

# OVERSTRAND MUNICIPALITY



## TRAVEL & SUBSISTENCE POLICY

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## 1 PURPOSE

The purpose of this policy is to set out general rules for the payment of subsistence and travelling allowances or costs for the attendance of approved events **outside the municipal area of Overstrand**.

## 2 OBJECTIVES OF THE POLICY

The objectives of this policy are as follows:

- 2.1 Ensure that municipal employees and Councillors adhere to procedures when arranging for travel, lodging, meals and other expenses;
- 2.2 Ensure that municipal employees and Councillors are reimbursed for reasonable expenses incurred for travel, conferences, meetings and meals as a result of conducting authorized municipal business;
- 2.3 Ensure that payments made by the municipality are for the actual and necessary expenses incurred for municipal business; and
- 2.4 Ensure that municipal employees and Councillors will receive reimbursements in a timely manner.

## 3 LEGISLATIVE FRAMEWORK

This policy is developed and guided by the following:

- 3.1 South African Revenue Services (SARS)
- 3.2 Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 3.3 South African Local Government Association (SALGA)
- 3.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- 3.5 Income Tax Act, 1962 (Act No. 58 of 1962)

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.

## 4 SCOPE OF APPLICATION

- 4.1 This Policy is applicable to –
  - 4.1.1 all councillors of the Overstrand Municipality, and
  - 4.1.2 all officials of the Overstrand Municipality,

travelling on official business and as such are formal travellers of the Overstrand Municipality.

IMPORTANT - No payments will be made to applicants for employment interviews in terms of the scope of this policy.

## 5 DEFINITIONS

## TRAVEL AND SUBSISTENCE POLICY

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For the purpose of this policy, except where clearly indicated otherwise, the words and expressions set out below have the following meaning:-

<i>"Accounting Officer"</i>	The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated;
<i>"Chief Financial Officer"</i>	The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated;
<i>"Council"</i>	The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998)
<i>"Councillor"</i>	A member of the Overstrand Municipal Council.
<i>"Executive Management Team"</i>	Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000).
<i>"Executive Mayor"</i>	The Executive Mayor of the Overstrand Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998).
<i>"Director"</i>	An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the municipality
<i>"Municipality"</i>	Overstrand Municipality, established in terms of sections 12 and 14 of the Structures Act.
<i>"Traveller"</i>	Any councillor or official travelling away from his or her normal place of domicile and employment on the official business of the Overstrand Municipality
<i>"Subsistence allowance"</i>	A subsistence allowance is an amount of money paid by the municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers but excludes any personal recreation, such as visits to a cinema, theatre or nightclubs or sight-seeing.
<i>"Travel Allowance"</i>	A travel allowance is any amount paid to an employee in respect of travelling expenses for business purpose.
<i>"Partial sponsored trip"</i>	Where a portion of the total cost is sponsored by a donor or third party. (For the purposes of this policy such proportion of the total cost of the trip to be included in the application forms).

- 6.1 The contents of this policy will not be regarded as conditions of employment but as a re-imbusement for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of events for official purposes.
- 6.2 The Municipal Manager and any councilor must have the approval of the Executive Mayor or his/her delegate for the attendance of events for which compensation is claimed. Any staff member must have the approval of the Director or his/her delegate and any Director must have the approval of the Municipal Manager or his/her delegate for the attendance of events for which compensation is claimed. Claims are only payable if sufficient provision is made for it on the budget.
- 6.3 Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 6.4 Any claim containing false information will lead to disciplinary steps being instituted and payments thus made may be recovered from any money payable by the municipality to the person who submitted the claim.
- 6.5 All efforts should be made to minimize the costs for the municipality i.e. by travelling together in one vehicle, minimizing overnight stay where possible, etc.
- a) Delegations to the same event, conference, consultation or meeting may only exceed three (3) employees or persons appointed on grounds of policy considerations if approved in advance by the **Accounting Officer**.
  - b) Where several employees attend approved events, inclusive of meetings, they must make arrangements for up to four (4) people to travel together in one vehicle.
  - c) Any deviation from paragraph (b) must be approved in writing by the **Director / Municipal Manager / Executive Mayor** as the case may be, prior to the date of departure, based on valid reasons as motivated in a submission.
- 6.6 A claim for subsistence and travelling cannot be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 6.7 Sufficient documentation must be attached to the application for the trip e.g., official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.

