



## **NKANDLA LOCAL MUNICIPALITY**

DRAFT 2019/20

## **SUBSISTENCE AND TRAVELLING POLICY**

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DRAFT

# SUBSISTENCE AND TRAVELLING POLICY

## 1. PREAMBLE

- 1.1 All official subsistence and travel must be in the best interest of the Municipality and beneficial to the municipality. Travelling should only take place if the business cannot be conducted in another way (i.e. telephone, facsimile, correspondence, video conference etc.)

## 2. PURPOSE

The purpose of subsistence and travel allowances is for Councillors and Municipal staff to be reimbursed for unforeseen and incremental expenses that are necessarily incurred on lodging, meals, refreshments, laundry, hotel-board levies, service charges and traveling whilst on official municipality business.

The amounts reflected in this document are the maximum amounts that are payable. The approach towards expenditure of this nature should be that costs must be minimized where possible. The policy of the municipality is such that employees should not enrich themselves. Therefore, the overriding consideration is that employees must be in the same financial position on their return as they were before the trip.

## 3. LEGISLATIVE MANDATES

- 3.1 Municipal Finance Management Act, 56 of 2003
- 3.2 South African Revenue Services Act, 34 of 1997
- 3.3 Income Tax Act
- 3.4 National Treasury MFMA Circular 82

## 4. DELEGATIONS

### 4.1 (a) Authority to approve

Approval/authorisation for subsistence and travel claims must always be on a level higher than that of the claimant and should in all cases be authorised by the Head of Department.

### (b) Matters not specifically dealt with in this document.

Matters not specified within this policy must be clarified with the Accounting Officer prior to an employee undertaking a trip. Speaker approves for all councilors, including mayor and Mayor approve Speaker claim. The Municipal Manager counter sign for all parties concerned the claims must be claimed outside municipal jurisdiction.

### (c) Further delegation of authority for approval of application for travel:

Only in exceptional cases the authority to approve Subsistence and Travel claims may be delegated to designated persons other than the Heads of Department.

All documentation pertaining to the trip (e.g. details of the meeting attended, Attendance registers, meeting agenda, hotel bills, number of kilometers traveled etc.) must accompany the S&T claim form. For all meetings without invitation must be accompanied by letter approved by Head of Department.

## 5. LOCAL TRAVEL

### 5.1 Definition

For the purpose of this policy, “local travel” includes South Africa and the following neighboring countries, Namibia, Botswana, Lesotho, Swaziland, Mozambique and Zimbabwe (SADEC).

#### 5.1.1 Qualification

Employees who are absent for a minimum of **24 hours** or on **an overnight stay** from their place of abode are entitled to claim subsistence expenses **in accordance with subsistence allowance rates published by South African Revenue Services annually or as the Council may approve.**

5.1.2 **Overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey). Employees will be entitled to accommodation if the business or businesses outside the jurisdiction of the municipality is for more than one day and/ or if the time of departure or the time of arrival at the official office base will be respectively after 20h00.**

#### 5.1.3 Conferences, meetings, study tours, etc.

5.1.3.1 **Employees may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day.**

5.1.3.2 **The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees and must travel in one (1) vehicle, unless otherwise approved in advance by the Accounting Officer.**

5.1.3.3 **Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the Accounting Officer.**

### 5.2 Proof of expenditure (If employee incurred costs that the municipality did not pay for)

The following documentation must be furnished by the employees before S&T claims will be considered: air ticket, boarding pass, hotel invoice and credit card statement (where applicable) as well as any other receipts pertaining to the trip. No re-imbursing will be made if the prescribed application has not been completed and authorized prior to the expenditure being incurred.

### 5.3 Account settlement

The municipality will settle actual dinner, bed, breakfast and parking accounts, all air travel and leasing of vehicles. Other expenses such as telephone calls, laundry and alcohol are to be settled by means of personal credit card or cash.

#### 5.3.1 Review of the Subsistence and Travel Rates

Travel and subsistence allowance rates will be revised and implemented annually as per South African Revenue Services (SARS) guidelines or as the Council may approve.

### 5.4 Expenses to be paid by the municipality

5.4.1 Repayment of actual expenditure incurred in connection with accommodation, reasonable telephone calls and laundry, as per provisions, which follow.  
Proof of expenditure must be furnished.

