

**UMALUSI COUNCIL**  
**REVISED BUDGET FOR 2011/12**

<b>INCOME</b>	<b>Notes</b>	<b>FORECAST 2011/12</b>
<b>Main Income</b>		
ABET certification fees	1	1,518,000
<b>Department of Basic Education</b>		<b>18,391,000</b>
Duplicates/Re-issues	2	1,200,000
NCV / N3 certification fees	3	3,146,400
NSC and SC certification fees	4	30,606,000
Verification services		5,000,000
<b>Other Income:</b>		
Accreditation fees		3,000,000
Interest		1,000,000
Reserve Funds	5	<b>15,000,000</b>
<b>Total Income</b>		<b>R 78,861,400</b>

**NOTES:**

	6	14.60%
1. 110 000 enrolled(2010) / 30% pass rate X rate per certificate.	R	48
2. Duplicates and re-issues cannot be accurately predicted due to fluctuations from year to year.		
3. 100 000 enrolled(2010) / 9% pass rate X rate per certificate, plus subject certificates totalling average of 19500, then 20 000 annually	R	96
4. 640 000 enrolled (2010) / 8 / % pass rate X rate per certificate plus 192 000 enrolled (2010) / 40% X rate per certificate plus subject certificates +- R 6,000,000	R	48
5. With R 15m in reserve forecasted for 31 March 2010, Umalusi will deplete its reserves, thus nothing available for the next two years		
6. Overall year on year increases are above average inflation due to costs of flights, accommodation, honoraria, etc. which are not in line with CPI.		

EXPENDITURE	Notes	FORECAST 2011/12
<b>PROGRAMMES A, B, C &amp; D</b>		
(A) - Quality Assurance of Assessment	7	18,373,953
(B) - Evaluation and Accreditation		4,508,000
(C) Qualification, Curriculum and Certification		3,876,000
(D) - Statistical Information and Research		3,076,250
<b>Total</b>		<b>29,834,203</b>

**NOTES:**

7. QAA reduced its budget by R 539 200 and is still able to provide the required quality assurance services

**PROGRAMME E-Management Support Structures**

Audit Committee		53,200
Communication + Marketing		1,551,974
Conferences		402,500
Council Chairperson		122,592
Council + EXCO allowances		266,002
Council meetings / workshops (travel)		266,002
Legal fees		115,654
Membership fees ( IEAA/AEAA)		63,840
<b>Total</b>		<b>2,841,765</b>

**PROGRAMMES F-Information Technology Systems**

Computer expenses		899,355
Development of IT & cert. systems		699,551
Development / maintenance of database	8	0
Programme support-network, AN		462,612
Sita computer support service		3,117,098
<b>Total</b>		<b>5,178,616</b>

**NOTES:**

8. Development and maintenance is now done inhouse through qualified competent staff

EXPENDITURE	Notes	FORECAST 2011/12
<b>PROGRAMME (G- H) Finance &amp; Administration and HRM&amp;D</b>		
<b>Finance ( G)</b>		
Advertisements		161,914
Asset replacement fund		231,306
Audit Fees ( Internal + external)		462,612
Bank Charges		69,392
Capital Expenses: Building, agents commission and VAT		-
Capital Expenses: Building alterations / Improvements		500,000
Electricity		138,784
Furniture and fittings		349,801
Gifts		69,392
Insurance ( including building)		283,956
Investigations		231,306
Maintenance		402,500
Postage		185,045
Pta Metropolitan Council		53,200
Refreshments		208,176
Security		115,654
Stationery and photocopies		462,612
Sundries		53,202
Telephone	9	633,774
<b>Human Resources Management and Development (H)</b>		
Consultants		362,045
Human Resource Development ( training)		369,699
Interviews & recruitment costs		46,262
Leave benefit fund		115,654
OID Compensation Commission		69,392
SARS Skills Levy		127,214
Staff Salaries	10	34,840,144
Staff subsistence and travel		133,001
Staff workshops		26,601
Administration support		-
Cleaning		304,175
Records Management Services		-
<b>Total</b>		<b>41,006,816</b>
<b>TOTAL EXPENDITURE</b>		<b>R 78,861,400</b>
<b>TOTAL INCOME</b>		<b>R 78,861,400</b>
<b>Surplus Income/(Expenditure)</b>		<b>R 0</b>

**NOTES:**

9. Telephone costs reduced due to primicell rates applied  
10. Staff salary increment of possible 5% included with extra R 4m for additional posts due to change to Quality Council- HR review commenced.

## UMALUSI COUNCIL

### HOW TO FUND THE BUDGET SHORTFALL OVER THE NEXT FEW YEARS

SCENARIO 1: INCOME	Notes	FORECAST 2011/12
<b>Budget</b>		R 78,861,400
<b>Less: QA Levy ( Average 3 year budget / 1041776 learners = R 90 p.l.)</b>		R 93,759,840
<b>Difference</b>		R 14,898,440
<b>Add: Verification services</b>		5,000,000
<b>Accreditation fees</b>		3,000,000
<b>Interest</b>		1,000,000
<b>Reserve Funds</b>		5,525,533
<b>Previous Year's surplus/deficit</b>		0
<b>Surplus/(Deficit)</b>		R 29,423,973

The QA Levy is applied at the average rate over the MTEF cycle. Until Umalusi knows which funding model will be applied, it can take on more work as per the Act, so the surplus shown does not take any new work into account.

SCENARIO 2: INCOME	Notes	FORECAST 2011/12
ABET certification fees		1,518,000
Duplicates/Re-issues		1,200,000
NCV / N3 certification fees		3,146,400
Senior certification fees		30,606,000
Verification services		5,000,000
Accreditation fees		3,000,000
Interest		1,000,000
Reserve Funds		15,000,000
Previous Year's surplus/deficit		0
<b>Subtotal</b>		<b>60,470,400</b>
Department of Basic Education		18,391,000
		78,861,400
<b>Budget Forecasts</b>		R 78,861,400
<b>Surplus / (Deficit)</b>		R -0

**RECOMMENDATION:** The previously approved increase in certification fee scheduled for June 2011 be canceled and a 20% increase levied on certification fees from 1 April 2011. All printing only to commence on 1 April 2011.

SCENARIO 3: INCOME	Notes	FORECAST 2011/12
Additional Funding required from Departments of Education		R 0

This scenario suggests that the DBE negotiate with the DHE and together approach National Treasury and provide the additional required funding, as no funding is provided by DHET for the Adult, Vocational and FET mandate.