

WEST RAND DISTRICT

MUNICIPALITY



COST CONTAINMENT POLICY

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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 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”	means West Rand District Municipality

PURPOSE

The purpose of the policy is to regulate spending and to implement cost containment measures at West Rand District Municipality.

OBJECTIVES OF THE POLICY

The objectives of the policy are to:

- To ensure that the resources of the municipality are used effectively, efficiently and economically.
- To implement cost containment measures

SCOPE OF THE POLICY

The policy shall apply to all:

- Councillors; and
- Municipal employees

LEGISLATIVE FRAMEWORK

The policy must be read in conjunction with the –

- 5.1 The Local Government: Municipal Finance Management Act, Circular 82 published on 7 December 2016;
- 5.2 Municipal Cost Containment Regulations, 2019; and
- 5.3 Travelling and subsistence policy.

POLICY PRINCIPLES

The policy will apply to the procurement of the following goods and/or services:

- (i) Use of consultants
- (ii) Vehicles used for political office-bearers
- (iii) Travel and subsistence
- (iv) Domestic accommodation
- (v) Credit cards
- (vi) Sponsorships, events and catering
- (vii) Communication
- (viii) Conferences, meetings and study tours
- (ix) Any other related expenditure items.

USE OF CONSULTANTS

- 7.1 Consultants may only be appointed after an assessment of the needs and requirements has been conducted to support the requirement of the use of consultants.
- 7.2 The assessment referred to in 7.1 must confirm that the municipality does not have requisite skills or resources in its full time employ to perform the function that the consultant will carry out.
- 7.3 When consultants are appointed the following should be included in the Service Level Agreements:
 - (i) Consultants should be appointed on a time and cost basis that has specific start and end dates;
 - (ii) Consultants should be appointed on an output-specific, specifying deliverables and the associated remuneration;
 - (iii) Ensure that cost ceilings are included to specify the contract price as well as travel and subsistence disbursements and whether the contract price is inclusive or exclusive of travel and subsistence;
 - (iv) All engagements with consultants should be undertaken in accordance with the municipality's supply chain management policy.
- 7.4 Consultancy reduction plans should be developed.
- 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.

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 approved procurement policy.
- 8.3 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.
- 8.4 Notwithstanding 8.3, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers 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.

TRAVEL AND SUBSISTENCE

- 9.1 An Accounting Officer:
- (i) May only approve the purchase of economy class tickets for officials where flying time for a flight is five (5) hours or less; and
 - (ii) For flights that exceed five (5) hours of flying time, may purchase a business class tickets only for accounting officers, and persons reporting directly to accounting officers.
- 9.2 Notwithstanding 9.1, an accounting officer may approve the purchase of a business class ticket for officials with disabilities.
- 9.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.
- 9.4 Officials of the municipality must:
- (i) Utilize the municipal fleet, where viable, before incurring costs to hire vehicles;
 - (ii) Make use of a shuttle service if the cost of such a service provided is lower than:
 - The cost of hiring a vehicle;
 - The cost of kilometres claimable by the employee; and
 - The cost of parking.
 - (iii) Not hire vehicles from a category higher than Group B, and
 - (iv) Where a different class is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle

DOMESTIC ACCOMMODATION

An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates or domestic accommodation and meals, as communicated by National Treasury, from time to time, and the travel and subsistence policy of the municipality.

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 While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.
- 11.3 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.

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) (ii) Conferences;
 - (iii) (iii) Workshops;
 - (iv) Courses;
 - (v) Forums; and
 - (vi) Recruitment interviews
- 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.

COMMUNICATION

- 13.1 All municipal related events must, as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.
- 13.2 Publications such as internal newsletters must be designed internally and published quarterly in an electronic format and on the municipal website/Intranet/eCOMM.
- 13.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders.
- 13.4 The acquisition of mobile telecommunication services must be done in terms of the relevant procurement policy.

CONFERENCES, MEETING & STUDY TOURS

- 14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- 14.2 The benchmark costs may not exceed an amount determined by National Treasury.
- 14.3 When considering an application from an officials to conferences or events within and outside the borders of South Africa, the accounting officer must take the following into account:
 - (i) The officials role and responsibilities and the anticipated benefit of the conference or events;
 - (ii) Whether the conference or event will address the relevant concerns of the municipality;
 - (iii) The appropriate number of officials to attend the conference or event, and
 - (iv) Availability of funds to meet the 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.

OTHER RELATED EXPENDITURE ITEMS

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.

ENFORCEMENT PROCEDURES

Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA.

REVIEW OF THE POLICY

The Council shall ensure that the Cost Containment Policy is reviewed as part of the process of preparing its annual budget