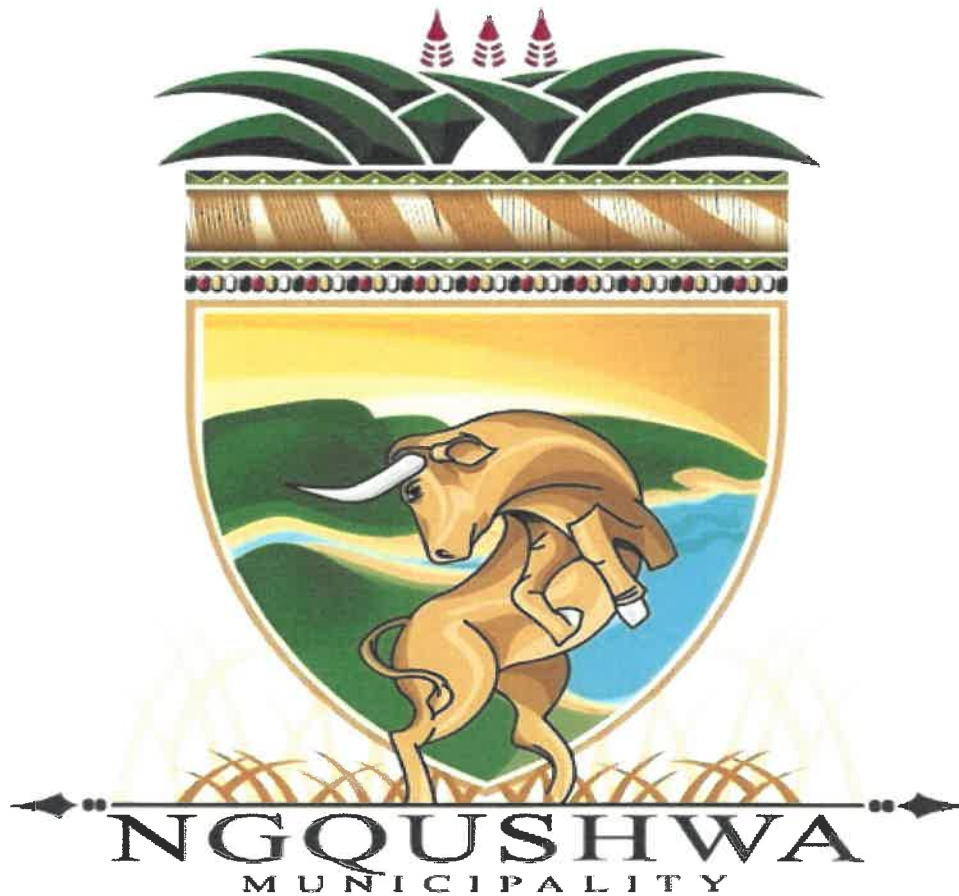


NGQUSHWA LOCAL MUNICIPALITY



FINAL COST CONTAINMENT

POLICY

2021-2022

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1. **DEFINITIONS**

“*consultant*” means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

“*cost containment*” the measures implemented to curtail spending in terms of this policy.

“*municipality*” Ngqushwa Local Municipality

2. **PURPOSE**

The purpose of the policy is to regulate spending and to implement cost containment measures at Ngqushwa Local Municipality.

3. **OBJECTIVES OF THE POLICY**

The objectives of this policy are to:

3.1 To ensure that the resources of the municipality are used effectively, efficiently and economically;

3.2 To implement cost containment measures.

4. **SCOPE OF THE POLICY**

This policy will apply to all:

4.1 Councillors’; and

4.2 Municipal employees.

5. **LEGISLATIVE FRAMEWORK**

This policy must be read in conjunction with the -

5.1 The Municipal Finance Management Act, Circular 97, published on 7 June 2019;

5.2 Municipal Cost Containment Regulations, 2019; and

- 7.5 All contracts with consultants must include a retention fee or a penalty clause for poor performance.
- 7.6 The specifications and performance of the service provider must be used as a monitoring tool for the work that is to be undertaken and performance must be appropriately recorded and monitored.

8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

- 8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed seven hundred thousand rand (R700 000) or 70% of the total annual remuneration package for the different grades, whichever is greater.
- 8.2 The procurement of vehicles must be undertaken using the national government transversal mechanism.
- 8.3 If any other procurement process is used, the cost may not exceed the threshold set out in 8.1.
- 8.4 Before deciding on another procurement process as in 8.2, the chief financial officer must provide the council with information relating to the following criteria that must be considered:
- (i) Status of current vehicles
 - (ii) Affordability
 - (iii) Extent of service delivery
 - (iv) Terrain for effective usage of vehicle
 - (v) Any other policy of council
- 8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometres.
- 8.6 Notwithstanding 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometres only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

11. CREDIT CARDS

11.1 An 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.

11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash, and will request reimbursement from the municipality in terms of the travel and subsistence policy and petty cash policy.

12. SPONSORSHIPS, EVENTS & CATERING

12.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless prior written approval is obtained from the accounting officer.

12.2 Catering expenses may be incurred by the accounting officer for the following, if they exceed five (5) hours:

- (i) Hosting of meetings;
- (ii) Conferences;
- (iii) Workshops;
- (iv) Courses;
- (v) Forums;
- (vi) Recruitment interviews; and
- (vii) Council proceedings

12.3 Entertainment allowances of officials may not exceed two thousand rand (R2 000,00) per person per financial year, unless otherwise approved by the accounting officer.

12.4 Expenses may not be incurred on alcoholic beverages.

12.5 Social functions, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the municipal budget or by any supplier or sponsor such as but not limited to:

- staff year-end functions
- staff wellness functions
- attendance of sporting events by municipal officials

- (iii) The appropriate number of officials to attend the conference or event, not exceeding three officials; and
- (iv) Availability of funds to meet expenses related to the conference or event.

14.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation and related expenses, but includes:

- (i) Conference or event registration expenses; and
- (ii) Any other expense incurred in relation to the conference or event.

14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.

14.6 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

14.7 Municipal offices and facilities must be utilized for conferences, meetings and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

14.8 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

15. **OTHER RELATED EXPENDITURE ITEMS**

15.1 All commodities, services and products covered by a transversal contract by the National Treasury must be procured through that transversal contract before approaching the market, in order to benefit from savings and lower prices or rates that have already been negotiated.

15.2 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 the election periods.

16. **ENFORCEMENT PROCEDURES**

16.1 Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or

20. ADOPTION AND APPROVAL OF THE POLICY BY COUNCIL

This policy is adopted and approved by the full Ngqushwa Local Municipality Council for implementation

Effective from (Date): 01 July 2021



MUNICIPAL MANAGER

27/06/2021

DATE



MAYOR

30/06/2021

DATE



SAMWU REP

DATE

N. Msingirane

IMATU REP

08/07/2021

DATE