## 7 USE OF AIRLINES

- 7.1 The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights. Therefore municipalities have been requested to utilize these agreements to assist in their respective cost containment measures, unless lower air travel rates can be negotiated.
- 7.2 For domestic trips both major and low-cost airlines may be utilised.
- 7.3 For international trips all major airlines may be utilised.
- 7.4 Preference will be given to airlines which operate direct flights between Cape Town and the destination.
- 7.5 For special trips requiring the use of helicopters or chartered aircrafts, special authorisation by the Executive Mayor or Municipal Manager or their delegated nominees is required.
- 7.6 In all cases, the most economical airfare shall be paid for all members of the Council and for officials of the municipality who travel by air abroad and within

the boundaries of South Africa to the airport closest to the authorised destination, plus the relevant shuttle service, first class rail, motor coach or boat fare, or any reasonable combination thereof necessary to complete the journey to the said destination; provided that, in the case of all members of the Council and all Municipal officials, where there are:

- 7.5.1 Time constraints and/or when economy class flights are not available, business class may be authorised by the Executive Mayor or Municipal Manager or their nominees.
- 7.5.2 Physical and / or medical reasons (supported by the submission of a letter from a registered medical practitioner) why a member of council or an official may not travel in economy class, the Executive Mayor or Municipal Manager or their nominees may authorise travel by means of business class.

## 8 USE OF VEHICLES

### 8.1 Hired Vehicles

- 8.1.1 Shall be applied for, quantified and paid for by the Municipality.
- 8.1.2 May only be obtained when the employee and / or Councillor is on official municipal business where air travel was involved and other modes of transport are not available, too costly or impractical.
- 8.1.3 Requires prior approval from the Responsible Official for employees and the Executive Mayor / Speaker for Councillors.
- 8.1.4 May not be used for travel from the municipal offices.
- 8.1.5 Only travellers with a valid South African driver's licence may hire vehicles; where the traveller who hires a vehicle, is not in possession of such licence, he or she may be held personally liable for all damages and may be subject to disciplinary action by Council; the responsibility and related costs of obtaining an international driving permit, where required, rests with the traveller.
- 8.1.6 Only "A" or "B" category vehicles may be rented, unless it is more cost-effective to hire a more expensive vehicle, for example, when the number of representatives involved could justify the hire of a micro-bus, for groups of 5 (five) or more travellers. The latter to be approved in advance by the Executive Mayor or Municipal Manager, according to the provisions as provided for in 6.2.
- 8.1.7 For physically handicapped travellers who are only able to drive a particular type of vehicle and those in possession of a driver's license restricted to automatic vehicles: the most suitable vehicle.
- 8.1.8 Chauffeur driven vehicles may not be used. Employees and / or Councillors who are unable to drive must utilize either a shuttle service or another mode of public transport.

