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MUNICIPALITY
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SUBSISTENCE AND TRAVEL POLICY

2020/2021

TRAVEL & SUBSISTENCE ALLOWANCE POLICY

1. PURPOSE

The purpose of this policy is to provide procedures, rules, regulations and guidelines with regard to reasonable expenditure that may be claimed by an employee when he /she is away from headquarters on official business and to ensure ongoing improvement of operational practices

2. BACKGROUND

2.1 Section 62(1) (b) of the MFMA makes accounting officers of departments and constitutional institutions responsible for the effective, efficient, economical and transparent use of their respective establishment's resources.

2.2 In light of paragraph 2.1 it is necessary for accounting officers to ensure that appropriate expenditure control measures are instituted to provide reasonable assurance that all expenditure in their respective institutions are necessary, appropriate, paid promptly, recorded adequately and reported accordingly in the relevant accountability instruments.

2.3 Given the economic problem of scarcity, it is imperative that resources be applied effectively and efficiently to achieve economic and social objectives. The global economic crisis has resulted in the contraction of many economies and in this regard, South Africa has also adopted measures to ensure fiscal prudence.

3. DEFINITIONS

In this Policy -

“Incidental expenses” means the expenditure in respect of tips for waiters or waitress, private telephone calls and liquid refreshments that do not form part of the meals.

“Daily allowance” means an allowance for the incidental expenses.

“Fixed daily allowance” means an allowance that is compensated to officials for private accommodation and incidental expenses.

“Travel expenses” refer to expenses incurred as a result of airplane, bus fare, taxi fare, car hire, railway ticket, private vehicle, subsidized vehicle for official purposes.

“Subsistence and Travel advance” is payment of funds to an official prior to going on an approved official trip.

“Official” is the employee of this Department

4. REGULATORY FRAMEWORK

- a) The Constitution of South Africa as amended (Act No. 108 of 1996);
- b) The Municipal Finance Management Act, (Act No. 56 of 2000);
- c) Treasury Regulations, 2014.

5. SCOPE

This policy is applicable to all Councilors/Officials of the Municipality who undertake local, national and international official trips.

6. TRAVEL

- a) A Councillor/Official qualifies for a travel allowance if he or she travels for official purposes within the Republic of South Africa.
- b) The responsible Director of the official concerned must approve the trip and where it is not practical to do so, the trip may be approved by the Municipal Manager.
- c) Employees not receiving a travel allowance must utilize a municipal vehicle, in circumstances where no municipal vehicle is available an official qualifies for the travel allowance not exceeding 850 kilometers per month only if he or she utilizes his or her private vehicle for official purpose and the utilization must be approved by the Head of Department.
- d) An official utilizing a subsidized vehicle qualifies for re-imburement.
- e) Senior Management and Councillors using own private vehicles for official trips qualify for the travel allowance not exceeding 3 000 kilometers per month and the trips must be approved accordingly by the Municipal Manager.
- f) The mileage rate payable shall depend on the engine capacity of the vehicle used and shall be paid according to tariffs applicable as determined and reviewed by the National Department of Transport for Councilors, Senior Management and all other officials.
- g) The mileage shall be calculated in a cost-effective manner; by looking at the distance from home to destination or distance from office to destination.
- h) An official shall be re-imbursed for the general public transport expenses incurred in an official trip which must be accompanied by appropriate receipts.
- i) An official shall be re-imbursed for the parking and toll gate expenses incurred in an official trip which must be accompanied by appropriate receipts.

- j) An official shall take responsibility for costs of commuting to work.

NATIONAL TRAVEL WITHIN THE BOUNDARIES OF THE REPUBLIC OF SOUTH AFRICA

APPROVAL

In accordance with the delegated powers, the approval of the attendance of meetings is vested in the Mayor, Municipal Manager and Directors for workshop, seminars, conferences, congresses and similar events and special visits which are in the interest of the Council, provided that the necessary funds are available.

Approval by Mayor

For attendance by Municipal Manager

Approval by Municipal Manager

For attendance by Directors

Approval by Directors

For attendance by officials in the relevant department

ALLOWANCES

Subsistence Allowances

Allowances Payable:

	Overnight Subsistence Allowances per day or part thereof	Day allowances (no overnight) per day (8 hours)	Private Accommodation re-imbusement per night
Mayor, Speaker, Members of EXCO, Councillors, Municipal Manager, Executive Managers, all other officials	R452,00	R139,00	R692,00

7. ACCOMMODATION

- a) When an official is executing his or her duties away from office for more than one (1) day, or when it is not practical to drive back within the same day accommodation may be arranged for him or her in terms of Supply Chain Management policy and processes.
- b) An official must obtain prior approval of the trip and accommodation from his or her responsible Director or Municipal Manager in the absence of the Director.
- c) When approving accommodation for officials, responsibility managers must utilize cost effective accommodation that is available and is as near as possible to the place where the official has to conduct his duties.
- d) Domestic accommodation may not exceed one thousand three hundred and eighty rands (R1, 380) per night per person (including breakfast and parking). This will be reviewed by National Treasury periodically and the amount will then be adjusted accordingly.
- e) Overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometers to and from the destination (return journey), except, where this is overruled by the Municipal Manager.

