



KAROO HOOGLAND MUNICIPALITY

SUBSISTENCE AND TRAVEL POLICY

2018/2019

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..... Municipal Manager	

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1. INTRODUCTION

- 1.1. The Council consider it essential that representatives of the Municipality from time to time travel to other destinations within the demarcated municipal area or the Republic of South Africa and/or outside the Republic for business purposes.
- 1.2. In terms of Section 62(1)(a) of the MFMA the accounting officer is responsible for managing the financial administration of the Municipality and must for this purpose take all reasonable steps to ensure that the resources of the Municipality are used effectively, efficiently and economically.
- 1.3. This Policy institutes appropriate subsistence and travel measures to ensure that the limited resources and public funds of the Municipality are appropriately utilised to ensure that value for money is achieved.

2. PURPOSE OF THIS POLICY

- 2.1. The purpose of this Policy is to provide for:
 - 2.1.1. The circumstances under which claims can be lodged for subsistence and travel;
 - 2.1.2. The amounts that can be claimed and other incidental matters;
 - 2.1.3. The terms and conditions required for travelling;
 - 2.1.4. Cost containment measures.

3. LEGISLATIVE FRAMEWORK

- 3.1. This Policy is guided by the following legislative framework, as may be amended from time to time:
 - 3.1.1 South African Revenue Services directives in respect of allowances (2017/18 tax year);
 - 3.1.2 Department of Transport: Tariffs for the use of Motor Transport dated 6 January 2016;
 - 3.1.3 Local Government: Municipal Finance Management Act, 2003;
 - 3.1.4 South African Local Government Association (SALGA) directives;
 - 3.1.5 Remuneration of Public Office Bearers Act, 1998;
 - 3.1.6 Income Tax Act, 1962;

- 3.1.7 National Treasury MFMA Circular No. 82 of 30 March 2016 (Cost Containment Measures);
- 3.1.8 Northern Cape and/or South African Local Government Bargaining Council Collective Agreements.

4. DEFINITIONS

4.1. Unless the context indicates otherwise:

- 4.1.1. **Business purposes** means the performance of official duties by representatives of the Municipality within or outside the demarcated municipal boundaries as authorised in accordance with this Policy, and **business** or **official business** has a corresponding meaning;
- 4.1.2. **Consultant** means a service provider appointed by the Municipality;
- 4.1.3. **Councillor** means a member of the Municipal Council;
- 4.1.4. **Department of Transport's tariffs** mean the tariffs determined by the Department of Transport's Circular for the use of Motor Transport, reference T118 dated 6 January 2016;
- 4.1.5. **Director: Financial Services** means the person appointed in terms of Section 56(a) of the Municipal Systems Act 32 of 2000;
- 4.1.6. **Employee** means a person in the employment of the Municipality as well as employees with a fixed term contractual appointment;
- 4.1.7. **Incidentals costs** mean expenses incurred for light food, refreshments and snacks, non-alcoholic beverages, reasonable gratuities and other related expenses, excluding parking and tollgate fees;
- 4.1.8. **Mayor** means a councillor of the Municipality elected as Mayor in terms of the Structures Act;
- 4.1.9. **Meals** mean any of the regular occasions in a day when a reasonably large amount of food is eaten, such as breakfast, lunch or dinner;
- 4.1.10. **MFMA** means the Local Government: Municipal Finance Management Act, 2003;
- 4.1.11. **MFMA Circular No. 82** means National Treasury MFMA Circular No. 82 of 30 March 2016 (Cost Containment Measures);
- 4.1.12. **Municipality** means Karoo Hoogland Municipality;

- 4.1.13. **Municipal Council** means the Municipal Council of the Municipality established in terms of section 12 of the Structures Act;
- 4.1.14. **Municipal Manager** means the person appointed by the Municipal Council in terms of section 82 of the Structures Act and includes a person lawfully acting as such;
- 4.1.15. **Political office bearer** means a political office bearer of the Municipality as defined in the Systems Act;
- 4.1.16. **Representative** means an employee, councillor or political office bearer of the Municipality;
- 4.1.17. **Structures Act** means Local Government: Municipal Structures Act, 1998;
- 4.1.18. **Subsistence allowance** means any allowance given to an employee, councillor or political office bearer for expenses incurred or to be incurred in respect of personal subsistence and incidental costs as specified in paragraph 7 of this Policy;
- 4.1.19. **Systems Act** means Local Government: Municipal Systems Act, 2000;
- 4.1.20. **Travel allowance** means any allowance paid or advance given to an employee, councillor or political office bearer as reimbursement for the use of his/her private motor vehicle in respect of travelling expenses for business purposes;
- 4.1.21. **This Policy** means the Subsistence and Travel Policy 2017/2018 as approved by the Municipal Council and includes the subsistence and travel cost containment measures as outlined in MFMA Circular No. 82.