### 8.2 Private Vehicles

- 8.2.1 The boundaries of the Overstrand Municipality shall be used to determine payment for travel outside such boundaries by means of private transport for officials who are in receipt of a fixed transportation allowance, or where such an allowance has been factored into the total cost of employment package of the official concerned. In such cases, only the applicable cost per kilometer will be paid as updated from time to time. Should the destination of the trip be outside the boundaries of the Municipality, the distance for the cost per kilometer will be measured from place of residence or place of work, whichever is the nearest to the place of the approved event.
- 8.2.2 Employees in receipt of a fixed transportation allowance, travelling on official municipal business within the boundaries of the Overstrand Municipality but outside a radius of 15 km from their normal place of work, will be reimbursed for such travelling at the prevailing AA-Running Cost km tariff, calculated from their normal place of work.
- 8.2.3 Those employees who are not in receipt of a travel allowance shall be reimbursed according to the latest prescribed SARS km tariff (currently R3.29/km), calculated from their place of work or residence, whichever is the nearest to the place of the approved event.
- 8.2.4 Those employees who are in receipt of an Essential User Transportation Allowance shall be reimbursed in accordance with the applicable Scheme. The travelling distance shall be calculated from their place of residence.
- 8.2.5 Councillors using private transport outside the boundaries of the Overstrand Municipality will be reimbursed according to the guidelines issued by the relevant National Department as updated from time to time.
- 8.2.6 **A traveller who uses private transport rather than air travel shall be paid the lower of the following two options:**
- 8.2.6.1 Cash equivalent of the avoided air ticket cost, which would have been paid in the event of air travel being the most economical and practical means of transport; or
- 8.2.6.2 Actual cost per kilometre as determined according to the rate applicable to the traveller,
- on condition that such person may not claim subsistence costs for a longer period than would have been applicable in the case of air travel.
- 8.2.7 A claim submitted by a councillor or a municipal official, when travelling outside the municipal area of the Overstrand with private transport on official municipal affairs, will be considered for re-imburement, subject to the following conditions:
- 8.2.7.1 that the trip is for an approved official event;
- 8.2.7.2 that no other municipal transport was available to officials not in receipt of a transportation allowance at the time of the travel, as confirmed with the Executive Mayor, relevant Director or Municipal Manager;
- 8.2.7.3 that the use of private transport is pre-approved by the Mayor, relevant Director or Municipal Manager.

## 9 DOMESTIC TRAVEL, SUBSISTENCE AND ACCOMMODATION

When travelling to a destination outside the boundaries of the Overstrand Municipality in circumstances requiring absence from the office for longer than 24 hours, the following may be utilised and claimed: (the time of departure from residence or office up until the time of arrival back at residence or office shall be used for purposes of calculating the length of absence):

## 9.1 Accommodation

- 9.1.1 The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounted accommodation rates. Therefore municipalities have been requested to utilize these agreements to assist in their respective cost containment measures, unless other service providers that offer lower rates can be utilized.
- 9.1.2 Travellers who travel on the business of the municipality, where the business unavoidably entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment.
- a) Where employees attend approved events, inclusive of meetings, one or more nights to be spent away from home will only be allowed in instances where the distance to the venue exceeds 250 kilometers.
  - b) Any deviation from paragraph (a) must be motivated in writing by the employee and must be approved in writing by the **Municipal Manager**, prior to the date of departure, based on valid reasons.
- 9.1.2 The actual cost of accommodation will be borne by the municipality, subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable.
- 9.1.3 If no such accommodation is available, higher rating accommodation can be used subject to the prior written approval of the **Municipal Manager or the Executive Mayor, as applicable.**
- 9.1.4 If a traveller stays with a relative or friend, no accommodation allowance may be claimed, but the traveller may claim a subsistence allowance per day as per par 9.2.2.2 of this policy.
- 9.1.5 The location of the accommodation should not be more than 20 km from the venue of the event, unless prior written approval is obtained from the Municipal Manager or Executive Mayor.
- 9.1.6 Where advance payments have to be made to the establishment based on "pro-forma" invoices in order to secure the reservation, it is the responsibility of the traveling official(s) / councillor(s) to obtain the valid Tax Invoice from the establishment on or before departure and to submit it to the Creditor Section within 7 working days of returning from the event.

## 9.2 Subsistence Allowance and Meals

- 9.2.1 Subsistence Allowance  
As per definition, Section 5 of this Policy.
- 9.2.2 Entitlement to a Subsistence Allowance
- 9.2.2.1 A traveller may claim a daily subsistence allowance as provided for in this policy with the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses (see par 10 below), may be claimed.
  - 9.2.2.2 A daily subsistence allowance will only be applicable where-
    - (i) official business unavoidably entails **one or more nights to be spent away from home**, a subsistence allowance as amended by SARS from time to time (currently R372 per day) will apply in respect of domestic travel; or

- (ii) where the traveller will be on official business for a **period exceeding 8 hours, without being away from home for one or more nights**, an allowance as amended by SARS from time to time (currently R115 per day) will apply in respect of domestic travel;
  - (iii) No daily subsistence allowance will be payable to representatives that will be attending courses, training or meetings where lunch will be provided, but without being away from home for one or more nights.
- 9.2.2.3 A traveller of the municipality must obtain approval for his or her subsistence allowance, as provided for in this policy, before embarking on any official trip.
- 9.2.2.4 No subsistence allowance will be paid, and no traveller will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality. All travel on business of the municipality must be approved as such before a traveller is entitled to a subsistence allowance.
- 9.2.3 Claims for meals for official entertainment of guests by full-time councillors and the executive management team are to be dealt with as claims against the relevant "entertainment allowance" provision of the relevant Cost Centre.

