

KAREEBERG MUNICIPALITY

COST CONTAINMENT POLICY

PREAMBLE

This policy document seeks to implement National Treasury Regulations No. 41445 dated 16/02/2018 and MFMA Circular 82 of March 2016

1. Travel claims

Measure

- ❖ Ensure effective control over travel claims.

Controls

- ❖ Traveling must be pre-authorized by the appropriate delegated officials, before such costs are incurred, whilst the said official must ensure that kilometres claimed are indeed justifiable.

2. Overtime

Measure

- ❖ Overtime must be undertaken in compliance with all relevant policies, SALGBC Collective Agreements and applicable legislation (e.g Basic Conditions of Employment Act)

Controls

- ❖ Overtime should only be approved where the necessary budget provision exists, after a need analysis has been undertaken by the relevant department.
- ❖ Authority to work overtime in excess of 40 hours per month, must be obtained from the Municipal Manager **prior** to the overtime being worked, as this is in contravention of Section 10 of the Basic Conditions of Employment Act (BCEA).
- ❖ The Head of Departments **must** ensure that overtime worked in excess of 40 hours, was authorised **by the Municipal Manager prior** to the actual overtime being worked.
- ❖ The regulations issued by the Department of Labour, relating to annual salary thresholds within which overtime may be paid, must be adhered to.

3. Catering, Refreshments & Entertainment

The regulation as it relates to expenses for catering and events, states the following:-

- ❖ A municipality or municipal entity may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality or municipal entity, unless the prior written approval of the accounting officer is obtained.
- ❖ An accounting officer may not incur expenses on alcoholic beverages.

- ❖ An accounting officer may incur catering expenses for hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five (5) hours.
- ❖ The accounting officer must ensure that team building exercises and social functions, including year-end functions, **are not financed from the budgets of their respective establishments or by any suppliers or sponsors.**

In implementing the aforementioned instruction, the following control measures are applicable as it relates to catering and entertainment:-

Control Measures

- ❖ Apart from tea, coffee and muffins, **no catering and refreshments** will be provided at Council workshops, retreats, strategic sessions, internal training sessions, official meetings (Standing Committees and other Council committees), Council meetings and Management meetings.
- ❖ At the discretion of the Municipal Manager, catering and refreshments **may** only be provided at meetings with other spheres of government (Provincial/National), after budget availability has been confirmed by the Chief Financial Officer.

4. **Attendance of Conferences, Seminars & Workshops**

Measures and Controls

- ❖ Conferences, seminars and workshops **may** be attended by Officials and Councillors, but only when absolutely necessary.
- ❖ The Head of Department concerned must sign the claim form as a motivation to the Municipal Manager, for attendance.
- ❖ The total size of municipal delegations attending conferences, seminars and workshops outside the Municipality, **must** be restricted to two delegates.
- ❖ Budget availability must be confirmed by the Chief Financial Officer, in the first instance.
- ❖ In the event of training being provided at no cost to the Municipality, the size of the municipal delegation may be increased, subject to approval by the Municipal Manager.

5. **Municipal Workshops, Retreats, Strategic Sessions and Internal training**

Controls

- ❖ Only local municipal venues may be utilised to host municipal workshops, retreats, strategic sessions and internal training.
- ❖ Alternative facilities at other government institutions must then be sourced, where such sessions cannot be held in-house.
- ❖ The necessary proof must be provided to the Municipal Manager, where local municipal venues or facilities at other government institutions are not available.
- ❖ Budget availability must be confirmed by the Chief Financial Officer in the first instance, prior to the Municipal Manager approving the use of external venues.

6. **Projects/Programme Launches**

Controls

- ❖ The number of projects/programme launches must be minimised, so as to limit the associated costs to the Municipality.
- ❖ When different projects/programmes are launched in a particular word, it must be organised as one launch and not as different launches for each and every project.

