

BYLAE/ANNEXURE "A"



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

SUBSISTENCE & TRAVEL POLICY

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1. DEFINITIONS

For purposes of this Policy, the following abbreviations, words or phrases shall have the meaning assigned thereto:

“*CWDM*” means the Cape Winelands District Municipality;

“*daily allowance*” means an amount per day granted or advanced to an Official for costs related to meals and other incidental costs for each day or part of a day in a period during which an Official is absent from his / her usual place of residence for official business, as determined annually by the South African Revenue Service (SARS) for purposes of Section 8(1) of the Income Tax Act, 1962 (Act No. 58 of 1962);

“*host*” means the person or institution who has extended an invitation to the CWDM to delegate a Councillor and / or Official to attend an event which is regarded as official business;

“*international travel*” means travel outside the borders of the Republic of South Africa;

“*domestic travel*” means travel within the borders of the Republic of South Africa;

“*fruitless and wasteful expenditure*” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;¹

“*irregular expenditure*” means -

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which has not been condoned in terms of Section 170 of that Act;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

¹ Definition as per Section 1 of the MFMA

- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";²

"local travel" means travel outside the area of jurisdiction of the CWDM but within the borders of the Western Cape Province, up to a distance of 150 kilometres from the normal place of work or residence, whichever is the nearest point of departure;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"official business" for purposes of this Policy shall mean the attendance by Councillors and / or Officials of congresses, conferences, seminars, training, meetings, workshops, etc. related to the official business of the CWDM, subject thereto that such attendance has been duly authorized in terms of the CWDM's System of Delegations (as amended from time to time);

"out of pocket expenses" means actual and necessary expenses incurred by a Councillor, which –

- (a) have been specifically authorized; or
- (b) are provided for in this Policy;

in connection with a specific or ceremonial duty which has been delegated to the Councillor;³

"SARS" means the South African Revenue Service;

² Definition as per Section 1 of the MFMA

³ See definition as determined by the Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) in accordance with the Determination of Upper Limits and Salaries, Allowances and Benefits of different Members of Municipal Councils.

“*SCM Policy*” means the CWDM’s Supply Chain Management Policy adopted by Council in terms of Section 111 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);

“*SCM Regulations*” means the Municipal Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);

“*subsistence expenses*” means expenses in respect of accommodation and / or meals and/or beverages (excluding alcoholic beverages), while a Councillor and / or Official is by reason of the duties of his / her office or employment obliged to spend at least **1 (one)** night away from his / her usual place of residence;

“*transportation expenses*” shall include trips during official CWDM business by vehicle, taxi, boat, helicopter, train, tram and aeroplane and any other means, and shall include travel with a personally owned vehicle;

“*unauthorized expenditure*” means any expenditure incurred by a municipality otherwise than in accordance with Section 15 or 11(3) of the MFMA, and includes –

- (a) overspending of the total amount appropriated in the municipality’s approved budget;
- (b) overspending of the total amount appropriated for a line item in the approved budget;
- (c) expenditure from a line item unrelated to the department or functional area covered by the line item;
- (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.⁴

⁴ Definition as per Section 1 of the MFMA

2. PURPOSE OF POLICY

The purpose of this Policy is to –

- (a) Regulate local, domestic and international travel with regard to official business by Councillors and / or Officials on behalf of the CWDM;
- (b) Clearly define subsistence and travel related expenses as set out in Clause 6 of this Policy;
- (c) Set out the conditions for official business; and
- (d) Clarify the various related processes and responsibilities.

3. APPLICATION

- 3.1 This Policy shall be applicable on Councillors in so far as it is not contradictory with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and Regulations promulgated in terms of the said Act.
- 3.2 This Policy shall be applicable to all Officials designated to attend to official business of the CWDM as well as to Officials involved in processes with regard to the execution of this Policy.

4. GENERAL

- 4.1 All official business travels must contribute to the CWDM's business of developing, obtaining or transferring of knowledge or to communicate, promote or administer the CWDM's interests.
- 4.2 The object of travelling for purposes of official business is to justify the cost and thus all official business travel and related costs must be properly motivated.
- 4.3 The object of reimbursement for official business related expenses is to cover reasonable expenses incurred as a result of attending to official business on behalf of the CWDM.
- 4.4 All official business travel must be planned thoroughly to ensure that it is executed in the most efficient, effective and economic manner.
- 4.5 This Policy is positioned within the context of the South African Revenue Service (SARS) definitions, regulations and maximum

rates that can be paid with regard to subsistence and travel without incurring tax liability, as determined annually by the Minister of Finance in respect of the applicable year of assessment.