Where special circumstances exist which necessitate a deviation from the above restrictions, the prior approval of the **Executive Mayor or Municipal Manager**, as applicable, or their nominees are to be obtained.

## 10 MISCELLANEOUS EXPENSES

Items that may be considered for approval, where expenditure is incurred within the boundaries of the Republic of South Africa during a period of absence is as follows:-

- 10.1 Parking fees: Subject to proof of payment being provided;
- 10.2 Toll fees: Subject to proof of payment being provided;
- 10.3 Bus / Taxi fares: Subject to proof of payment being provided.

## 11 INTERNATIONAL TRAVEL, SUBSISTENCE AND ACCOMMODATION

- 11.1 When traveling in countries other than in South Africa on specially authorised Municipal business, the expenses actually incurred for accommodation and official transport will be payable.
- 11.2 The daily subsistence allowance is to cover all meals, transport for private use and other incidental costs, this subsistence allowance for international travel will be in accordance with SARS Foreign Travel 1.1 List of Daily Maximum amount per Country, as amended by SARS from time to time.
- 11.3 No additional claim in respect of such costs will therefore be paid, except for entertainment by full-time Councillors or the Executive Management Team, of official guests, clients, potential clients, investors or potential investors which is to be dealt with as "entertainment allowance" claims.

## 12 SPONSORED TRIPS

- 12.1 LOCAL SPONSORED TRIPS

- 12.1.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.
- 12.1.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

## 12.2 INTERNATIONAL SPONSORED TRIPS

- 12.2.1 A trip shall be regarded as sponsored when the full / partial cost of the trip is borne by an institution other than the Overstrand Municipality. Such sponsored proportion of the total cost of the trip must be declared in the application for the trip.
- 12.2.2 Travelling and Subsistence payable by the Overstrand Municipality will be calculated as the difference between the amounts claimable per this policy less the monetary value of the sponsored amounts.

## 13 INSURANCE

- 13.1 Travellers, where the necessary travel and special leave forms have been duly authorised by the delegated official, will be insured by the municipality in terms of its current approved policies, practices and standard operating procedures. The insurance shall cover, *inter alia*, the following:
- 13.1.1 medical expenses and assistance services;
  - 13.1.2 personal accident, including death and disability, as well as repatriation and evacuation;
  - 13.1.3 luggage;
  - 13.1.4 travel documents;
  - 13.1.5 personal liability; and
  - 13.1.6 cancellation, curtailment, and default on travel and accommodation.
- 13.2 Insurance cover is only for the period that the traveller is away from home or place of work on a trip relating to municipal business.
- 13.3 Private vehicles and contents thereof will not be covered under this Policy.
- 13.4 Hired vehicles are automatically covered for both Super Waiver Damage and Theft by the vehicle rental company.

## 14 GIFTS AND PROMOTIONAL GOODS

- 14.1 Where appropriate, the traveller may give gifts.
- 14.2 The gifts in question shall be provided by the municipality, through the appropriate department.
- 14.3 Suitable promotional and marketing products shall be supplied, on request, by the appropriate department of the Municipality.

## 15 AUTHORISATION

- 15.1 For purposes of implementing this policy:
- 15.1.1 **Only the Municipal Manager** may authorize any travel to be undertaken by Directors, provided the expenses to be incurred are on the approved

budget of the relevant department. Claims by other officials to be authorized by directors concerned.

15.1.2 **Only the Executive Mayor** may authorize any travel to be undertaken by Holders of Public Office and the Municipal Manager, provided the expenses to be incurred are on the approved budget of the municipality.

