

MORETELE LOCAL MUNICIPALITY



TRAVEL AND SUBSISTENCE POLICY

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TRAVEL AND SUBSISTENCE POLICY

1. DEFINITIONS

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

“Accounting Officer” The Municipal Manager as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA). “Chief Financial Officer” The person appointed in terms of 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated. “Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996, of the Moretele local Municipality Municipality; “Councillor” A member of the Overstrand Municipal Council. “Executive Management Team” 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). “Executive Mayor” The Executive Mayor of the Moretele local Municipality “Director” An official appointed by the Council to head a Directorate of the municipality “Municipality” Moretele local Municipality , established in terms of sections 12 and 14 of the Structures Act. “Municipal Manager” The person appointed by the Council as Municipal Manager in terms of section 82 of the Structures Act and includes any person acting in that position or to whom authority is delegated; “Traveller” Any councillor or official travelling away from his or her normal place of domicile and employment on the official business of the Overstrand Municipality “Subsistence allowance” 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. “Travel Allowance” A travel allowance is any amount paid to an employee in respect of travelling expenses for business use. “Partial sponsored trip” 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 form).

2. OBJECTIVE

This policy sets out the basis for the payment of a subsistence and travel allowance for purposes such as official travelling, and for other special cases of business-related travel.

1. To regulate and control the travelling and subsistence of the councillors and employees of the municipality
2. To ensure that the travelling and subsistence policy complies with the regulation of SARS pertaining to travel and subsistence.

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3. GENERAL

3.1 The contents of this policy or payments 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.

- Any councillor must have the approval of the Executive Mayor or his delegatee for the attendance of events for which compensation is

claimed. Any staff member must have the approval of the Director or his delegate and any Director must have the approval of the Municipal Manager or his delegatee for the attendance of events for which compensation is claimed. Claims are only payable if sufficient provision is made for it on the budget.

- Any claim must be submitted on the official claim form with the necessary vouchers where specific expenses are claimed.
- 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.
- All efforts should be made to minimise the costs for the municipality i.e. by travelling together in one vehicle, minimising overnight stay where possible, etc.
- A claim for subsistence and travelling can not be made at the municipality as well as another institution for attending the same event. Such action shall lead to disciplinary action.
- 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.

4 REFERENCE

- 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.

5 LEGAL FRAMEWORK

This policy is developed and guided by the following:

- 5.1 South African Revenue Services (SARS)
- 5.2 Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- 5.3 South African Local Government Association (SALGA)
- 5.4 Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)
- 5.5 Income Tax Act, 1962 (Act No. 58 of 1962).

6 SCOPE OF APPLICATION

- 6.1 This Policy is applicable to –
 - 6.1.1 all councillors of the Moretele local Municipality , and
 - 6.1.2 all officials of the Moretele local Municipality ,
 - 6.1.3 applicants for employment interviews,

RESPONSIBILITIES OF REPRESENTATIVES WHO TRAVEL ON BUSINESS OF THE MUNICIPALITY

- ✓ Every representative who travels on the business of the municipality must comply with this policy.

- ✓ Representatives who travel on the business of the municipality must appreciate, at all times, that they are ambassadors for the municipality, that their actions, conduct and statements must be in the best interests of the municipality, and that they must comply with any specific mandates they have been given.

The municipal manager will ensure that a database of all representatives and officials travelling on municipal business is kept in order to ensure that consistent with the municipality's performance monitoring and evaluation objectives are met.

7 SUBSISTENCE AND TRAVEL ALLOWANCE

A subsistence and travel allowance is an amount of money paid by the municipality to a representative to cover the following expenses:

- ✓ meals (including reasonable gratuities);
- ✓ Incidentals such as refreshments, snacks, soft drinks and newspapers.
- ✓ Out of pocket expense
- ✓ all business-related travel.

A subsistence allowance does not cover any personal recreation, such as visits to a cinema, theatre or nightclubs, or sightseeing.

8 ENTITLEMENT TO A SUBSISTENCE AND TRAVEL ALLOWANCE

- ✓ A representative may claim a daily subsistence allowance as provided in this policy with the understanding that all authorised personal expenses are covered by the subsistence allowance. No further expenses, with the exception of certain business expenses, may be claimed.
- ✓ The subsistence allowance Must be claimed with the representative having to furnish proof of the authorized trip.
- ✓ Entertainment of external business associates or contacts or clients or potential investors or potential clients falls outside the scope of the

subsistence allowance and will be separately reimbursed (subject to prior approval where applicable). If a representative of the municipality has an entertainment allowance, this entertainment of external business associates or contacts or other parties must be claimed against the entertainment allowance.

- ✓ A representative of the municipality may claim his or her subsistence allowance, as provided in this policy, before embarking on any official trip. The subsistence allowance must, in order to facilitate its timeous payment, be claimed at least three working days before the planned trip.

- ✓ No subsistence allowance will be paid, and no representative 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 representative is entitled to a subsistence allowance.

- ✓ For the purposes of a subsistence allowance, a representative shall in this case mean:
 - ✓ mayor
 - ✓ deputy-mayor
 - ✓ speaker
 - ✓ members of the executive committee
 - ✓ other councillors specifically authorised to represent the municipality on a particular occasion
 - ✓ municipal manager
 - ✓ heads of departments
 - ✓ any other official specifically authorised to represent the municipality on a particular occasion
 - ✓ any official who is a member of a recognised professional institution and is granted permission to attend meetings and conferences of such institution.

9 ACCOMMODATION COSTS AND SUBSISTENCE ALLOWANCE

- ✓ For accommodation maximum standard star rating from 1 to 4 star and must be a registered company with CIPRO and comply with the National tourism standards.
- ✓ Representatives 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.
- ✓ The actual cost of accommodation will be borne by the municipality, subject to a maximum of R1500 per night for the accommodation itself in respect of domestic travel. Where such accommodation is available, the rate for a single room will be payable. Unless on certain business trips where special arrangements to accommodation which falls out of this category has been authorized and approved by the line manager and the Municipal manager prior to the trip.
- ✓ If the cost of accommodation includes, as it often does, the provision of breakfast, a subsistence allowance of R85 per day will apply in respect of domestic travel. Where breakfast is excluded the subsistence allowance will be R276 per day.
- ✓ If a representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim a subsistence allowance of R276 per day. This would also take into account the submitted proof (attached as annexure) of such a meeting taking place
- ✓ Any representative embarking on an overseas visit must request his/her subsistence allowance not later than **7 (seven) working days** before actual date of departure. For consistency, the value of the subsistence will be calculated against an exchange rate obtained from Council's official bankers as listed **5 (Five) working days** before the actual departure date indicated on the plane ticket or reservation which must accompany the request for subsistence. This exchange rate will be according to the currency of the specific country to be visited. Council will reimburse the costs of visas for countries to be visited in accordance with the official visit.

- ✓ An allowance as stipulated by the SARS schedule will be paid in advance to the amount as announced and gazetted annually in February by the Minister of Finance, to the recipient where the official business trip is outside the Republic of South Africa. **ANNEXURE 13(iii)** The allowance or advance is paid or granted to defray the cost of meals and incidental costs (deemed to have been expended). Any amount over and above the amount as announced and gazetted annually in February by the Minister of Finance, for this purpose, will be taxable. **ANNEXURE 13(ii)(a)**
- ✓ The reasonable actual miscellaneous expenses will be refunded against proof (receipt/invoice) of payment as approved per paragraph 11.1.
- ✓ On return from overseas visits the representatives must submit to the next Council meeting a written report, which may be a collective exercise, regarding the value, experience and benefits achieved. It will be the responsibility of Administration to forward the report, with Council resolution and any comments.
- ✓ The subsistence allowance will be US\$157 per day.
- ✓ Where it is not necessary to overnight on any travel on municipal business, no accommodation costs will be paid, but a subsistence allowance of R85 per day may be claimed.
- ✓ In the case of both domestic and international travel, the day of departure and the day of return each qualify for a subsistence allowance.
- ✓ For purposes of this policy, domestic travel shall mean travel within South Africa, and international travel shall mean travel to any country other than South Africa.
- ✓ Municipal drivers will claim overnight stay equal to another municipal official and councilors
- ✓ Where municipal officials embark on business trips to places such as Temba, Hammanskraal and Carousel, are not eligible to claim

10 SUBSISTENCE ALLOWANCE IF TRAVEL IS FOR A DAY OR PART OF A DAY WITH NO OVERNIGHT STAY

If a representative travels on the business of the municipality for a day or part of a day, a subsistence allowance of R85 per day or part of a day is payable. No more than R85 shall be payable per day, irrespective of the number of trips undertaken.

11 CAR RENTAL AND OTHER TRAVEL COSTS

- ✓ 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). On calendar yearly basis, an annexure of the car classification and pricing from a reputable car rental company should be attached in order to give guidance to this policy. See annexure as attached
- ✓ Car rental must be approved as part of the travel package before the trip is embarked on. A representative who rents a vehicle whilst travelling on the business of the municipality without having received prior authorisation will only be reimbursed for the cost of the vehicle rental if proof of expenditure can be produced and the representative can demonstrate that vehicle rental was reasonable but unexpectedly necessitated by the circumstances.
- ✓ All flights by representatives of the municipality shall be in economy class, unless another class of travel is specified. Such exceptions should be authorized by the Municipal manager in consultation with the mayor or executive committee.
- ✓ If a representative has to utilise his or her personal motor vehicle outside the boundaries demarcated for the municipality he or she will be reimbursed at SARs tariff.R3.05 per kilometer or any other maximum amount prescribed from time to time by the South African Revenue Service. The distance to which the reimbursement applies, must be the shortest distance between the municipality’s offices and the location where the official business is to be transacted. If the total number of kilometres for which such reimbursement is received exceeds 8 000 in any tax year, reimbursement for the excess kilometres over 8 000 must be taxed for PAYE purposes.

✓ The municipality will re- imbuse the workers who embark on municipal business within the Municipal boundaries at the SARS regulated rate of R3,05

✓ The re-imburement should vary according to the table given.

The employees car allowances will be determined by CPIX + 2 and will be annually reviewed.

✓ Where possible representatives must travel together, up to a maximum of four in a vehicle, to minimise travelling expenses.

12 SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

No subsistence and travelling costs will be paid to any candidate invited for an interview.

13 AUTHORISATION

For purposes of implementing this policy:

✓ Only the municipal manager or his/her delegated officials may authorize any travel to be undertaken by officials, but provided the expenses to be incurred are on the approved budget of the relevant department.

✓ Only the council may authorize any overseas/ outside South Africa travel to be undertaken by the mayor, deputy-mayor, speaker, any councilor, or the municipal manager, but provided the expenses to be incurred are on the approved budget of the municipality.

An invitation to attend a workshop, meeting or related event is not an automatic authorisation to attend such workshop or event. The required authorisation must still be obtained from the municipal manager / delegated official or executive committee, as the case may be.

Council delegates or representatives to any conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event. If any representative fails to do so, the executive committee or the municipal manager, as

the case may be, may recover all allowances and disbursements paid to enable such delegate or representative to attend such event, provided that such delegate or representative is afforded the opportunity to submit reasons for not being able to be present from the commencement to conclusion of such event.

14 LEGAL REQUIREMENTS

In terms of Section 66 of the Municipal Finance Management Act No. 56 of 2003 the accounting officer of the municipality must report to the council, in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

Duty to report:

All Municipal workers and councilors who leave the municipality on official business are expected to bring an official report to their respective principals within 5 working days.