5. APPLICATION

- 5.1. This Policy shall apply to all representatives of the Municipality, excluding beneficiaries of the Transport Scheme for Essential Users in which case the terms and conditions of such Scheme shall *mutatis mutandis* apply.
- 5.2. The subsistence and travelling cost containment measures as outlined in Annexure A, paragraph 1 of MFMA Circular No. 82 shall apply to consultants appointed by the Municipality.
- 5.3. The provisions of paragraph 17 shall apply to candidates who are invited for job interviews.

6. RESPONSIBILITIES OF REPRESENTATIVES

- 6.1. Representatives who travel for business purposes are ambassadors for the Municipality and their actions, conduct and statements must enhance the image and be in the best interests of the Municipality.
- 6.2. Representatives who travel for business purposes must comply with given mandates, arrive on time and stay in attendance for the whole duration of the business.
- 6.3. Consistent with the Municipality's performance monitoring and evaluation objectives, the Municipal Manager shall ensure that a database of all representatives and travelling for business purposes is maintained.

7. SUBSISTENCE ALLOWANCE

- 7.1. A subsistence allowance is intended for abnormal circumstances and therefore such allowance **do not form part of the remuneration package of a representative**. It is an amount paid by the Municipality to the representative in addition to the latter's normal remuneration.
- 7.2. Compensation or an allowance paid to representatives **who reside far away from their normal place of employment** or who do not spend the night away from home is not regarded as a subsistence allowance and is subject to employees' tax.
- 7.3. A representative can claim the daily amounts (refer to 7.3.1 and 7.3.2) in respect of meals without the proof of expenses where the representative is absent from his/her usual place of residence or normal work place:
 - 7.3.1 **Inside and outside the municipal area** (within the Republic of South Africa) and at least one night is spend away from home –
 - Meal costs: **Maximum** of R280.00; or R 50.00 for breakfast, R80.00 for lunch and R 150.00 for dinner depending on timeframes as per the approved claim form. Attached as Annexure B.
 - 7.3.2 **Inside and outside the municipal area**, without overnight, are spend away from home –
 - Meal costs: **Maximum** of R130.00; or R 50.00 for breakfast and R 80.00 for lunch depending on timeframes as per the approved claim form. Attached as Annexure B

- 7.3.3 Outside the Republic of South Africa, an amount equal to the prescribed amount applicable to the relevant country for each day or part of a day in the period during which the representative is absent from his/her usual place of residence in accordance with the table for the country in which that accommodation is located, as published by notice in the Government Gazette.
- 7.4. In the event of employees or councillors attending business purpose related meetings, workshops, forums, etc. within the **municipal area and catering is authorised** and provided as envisaged in Annexure A, paragraph 4 of MFMA Circular No. 82, no subsistence allowance for meals costs shall be payable.
- 7.5. The subsistence allowance may be claimed without the representative having to furnish proof of expenses; provided that no subsistence allowance shall be claimed and payable in the event of the Municipality paying all the overnight accommodation and meal expenses as envisaged in paragraph 9 of this Policy.

8. TRAVEL ALLOWANCE

- 8.1. Any allowance or advance in respect of travelling expenses not to have been expended on travelling for business purposes to the extent that it has been spent on private travelling (this includes travelling between the representatives residence and his/her place of employment), shall be deemed not to have been actually expended on travelling for business purposes.
- 8.2. The distance to which the travel allowance applies, shall be the shortest travelable distance between the representative's place of employment or place of residence, as the case may be, and the location where the business is to be transacted. Consideration for **gravel roads that is in a poor condition or roads under construction** will be taken into account with the determination of the kilometers travelled.
- 8.3. Where an allowance or advance is based on the actual distance travelled for business purposes (that is excluding private use), the amount expended on business shall be calculated:
- 8.3.1. on the Department of Transport's tariffs in respect of councillors and political office bearers; **or**
- 8.3.2. **R3.61** in accordance with the South African Revenue Services' fixed rate per kilometre for the 2018/19 tax year in respect of the Municipal Manager, employees **and or** councillors and political office bearers

- 8.4. As far as reasonably and practically possible, representatives shall travel together in one motor vehicle in order to contain travelling costs.