Actual expenditure related to stay in accommodation for both domestic and overseas travel, but restricted to:

Adopted June 2020

Accommodation for domestic travel equivalent to a maximum of a four-star grading by South African norms, in the case of a conference or training the conference/training hotel may be used bearing in mind the National Treasury circular accommodation limits.

Accommodation for international travel equivalent to hotel accommodation used by business travellers but in the case of attendance of a conference the conference hotel may be used.

The application for accommodation shall be procured through the Supply Chain Offices and payment shall be made directly to the hotel for accommodation costs.

Should a councillor or an employee pay for his or her own accommodation, a councillor or an employee would be refunded based on the submission of proof of payment or receipt.

Travelling Cost

Travelling

Mayor, Speaker, Member of Exco, Councillors, Municipal Manager, Executive Managers, Other Officials	Actual costs of an economy class air ticket of SAA or applicable other airline payable to the stipulations below
Where <u>private motor vehicle is used</u> When a monthly transport allowance is received	Department of Transport Motor Transport Tariffs for Mayor, Members of EXCO, Councillors, Municipal Manager & Section 57 Employees
Where <u>private motor vehicle is used</u> When a monthly transport allowance is received	Department of Transport Motor Transport Tariffs for other officials.
When a monthly transport allowance is not received	Department of Transport Motor Transport Tariffs for officials not receiving a monthly transport allowance
If persons are accompanied by each other, when travelling by private vehicle	The allowance payable will only be applicable to the person who supplies the motor vehicle

That all airfare and vehicle hire be for the Abaqulusi Municipality's account. An account for this purpose be opened at a travel agency and the following procedure for air travel, be followed, namely:

- a) Approval by the Municipal Manager.
- b) An official airfare order form will be requested by the relevant departments and issued by the Finance department.
- c) Bookings will be done by departments and the order form will be submitted to the travel agency as authorization.

- d) An invoice will be issued by the travel agency for payment.
- e) This is a claim for the actual expenses defrayed by an official whilst working outside his or her usual workplace and includes the daily allowance as determined by SARS on an annual basis.
- f) The daily allowance referred to above be payable only if the official has to spend 8 hours away from his or her usual workplace for official. This allowance is to compensate for incidental expenses.
- g) The fixed daily allowance is payable only if the official has to spend a night away from his or her usual workplace for official purposes and arrange his / her own private accommodation or stay in self-catering accommodation. The fixed daily allowance is calculated at 24 (twenty-four) hours, starting from the time of departure to the time of return as determined by SARS. The official shall not claim actual expenditure incurred in this regard.

SUBSISTENCE AND TRAVEL PAYMENT

- a) An official shall apply for subsistence and travel before an official trip is undertaken outside the country.
- b) An application for subsistence and travel advance shall not be processed where all relevant supporting documentation has not been attached to the application.
- c) Payment for subsistence and travel shall be paid with the salary after the official trip has been undertaken provided an attendance register or any other confirmation of travel has been submitted unless otherwise instructed by Municipal Manager.

TRAVEL ALLOWANCE

- a) An employee qualifying for a travel allowance is required to submit a contract or proof of purchase of vehicle.

- b)** The travel allowance is calculated based on the lower of either the salary of an employee or the cost of the vehicle and this to be multiplied by the rates from the AA tariffs.
- c)** During March every year all employees receiving travel allowance must submit statements in respect of their vehicles, failure to do so will result in travel allowance being stopped.

d) LIMITATIONS

- a) No claim for toll fees, parking fees, general public transport will be paid unless the official concerned submits the original toll fee receipts together with his or her claim forms.
- b) No claim for travel expenses shall be paid where the following documents are not attached: trip authority, Invitation and attendance register.
- c) No claims of subsistence and travel shall be paid through the petty cash account for tax purposes.
- d) No claim of any expenses for alcoholic beverages, cigarettes, newspaper shall be processed.
- e) Any costs incurred in the form of traffic fines will be borne by affected official.
- f) No claims for general public transport shall be re-imbursed where appropriate receipts are not attached except in cases where an official travel in a public transport where no receipt is issued.
- g) All travel and subsistence shall be submitted 48 hours in advance.
- h) The authorization of claims by a manager who is not responsible for the claimant is not allowed – illegal unless proven otherwise.
- i) Tips given in gratitude is not allowed

This policy will be reviewed annually as part of the Budget related Policies.