### 5.5 COMPENSATION FOR EMPLOYEES ON DUTIES AWAY FROM WORK PLACE **FOR A PERIOD MORE THAN 24 HOURS**

5.5.1 An employee that is away from his/her work place whilst performing official duties but is residing at his/her home cannot claim special daily allowance or fixed daily subsistence allowance.

5.5.2 Tax on subsistence will be reflected on an employee's IRP5 form and the burden will be on individual employees to claim back or avoid a debt from SARS. Here, employees will have to provide a schedule of actual expenditure incurred for subsistence for work purposes when submitting their tax assessment forms to SARS.

5.5.3 Actual expenditure may be claimed in respect of meals, provided they are not included in hotel expenses and supported by substantiating documentation. The maximum amount that an official may claim is according to the rate indicated below:

Meal	Amount (R)	Condition
Breakfast	75.00	Includes cost of a beverage, if official departs from residence before 06h00 and may only be claimed on first day.
Lunch	95.00	Includes the cost of a beverage. Claimable from 12h00 to 14h00
Dinner	130.00	Includes non-alcoholic beverage. Claimable if official returns to residence/office after 20h00. May only be claimed on last day of trip.
Tea / Non-alcoholic beverages	25.00	Only claimable if not provided at the place of attendance. Maximum 2 per day.

#### 5.5.4 Meals and refreshments

The following limits are applicable when claiming actual expenditure on meals and refreshments for the tax year **2019/2020** and will be revised annually using South African Revenues Services published subsistence allowance rates:

Position	Meals and incidental costs per day ( R )	Incidental costs only per day (R)
All staff members	372.00	115.00

**5.5.4.1** All accommodations are arranged with 3 Star Hotels or Hotels above 3 stars where government negotiated rates are applicable and if not available Hotels above 3 stars may be used.

**5.5.4.2** If the employee stays with relatives or friend, an accommodation daily allowance of **R872.00** may be claimed inclusive of incidental and meals allowance.

**5.5.4.3** Subsistence and travel claims above 90 days will be forfeited, exception may be approved by Accounting Officer on justifiable grounds.

**5.5.5 Expenses not to be paid by the municipality**

The Municipal Council will not pay for the following expenditure incurred: movies, videos, purchase of gifts and room service. Laundry will be paid if the employee stay is longer than five days. Excluding where ironing services is compulsory provided by the Hotel and guests are not allowed to use their own or hotel borrowed irons.

The amount allowed for dinner and breakfast may not be claimed if a dinner, bed and breakfast booking was made and dinner and breakfast is included in the hotel bill.

Group bookings for accommodation will be booked through the municipality.

Slips for meals must be submitted for proof of payment.

**5.6 Accommodation and Travel arrangements**

Accommodation and travel arrangements must be made via the SCM Unit. The Unit will make the most economical arrangements with the hotel groups, motor car rental companies and airlines with whom the municipality has negotiated special package deals.

**5.7 Hotel accommodation**

All hotel accommodation will be in standard three star hotels or hotels above three star where government negotiated rates are applicable. This applies to employees and Councillors.

**5.8 Travel**

**5.8.1. Travel arrangements**

All local air travel must be undertaken in economy class. This applies to employees and Councilors

### 5.8.2 Vehicle hire:

Vehicles must be hired according to the following table based on their availability:

CATEGORY	VEHICLE GROUP	MAKE OF VEHICLE
Mayor	C	From 2.0 capacity vehicle up to 3.0
Accounting Officer and Heads Of Departments	B	1.6 capacity up to 2.0
Other levels	A	1.6 capacity
Group of 5 or more employees	Z	Kombi 2.5 or equivalent

### Train and bus

Approval for using trains and buses is not required (e.g. taxi or bus to hotel). The actual cost of bus, taxi or train may be claimed and proof of expenditure is required.

### 5.8.3 Motor Vehicle Travel Costs.

- 5.8.3.1 Staff members and temporary employees will only be permitted to claim subsistence and traveling under the following circumstances:
- 5.8.3.2 If they are office based and travels outside their permanent office base;
- 5.8.3.3 Approval/authorisation for subsistence and travel claims must always be on a level higher than that of the claimant and should in all cases be authorised by the Head of Department.
- 5.8.3.4 Employees who do not participate in the Travel Allowance Scheme will only be permitted to make use of a private vehicle should an official pool vehicle not be available.
- 5.8.3.5 Traveling expenses will be paid on the basis of the most economical mode of transport, within reason, i.e., if the employee needs to make use of air travel but elects to make use of a private vehicle, the lower of the two (2) amounts will be paid,
- 5.8.3.6 Incidental expenses such as toll fees, airport and general parking are reclaimable (**excluding shopping malls**). Receipts / vouchers must be produced in order to claim. These are to be attached to the S&T Claim Form.
- 5.8.3.7 Reimbursement for travel using a private vehicle will be based on the following rates:
- 5.8.3.8 All employees making use of their own motor vehicle transport, including employees whom structured for car allowances, section 56/57 employees and Councilors, will be compensated according to tariffs prescribed by **Department of Transport** Rates for privately owned vehicles.

- 5.8.6 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.
- 5.8.6.1 The maximum travel distance is 1500 km per month, not overlapping on the following month.
- 5.8.6.2 S&T claims will be submitted the following month for payment.
- 5.8.6.3 The claiming of trips exceeding 1500 km per month, the HOD must make a recommendation for the Municipal Manager's approval.

#### **5.8.7 SUBSISTENCE AND TRAVEL ALLOWANCES FOR PERSONS INVITED FOR INTERVIEWS**

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

#### **5.8.8 Transport to the airport**

Shuttle service from all major centers including hotels is available and must be utilized wherever possible. Employees are therefore urged to make use of it.

Parking of privately owned motor vehicles at the airport for periods exceeding three days should be avoided. In cases where parking for more than three days is unavoidable, approval for the expenditure to park a privately owned motor vehicle at the airport must be obtained from the Head of Department prior to departure.

#### **5.9 Attendance at courses, seminars and conferences**

The extent, to which course attendees should be reimbursed, depends on the circumstances of each case, provided an employee qualifies in terms of paragraph 5.1.1.

- **Courses where meals and boarding are not included in the price**

Employees are allowed to claim for actual expenditure subject to the provisions set out in paragraph 5.5.

- **Courses where boarding is included but meals excluded from the price**

Employees are allowed to claim for meals subject to the provisions set out in paragraph 5.5.

- **Courses where boarding and meals are included in the price**

Employees may not claim for boarding or meals

- Transport costs will be treated in the same way as the provisions set out in paragraph 5.8.

#### **5.10 Private telephone calls**

Private call will not be paid by the municipality.



## **5.11 Insurance**

Employees traveling locally will be insured as follows:

### **5.11.1 Vehicle hire**

Municipality vehicles or leased vehicles will be adequately insured as part of the municipality's vehicle usage insurance arrangements. Employees using such vehicles on official journeys are therefore not required to take out insurance on the vehicle.

### **5.11.2 Use of Private vehicle**

Employee's vehicles will not be covered by the Municipal Council when they use their private vehicles.

### **5.11.3 Personal belongings**

The personal belongings of employees traveling locally will not be insured on municipality's cost. Only municipality assets and equipment under the care, custody and control of the traveler will be insured. Obtaining insurance cover at own expense will be the employee's prerogative.

## **6. OVERSEAS TRAVEL**

### **6.1 Definition of "overseas"**

For the purpose of this document "overseas" means all countries outside the borders of South Africa excluding traveling to the following neighboring countries: Namibia, Botswana, Swaziland, Mozambique, Zimbabwe and Lesotho SADEC.

### **6.2 Approval of application for overseas travel**

The approval of the Council must be obtained prior to overseas travel.

### **6.3 Account settlement**

The municipality will settle all air travel expenses. Leasing of vehicles, accommodation and all other related expenses.

### **6.4 Courses/training abroad and visits on invitation to foreign countries**

The travelling must be approved by Council.  
Expenses, such as air travel should be paid through the Supply Chain Management Unit.

### **6.5 Expenses to be paid by the municipality**

Accommodation  
Meals  
Traveling expenses (taxis, trains, buses, car hire, parking, etc.)  
Visas,  
Bank commission  
Faxes  
Airport tax

Official telephone calls provided a justification is given why the official cell phone or cell phone allowance was not used.