15.1.3 **Only Directors** may authorize any travel to be undertaken by employees in the respective Directorate, provided the expenses to be incurred are on the approved budget of the municipality.

15.1.4 Authorization as per paragraph 15.1.1, 15.1.2 and 15.1.3, must be obtained prior to an occasion by any traveller who travels on the business of the municipality.

15.2 An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained from the Municipal Manager or Executive Mayor or Director as the case may be.

## 16 COUNCIL DELEGATES

Municipal delegates or travellers to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any traveller fails to do so, the Executive Mayor, the Municipal Manager or Director, as the case may be, may recover all allowances and disbursements paid to enable such delegate or traveller to attend such event, provided that such delegate or traveller is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

## 17 OTHER

17.1 Accommodation, flights and vehicle rental arrangements will be based on the most cost effective option in relation to the proximity of the venue, traffic, availability and other cost factors

17.2 In the event of payments made by officials for traveling and accommodation, refunds will only be made on condition that the expense was pre-approved in accordance with the stipulations of this policy and that all aspects of this policy have been complied with.

## 18 AUTHORITY

Any deviation from this policy for whatsoever reason must be authorized by the **Municipal Manager**.

## 19 TRAVEL AND SUBSISTENCE ALLOWANCE CLAIM FORM

The official Travel and Subsistence Allowance claim form, as prescribed by Chief Financial Officer must be used with regard to Travel and Subsistence Allowance applications.

## 20 IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 July 2017;

This policy will be reviewed at least annually or when required by way of a Council resolution.

**21 SHORT TITLE**

This policy shall be called the Travel and Subsistence Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE</b>	<b>31 MAY 2017</b>
<b>PREVIOUS REVIEW</b>	<b>25 MAY 2016</b>
<b>PREVIOUS REVIEW</b>	<b>28 MAY 2015</b>
<b>PREVIOUS REVIEW</b>	<b>28 MAY 2014</b>
<b>PREVIOUS REVIEW</b>	<b>29 MAY 2013</b>
<b>PREVIOUS REVIEW</b>	<b>30 MAY 2012</b>
<b>PREVIOUS REVIEW</b>	<b>04 MAY 2011</b>
<b>APPROVAL BY COUNCIL</b>	<b>26 MAY 2010</b>
<b>APPROVAL BY EXECUTIVE MAYOR:</b>	<b>10 DECEMBER 2004</b>

# OVERSTRAND MUNICIPALITY



## PETTY CASH POLICY

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**PETTY CASH POLICY****OVERSTRAND MUNICIPALITY****1. INTRODUCTION**

The accounting officer of a municipality is responsible for the management of the expenditure of the municipality in an effective and controlled manner. This includes Petty Cash, which is a small amount of funds that are minor in the form of cash, used for expenditure where it is impractical to obtain prior quotations due to the nature of the goods, monetary value and / or services required.

Therefore the Overstrand Municipality adopts the following Petty Cash Policy.

**2. OBJECTIVES OF THE POLICY**

Compliance with the regulatory framework in terms of the relevant legislation is required. The objectives of the policy are to ensure that:

- a) Goods and / or services are procured by the municipality in accordance with an authorised process only;
- b) The municipality has and maintains an effective Petty Cash system of expenditure control;
- c) Sufficient Petty Cash is available when required; and
- d) The items to be procured are approved Petty Cash items.

**3. REGULATORY FRAMEWORK**

- a) Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA)
- b) Overstrand Supply Chain Management Policy

**4. DEFINITIONS**

- Accounting Officer:** The person appointed by council in terms of section 54A2 of the Local Government: Municipal Systems Act, No 32 of 2000, also known as the Municipal Manager, and defined in terms of section 60 of the MFMA.
- Chief Financial Officer:** The person designated in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated.
- Petty Cash:** A relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.
- Petty Cash Float:** The total sum of Petty Cash which has been granted to a Petty Cash Officer.
- Petty Cash Officer:** An employee, made responsible for the day-to-day operating of the Petty Cash Float.
- Reconciliation:** Is the process of comparing information, for example cash spent, compared with the relevant documentation and receipts.

