

**DRAFT MINUTES OF THE SEVENTH (7<sup>TH</sup>) ORDINARY COUNCIL MEETING  
OF THE FIFTH COUNCIL OF MALUTI-A-PHOFUNG LOCAL MUNICIPALITY  
HELD ON THURSDAY THE 26<sup>TH</sup> OCTOBER 2023 AT THE NEW COUNCIL  
CAMBER AT 10H00.**

**13.2.2 QUARTERLY REPORT ON UNAUTHORISED EXPENDITURE  
FOR THE 1<sup>ST</sup> QUARTER ENDING ON THE 30<sup>TH</sup> OF  
SEPTEMBER 2023.**

**"ANNEXURE H"**

- Resolved:**
1. Council takes note of the line items with unauthorised expenditure for the 1<sup>st</sup> Quarter ending on the 30<sup>th</sup> of September 2023.
  2. All Departments must verify their personnel with HR to ensure that the correct votes are used.
  3. Departments must not spending on items where there are no budget allocations.
  4. Reconciliations and corrections must be made on the affected line items.
  5. An adjustment and corrections must be made on the affected line items.
  6. MPAC must investigate all unauthorised expenditure for the 1<sup>st</sup> Quarter ending 30<sup>th</sup> of September 2023.

**Signed by**

.....

**Committee Secretary**

.....

N. SIBNYA

**Date**

..... 31 October 2023

**Issued by**

..... NJABULO SIBNYA

**Received by**

..... Tekoko 47



**MALUTI -A- PHOFUNG**

**LOCAL**

**MUNICIPALITY**

**ORDINARY**

**COUNCIL**

**MEETING**

**ANNEXURE "H"**



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## **REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL**

### **QUARTERLY REPORT ON UNAUTHORISED EXPENDITURE FOR THE 1<sup>ST</sup> QUARTER ENDING 30 SEPTEMBER 2023**

#### **1. EXECUTIVE SUMMARY**

The purpose of this report is to provide the status of the unauthorised expenditure per line item for the 1<sup>st</sup> quarter ending September 2023.

#### **2. BUSINESS PLAN**

IDP and Budget process plan

#### **3. COMPLIANCE WITH STRATEGIC OBJECTIVE**

To ensure compliance to statutory reporting deadlines

#### **4. DELEGATED AUTHORITY**

Delegated powers vest with Council.

#### **5. ANNEXURES**

None

#### **6. POLICY**

None

#### **7. LEGAL REQUIREMENTS**

MFMA No 56 of 2003

#### **8. BACKGROUND AND DISCUSSION**

The unauthorised expenditure reports' details the line items which have expenditure that is above the allocated budget, some of the line items do not have budget allocations, however there was expenditure incurred on them.

Most items are the employee related costs. These is due to the fact that the Payroll and e-Venus financial system enables the salary transactions to be recorded even when there is no Budget. Due to the vote numbers which are not correctly aligned between the two systems, some transactions are incorrectly uploaded to the wrong votes. The reconciliations are on-going in order to remove some of the expenditure from the incorrect votes to the correct votes.





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## 9. FINANCIAL IMPLICATIONS

The figures from the tables are accumulating from **July to September 2023**.

The total unauthorised expenditure to date on the line items was **R140.2 million** by the end of the **1<sup>st</sup> quarter 2023** as indicated on **page 3 to 6** of the report.

The total of **R894.8 thousands** under the Municipal infrastructure department vote number 14402110010F4MRCZZHO relates to the EPWP salaries and will be moved to the EPWP own source funding vote as it indicates that it has exceeded the grant allocation.

The unauthorised expenditure relating to employee costs under Municipal infrastructure (Waste Management) and Electricity is as a result of vote changes. The new votes have not yet been created on the Payroll where the budget is allocated.

The total amount of **R106.3 million** relating to Eskom interest could not be captured on the financial system due to insufficient budget allocation as indicated on **page 6**.

The total accumulated unauthorised expenditure is currently **R4 billion**.

Description	Balances	Jul-23	Aug-23	Sep-23	1st Quarter 2023/2024
<b>Unauthorised Expenditure</b>					
<i>Opening balance</i>	3 488 476 702	3 863 414 521	3 905 245 164	3 960 214 952	3 863 414 521
Audited 2021/22	369 678 602	-	-	-	-
Pre-Audited 2022/23	5 259 217	-	-	-	-
Current Year	-	41 830 643	54 969 788	43 403 869	140 204 299
<i>Closing balance</i>	<b>3 863 414 521</b>	<b>3 905 245 164</b>	<b>3 960 214 952</b>	<b>4 003 618 820</b>	<b>4 003 618 820</b>



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## 10. COMMENTS FROM OTHER DIRECTORS

Budget analysis reports and monthly expenditure reports are sent to Directorates to check their expenditure for possibilities of overspending.

No feedback is received from most Directorates.

## 11. RECOMMENDATIONS

It is recommended that:

1. Council takes note of the line items with unauthorised expenditure for the 1<sup>st</sup> quarter ending **30 September 2023**.
2. All departments verify their personnel with Human Resource to ensure that the correct votes are used.
3. The departments avoid spending on items where there are no budget allocations.
4. The reconciliations and corrections be made on the affected line items
5. The adjustment budget or corrections be made on the line items affected.

### SUBMITTED BY:

Cllr. M. LAKAJE - MOSIA  
THE EXECUTIVE MAYOR

20/10/2023  
DATE



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ACCOUNT NO	DESCRIPTION	TOTAL BUDGET	YTD EXPENDITURE	UNAUTHORISED EXPENDITURE
<b>LEGISLATIVE AUTHORITY</b>				
10052110320EQMRCZZWM	MS: ALL - LEAVE PAY	-	164 020	- 164 020
10052110460EQMRCZZWM	MS: SRB - ANNUAL BONUS	-	23 461	- 23 461
10152110010EQMRCZZWM	MS: SAL & ALL: BASIC SALARY & WAGES	-	939 154	- 939 154
10152211510EQMRCZZWM	OTH COUNCIL: OFFICE-BEARER ALLOWANCE	-	132 624	- 132 624
10152211510PRMRCZZWM	OTH COUNCIL: OFFICE-BEARER ALLOWANCE	-	61 769	- 61 769
10152211550PRMRCZZWM	OTH COUNCIL: TRAVELLING ALLOWANCE	-	18 671	- 18 671
10152211600PRMRCZZWM	OTH COUNCIL: BASIC SALARY	-	615 735	- 615 735
10152211620PRMRCZZWM	OTH COUNCIL: CELL PHONE ALLOWANCE	-	44 487	- 44 487
10152211550PRMRCZZWM	OTH COUNCIL: PENSION FUND CONTRIBUTIONS	-	2 465	- 2 465
10152305410EQMRCZZWM	OC: SKILLS DEVELOPMENT FUND LEVY	43 819	49 592	- 5 773
10152305410PRMRCZZWM	OC: SKILLS DEVELOPMENT FUND LEVY	-	9 085	- 9 085
10252211510PRMRCZZWM	OTH COUNCIL: OFFICE-BEARER ALLOWANCE	-	37 490	- 37 490
10352210100PRMRCZZWM	SPEAKER: BASIC SALARY	-	122 755	- 122 755
10352305410PRMRCZZWM	OC: SKILLS DEVELOPMENT FUND LEVY	-	1 262	- 1 262
10452210050PRMRCZZWM	MMC: TRAVELLING ALLOWANCE	-	75 701	- 75 701
10452210100EQMRCZZWM	SPEAKER: BASIC SALARY	-	39 891	- 39 891
10452210100PRMRCZZWM	MMC: BASIC SALARY	-	149 959	- 149 959
10452211210EQMRCZZWM	EXCO: OFFICE-BEARER ALLOWANCE	-	48 066	- 48 066
10452305410PRMRCZZWM	OC: SKILLS DEVELOPMENT FUND LEVY	-	6 997	- 6 997
		43 819	2 543 184	- 2 499 365
<b>CORPORATE SERVICES</b>				
12102110440EQMRCZZHO	MS: SRB - ACTING ALLOWANCE	90 000	128 216	- 38 216
12152110260EQMRCZZHO	MS: HB & INC: HOUSING BENEFITS	-	3 199	- 3 199
		90 000	131 415	- 41 415
<b>FINANCIAL SERVICES</b>				
13152110340EQMRCZZHO	MS: ALL - TRAVEL OR MOTOR VEHICLE	-	30 000	- 30 000
		-	30 000	- 30 000