Proof of actual expenses is required. The above expenses should be paid by credit card, traveler's cheques or cash. Please refer to paragraph 5.3. for the procedure to be followed.

## **6.6 Daily allowance**

**6.6.1** In addition to any other expenditure that may be refunded to a claimant in terms of this chapter, employees traveling overseas qualify for a daily allowance of **US\$215** or an amount of equal value. This is over and above expenditure incurred for business purposes.

**6.6.2** The allowance should be utilized to defray small expenses for which receipts are not available as well as other personal expenses. With the exception of the daily allowance, municipality funds may, under no circumstances, be used for personal expenses.

## **6.7 Where no proof of expenditure exists**

An amount not exceeding US\$ 390, but including the US\$ 215 daily allowance per night will be paid, to defray all expenditure incurred on accommodation, meals, drinks, taxi, bus, train, etc. This measure is only to be used where no documentation is available, due to an employee being robbed or proof can be given that the documentation was lost (An affidavit certified by the police of the relevant country is required).

## **6.8 Expenses not to be paid by the municipality**

The following expenses will not be paid by the Municipal Council but will be deducted from the daily allowance:

- gifts for customers/friends/colleagues
- expenses for which no proof can be provided
- tips to the meal bill
- room service at hotel
- movies, videos, other television channels provided by hotel at extra cost
- mini bars
- unforeseen expenditure when it is not for business purposes
- any item of clothing
- dry cleaning (unless trip is longer than 5 days)
- payments for excess on personal luggage

## **6.9 Private telephone calls**

Please refer to 5.10.

## **6.10 Travel and accommodation arrangements**

Travel and accommodation arrangements should be made through the SCM Unit who will make the most economical arrangements with motor car rental companies, airlines and hotel groups. The SCM Unit are also responsible for obtaining the most favourable insurance cover. Overseas public transport excluding taxis is to be utilized wherever possible.

It will be the Departmental Secretaries responsibility to liaise with the SCM Unit regarding these arrangements.

### **6.10.1 Hotel accommodation**

All hotel accommodation must be equivalent to a standard three star hotel, this applies to employees.

### **6.10.2 Transport to the airport**

Please refer to 5.8.3.1. Overseas public transport is to be utilized wherever possible.

### **6.10.3 Air travel classes**

Overseas travel by air must be undertaken in the following classes:

<b>POSITION</b>	<b>CLASS</b>
All Councillors and staff officials	Economy class

## **6.11 Insurance**

6.11.1 Employees traveling abroad will be adequately insured, on municipality cost, by the Finance Department. Insurance cover will include the following items:

Medical;  
Personal liability;  
Cancellation and curtailment;  
Personal accident; and  
Luggage

## **7. Responsibility for subsistence and travel procedures, formulation and administration**

The formulation of the subsistence and travel policy and procedures is the responsibility of the Council.

The Accounting Officer and Heads of Department are responsible for the administration of this policy document.

## **8. 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.

## **9. SCOPE**

This policy is applicable to NKANDLA MUNICIPALITY and all Councilors and officials.

## **10. REVIEW**

The policy shall be reviewed annually in line with South African Revenue Services Tax guidelines.

**APPROVED ON**

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**COUNCIL RESOLUTION NO:**

**NMC:**

**MUNICIPAL MANAGER**

\_\_\_\_\_

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# NKANDLA MUNICIPALITY

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Private Bag x 161  
NKANDLA  
3855

Physical Address:  
Marée Road Lot 292  
NKANDLA  
3855

Tel: 035-833 2009  
Fax: 035-833 0920

## TRIP AUTHORIZATION FORM

### TRAVELLER'S INFORMATION

Name:	Directorate:
Extension:	Passenger/s:

### PURPOSE OF THE TRIP


DESTINATION	DEPARTURE DATE AND TIME	RETURN DATE AND TIME	OVERNIGHT/DAY TRIP

*The trip authorization form is to be completed by the official and approved by the relevant manager before the trip is undertaken.*

**I hereby certify that the travel above is for valid official purposes.**

<b>Official:</b>	<b>Date:</b>
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<b>Supervisor:</b>	<b>Date:</b>
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**Approved/Not Approved**

<b>Head of Department:</b>	<b>Date:</b>
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