5. AUTHORIZATIONS AND ROLES AND RESPONSIBILITIES

- 5.1 No Councillor and / or Official of the CWDM may go on official business without prior authorization as provided for in the CWDM's System of Delegations.⁵
- 5.2 The authorization of appropriate Officials and the roles and responsibilities of Officials in respect of the processing and approval of subsistence and travel claims and advances, shall be strictly in accordance with the CWDM's System of Delegations or sub-delegations in writing by the Accounting Officer and/or the Chief Financial Officer.
- 5.3 The procurement of goods and services required in the execution of this Policy shall be in strict compliance with the provisions of the MFMA, the SCM Regulations promulgated in terms of the Act and the SCM Policy of the CWDM.

6. EXCLUDED COSTS

The following expenses shall explicitly not be covered by the CWDM -

- (a) Any expenses covered by a host extending an invitation;
- (b) Alcoholic beverages;
- (c) Expenses of a personal nature, such as private telephone calls and entertainment;
- (d) In incidents where costs are incurred in entertaining external business associates, contacts, clients or potential investors or clients -
 - (i) Where the Official receives an entertainment allowance, the costs must be claimed against the entertainment allowance; and
 - (ii) All expenses shall fall outside the scope of this Policy and specific approval must be obtained in advance in writing from the Chief Financial Officer for any such expenditure

⁵ Excerpt of Part G.4 of the System of Delegations

upon submission by the nature and reason why such costs need to be incurred.

7. INCLUDED COSTS

7.1 REGISTRATION AND ATTENDANCE FEES

Fees payable for the registration and / or attendance of official business as provided for in the definition in Clause 1 shall be covered by the CWDM.

7.2. ACCOMMODATION

7.2.1 General

Councillors and / or Officials who undertake official business for the CWDM, where the business unavoidably entails **1 (one)** or more nights to be spent away from the Councillors and / or Officials' residence, may stay in a hotel, motel, guesthouse, bed and breakfast establishment or shared lodging units comprising more than **1 (one)** bedroom(s). 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.

7.2.2 Selection

The following shall apply as regards the selection of accommodation -

- (a) The accepted grade of accommodation shall be the equivalent of **3 (three)** or **4 (four)** stars, subject to sub-Clause 7.2(d);
- (b) The selection of accommodation must be judged on availability, location, suitability, safety, etc.
- (c) Accommodation rates for single rooms shall be applicable, unless single rooms are not available or in cases where Councillors and / or Officials are accommodated in shared lodging units consisting of more than **1 (one)** bedroom, for which a flat rate per unit is applicable;

- (d) Accommodation shall in general be arranged at the venue of business, unless the accommodation rate is extravagantly expensive, in which case other accessible, suitable and more economical accommodation in close proximity of the venue must be arranged;
- (e) Where a Councillor and / or an Official stays with a relative or friend, no accommodation expenses may be claimed.

7.3 DAILY ALLOWANCES

The following daily allowances shall be paid to Officials for purposes of subsistence **7 (seven)** working days prior to departing on official business or may be claimed within **7 (seven)** working days on return, and shall be deemed to have been actually expended to defray the expenses indicated:

7.3.1 Local travel

No Official will be entitled to be reimbursed for (a) meal(s) and / or incidental expenses within the area of jurisdiction of the CWDM.

Where overnight stay is not necessitated for official business outside of the area of jurisdiction of the CWDM, (a) meal(s) and / or refreshments will be treated as out of pocket expenditure and will be refunded accordingly; provided that proof is supplied that the meal is not part of any conference, seminar, etc paid for by the CWDM.

Reimbursements will take place on condition that:

- (a) Breakfast – departure from residence or office must be before 06:00;
- (b) Lunch – return to office is after 14:00;
- (c) Dinner - return to office is after 20:00.

7.3.2 Domestic travel⁶

Where an Official is obliged to spend **1 (one)** or more nights away from his / her usual place of residence on official business and the accommodation to which the allowance relates is in the Republic of South Africa, a daily allowance in accordance with the maximum amount, as determined by the Commissioner for the South African Revenue Service, shall be paid or granted to defray -

- (a) Incidental expenses only; or
- (b) The cost of meals and incidental expenses.

7.3.3 International travel⁷

- (a) Where the accommodation of Councillors and / or Officials to which an allowance relates is outside the Republic of South Africa and the allowance is either granted or paid to defray the cost of incidental expenses and meals, a special daily allowance in accordance with the maximum amount as determined by the Minister for the Public Service and Administration may be claimed.