INCREASES

- a) All amounts in this Policy are to be increased annually, but automatically where the increases are affected by South African Revenue Services. Further that all other amounts be increased by at least the official Consumer Price Index (CPIX), and subject to guidelines issued by the South African Local Government Association (SALGA).
- b) Travelling rates be amended monthly based on the increases as applied by the Department of Transport.
- c) Increases in the fixed cost for all staff who receive a travelling allowance based on 10 000/14 000 kilometres per annum, reviewed and adjusted on 1 July each year.
- d) All adjustments to travelling tariffs to be made when the budget is being compiled.

PROCEDURE FOR TRAVEL ARRANGEMENTS

A. SUBSISTENCE CLAIMS

A.1 APPLICANT

Complete the subsistence and travel claim form cross out all unused fields on the claim form sign and date the form.

Attach all relevant supporting documentation, including the signed copy of the accommodation invoice, car hire invoice, use of private vehicle approval, etc.

A.2 RESPONSIBILITY MANAGER OR DELEGATED AUTHORITY

Check whether or not the official has any outstanding subsistence and travel advances or debt. Ensure the validity of the claim by reviewing the supporting documentation

Check that there is supporting documentation

Log sheet and itinerary where subsidized vehicle is used

Approval to utilize private vehicle and itinerary where private vehicle is used to perform official duties

All allowances claimed are in line with the number of nights' accommodation booked.

If any claims are disallowed, contact the official / applicant to rectify and resubmit the claim form if necessary

Sign and date the Subsistence & Travelling claim form as the checking officer

A.3 MUNICIPAL MANAGER OR DELEGATED AUTHORITY

Ensure validity of the claim by reviewing the supporting documentation

Check that there is supporting documentation

Sign and date claim form as the Municipal Manager

It is the responsibility of the official processing or capturing the claim to ensure that

the amounts being claimed are within the determined limits.

Where deviations are detected, the amounts must be amended prior to the claim being processed.

Items such as cigarettes, stationery may not be re – imbursement

The Expenditure Section must ensure that the times and dates quoted on meals invoices are relevant to the amount being claimed.

The Expenditure Section must be certified that all prescripts have been met and that it is generally in order. If not, the claim must be forwarded to the CFO for further action.

B. TRAVEL CLAIMS

B.1 APPLICANT

Complete the claim form (attached)

All compulsory fields are completed on the claim form sign and date the form

Attach all relevant supporting documentation, Trip authority / Itinerary, log sheet, use of private vehicle approval, etc.

B.2 THE DELEGATED AUTHORITIES

Ensure validity of the claim by reviewing the supporting documentation and kilometers being claimed

Sign and date claim form

B.3 PROCESSING OF CLAIM

It is the responsibility of the official processing or capturing the claim to ensure that the amounts being claimed are within the determined limits.

Where deviations are detected, the amounts must be amended prior to the claim being processed.

The capturer must be certified that all prescripts have been met and that it is generally in order.

C. RESPONSIBILITIES AND DELEGATIONS:

Travel and Subsistence claims for all officials' level 3 – 17 shall be certified by the Manager responsible and approved by the responsible Director.

Travel and Subsistence claims of officials in level 1 - 2 shall be certified by the responsible Director.

Travel and Subsistence claims for Directors shall be certified by the Chief Financial Officer and approved by the Municipal Manager.

Travel and Subsistence claims for Municipal Manager shall be certified by the Chief Finance Officer and approved by the Mayor.

Travel and Subsistence claims for Councillors shall be certified by the Chief Financial Officer and approved by the Municipal Manager.

GENERAL

Should the travel involve training the documentation must be forwarded to the Human Resources Section for confirmation whether the costs are payable out of the training budget and for recording the training on the Skills Development Register. Further it must be confirmed with Human Resources whether the costs of training are recoverable from the LGSETA

Should any trip be cancelled the councillor/official is to notify the Finance Section accordingly who will ensure no payment is made for accommodation, etc. Should the councillor /official fail to notify the Finance Section in time, the payment made will be deducted from the councillor or employee's next salary.

In the event of non-attendance of the workshop/seminar/conference and where the expense has already been incurred, a detailed report from the relevant councillor/official stating reasons for the non-attendance is to be referred to the Municipal Manager for authorisation of the expenditure.