

# MALUTI-A-PHOFUNG LOCAL MUNICIPALITY

## DRAFT SUBSISTENCE AND TRAVELLING POLICY

### DEFINITIONS

*The definitions provided in this policy are intended to assist in coherent expression and interpretation of this policy in order to ensure seamless implementation hereof.*

**Councillor:** as defined in terms of the Municipal Structures Act (Act 117 of 1998)

**Day allowance:** is equivalent to the total allowance granted in terms of the provisions of Income Tax Act for meals and incidental cost for a 24-hour period or portion thereof to a minimum of 8 hours after the first 24 hours.

**Delegate:** includes a councillor or employee who is delegated in terms of this policy to attend seminars, congresses or any other official duty of the municipality.

**Councillor:** member of Maluti-A-Phofung Local Municipality's council

**Excess luggage costs:** costs exceeding allowable luggage per person in terms of the airline company's rules.

**Incidental cost:** expenses, which are not necessarily incurred in performing the duties of employment whilst away on business (e.g. telephone cost, laundry cost, drinks, tips etc.)

**Meals:** any food / refreshment that an employee is entitled to whilst on official Council business away from the workplace.

**Municipal official:** An employee of a municipality, section 57 managers or a person contracted by the municipality to do work for the municipality on a day-to-day basis, for a specified period of time.

**Official duty:** approved official council business / activities

**Official transport:** vehicles of Maluti-A-Phofung Local Municipality, regarded as suitable by the Accounting Officer for the circumstances and trip to be undertaken.

**Place of employment:** a place where an official or councillor ordinarily report for duty.

**Place of residence:** refers to a place where an official or councillor ordinarily stays.

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### 1. OBJECTIVES OF THIS POLICY

To clearly define the Subsistence and Travelling related expenses that may be funded from Maluti-A-Phofung Local Municipality's funds; set out the conditions; uniform guidelines; approval required for councilors and officials and clarify the various related processes and responsibilities.

### 2. LEGISLATIVE CONTEXT

In terms of the Income Tax Act (No.58 of 1962) employees (councilors and officials) travelling to other destinations for official business purposes shall be granted travel and subsistence allowance. Maluti-A-Phofung Local Municipality's subsistence and travel policy is therefore positioned within the context of the South African Revenue Services (SARS) definitions and ruling on subsistence and travel.

### 3. GENERAL CONDITIONS AND PRINCIPLES

- a) Monies paid for subsistence and travel shall cover only approved official duty.
- b) An application for subsistence and travel allowance shall not be considered or processed where:
  - | all required documents have not been attached to the application; or
  - | travelling was not authorised by the appropriate authority ( Mayor, Municipal Manager, Head of Department as the case may be).
- c) Subsistence and Travel allowance will not be paid in cash, or in advance but shall be transferred / deposited directly into the applicant's bank account.
- d) Where the municipality uses the services of a Travel Agent, all officials and councillors shall be allowed to join the frequent flyer programs and they will receive the benefits of the program. Any benefits received pursuant to doing municipal business will be for the benefit of the municipality.

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- e) Excess luggage costs will be borne by the Official/Councillor concerned.
- f) It is the responsibility of officials/ councillors to disclose to their insurers that they use their privately owned vehicles for business purposes from time to time as the municipality shall not be held liable for any damage that might occur to the vehicle or any part of the vehicle of the officials / councillor whilst on official business trip.
- g) Administratively, Subsistence and Travel expense (reimbursement) shall be subject to the normal payroll processes of the municipality.
- h) Where a vehicle of a councillor or official suffered mechanical breakdown while of official duty, no re-imburement of mechanical expenses of the person concerned shall be considered where travelling allowance was paid.
- i) Calculation of kilometers for the purpose of claiming kilometers travelled for official duty shall exclude the distance between the place of residence and place of employment and *vice versa*.

### 5. TRAVELLING REIMBURSEMENT

In all cases, a travelling authorization document must be completed and approved before a trip is undertaken in order for councillors and officials to qualify for reimbursement.

#### 5.1 For Councillors

Councillors shall be paid travel reimbursement at tariff as determined by the Department of Transport from time to time and subject to the following stipulations:

- a) Travelling was for the purposes of approved official duty and duly authorised by the appropriate authority;
- b) In the case of more than one councillors travelling together, only one claim per travel expenses per group of councilors travelling together shall be accepted; however each individual councillor shall be allowed to claim for subsistence allowance where applicable.