The special allowance is comprised as follows:

- (i) Incidental expenses (15%);
- (ii) Breakfast (20%);
- (iii) Lunch (20%);
- (iv) Dinner (45%);

Where part of the meals (e.g. breakfast included in the accommodation expenses) is paid by the CWDM, the special daily allowance will be reduced accordingly.

⁶ In accordance with the Determination of the daily amount in respect of meals and incidental costs for purposes of Section 8(1) of the Income Tax Act, 1962 (Act No. 58 of 1962), as published by the Commissioner for the South African Revenue Service from time to time.

⁷ In accordance with the Schedule : "Accommodation on Official Journeys outside the Republic" promulgated in terms of the Public Service Act, 1994 (Act No. 103 of 1994) and the Regulations thereto, as published by the Department of Public and Administration from time to time.

7.4 OUT OF POCKET EXPENSES

7.4.1 Councillors shall be reimbursed for actual and necessary out of pocket expenses (except travel and laundry costs), subject thereto that detailed proof of expenditure is submitted with the claim for reimbursement – the Accounting Officer may claim that a Councillor motivates the necessity of expenditure.⁸

7.4.2 If accommodation has been prepaid by the CWDM on a bed and breakfast (B&B) or bed, breakfast and dinner (BB&D) basis, no claims for reimbursement for substitute meals may be made.

7.5 TRANSPORTATION EXPENSES

The cheapest mode of transport as determined by the discretion of the CWDM shall be explored.

The following expenses with regard to transportation shall be payable by the CWDM :

7.5.1 Air travel expenses

- (a) Airfare, subject to the following conditions -
 - (i) The most economical airline tickets available on the date of booking shall be selected and in this regard, tickets shall be booked as far as possible in advance in order to acquire the benefit of economical bookings – late bookings at a non-economical rate must be properly motivated and specifically authorized by the Municipal Manager before such tickets may be booked;

Councillors and / or Officials shall depart and return on the flight(s) as originally booked and may under no circumstances whatsoever depart or return on any other flight(s) if there is an additional cost implication of any kind – any additional costs related to the cancellation of airline tickets and / or changing of flights, or in cases where the Councillor and / or Official does not show up for his / her booked flight, shall be regarded as fruitless and / or wasteful expenditure as contemplated in the MFMA and shall be referred to the Unauthorised, Fruitless and

⁸ See definition of “out of pocket expenses” in Clause 1

Wasteful Expenditure Committee, and depending on the resultant outcome, shall be recovered by the CWDM from the salary of the Councillor and / or Official concerned;^{9 10 11}

- (iii) Although it is accepted that airline miles accrue to the person who represents the CWDM on official business, such accrual shall be deemed to have accrued to the CWDM as a result of expenditure for air travel incurred by the CWDM and all airline mile accrual statements shall be submitted by all Councillors and / or Officials to the Chief Financial Officer after returning from official business for purposes of being redeemed for future air travel for official purposes by the Councillor and / or Official concerned;
- (b) Airport taxes, travel and transfer duties and surcharges;
- (c) Travel insurance, except in cases where privately owned vehicles are used by the Councillors and / or Officials.
- (d) In cases where air travel is the most appropriate means of transport and an Official, excluding Section 57 appointees, prefers to travel in a privately owned vehicle he / she shall be reimbursed the equivalent of the avoided airline ticket cost, being the most economical and practical means of transport; on condition that such an Official may not claim for additional accommodation, meals and / or refreshments for a longer period than would have been applicable in the case of air travel.

7.5.2 Car rental

Class B rates for car rental shall be payable by the CWDM in cases where car rental is the appropriate means of transport, unless this class is not appropriate under the circumstances.

⁹ See Section 32(1)(d) of the MFMA : “... 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”.

¹⁰ See Section 32(2) of the MFMA : “A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure ...”

¹¹ See Section 34(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) : “An employer may not make any deduction from an employee’s remuneration unless ... the deduction is required ... in terms of a law ... “

7.5.3 Privately owned vehicles

Where privately owned vehicles are utilized by Councillors and / or Officials for official travel inside and outside the jurisdiction area of the CWDM, Councillors and / or Officials shall be reimbursed as follows -

- (a) Councillors¹² and Section 57 Appointees¹³

Councillors and / or Section 57 Appointees of the CWDM delegated to attend official business, may only claim reimbursement for official distances in excess of **500 (five hundred)** kilometres in a particular month in accordance with the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles, subject thereto that a logbook acceptable to SARS reflecting the official and private kilometres travelled per month, must be kept for purposes of determining official distance travelled per month.