9. OVERNIGHT ACCOMMODATION

- 9.1. Overnight is limited to instances where the distance travelled by road by the representative exceeds 500 km to and from the destination (return journey); provided that the Municipal Manager, or Director: Financial Services in the case of employees and the Mayor in the case of councillors and the Municipal Manager, may **authorise** overnight in exceptional circumstances for example where the business is concluded late in the evening, unsafe road conditions due to heavy floods, animal risks, etc. Where for instance officials or councillors need to attend ongoing activities the next day the kilometers limit of 500 km (return journey) becomes, not applicable. An example is for instance when community participation meetings is held in consecutive days in different towns etc.

- 9.2. The National Treasury has negotiated discounted accommodation rates. The rates set for domestic hotel accommodation in Annexure A, paragraph 2.3 of MFMA Circular No. 82 shall apply; unless the Municipality negotiate lower rates or utilise other service providers that offer lower rates. (In certain unforeseen cases where it is not possible to obtain accommodation within the limits of MFMA Circular No. 82 sufficient supporting documentation must accompany the expenditure voucher and approval here-off must be given by the Municipal Manager, Mayor or the Director: Financial Services.)

- 9.3. If a representative overnight with a relative or friend, no accommodation allowance as envisaged in Annexure A, paragraph 2.3 of MFMA Circular No. 82 shall be paid; provided that the representative **may claim a subsistence allowance equal to the amount for meals costs per day as referred to in paragraph 7.3.1 of this Policy.**

- 9.4. Overnight accommodation reservations shall require the **prior** authorisation as far as reasonably and practically possible, of the Municipal Manager or Director: Financial Services in the case of employees and the Mayor in the case of councillors and the Municipal Manager.

- 9.5. Payments in respect of overnight accommodation reservations for representatives shall be paid by the Municipality directly into the account of the relevant accommodation establishment.

10. AIR TRAVEL

- 10.1. Annexure A, paragraph 2.2 of MFMA Circular No. 82 shall apply in respect of travelling by air domestically and internationally.

- 10.2. Air travel reservations shall require the prior authorisation of the Municipal Manager in

the case of employees and the Mayor in the case of councillors and the Municipal Manager.

- 10.3. Payments in respect of air travelling reservations for representatives shall be paid by the Municipality directly into the account of the relevant airline.

11. INTERNATIONAL TRAVEL

- 11.1. When a representative travels internationally on official business, the Municipality shall bear the following additional costs:

- 11.1.1 Travel documents, i.e. Passport and Visa (if not already in the representative's possession); and

- 11.1.2 Vaccination or medication if prescribed by the relevant country.

12. SPONSORED TRAVEL

- 12.1. Travelling shall be regarded as sponsored when the full or partial cost thereof is borne by a person, institution or organisation other than the Municipality and such sponsored costs shall be declared in full by the representative.

- 12.2. Any subsistence and/or travelling allowance payable by the Municipality shall be calculated as the difference between the amounts claimable in accordance with this Policy less the monetary value of the sponsored amount.

13. VEHICLE HIRE

- 13.1. Annexure A, paragraph 2.4 of MFMA Circular No. 82 shall apply in respect of vehicle hire.

- 13.2. Payments in respect of vehicle rentals for representatives shall be paid by the Municipality directly into the account of the relevant car rental company.

14. INSURANCE COVER FOR REPRESENTATIVES

- 14.1. The Municipality shall at its expense, take out appropriate life and disability insurance to cover representatives while performing official business.

- 14.2. Private vehicles and the contents thereof shall not be insured by the Municipality.

15. AUTHORISATION FOR BUSINESS TRAVELLING

- 15.1. Only the Mayor may authorise the travelling of councillors and the Municipal Manager within or outside the demarcated municipal area for business purposes, excluding international travelling.
- 15.2. Only the Municipal Manager, or the Director: Financial Services in his/her absence, may authorise the travelling of employees within or outside the demarcated municipal area for business purposes, excluding international travelling.
- 15.3. All international travelling shall be authorised by the Municipal Council of the Municipality.
- 15.4. Only the Municipal Manager, or the Director: Financial Services in his/her absence, may authorise the payment of subsistence and travelling claims for business purposes.
- 15.5. It is the sole discretion of the Mayor, Municipal Manager or Municipal Council, as the case may be, to authorise or refuse any travelling for official business.
- 15.6. The above authorisations shall form part of the Municipality's system of delegation as envisaged by section 59 of the Systems Act.
- 15.7. An invitation to attend a meeting, workshop, forum or any other event or occasion shall not be construed as an automatic authorisation to attend, and in any such case the required prior authorisation shall first be obtained.