7. Use of Consultants

The regulations as it relates to expenses for the use of consultants, states the following:-

- ❖ A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full time employ to perform the function.
- ❖ An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates-
 - (a) determined in the “Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa”, issued by the South African Institute of Chartered Accountants;
 - (b) set out in the “Guide on Hourly Fee Rates for Consultants”, issued by the Department of Public Service and Administration;
 - (c) as prescribed by the body regulating the profession of the consultant.
- ❖ appoint consultants on a time and cost basis with specific start and end dates;
- ❖ The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation
- ❖ All contracts of consultants must include penalty clauses for poor performance and in this regard, accounting officers must invoke such clauses where deemed necessary.
- ❖ Any SLA or contract signed with consultants, must include
 - (i) penalty clauses for poor performance,
 - (ii) clauses that deal with skills transfer,
 - (iii) period of the contract must be clearly stated, amongst other pertinent clauses.
- ❖ Head of Departments who deal with Consultants must ensure compliance with the NT instruction, as it relates to disbursements for travelling and accommodation for consultants.

8. Domestic accommodation

The accounting officer must ensure that cost incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by the National Treasury, from time to time.

9. Credit cards

The accounting officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office bearer.

Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials or public officer bearers must use their personal credit cards or cash or arrangements made by the municipality, and request

reimbursement from the municipality in accordance with the relevant municipality policy and processes.

10. **Telephone Costs (Landlines)**

Measure

- ❖ The Council's policy relating to payment for private calls must be fully enforced.

Controls

- ❖ The cost of private calls must be recovered by providing a schedule on a monthly basis to the Finance Department (Payroll Office), so that the necessary deductions can be made from the affected municipal employees' salaries.

11. **Travel and Subsistence**

In line with the regulations as it relates to travel and subsistence expenses, the following control measures must be implemented:-

Control measures

- ❖ Only economy class tickets to be purchased for employees and Councillors, where the flying time of the flight is five (5) hours or less.
- ❖ The Municipal Manager may approve the purchase of business class tickets for employees with disabilities or for those with special needs, where the flying time is five (5) hours or less.
- ❖ Purchasing of air ticket for first class travel is not permitted, under any circumstances.
- ❖ Domestic hotel accommodation linked to travel and subsistence may not exceed R..... per night per person (including dinner, breakfast and parking). National Treasury may periodically review this amount.
- ❖ The amount of R..... quoted above may be exceeded with approval of the Municipal Manager in instances (i) such as peak holiday periods, and (ii) when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local / international guest in the country or in that particular geographical area.
- ❖ Sharing of the mode of transport when Employees / Councillors travel to the same destination.
- ❖ Overnight accommodation must be limited to instances where the distance by road exceeded 500 kilometres to and from destination (return journey)
- ❖ When a vehicle is hired, it must be shared between the Employees/Councillors attending the same workshop conference, seminar, etc. (one vehicle to be hired per occasion)
- ❖ Flight bookings must be made timeously, to prevent unnecessary overnight stay costs.

12. **Disclosures**

- ❖ The disclosure of cost containment measures applied by the municipality must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.

- ❖ The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings, on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- ❖ Such reports must be copied to the National Treasury and relevant Provincial Treasuries within seven calendar days after the report is submitted to Municipal Council.

13. Monitoring and Evaluation

Managers are required to report on a quarterly basis regarding the respective status of implementation on the Cost Containment Policy (CCP) for their respective departments.

The required reporting framework will be developed by the Manager: Administration and will be made available to all managers. The managers must report on the implementation of the CCP, to the portfolio committees on a quarterly basis.

14. Other related

- ❖ All commodities, services and products covered by a transversal contract concluded by the National Treasury must be procured through that transversal contract before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- ❖ Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during election periods.

Enforcement

Failure to implement or comply with this policy may result in any official that authorised or incurred any expenditure contrary to these policy being held liable for financial misconduct.

APPROVED:

