1 600
132610210141	BONUSES	7 228	78 772	49 760	-29 012
132610210161	CONTRIBUTIONS - MEDICA	5 452	40 390	37 534	-2 856
132610210173	CONTRIBUTIONS - PENSIO	14 870	93 683	102 363	8 680
132610210203	INSURANCE : UIF	86	5 927	597	-5 330
132610210223	LEVY - BARGAINING COUN	12	319	76	-243
132610210243	OVERTIME		29 887		-29 887
132610210281	SALARIES	86 738	764 107	597 119	-166 988
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
132612811461	LEVY - SETA TRAINING		56 060		-56 060
					-
DIRECTORATE: 13	CORPORATE SERVICES				-
DEPARTMENT: 266	MUNICIPAL PROPERTY MANA				-
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
132662811671	SERV CHGE MUN - ELECT		4 925		-4 925
132662811679	SERV CHGE MUN - REFUS		756		-756
132662811693	SERV CHGE MUN - SEPTI		881		-881
132662811701	SERV CHGE MUN - WATER		8 779		-8 779

ACCOUNT NO	DESCRIPTION	YTD BUDGET	YTD ACTUAL	ANNUAL BUDGET	Overspent Items
DIRECTORATE: 13	CORPORATE SERVICES				-
DEPARTMENT: 267	CLEANING SERVICE MUN OF				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
132670210065	ALLOWANCE - HOUSING SU		1 139		-1 139
132670210113	ALLOWANCE - TRAVELLING		5 500		-5 500
132670210141	BONUSES		13 829		-13 829
132670210161	CONTRIBUTIONS - MEDICA		8 743		-8 743
132670210173	CONTRIBUTIONS - PENSIO		41 887		-41 887
132670210203	INSURANCE : UIF		2 778		-2 778
132670210223	LEVY - BARGAINING COUN		251		-251
132670210243	OVERTIME		3 911		-3 911
132670210281	SALARIES		269 418		-269 418
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
132672811121	CLEANING MATERIALS		37		-37
132672811671	SERV CHGE MUN - ELECT		16 121		-16 121
132672811679	SERV CHGE MUN - REFUS		176		-176
132672811695	SERV CHGE MUN - SEWER		384		-384
132672811701	SERV CHGE MUN - WATER		56 546		-56 546
DIRECTORATE: 15	FINANCIAL SERVICES				-
DEPARTMENT: 301	MANAGER: FINANCIAL SERV				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
153010210065	ALLOWANCE - HOUSING SU	436	11 912	3 000	-8 912
153010210109	ALLOWANCE - STANDBY		23 778		-23 778
153010210117	ALLOWANCE - TRANSPORT		6 960		-6 960
153010210141	BONUSES	12 956	185 075	89 197	-95 878
153010210161	CONTRIBUTIONS - MEDICA	6 958	100 015	47 894	-52 121
153010210173	CONTRIBUTIONS - PENSIO	9 176	214 913	63 164	-151 749
153010210203	INSURANCE : UIF	156	13 472	1 070	-12 402
153010210223	LEVY - BARGAINING COUN	34	677	229	-448
153010210243	OVERTIME		23 859		-23 859
153010210281	SALARIES	155 482	1 471 000	1 070 370	-400 630
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
153012811758	REVENUE FORGONE		1 108 584		-1 108 584
DIRECTORATE: 15	FINANCIAL SERVICES				-
DEPARTMENT: 304	EXPENDITURE & SUPPLY CH				-
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
153042811416	INTEREST PAID - CREDIT		1 907 825		-1 907 825
DIRECTORATE: 15	FINANCIAL SERVICES				-
DEPARTMENT: 305	PROP RATES & VALUATION				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
CLASSIFICATION:	PROPERTY RATES				-
153055612016	ASSESSMENT RATES- GOVT		1 985 703		-1 985 703
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 318	MANAGER: COMMUNITY DEVE				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163180210065	ALLOWANCE - HOUSING SU		103		-103
163180210113	ALLOWANCE - TRAVELLING		11 000		-11 000
163180210141	BONUSES		26 309		-26 309
163180210161	CONTRIBUTIONS - MEDICA		3 145		-3 145
163180210173	CONTRIBUTIONS - PENSIO		13 318		-13 318
163180210203	INSURANCE : UIF		592		-592
163180210223	LEVY - BARGAINING COUN		27		-27
163180210281	SALARIES		82 754		-82 754

ACCOUNT NO	DESCRIPTION	YTD BUDGET	YTD ACTUAL	ANNUAL BUDGET	Overspent Items
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 323	LIBRARIES & INFORMATION				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163230210203	INSURANCE : UIF	130	2 864	895	-1 969
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
163232811671	SERV CHGE MUN - ELECT		11 289		-11 289
163232811679	SERV CHGE MUN - REFUS		50		-50
163232811695	SERV CHGE MUN - SEWER		23		-23
163232811701	SERV CHGE MUN - WATER		9 264		-9 264
					-
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 326	PARKS & OPEN AREAS				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163260210109	ALLOWANCE - STANDBY		2 074		-2 074
163260210203	INSURANCE : UIF	318	3 275	2 186	-1 089
163260210243	OVERTIME		22 176		-22 176
163260210273	RELIEF STAFF		11 580		-11 580
					-
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
163262811671	SERV CHGE MUN - ELECT		3 208		-3 208
163262811701	SERV CHGE MUN - WATER		5 293		-5 293
					-
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 327	SPORTS FACILITIES				-
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
163272811671	SERV CHGE MUN - ELECT		134		-134
163272811679	SERV CHGE MUN - REFUS		151		-151
163272811693	SERV CHGE MUN - SEPTI		339		-339
163272811695	SERV CHGE MUN - SEWER		45		-45
					-
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 328	REFUSE REM & WASTE MANA				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163280210109	ALLOWANCE - STANDBY		3 792		-3 792
163280210203	INSURANCE : UIF	698	8 610	4 800	-3 810
163280210243	OVERTIME		16 079		-16 079
					-
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 330	COMMONAGE FARMS - CONCO				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163300210203	INSURANCE : UIF	42	790	288	-502
163300210243	OVERTIME		2 428		-2 428
					-
DIRECTORATE: 16	COMMUNITY SERVICES: COM				-
DEPARTMENT: 335	MUNICIPAL AIRPORT				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
163350210141	BONUSES		1 662		-1 662
163350210173	CONTRIBUTIONS - PENSIO		2 394		-2 394
163350210203	INSURANCE : UIF		215		-215
163350210223	LEVY - BARGAINING COUN		14		-14
163350210281	SALARIES		14 149		-14 149
					-
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
163352811701	SERV CHGE MUN - WATER		1 072		-1 072

ACCOUNT NO	DESCRIPTION	YTD BUDGET	YTD ACTUAL	ANNUAL BUDGET	Overspent Items
					-
DIRECTORATE: 17	COMMUNITY SERVICES: PUB				-
DEPARTMENT: 341	EMERGENCY, FIRE & DISAS				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
173410210065	ALLOWANCE - HOUSING SU		1 323		-1 323
173410210109	ALLOWANCE - STANDBY		10 146		-10 146
173410210113	ALLOWANCE - TRAVELLING		11 000		-11 000
173410210141	BONUSES		7 139		-7 139
173410210173	CONTRIBUTIONS - PENSIO		10 503		-10 503
173410210203	INSURANCE : UIF		942		-942
173410210223	LEVY - BARGAINING COUN		68		-68
173410210243	OVERTIME		1 877		-1 877
173410210273	RELIEF STAFF		1 000		-1 000
173410210281	SALARIES		80 666		-80 666
					-
DIRECTORATE: 17	COMMUNITY SERVICES: PUB				-
DEPARTMENT: 342	LAW ENFORCEMENT SERVICE				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
173420210109	ALLOWANCE - STANDBY		6 263		-6 263
173420210203	INSURANCE : UIF	208	2 089	1 432	-657
173420210243	OVERTIME		42 899		-42 899
					-
					-
DIRECTORATE: 17	COMMUNITY SERVICES: PUB				-
DEPARTMENT: 344	TRAFFIC SERVICES				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
173440210109	ALLOWANCE - STANDBY		3 230		-3 230
173440210203	INSURANCE : UIF	392	4 257	2 693	-1 564
173440210243	OVERTIME		4 463		-4 463
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 361	MANAGER:INFRASTRUCT,ENG				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183610210065	ALLOWANCE - HOUSING SU		1 033		-1 033
183610210173	CONTRIBUTIONS - PENSIO		17 126		-17 126
183610210203	INSURANCE : UIF	64	548	441	-107
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 362	PROJECT MANAGEMT UNIT:				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183620210113	ALLOWANCE - TRAVELLING		34 200		-34 200
183620210141	BONUSES		10 434		-10 434
183620210161	CONTRIBUTIONS - MEDICA		4 267		-4 267
183620210173	CONTRIBUTIONS - PENSIO		13 227		-13 227
183620210203	INSURANCE : UIF		551		-551
183620210223	LEVY - BARGAINING COUN		27		-27
183620210281	SALARIES		73 486		-73 486
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 363	ELECTRICAL ENGINEERING				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183630210109	ALLOWANCE - STANDBY		22 190		-22 190
183630210203	INSURANCE : UIF	374	4 341	2 574	-1 767
183630210243	OVERTIME		133 816		-133 816
					-
183632811697	SERV CHGE MUN - STREE		48 694		-48 694