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### 5.2 For Officials

a) Any municipal official receiving a travel allowance as part of their remuneration package, and who travel outside of the Maluti-A-Phofung Local Municipality's area with private transport on official duty, will be reimbursed at a rate / tariff as determined by the Department of Transport from time to time and subject to the following stipulations:

- ✚ Travelling was for the purposes of approved official duty and duly authorised by the appropriate authority;
- ✚ Claim shall be based on the actual amount of kilometers traveled from the departure point in the Maluti-A-Phofung Local Municipality offices to the destination and back.
- ✚ In the case of more than one officials travelling together, only one claim per travel expenses per group of officials travelling together shall be accepted; however each individual official shall be allowed to claim for subsistence allowance where applicable.

b) Any other official who do not receive a travel allowance included in their remuneration package, but uses private transport for official municipal business, outside of the boundaries of Maluti-A-Phofung Local Municipality area, will be reimbursed at a rate / tariff as determined by the Department of Transport from time to time subject to the following stipulations:

- ✚ That no other municipal transport was available at the time of the travel and prior approval was granted by the Accounting Officer to use private vehicle.
- ✚ Proof from the Transport Officer must be attached to the effect that no municipal

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transport was available.

- ✚ Travelling was for the purposes of approved official duty and duly authorised by the appropriate authority;
  - ✚ Claim shall be based on the actual amount of kilometers traveled from the departure point in the Maluti-A-Phofung Local Municipality offices to the destination and back.
  - ✚ In the case of more than one officials travelling together, only one claim per travel expenses per group of officials travelling together shall be accepted; however each individual official shall be allowed to claim for subsistence allowance where applicable.
- c) Managers on level 1 to 3 in terms of the municipality's organisational structure shall be entitled to a fixed basic travelling allowance on a monthly basis on condition that proof of ownership of vehicle is submitted to the Municipal Manager or his / her delegate. Such allowance shall not be over the threshold recommended by the South African Local Government Bargaining Council for post level 1 to 3 employees.

### 6. AIR FARES AND RELATED COSTS

In the case of air travel, officials and councillors shall use economy class air travel to all domestic destinations and business class air travel for overseas trips subject to availability of funds. The only exception in this case will be applied to the Mayor, Speaker, Members of Mayoral Committee, Municipal Manager and section 57 Managers, who will be entitled to a business class air travel for both domestic and overseas tips.

Transport to and from the airport will be borne by Maluti-A-Phofung Local Municipality.

### 7. HIRING OF VEHICLES

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Should an official or councillor have to attend an official duty away from the Maluti-A-Phofung Local Municipality's area of jurisdiction and travels by air, train or bus to the destination, a vehicle may be hired from a vehicle hire company for official journeys for furthering the official duty, subject to the following conditions:

- a) The cylinder capacity of the vehicle may not exceed 1 600 cm<sup>3</sup>.
- b) If there are more than four delegates but less than eight, not more than two vehicles or one minibus, may be hired.
- c) If a minibus is hired, the cylinder capacity may not exceed 2 000 cm<sup>3</sup>.
- d) A log sheet shall be kept for all journeys with the hired vehicle. Private journeys exceeding the free kilometers per day as provided by the hiring company will be for the account of the person(s) utilizing the vehicle.
- e) All accounts for hired vehicles shall be certified as correct by the person using the hired vehicle before submitting it to the Finance Department for payment.

## 8. ACCOMODATION

### 8.1 Councillors and Officials

Where an official or a councillor is away from his normal place of residence for official duty and sleeps over at the destination and is provided with accommodation, the following shall apply:

- a) Officials and Councillors shall be allowed to stay in an accommodation that is equal to a three star hotel / guest house as graded by the Tourism Authority, but should not exceed maximum amount of R 1 000 (VAT excl.) per night per person within the Free State Province and R1 500 (VAT excl.) per night per person outside the Free State Province and for any accommodation that exceeds these limits, approval should be received from the Municipal Manager.
- b) They are entitled to a day allowance for each 24-hour period or portion thereof to a minimum period of 8 hours after the first 24 hours. For this purpose, the hours will be

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calculated from the time of leaving the place of residence until returning to the place of residence.

- c) Officials and Councillors would only be allowed to claim for accommodation, or stay over if the destination is beyond a radius of 200 kilometers single trip where a commitment for official duty at such a distance was only for one day, or if specifically authorised by the Mayor in the case of the Municipal Manager and Councillors and the Municipal Manager in the case of all other officials.

### 9. MEALS AND INCIDENTAL COSTS

Where the accommodation to which the allowance or advance relates is domestic (i.e in the Republic), for a period of 24 hours or portion thereof to a minimum of 8 hours after the first 24 hours away from usual place of residence, an official or councillor shall be entitled to a claim for the following allowances, subject to the limits as determined in terms of the prevailing provisions of the Income Tax Act.

