

LESEDI LOCAL MUNICIPALITY



TRAVEL AND SUBSISTENCE ALLOWANCE POLICY

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1. **DEFINITIONS**

“Allowance” an amount of money granted by an employer to an employee in circumstances where the employer is certain that the employee will incur business related expenditure on behalf of the employer, but where the employee is not obliged to prove or account for the business expenditure to the employer. The US dollar shall be an applicable currency for international travel.

“Domestic travel” it means travelling within the boundaries of the Republic of South Africa.

“Headquarters” means the city, town, institution, or place where the principal duties of an employee have to be performed or which may be indicated as his/her location on her/his job description

“International travel” it means travelling to any other countries outside the boundaries of the Republic of South Africa.

“Official” it means any person who is an employee of the Lesedi Local Municipality, this includes permanent and prospective employees.

“Official duty” means official absence from headquarters as authorised by the relevant department.

“Private transport” this means the private vehicle used by an employee for official purposes i.e. when employee using his/her own vehicle.

“Reimbursement” it occurs when an employee incurred business related expenses on behalf of an employer out of his or her own pocket and is reimbursed for this expenditure by the employer after having proven and accounted for the expenditure to the employer

“Subsistence allowance” means the expenditure in respect of accommodation, meals (including non-alcoholic beverages with meals), dry cleaning and laundering.

2. OBJECTIVE

- 2.1 The main objective of the Subsistence and Travel Policy is to ensure that subsistence and travelling processes are coordinated in a uniform manner throughout Lesedi Local Municipality for all employees.
- 2.2 The purpose of this policy is to provide measures with regard to the reasonable expenditure including incidental expenses that may be claimed by an employee during periods when s/he is away from her/his headquarters on an official journey (this also includes employee attending training).
- 2.3 This policy also aims at ensuring that all trips undertaken by the officials of the Municipality are approved before such trips are undertaken and to ensure that trips costs are economical and cost effective to the Municipality.
- 2.4 In the implementation of this policy the accounting officer must ensure compliance with section 195(1) (b) of the Constitution and section 62(1) (a) and (d) of the Municipal Finance Management Act (MFMA) No 56 of 2003.

3. PRINCIPLES

- 3.1 Every official of Lesedi Local Municipality who travels on the business of the Municipality must comply with this policy in terms of section 195(1) (b) of the Constitution of the Republic of South Africa no.108 of 1996 and section 78(1) (b) and (c) of the Municipal Finance Management Act (MFMA) 56 of 2003 all the times when taking such trips.
- 3.2 Officials who travel on the business of the Municipality must appreciate that they are ambassadors for the Municipality and their actions, conduct and statements must be in the best interest of the Municipality and they must comply with mandates they have been given.
- 3.3 Annually, an expense policy matrix should be tabled at the Mayoral Committee for consideration in lieu of this policy and change in inflation.

4. SCOPE OF APPLICATION

- 4.1 The provisions of this policy shall apply to all employees of Lesedi Local Municipality.
- 4.2 If an employee, without prior approval, incurs expenditure during an official journey which is not provided for in this policy, the Municipality may compensate such employee for none or only part of her/his expenses.

5. MEASURES AND PROVISIONS

- 5.1 Compensation during an Official Journey Less Than 24 Hours:
- a) A set boundary of 40 kilometres from headquarters (round trip) must be exceeded prior to any subsistence and travelling claim being reimbursed.
 - b) Any reimbursement for meals and beverages will be subjected to the catering policy. All claims must be supported by the submission of a receipt/s.
 - c) An employee may also claim expenditure for two teas/beverages (excluding alcohol) per day.
 - d) Whether an employee qualifies for the reimbursement of such meals and teas will depend upon the times of departure and return and the reasonableness of the claim.
 - e) Employee may also be reimbursed for those cost in respect of parking and toll fees as well as official phone calls provided that a proof of such expenditure is provide.
- 5.2 It is reiterated that an employee who attends a meeting/seminar/workshop where catering is provided, is not entitled to submit claims for meals/tea/beverage.
- 5.3 Compensation for Accommodation during an Official Journey Lasting 24 Hours or Longer.
- a) A set boundary of 500 kilometers from headquarters (round trip) must be exceeded prior to any subsistence and travelling claim is considered.
 - b) An allowance to be determined from time to time (in the case of own accommodation), may be claimed.

- c) Actual expenditure may also be claimed in respect of meals as per catering policy, provided they are not included in accommodation expenses and are supported by proof. The cost of alcoholic beverages will not be reimbursed.
- 5.4 Laundry Excluding dry-cleaning, maybe only claimed where the trip exceeds five (5) continuous days and the amount claimed must be supported by proof.

6. PROCEDURES AND CONDITIONS RELATING TO CLAIMS

The following requirements must be met when submitting claims for reimbursement of expenditure.