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ACCOUNT NO	DESCRIPTION	TOTAL BUDGET	YTD EXPENDITURE	UNAUTHORISED EXPENDITURE
<b>MUNICIPAL INFRASTRUCTURE</b>				
14152110260EQMRCZZHO	MS: HB & INC: HOUSING BENEFITS	-	3 199	3 199
14402110010EQMRCZZWM	MS: SAL & ALL: BASIC SALARY & WAGES	-	11 609 212	11 609 212
14402110010F4MRCZZHO	MS: SAL & ALL: BASIC SALARY & WAGES	5 272 785	6 167 600	894 815
14402110200EQMRCZZWM	MS: ALL - ACCOMMODATION/TRVL/INCIDENTAL	-	25 973	25 973
14402110220EQMRCZZWM	MS: ALL - CELLULAR & TELEPHONE	-	12 654	12 654
14402110260EQMRCZZWM	MS: HB & INC: HOUSING BENEFITS	-	18 839	18 839
14402110300EQMRCZZWM	MS: HB & INC: RENTAL SUBSIDY	-	750	750
14402110320EQMRCZZWM	MS: ALL - LEAVE PAY	-	53 921	53 921
14402110340EQMRCZZWM	MS: ALL - TRAVEL OR MOTOR VEHICLE	-	55 369	55 369
14402110360EQMRCZZWM	MS: OVERTIME - NON STRUCTURED	-	650 323	650 323
14402110440EQMRCZZWM	MS: SRB - ACTING ALLOWANCE	-	107 420	107 420
14402110500EQMRCZZWM	MS: SRB - LONG SERVICE AWARD	-	699 785	699 785
14402110560EQMRCZZWM	MS: SRB - STANDBY ALLOWANCE	-	16 829	16 829
14402130010EQMRCZZWM	MS: SOC CONTR - BARGAINING COUNCIL	-	6 714	6 714
14402130100EQMRCZZWM	MS: SOC CONTR - GROUP LIFE INSURANCE	-	93 622	93 622
14402130200EQMRCZZWM	MS: SOC CONTR - MEDICAL	-	708 756	708 756
14402130300EQMRCZZWM	MS: SOC CONTR - PENSION	-	1 971 238	1 971 238
14402130400EQMRCZZWM	MS: SOC CONTR - UNEMPLOYMENT INSUR FUND	-	109 846	109 846
14402130400F4MRCZZHO	MS: SOC CONTR - UNEMPLOYMENT INSUR FUND	26 215	61 676	35 461
		<b>5 299 000</b>	<b>22 373 727</b>	<b>17 074 727</b>
<b>COMMUNITY SERVICES</b>				
15202110220EQMRCZZWM	MS: ALL - CELLULAR & TELEPHONE	-	2 531	2 531
15202110360EQMRCZZWM	MS: OVERTIME - NON STRUCTURED	-	14 088	14 088
15252110010EQMRCZZWM	MS: SAL & ALL: BASIC SALARY & WAGES	-	385 729	385 729
15302110440EQMRCZZWM	MS: SRB - ACTING ALLOWANCE	-	30 707	30 707
		-	<b>433 054</b>	<b>433 054</b>
<b>PUBLIC SAFETY AND TRANSPORT</b>				
16302110320EQMRCZZHO	MS: ALL - LEAVE PAY	23 032	33 040	10 008
		<b>23 032</b>	<b>33 040</b>	<b>10 008</b>