In cases where breakfast and supper are served at the occasion or are included in the accommodation package, an official or councillor will not be allowed to claim for meals.

### 10. PARKING AND TOLL FEES

#### 10.1 Parking fees

The cost of parking will be reimbursed for the actual expense incurred, while on official duty, subject to submission of relevant invoices or proof of expenditure incurred.

Reimbursement of parking fees and toll fees shall be limited to the allowable petty cash expense limit.

#### 10.2 Toll fees

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The cost toll fees will be reimbursed on actual cost incurred after proof of cost incurred has been furnished.

### **11. TRAVEL AND SUBSISTENCE ALLOWANCES FOR APPLICANTS INVITED FOR INTERVIEWS**

In cases where an applicant has travelled for more than 50km in radius, travelling costs will be reimbursed at rates as determined by the Department of Transport from time to time, subject to the applicant providing proof of payment borne. The fixed cost element of the rates shall be excluded for this type of reimbursement.

Air tickets and booking of accommodation for applicants, shall be arranged by Corporate Support Services Department, in accordance with the approved Supply Chain Management Policy as well as the stipulations and limits as prescribed in this policy. The permanent address of the applicant must be verified by Corporate Support Services department.

Rental of vehicles on behalf of applicants, as well as claims for reimbursement by applicants in relation to rented vehicles, is strictly prohibited.

A daily subsistence allowance of R 200 per night will only be applicable where the interview necessitates a night or more away from home for the applicant.

### **12. INTERNATIONAL TRAVEL**

In cases of international travel, the municipality shall bear the actual cost of business class air ticket and the quoted price of accommodation as at the date of final confirmation.

In cases where the local currency is subject to exchange rate, an advance to defray meals and incidental costs shall vary depending of the exchange rate, the limit of which shall be determined according to the allowable rates in terms of the South African Revenue Services



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based on the local currency.

### 13. ACCOUNTABILITY

If any official or councillor is delegated to attend an official duty and for whatever circumstances is prevented from attending, such person must account to the relevant delegating authority as to reasons for failure or inability to honour such official duty and shall not claim any allowance in terms of this policy.

Representatives to any official duty (e.g conference, workshop or meeting must ensure that they arrive on time and attend until the conclusion of such event, failing which the Council will take the necessary steps to recover all expenses incurred by the municipality, provided that such representative shall be afforded an opportunity to submit reasons to the Municipal Manager (in the case of Municipal Manager and Councillors, to the Mayor) for not being able to be present from commencement to conclusion of such an event.

### 14. EXCEPTIONS

Any exception to the provisions of this policy shall be authorised by the Municipal Manager or his delegate.

### 15. APPROVALS

Approval for attendance of official duties is vested in the Mayor, Municipal Manager and Heads of Departments, provided that the necessary funds are available.

- a) Approval for all the International trips shall be by Council.
- b) Approval by the Mayor shall be for attendance by:

 Mayor

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- ✚ Councillors
- ✚ Municipal Manager

c) Approval by the Municipal Manager shall be for attendance by:

- ✚ Directors / Heads of Departments

d) Approval by the Directors ( authorized by the Municipal Manager) shall be for attendance by:

- ✚ All other officials in their respective departments

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#### 16. ANNEXTURE: Checklist of what is Included / Excluded from Subsistence and Travelling Allowance

Expense Item	Included in S&T		Notes
	Yes	No	
Flight (and related) costs		✓	
Conference fees		✓	
Accommodation costs (excl. meals)		✓	
Breakfast, lunch & dinner cost if included in accommodation		✓	
Breakfast, lunch & dinner cost if not included in accommodation	✓		
Telephone, laundry or other expenses which is part of hotel bill		✓	A
Parking at airport	✓		
Taxi cost to/from airport	✓		
Taxi cost in foreign country	✓		
Working Breakfast, Lunch, Dinner		✓	
Medical Insurance		✓	B
Medical costs while abroad	✓		C
Passport and visa expenses		✓	D
Items of a personal nature not packed but needed.		✓	
<b>NOTES</b>			
A	Staff claiming hotel costs in addition to the S&T allowance should provide a DETAILED invoice so that costs for telephone, laundry, etc can be identified and deducted.		
B	This cost will be an option taken by the traveller. If within SA, costs will be covered by the traveler's medical aid. If abroad, these should be covered by the traveler's medical aid or by a complimentary policy that should form part of the flight costs.		

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C	Incidental costs for medication while abroad may be borne by the council, but shall be recovered from the persons' concerned medical insurance purpose. However The council shall not allow for travelling abroad where an employee or councillor is not medically covered.
D	Not for S&T, however the expense related to passport and visa shall be borne by the municipality