16. SPECIFIC REQUIREMENTS

- 16.1. All claims for the payment of subsistence and/or travelling allowances shall be submitted to the Municipal Manager for approval.
- 16.2. All claims shall be submitted on the claim form as prescribed by the Municipal Manager and all the necessary original proofs of payment/receipts and a copy of the resolutions authorising any official business shall be attached where specific expenses are claimed.
- 16.3. Any claim for subsistence and/or travelling allowances not submitted by a representative within **2 (two) calendar months after arrival** from official business, shall be invalid and forfeited by the representative.

- 16.4. Sufficient documentation shall accompany any application to perform official business within or outside the demarcated municipal boundaries such as official invitation, agenda or programme, itinerary, details of sponsor and amount, etc.
- 16.5. Any claim containing false information shall lead to **disciplinary actions** being instituted and payments made may be recovered from the relevant representative.
- 16.6. Expenditure in respect of subsistence and/or travelling allowances that were made in vain by the Municipality and which could have been avoided had reasonable care been exercised, shall be dealt with as fruitless and wasteful expenditure in terms of the MFMA and shall include failure by a representative to be in attendance for the whole duration of the official business.
- 16.7. A claim for subsistence and/or travelling allowances cannot be made at the Municipality as well as another person, institution or organisation for attending the same event or business.
- 16.8. In the event of a portion of the total subsistence and/or travelling cost being sponsored by another party, such cost shall be included in the application and claim form.
- 16.9. The approval of any application to perform official business within or outside the demarcated municipal boundaries and/or any claim for subsistence and travelling allowances is subject to the availability of budgeted funds.
- 16.10. The Municipal Manager in the case of employees and the Mayor in the case of councillors and the Municipal Manager shall have the prerogative to determine, on cost effective grounds, the means of transport when a representative is to perform official business within or outside the demarcated municipal boundaries

17. REQUIREMENTS RELATING TO CANDIDATES INVITED FOR JOB INTERVIEWS

- 17.1. The subsistence and travelling cost containment measures as outlined in Annexure A of MFMA Circular No. 82 shall *mutatis mutandis* apply to candidates who are invited by the Municipality for job interviews.
- 17.2. Candidates shall be remunerated for subsistence and travelling at the tariffs and rates applicable to employees in accordance with this Policy; provided that no costs shall be remunerated for any travelling which originated inside the demarcated municipal boundaries.
- 17.3. In the event of a candidate travelling from outside the demarcated municipal boundaries, the most cost effective mode of travel shall be determined and remunerated by the Municipal Manager and communicated to the candidate.

17.4. Overnight accommodation for candidates shall be arranged and paid by the Municipality directly into the account of the relevant accommodation establishment.

18. REPORTING REQUIREMENTS

- 18.1. The Municipal Manager shall ensure that full details of all claims payed to representaives in respect of subsistence/travelling for business purposed are regularly reported to the Municipal Council.

19. ROLES AND RESPONSIBILITIES

- 19.1. The Municipal Manager as accounting officer is overall responsible for compliance with and proper implementation of this Policy.

20. COMMUNICATING THIS POLICY

- 20.1. This Policy shall be communicated to all relevant employees and councillors using the full range of communication methods available to the Municipal Manager.

21. PENALTIES

- 21.1. Non compliance with any of the provisions of this Policy by any representative shall be viewed as misconduct and shall be dealt with in terms of the Municipality's Disciplinary Code or the Code of Conduct for Municipal Staff Members or Code of Conduct for Councillors as provided for in the Systems Act, as the case may be.

22. POLICY REVIEW

- 22.1. This Policy shall be reviewed annually or from time to time by the Municipal Council in order to provide for changed circumstances, operational requirements, legislative and/or National/Provincial Treasury directives.

23. REPEAL OF POLICIES

- 23.1. Any provision in a policy adopted by the Municipality or any of the disestablished municipalities that have been incorporated into the Municipality which relates to any aspect provided for in this Policy, is herewith repealed.

24. EFFECTIVE DATE

- 24.1. This Policy shall be effective and implemented as from **1 July 2018**.