ACCOUNT NO	DESCRIPTION	YTD BUDGET	YTD ACTUAL	ANNUAL BUDGET	Overspent Items
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 365	MECHANICAL ENG SERV: WO				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183650210203	INSURANCE : UIF	338	3 575	2 327	-1 248
183650210243	OVERTIME		4 662		-4 662
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
183652811671	SERV CHGE MUN - ELECT		2 224		-2 224
183652811679	SERV CHGE MUN - REFUS		76		-76
183652811701	SERV CHGE MUN - WATER		555		-555
CLASSIFICATION:	INTERNAL CHARGES				-
183654011927	INTERNAL VEH & PLANT H		324		-324
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 366	ROADS				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183660210109	ALLOWANCE - STANDBY		16 985		-16 985
183660210117	ALLOWANCE - TRANSPORT		500		-500
183660210203	INSURANCE : UIF	280	4 120	1 932	-2 188
183660210243	OVERTIME		32 744		-32 744
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 368	WATER SERVICE				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183680210109	ALLOWANCE - STANDBY		42 515		-42 515
183680210203	INSURANCE : UIF	340	5 107	2 345	-2 762
183680210243	OVERTIME		57 401		-57 401
183680210273	RELIEF STAFF		12 000		-12 000
					-
DIRECTORATE: 18	INFRASTRUCTURE,ENG & TE				-
DEPARTMENT: 369	SEWERAGE & SANITATION S				-
CLASSIFICATION:	EMPLOYEE RELATED COSTS				-
183690210105	ALLOWANCE - SHIFT ALLO		5 222		-5 222
183690210109	ALLOWANCE - STANDBY		30 088		-30 088
183690210203	INSURANCE : UIF	452	6 985	3 107	-3 878
183690210243	OVERTIME		61 431		-61 431
183690210273	RELIEF STAFF		22 100		-22 100
183690210285	SUNDAY PREMIUM		12 513		-12 513
CLASSIFICATION:	GENERAL EXPENSES - OTH				-
183692811671	SERV CHGE MUN - ELECT		12 309		-12 309
183692811701	SERV CHGE MUN - WATER		1 252		-1 252
	Total				-5 995 170

FINANSËLE IMPLIKASIES/FINANCIAL IMPLICATION :

WETLIKE IMPLIKASIES/LEGAL IMPLICATION: Section 32 of the MFMA

32. (1) Without limiting liability in terms of the common law or other legislation—
(a) a political office-bearer of a municipality is liable for unauthorised expenditure if that office-bearer knowingly or after having been advised by the accounting officer of the municipality that the expenditure is likely to result in unauthorised expenditure, instructed an official of the municipality to incur the expenditure;

(d) any political office-bearer or official of a municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.

(2) (b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.

(3) If the accounting officer becomes aware that the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

(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; and

(c) the steps that have been taken—
(i) to recover or rectify such expenditure; and
(ii) to prevent a recurrence of such expenditure.

(5) The writing off in terms of subsection (2) of any unauthorised, irregular or fruitless

and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of this Act relating to such unauthorised, irregular or fruitless and wasteful expenditure.

(8) The Minister, acting with the concurrence of the Cabinet member responsible for local government, may regulate the application of this section by regulation in terms of section 168.

AANBEVELINGS/RECOMMENDATION:

Council to take note of the report.

That the Council should follow Section 32 of the MFMA (Municipal Finance Management Act) in dealing with this issue.

Acting Chief Financial Officer

W Bowers