- 6.1 The nature of the journey must be clearly indicated together with the date, the departure and arrival times and the official's annual basic salary. The claims for each official must be continuously monitored to ensure that it does not exceed 30 percent of the official's annual basic salary.
- 6.2 The claimant must sign the claim before submitting it to her/his supervisor or an official designated to check and/or certify the correctness of the payment/reimbursement. The claimant must also keep a copy of the claim and receipts until such time that s/he is reimbursed.
- 6.3 The designated officer must ensure that the times quoted on meal vouchers are relevant to the amount being claimed, for example, when an official claims for the reimbursement of lunch and the time indicated on the slip is 18h15, this cannot be accepted.

The date(s) on the slip(s) must correspond with the day(s) on which the official journey was undertaken. Furthermore, where officials are travelling over meal periods, purely to be able to claim the meal allowance, this too must be controlled and prevented.

- 6.4 It should be noted that where an official is required to represent the municipality at a meeting, for example, on Monday at 10H00, travelling arrangements must, wherever possible, be made to coincide with the meeting. When official(s) wish to travel on the Sunday

prior to a meeting, this should only be considered under exceptional circumstances, in which case, the necessary motivation and the Responsible Manager's approval must be attached to the claim.

- 6.5 Whether an official qualifies for reimbursement as indicated in paragraph 6.1 will depend upon the reasonableness of the claim as well as the times of departure and return.
- 6.6 It is the responsibility of the official certifying the subsistence claim to ensure that the amounts being claimed are reasonable and within the determined limits. Where deviations are detected, the amounts on the claim must be amended prior to the claim being authorized and processed. Items such as cigarettes and stationery may not be reimbursed. The official approving the claim must be satisfied that all provisions of relevant prescripts have been met.
- 6.7 All claims for subsistence, excluding claims where advances are drawn, in respect of the preceding month, must be submitted within 10 days of the succeeding month; for example, claims in respect of January must be submitted on or before 10 February. Failure to comply would result in the claim not being honored unless written reasons are furnished to justify the non-compliance, which must be acceptable to the Responsible Manager.
- 6.8 Subsistence reimbursement must not be financed from the petty cash account.
- 6.9 Officials are required to keep the copy of the subsistence claim form together with the supporting documents until such time that the claim is processed and finalised.

It is the Responsible Manager's duty to ensure that officials comply with the above, otherwise, the expenditure is not brought to book and the advance amount is not cleared. In this regard, Responsible Managers are required to peruse their Subsistence and Transport Control Accounts on a monthly basis for detailed outstanding advances. These must be investigated and cleared without delay.

- 6.10 In order to ensure that the spending of Municipality funds are properly monitored and controlled, all officials charged with the responsibility of checking, authorizing and controlling

subsistence claims and expenditure are required to render their full co-operation and support in this regard.

- a) Where officials are unable to personally finance trips, they may claim an advance for such expenditure, provided the prescribed form is used for this purpose.
- b) If an official takes an official journey that violates this policy document, without prior approval from her/his Manager or his/her delegate, and then such officer may be compensated for none or only part of costs.

7. CAR RENTAL AND OTHER TRAVEL COSTS

Journey undertaken to destination outside the Province of Gauteng:

- 7.1 Air fare, economy class subject to delegated power of authority, shall be paid for all members of the Municipality and Council officials subject who travel by air abroad and within Southern Africa to the nearest airport to the authorised destination plus the relevant first class rail, motor, or any reasonable combination thereof, necessary to complete the journey to the said destination;
- 7.2 where a journey to a destination which, in the opinion of the Municipal Manager, is in reasonable proximity to an airport served by air transport operated by a duly authorised public carrier, is undertaken otherwise than by basis of the equivalent air fare and ancillary connecting fares which could have been incurred in reaching the destination, the method of calculation of the amount of such travelling expenses to be determined by the Executive Manager: Corporate Services and legal;
- 7.3 where a journey is undertaken to a destination which, in the opinion of the Municipal Manager, is not in reasonable proximity to an airport served by air transport operated by a duly authorised public carrier, travelling expenses shall be paid by the Municipality on such basis as the Municipal Manager (in consultation with Executive Manager: Corporate Services and Legal) considers reasonable in the circumstances;
- 7.4 in respect of auxiliary travel by rail, any surcharge, premium or other addition to the normal

first class rail fare which is actually to be incurred in respect of travel on an express, de luxe or special train or the like or to ensure for any one passenger the exclusive use of a coupe, or any two passengers the exclusive use of a compartment, shall be deemed to be part of the first class rail fare and shall be paid by the Municipality accordingly;

- 7.5 All flights shall be in economy class, unless another class of travel is specifically authorised by the Mayoral Committee, as the case may be.