- (b) Officials

Officials may submit claims on a monthly basis in respect of official business travel undertaken in their privately owned vehicles in accordance with the applicable transport allowance scheme.

7.5.4 Parking and toll fees, bus and taxi fares

Councillors and / or Officials shall be entitled to reimbursement of all parking and toll fees as well as bus and taxi fares upon submission of a duly completed claim form together with proof of expenditure in this regard to the Chief Financial Officer.

¹² In accordance with the Determination of Upper Limits and Salaries, Allowances and Benefits of different Members of Municipal Councils as determined by the Minister for Cooperative Governance and Traditional Affairs in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) from time to time.

¹³ In accordance with the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 and conditions of service as stipulated in the appointees contract of employment.

7.5.5 Other travel-related expenses

The CWDM shall cover the following other travel-related expenses with regard to official business -

7.5.5.1 Passport and visa expenses

Councillors and / or Officials shall be entitled to reimbursement of all passport and visa expenses upon submission of a duly completed claim form together with proof of expenditure in this regard to the Chief Financial Officer.

7.5.5.2 Medical Costs

The following shall be applicable with regard to medical costs incurred during official business:

(a) International travel

The CWDM shall bear the cost of medical insurance required by international countries prior to arrival at the country of destination, but will not be liable for additional medical expenses not covered by the medical insurance. The insurance cover is only for the period that a Councillor and / or Official are away from home on a trip relating to official business;

(b) Local and domestic travel

(i) Where medical costs may be due to an injury on duty, Officials will be covered by the applicable provisions of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993) as well as the short term insurance policy (group accident benefits) of the CWDM.

(ii) The CWDM shall bear the cost of medical insurance in terms of the short term insurance policy (stated benefits) of the CWDM for medical expenses incurred by Councillors due to an injury during official business,

8. REPORTS

8.1 A comprehensive exposition regarding -

- (a) The nature and reasons for official business travel;
- (b) Outcomes and benefits derived; and
- (c) Expenses incurred;

in connection with all international official business travel must be reported to the Mayoral Committee at the first meeting after the date of return.

9. OFFENCES AND PENALTIES

9.1 Financial misconduct

Any unauthorized, irregular or fruitless and wasteful expenditure either made or permitted by Councillors and / or Officials, shall be regarded as financial misconduct as contemplated in the MFMA¹⁴.

9.2 Offences

If found guilty, the following conduct shall be regarded as an offence in terms of the MFMA -

- (a) Accounting Officer

The Accounting Officer deliberately or in a grossly negligent way fails to take reasonable steps to prevent unauthorized, irregular or fruitless and wasteful expenditure with regard to this Policy;¹⁵

- (b) A Senior Manager or other official exercising financial management responsibilities and to whom a power or duty has been delegated with regard to this Policy deliberately or in a grossly negligent way contravenes or fails to comply with a condition of the delegation;¹⁶
- (c) A Councillor - ¹⁷

- (i) deliberately influences or attempts to influence the Accounting Officer, Chief Financial Officer, a Senior Manager or any other official to contravene a

¹⁴ See Section 171(1)(c), 171(2)(c), 171(3)(c) of the MFMA

¹⁵ See Section 173(1)(a)(iii) of the MFMA

¹⁶ See Section 173(3) of the MFMA

¹⁷ See Section 173(4) of the MFMA

provision of the MFMA or with specific regard to this Policy;

- (ii) interferes in the financial management responsibilities or functions assigned in terms of the MFMA to the Accounting Officer of the Municipality or delegated to the Chief Financial Officer of the Municipality in terms of the MFMA.

9.3 Disciplinary steps and criminal proceedings

- (a) The Accounting Officer must ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any Official who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA;¹⁸
- (b) The Municipality must investigate allegations of financial misconduct and if the investigation warrants such a step, institute disciplinary proceedings against the Accounting Officer, Chief Financial Officer, Senior Manager or other Official with regard to acts of financial misconduct.¹⁹

9.4 Penalties

A person is liable on conviction of an offence in terms of Section 173 of the MFMA to imprisonment for a period not exceeding **5 (five)** years or an appropriate fine determined in terms of applicable legislation.²⁰

10. EFFECTIVE DATE

This Policy shall commence on the date on which it was adopted by Council and shall remain in full force and effect until it is reviewed, revoked or amended by Council.

¹⁸ See Section 62(1)(e) of the MFMA

¹⁹ See Section 171(4)(b) of the MFMA

²⁰ See Section 174