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**Sub-advances:** A relatively small amount of cash made available by the Petty Cash Officer on request to buy miscellaneous small items.

**5. RESPONSIBILITY AND ACCOUNTABILITY**

The key responsibilities in terms of Section 65 of the MFMA are:

**Accounting Officer (Municipal Manager)-**

- 5.1 The accounting officer of a municipality is responsible for the management of the expenditure of the municipality.
- 5.2 The accounting officer must for the purpose of paragraph 5.1 take all reasonable steps to ensure:
- (a) that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
  - (b) that the municipality has and maintains a management, accounting and information system which:
    - (i) recognises expenditure when it is incurred;
    - (ii) accounts for creditors of the municipality; and
    - (iii) accounts for payments made by the municipality;
  - (c) that the municipality has and maintains a system of internal control in respect of creditors and payments;
  - (d) that payments by the municipality are made:
    - (i) directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and
    - (ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Municipal Manager may delegate authority to the Chief Financial Officer.

**6. PETTY CASH POLICY****6.1 General Policy**

- (a) The use of a petty cash float (**a float may not exceed R5 000-00**) is strictly confined to **individual cash purchases of up to a maximum of R200-00**. The Chief Financial Officer may approve petty cash purchases up to R2000;
- (b) The petty cash float is only to be used for non-recurring expenditure of an ad-hoc nature with a maximum of 10 sub-advances per Department per month; except in instances with the explicit pre-approval of the Chief Financial Officer.

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- (c) The expenditure with regard to petty cash purchases **shall not be deliberately split into more than one transaction to avoid the said limit;**
- (d) The petty cash float is not to be used for any of the following:
  - (i) the cashing of cheques;
  - (ii) loans to any person whatsoever;
  - (iii) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;
  - (iv) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit;
  - (v) fuel; or
  - (vi) any purchase violating the true meaning of petty cash transactions will be regarded as a deviation from the accepted accounting practices in the use of Petty Cash and shall constitute a serious offence under the Disciplinary Code, unless authorized by the Chief Financial Officer;
- (e) Other cash floats may also be established for the purpose of providing change for a cash register, or any other purpose approved by the Chief Financial Officer. Use of such floats is restricted to the purpose for which they were established and does not form part of the scope of this policy; and
- (f) The Accounting Officer, or delegated official, may conduct internal audits to evaluate compliance with this policy.

**6.2 Establishing and Operating a Petty Cash Float**

- (a) To establish a new petty cash float or increase an existing advance, a written application must be made to the Chief Financial Officer by the relevant Manager of a department.
- (b) A request for the establishment of an advance will indicate the position of a senior administrative employee to be held responsible for the control over the petty cash float within the relevant department.
- (c) The senior administrative employee mentioned under paragraph 6.2(b) will be responsible for the security and leave arrangement in place to ensure safe custody of funds in the office.
- (d) The minimal security arrangement that will be acceptable is that the float must be kept in a locked box which will be kept in a locked filing cabinet or safe.
- (e) When an advance is approved, the Accountant: Creditors will advise the relevant Department accordingly and request that the senior administrative employee mentioned under paragraph 6.2(b) collect the advance. This establishing/initial advance will be charged to a "Petty Cash Advances – Position/Dept" in the General Ledger and not against any expenditure votes. A register of advances is thus

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maintained per Ledger Account for the purpose of accounting for all petty cash floats.

**6.3 Security of Petty Cash Floats and Documentation**

- (a) The cash on hand and used petty cash vouchers are to be kept in a locked box for which there must be two keys. One key is to be retained by the petty cash officer (on his / her person) normally responsible for the petty cash and the other to be kept by a senior administrative employee mentioned under paragraph 6.2(b) in a sealed envelope in the office safe or other secure place, to be used only in an emergency.
- (b) The locked petty cash box must be kept in a secure place when not in use and must be removed and returned by the responsible staff member only. At no stage must staff other than the responsible administrative / clerical staff member have access to the storage place of the petty cash box.
- (c) Under no circumstance are keys to be left in the lock to the petty cash box, cabinet or safe.
- (d) If the responsible Petty Cash Officer is either going on leave or is leaving the Municipality's employment, the Petty Cash Officer must perform a reconciliation and compile a Summary Claim Cover Page, before possession of Petty Cash, can be handed over.

The Summary Claim Cover Page must be signed by both the Petty Cash Officer and the recipient in order to verify that the amount in cash correspond with the balance on the Summary Claim Cover Page.

When the Petty Cash is returned to the Petty Cash official, the same processes must be undertaken.

**6.4 Completing a Cash Purchase Claim Form**

- (a) Petty cash stationery is available from the Expenditure Section (Financial Services). The form consists of two parts:
  - (i) Cash Purchase Claim page
  - (ii) Cash Purchase Record page
  - (iii) Receipt for cash advance (Only when appropriate, refer paragraph on Advances).
- (b) All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.
- (c) The Cash Purchase Claim must be completed as follows:
  - (i) description and cost of the goods/services purchased
  - (ii) purchaser's signature
  - (iii) correct vote number with an adequate budget to be charged
  - (iv) signature of the Officer in Charge of Petty Cash.
- (d) Original receipts and other valid documentation as required must be attached as proof of payment with the signature of an appropriate

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financial delegate on this documentation. The receipt and invoice must be in a formal business format. Receipts must set forth the complete description of the purchase. When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid.

- (e) A financial delegate cannot authorise a cash purchase claim where he or she is the purchaser.

**6.5 Sub-Advances to Staff Members**

- (a) If it is necessary to make an initial sub-advance to a staff member, a receipt for cash advance must be completed. The receipt for cash advance form must be completed as follows:
- (i) description and *estimated* cost of the goods/services purchased;
  - (ii) purchaser's signature;
  - (iii) correct vote number with an adequate budget to be charged;
  - (iv) signature of the Petty Cash Officer.
- (b) In order to receive an initial sub-advance, the relevant staff member must submit an approval notice (authorized by a delegated official) to the Petty Cash Officer.
- (c) On completion of the purchase, the recording-, documentation- and authorization requirements will be as stated in paragraph 6.4.
- (d) All such sub-advances will be accounted for within 24 hours, by submitting original receipts and other applicable documentation required, attached as proof of payment (with the approval signature on the documentation). Where this cannot be achieved, the buyer will be liable to pay back the advance without any delay or if not possible, such advance to be deducted from the individual's salary and of which the individual agrees in writing to the deduction when completing the receipt for cash advance form.
- (e) No more than one advance will be made to any one individual at a time.

**6.6 Out-of-Pocket Payments**

- (a) Where a staff member has made a purchase from own funds and seeks reimbursement from the petty cash, supporting documentation must be provided to substantiate the claim which must be submitted within 10 working days from date of incurring the expense.
- (b) The responsibility to ensure that the purchase will be in accordance with all the prescriptions of this policy will be the sole responsibility of the purchaser of such item(s).
- (c) The recording-, documentation- and authorization requirements will be as stated in paragraph 6.4 above.

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**6.7 Reimbursement of Petty Cash Floats**

- (a) A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-
  - (i) returning the cash level of the petty cash float to its original level, and;
  - (ii) charging the expenditure which has been made to the correct expenditure vote.
- (b) Accordingly, **at any point of time**, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for un-finalised purchases, plus the completed cash purchase claim forms, updated on the Summary Cash Purchase Claim form, shall equal the level of the petty cash advanced to a Department.
- (c) Completed Cash Purchase Claim forms, with attached cash register slips, etc., must be submitted to the Expenditure Section for reimbursement after the Summary Claim Cover Page and attached documentation have been authorised by a financial delegate.
- (d) Reimbursement of claims where supporting documentation as prescribed in this policy is absent / missing, must be declined.
- (e) The prescribed Summary Cash Purchase Claim Form as well as other relevant forms attached to it must be completed in full.
- (f) The most recently completed Cash Purchase Claim Form must record the reconciliation of the petty cash float. The Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- (g) A petty cash float must never be reimbursed with funds derived from any other source whatsoever.

**6.8 Shortages and losses**

- (a) The holder of the Petty Cash float will be held accountable for any shortages and / or losses unless there is physical evidence of breaking in and no act or omission on the part of the relevant official contributed to the loss.
- (b) Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- (c) Where a petty cash float is stolen the incident must be promptly reported to the Chief Financial Officer in the required format and a case be logged at the South African Police Services.

**6.9 Internal Controls**

- (a) Random surprise Petty Cash counts / audits must be conducted by the relevant Manager / Senior Manager throughout the financial year.

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- (b) Petty Cash Float reimbursement requests must be summarized into a monthly report to the Chief Financial Officer, including the total amount of Petty Cash purchases for that month.
- (c) Petty Cash reconciliations to the General Ledger must be reconciled and replenished before 30 June of every year (financial year-end).

**6.10 Procedure where a Petty Cash Float is Repaid / Cancelled**

When an advance is no longer required, a departmental memorandum must be submitted, signed by the Manager of the relevant Department, to the Accountant: Creditors, with the balance of cash on hand and completed and authorized Cash Purchase Claim forms. The most recently completed Cash Purchase Claim form will record the reconciliation of the petty cash float.

The Cashier must issue a receipt to the person delivering the cash.

**7. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2017;

This policy will be reviewed at least annually or when required by way of a Council resolution.

**8. SHORT TITLE**

This policy shall be called the Petty Cash Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT</b>
<b>CURRENT UPDATE:</b>	31 May 2017
<b>PREVIOUS REVIEW</b>	25 May 2016
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<b>APPROVAL BY COUNCIL:</b>	26 May 2010

# OVERSTRAND MUNICIPALITY



## PAYDAY POLICY

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**PAYDAY POLICY****OVERSTRAND MUNICIPALITY****1. PURPOSE**

The purpose of the policy is to regulate the date on which Councillors and Employees of the Overstrand Municipality will receive their remuneration and / or allowances.

**2. OBJECTIVES OF THE POLICY**

The objectives of this Policy are to:-

- a) Establish a consistent payment routine for the payment of remuneration and / or allowances; and
- b) Provide information as to when remuneration and / or allowances will be paid.

**3. LEGISLATIVE FRAMEWORK**

This Policy must be read in conjunction with the:-

- a) Remuneration of Public Office Bearers Act (Act 20 of 1998, as amended);
- b) Basic Conditions of Employment Act (Act 75 of 1997, as amended); and
- c) Organisational Rights Collective Agreement (as amended)

**4. SCOPE OF THE POLICY**

This Policy applies to all:-

- a) Councillors;
- b) Permanent employees;
- c) Contractual employees;
- d) Temporary employees; and
- e) Seasonal workers.

**5. POLICY PRINCIPLES****5.1 Councillors and Permanent employees**

- a) For newly elected Councillors and newly appointed permanent employees, payday for the first month will be on the last working day of the month;
- b) Thereafter, payday will be on the 25<sup>th</sup> day of each month, or the last working day before the 25<sup>th</sup> should the 25<sup>th</sup> day of the month fall on a:-
  - Saturday;
  - Sunday
  - Monday;
  - Public Holiday; or
  - Day after a public holiday.
- c) For the month of December in every year, payday will be three (3) working days before the 25<sup>th</sup>, with the exception of circumstances as set out in paragraphs 5.1(a), 5.1(b) and 5.1(d).
- d) For outgoing Councillors and resigning / dismissed / retiring permanent employees, payday for the last month will be on the last working day of the month.

**5.2 Contractual employees**

Payday for Contractual employees will be on the last working day of every month, but no later than 7 working days after the last day on which work was performed.

**5.3 Temporary employees and Seasonal workers**

Temporary employees and Seasonal Workers will, as far as possible, be paid on a weekly, fortnightly or monthly basis, as specified in their appointment letters, within 7 working days after the last day on which work was performed as per their timesheets.

**6. IMPLEMENTATION AND REVIEW PROCESS**

This policy will come into effect on 1 July 2017;

This policy will be reviewed at least annually or when required by way of a Council resolution.

**7. SHORT TITLE**

This policy shall be called the Payday Policy of the Overstrand Municipality.

<b>POLICY SECTION:</b>	<b>SENIOR MANAGER: EXPENDITURE AND ASSET MANAGEMENT</b>
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