Journeys undertaken to destination within the Province of Gauteng:

- 7.6 The AA rate applicable to the specific vehicle according to the engine capacity or air fare to the nearest airport, plus the relevant cost of motor hire.
- 7.7 Those employees who are in receipt of a re-imbursive locomotion allowance shall be paid the running cost rate as determined in 7.6 above.
- 7.8 The AA rate referred to above shall be used to compensate officials who travel on Municipal business and shall exclude claims for traveling between private residence and place of business of the Municipality.

Car Rental:

- 7.9 Only (group B) economy 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).
- 7.10 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 reasonably but unexpectedly necessitated by the circumstances
- 7.11 Where possible representatives must travel together, up to a maximum of four in a vehicle, to minimise travelling expenses

8. ACCOMMODATION COST AND SUBSISTENCE ALLOWENCE

- 8.1 Representatives who travel on the business of the Municipality, where the business unavoidably entails one or more nights to be spent away from home/head quarters, may stay in a 3 star hotel, lodge, guesthouse or bed and breakfast establishment.
- 8.2 The actual cost of accommodation will be borne by the Municipality. Where such accommodation is available, the rate for a single room will be payable
- 8.3 If a representative stays with a relative or friend, no accommodation allowance may be claimed, but the representative may claim subsistence allowance, and meals allowance per day
- 8.4 If the cost of accommodation does not include the provision of meal expenses subsistence per day will apply in a manner to be determined from time to time through catering policy.
- 8.5 Incidental Expenses will be covered and will be determined from time to time.

9. SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS

- 9.1 Traveling costs must be paid at the AA rate, if the candidate has to travel using his/her private vehicle to attend the interview.
- 9.2 No subsistence costs will be paid to any candidate invited for an interview.
- 9.3 Traveling cost may only be paid to candidates who are staying outside of Lesedi Local Municipality.

10. ACCOMMODATION ARRANGEMENTS FOR SUCCESSFUL CANDIDATES

- 10.1 In case of a successful candidate taking up employment with the Municipality originating outside of the Gauteng province, the Municipality will assist the incumbent by arranging accommodation for only a period of one month.
- 10.2 Only 3 strategic Guest house and B&B type of accommodation must be used to accommodate the successful candidates.
- 10.3 Relocation allowance will be dealt with according to its policy.

11. INTERNATIONAL JOURNEYS

- 11.1 When travelling in countries other than in South Africa on special authorised Municipality business, the expenses actually incurred for accommodation and meals, plus a special daily allowance as reflected in the National Government which will be subject to amendment from time to time will be paid, provided that the Municipal Manager, may in exceptional circumstances approve of a different basis of payment, including advance payment for unreserved accommodation, if the total cost to the Municipality will be no more than the allowance that would, all things being equal, be payable in terms of the foregoing, subject to a certified statement being submitted upon return, to the Executive Manager: Corporate Services of all expenditure incurred together with receipts (where possible), for reconciliation purposes, plus an out of country allowance.
- 11.2 Where a journey is undertaken in the circumstance set out in proviso 7.2 and 7.7 above, personal expenses shall be paid by the Municipality at the rates prescribed in Section 8.1 and/or 11.1 above but on the basis of the duration of absence from the council which, in the opinion of the Municipal Manager (in consultation with the Executive Manager: Corporate Services), would have been reasonably necessary if the form or forms of transport as determined in terms of the said proviso had been used.
- 11.3 Where a journey is undertaken in the circumstance set out in proviso 7.3 above, personal expenses shall be paid by the Municipality at the rates prescribed in Section 8.5 above on the basis of the duration of absence from the office which, in the opinion of the Municipal Manager (in consultation with the Executive Manager: Corporate Services), is reasonable in

the circumstances.

- 11.4 Any additional expenditure incurred during visits must be reported to the Municipal Manager who may authorise the payment of such additional expenses.

12. INTERNATIONAL ACCOMMODATION AND SUBSISTENCE ALLOWANCES

- 12.1 The recoverable cost of accommodation for international travel may not exceed any amount to be determined from time to time per day.

- 12.2 The US dollar shall be an applicable currency for international travel.

- 12.3 In the case of international travel, the day of departure and the day of return each qualify for a subsistence allowance.

- 12.4 The national carrier SAA must be the preferred carrier, and only when no SAA flights are available, an alternative should be considered.

13. AUTHORISATION

- 13.1 Only the Municipal Manager or his/her delegated official must authorise any travel to be undertaken by all Executive Managers, and the Executive Manager have to approve travelling for the entire official in their respective departments with all proper motivations in place, but provided the expenses to be incurred are on the approved budget of the relevant department.

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 Council quarterly, 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.

15. POLICY ADOPTION

This policy has been considered and approved by the Council of **LESEDI LOCAL MUNICIPALITY** on this day _____ May 2013.

Mr. A Makhanya

Municipal Manager

Lesedi Municipality

Date: