



# SUBSISTENCE AND TRAVEL POLICY

Reviewed: December 2022

<b>Council Resolution No:</b>	.....
<b>Date:</b>	.....
<b>Municipal Manager:</b>	.....
<b>Executive Mayor</b>	.....
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## 1. DEFINITIONS

For purpose of this Policy, the following abbreviations, words or phrases shall have the meaning assigned thereto:

**“Daily allowance”** means the amount per day granted or advanced to a Councillor and/or an Official for costs related to meals and other incidental costs for each day in a period during which a Council and/or Official is absent from his/her usual place of residence for official business. The allowance will be based on the rates as per the MFMA Circular 82 in respect of Cost Containment Measures.

**“Domestic travel”** means travel within the borders of the Republic of South Africa.

**“Fruitless and wasteful expenditure”** means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**“Host”** means the person or institution who has extended an invitation to the Overberg District Municipality to delegate a Councillor and/or official to attend an event which is regarded as official business.

**“International travel”** means travel outside the borders of the Republic of South Africa.

**“Irregular expenditure”** means –

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which has not been condoned in terms of section 170 of that Act;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000) and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the municipality, and which has not been condoned in terms of such policy but excludes expenditure by a municipality which falls within the definitions of “unauthorized expenditure”.

**“Local travel”** shall include within as well as outside the area of jurisdiction of Overberg District Municipality, but within the borders of the Western Cape Province.

**“MFMA”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**“Municipality”** means Overberg District Municipality (ODM).

**“ODM”** means the Overberg District Municipality.

**“Official business”** for purpose of this policy shall mean the attendance by Councillors and/or Officials of congresses, conferences, seminars, training, meetings,

workshops, etc. related to the business of Overberg District Municipality, subject thereto that such attendance has been duly authorized in terms of Overberg District Municipality's System of Delegations (as amended from time to time).

**"Out of pocket expenses"** means actual and necessary expenses incurred by a Councillor or official, which –

- (a) have been specifically authorized; or
- (b) are provided for in this policy

in connection with an official, specific or ceremonial duty which has been delegated to the Councillor or Official.

**"SARS"** means the South African Revenue Services.

**"SCM Policy"** means Overberg District Municipality's Supply Chain Management Policy adopted by Council in terms of section 111 of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003).

**"SCM Regulations"** means Overberg District Municipality's Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003).

**"Subsistence expenses"** means expenses in respect of accommodation and/or meals and/or beverage (excluding alcoholic beverages), while a Councillor and/or Official is by reason of the duties of his/her office or employment obliged to spend at least 1 (one) night away from his/her usual place of residence.

**"Transportation expenses"** shall include trips during official Overberg District Municipality business by vehicle, taxi, boat, helicopter, train, tram or aeroplane and any other means, and shall include travel with personally owned vehicle.

**"Unauthorized expenditure"** means any expenditure incurred by a municipality other than in accordance with section 15 or 11(3) of the MFMA, and includes –

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a line item in the approved budget;
- (c) expenditure from a line item unrelated to the department or functional area covered by the line item;
- (d) expenditure of money appropriated for a specific purpose other than travel and subsistence under the specific vote; and
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation.

## 2. PURPOSE OF POLICY

The purpose of this policy is to -

- 2.1 Regulate local, domestic and international travel with regard to official business by Councillors and/or officials on behalf of Overberg District Municipality.
- 2.2 Clearly define travel and subsistence related expenses as set out in this policy.

- 2.3 Set out the conditions for official business.
- 2.4 Clarify the various related processes and responsibilities.

### **3. APPLICATION**

- 3.1 This policy shall be applicable on Councillors in so far as it is not contradictory with the Remuneration of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) and Regulations promulgated in terms of the said Act.
- 3.2 This policy shall be applicable to all officials designated to attend to official business of Overberg District Municipality as well as the officials involved in processes with regard to the execution of this policy.

### **4. GENERAL**

- 4.1 All official business travels must contribute to Overberg District Municipality's business of developing, obtaining, or transferring of knowledge or to communicate, promote or administer Overberg District Municipality's interests.
- 4.2 The object of travelling for purpose of official business is to justify the cost and thus all official business travel and related costs must be properly motivated.
- 4.3 The object of reimbursement for official business-related expenses is to cover reasonable expenses incurred as a result of attending to official business on behalf of Overberg District Municipality.
- 4.4 All official business travel must be planned thoroughly to ensure that it is executed in the most efficient, effective and economic manner.
- 4.5 This policy is positioned within the context of the South African Revenue Service (SARS) definitions, Regulations and maximum rates that can be paid with regards to travel and subsistence without incurring tax liability, as determined annually by the Minister of Finance in respect of the applicable year of assessment.

### **5. AUTHORIZATIONS AND ROLES AND RESPONSIBILITIES**

- 5.1 No Councillor and/or official of Overberg District Municipality may go on official business without prior authorization as provided for in Overberg District Municipality's System of Delegations.
- 5.2 The authorization of appropriate officials and the roles and responsibilities of officials in respect of the processing and approval of travel and subsistence claims and advances, shall be strictly in accordance with Overberg District Municipality's System of Delegations in writing by the Accounting Officer and/or the Chief Financial Officer.
- 5.3 The procurement of goods and services required in the execution of this policy shall be in strict compliance with the provisions of the MFMA, the SCM Regulations promulgated in terms of the Act and the SCM Policy of Overberg District Municipality.
- 5.4 The municipality and travel agencies, must use the negotiated rates for flights and accommodation as communicated by National Treasury from time to time.

## 6. EXCLUDED COSTS

The following expenses shall not be covered by Overberg District Municipality:

- Any expenses covered by a host extending an invitation.
- Alcohol beverages.
- Expenses of a personal nature, such as private calls and entertainment.

## 7. INCLUDED COSTS

### 7.1 REGISTRATION AND ATTENDANCE FEES

Fees payable for the registration and/or attendance of official business as provided for in the definition in Clause 1 shall be covered by Overberg District Municipality.

### 7.2 ACCOMMODATION

#### 7.2.1 General

- (a) No official will be entitled to overnight within the area of jurisdiction of Overberg District Municipality without the prior written authorization of the Municipal Manger or his/her delegate.
- (b) Accommodation rates for single rooms will be applicable, unless single rooms are not available or in cases where Councillors and/or officials are accommodated in shared lodging consisting of more than 1 (one) bedroom, for which a flat rate per unit is applicable.
- (c) Accounting officers and accounting authorities must ensure that domestic accommodation expenditure do not exceed the maximum allowable rates set out in the Domestic Accommodation Rate Grid enclosed as **Annexure D** to this Treasury Instruction. The National Treasury will review the rates contained in the enclosed **Annexure D** as and when necessary.
- (d) Accounting officers and accounting authorities or delegated officials may only approve accommodation costs that exceed the amount prescribed in **Annexure D** of this Treasury Instruction –
  - during peak holiday periods; and
  - when South Africa is hosting an event in the country or in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in the country or in that particular geographical area.
- (e) Accommodation will in general be arranged at the venue of the business, unless the accommodation rate is inconsistent with 7.2.2, in which case other accessible, suitable and more economical accommodation in close proximity of the venue must be arranged.
- (f) Accounting officers and accounting authorities or delegated officials must ensure that overnight accommodation for employees is limited to instances where the distance travelled by road (by the traveller) exceeds 300 kilometers to and from the destination (return journey), unless approved otherwise by the accounting officer or accounting authority or delegated official.

- (g) Subsistence allowance for meals may not be paid to the traveller if the rate of the accommodation facility already includes dinner and/or breakfast or if the conference fee includes lunch and/or dinner.
- (h) Special dietary requirements must be considered when the most relevant accommodation option is booked. If the accommodation establishment does not have dinner facilities or does not cater for special dietary requirements, then a room excluding the meals must be booked (bed-and-breakfast or room only) and the traveller may claim subsistence for his or her meals.
- (i) The time of departure from residence or office will be used for purpose of calculating the length of absence.
- (j) Overnight approval will only be granted if the workshop/training/forum or where attendance is required starts before 09h00 the following morning. Written recommendation is required from the Head of Department for final approval from the Director or his/her delegate.
- (k) Where a Councillor and/or official stays with a relative or friend, a subsistence allowance amount as determined in 7.3(a) may be claimed, which will be processed as a taxable allowance against the said traveller's salary.

## 7.2.2 RATES

Costs incurred for domestic accommodation and meals must be in accordance with the maximum allowable rates for domestic accommodation (~~based on 3 star~~) and meals, as communicated by National Treasury as per the Cost Containment Measures. Travel agencies must ensure that rates for domestic accommodation are equal or lower than the rates as determined by National Treasury.

## 7.3 DAILY SUBSISTENCE ALLOWANCES FOR MEALS – DOMESTIC AND INTERNATIONAL TRAVEL

- (a) Where a Councillor and/or an official is obliged to spend 1 (one) or more nights away from his/her usual place of residence on official business, a daily taxable subsistence allowance as amended by SARS from time to time (currently R493 per day), is payable upon return.
- (b) Instead of the taxable subsistence allowance claimed in (a), actual expenses may be claimed on return, and documentary proof shall be deemed to have been spent to defray the expenses indicated, as a reimbursement and no taxable subsistence allowance will be processed on the said traveller's salary. The maximum rates that may be claimed is determined in Table I in Annexure A of MFMA Circular 97, which are as follows:

Breakfast = R110  
 Lunch = R160  
 Dinner = R180

- (c) Where a Councillor or an official is obliged to spend 1 (one) or more nights away from his/her usual place of residence on an international business trip, a daily subsistence taxable allowance in accordance with the amount, as determined by the South African Revenue Service, will be paid.

### **7.3.1 ADVANCE ALLOWANCE PAYABLE**

- (a) An advance of daily subsistence allowances may be paid to Councillors/or officials 2 (two) working days prior to departing on official business in cases where meals are not included in the rates for accommodation, once a motivated request is submitted for approval in accordance with section 15 (2) of the Payroll Management and Administration Policy
- (b) Documentary proof of actual attendance must be submitted within one (1) week after arrival to the Salary Section. If no documentary proof is received, the advance received will be deducted from his/her salary.
- (c) Once the documentation in (b) is received, the Salary Section will process a non-cash taxable subsistence allowance on the traveller's salary on the following payroll run.

### **7.4 TRANSPORTATION EXPENSES**

The cheapest mode of transport as determined with the discretion of Overberg District Municipality will be explored. The following expenses with regards to transportation will be payable by Overberg District Municipality:

#### **7.4.1 AIR TRAVEL**

- (a) The Accounting Officer may only approve the purchase of economy class tickets for officials regardless the flying time for a flight.
- (b) The municipality, travel agencies and/or TMC's must ensure that the discounted air fares for government employee as negotiated by National Treasury in terms of the cost containment measures are used.
- (c) The most economical airline tickets available on the date of booking will be selected and in this regard, tickets will be booked as far as possible in advance in order to acquire the benefit of economical bookings – late bookings at a non-economical rate must be properly motivated before such ticket may be booked.
- (d) Councillors and/or officials will depart and return on flight(s) as originally booked and may only depart or return on any flight if there is no additional cost implication of any kind; provided that if special and/or urgent circumstances prevail, the Accounting Officer or his/her delegate may authorize a deviation from this condition, failing which any additional costs related to the cancellation of airline tickets and/or changing of flights, or in cases where the Councillor and/or official does not show up for his/her booked flight, will be regarded as fruitless and/or wasteful expenditure as contemplated in the MFMA and will be referred to Council and depending on the outcome, will be recovered by Overberg District Municipality from the salary of the Councillor and/or official concerned.
- (e) In cases where air travel is the most appropriate means of transport and an official prefers to travel in a privately owned vehicle, he/she will be reimbursed the equivalent of the avoided airline ticket cost, being the most economical and practical means of transport; on condition that such an official may not claim for additional accommodation, meals and/or refreshments for a longer period than would have been applicable in the case of air travel.



## 7.4.2 CAR RENTAL

- (a) 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 provider is lower than the cost of hiring a vehicle or the cost of kilometres claimable by the employee.
- (b) Class B rates car rental will be payable by Overberg District Municipality in cases where a car rental is the appropriate means of transport, unless this class is not appropriate under the circumstances, but with prior approval by the Municipal Manager.

### 1. Privately owned vehicles

Where privately owned vehicles are utilized by Councillors and/or officials travelling inside the jurisdiction area of Overberg District Municipality, Councillors and/or officials shall be reimbursed as follows –

- **Section 57 Appointees**

Section 57 Appointees of Overberg District Municipality delegated to attend official business, may only claim reimbursement for official distances in a particular month in accordance with the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles, subject thereto that a logbook per month, must be kept for purposes of determining official distances travelled per month.

- **Councillors and other officials**

Councillors and officials on the transport allowance scheme may submit claims on a monthly basis in respect of official business travel undertaken (actual distance travelled) in their privately owned vehicle in accordance with the applicable transport allowance scheme. All other officials will be reimbursed according to the essential scheme fixed and variable tariffs subject to prior authorization by the Municipal Manager.

### 2. Parking and toll fees, bus and taxi fares

Councillors and/or officials will be entitled to reimbursement of all parking and toll fees as well as bus and taxi fares upon submission of a duly completed claim together with proof of expenditure in this regard to the Accounting Officer or his/her delegate.

## 7.4.3 OTHER TRAVEL-RELATED EXPENSES

The Overberg District Municipality shall cover the following other travel-related expenses with regard to official business –

- **Passport and visa expenses**

Councillors and/or officials will be entitled to reimbursement of all passport and visa expenses upon submission of a duty completed claim form together with proof of expenditure in this regard to the Accounting Officer or his/her delegate.

- **Medical costs**

The following shall be applicable with regards to medical costs incurred during official business:

- **International travel**

The Overberg District Municipality shall bear the costs of medical insurance required by international countries prior to travel at the country of destination but will not be liable for additional medical expenses not covered by the medical insurance. The insurance cover is only for the period that a Councillor and/or Official is away from home on a trip relating to official business; Councillor and official must inform their Medical Scheme before travelling abroad.

## **7.5 OUT OF POCKET EXPENSES**

Councillors and officials will be reimbursed for actual and necessary out of pocket expenses (except travel and laundry costs), subject thereto that detailed proof of expenditure is submitted with the claim for reimbursement. The Accounting Officer may request that the Councillor or official motivates the necessity of expenditure.

## **8. REPORTS**

A comprehensive exposition regarding –

- The nature and reasons for official business travel;
- Outcome and benefits derived; and
- Expenses incurred

of all international official travel must be reported to the Mayoral Committee at the first meeting after the date of return.

## **9. EFFECTIVE DATE**

This policy shall come into effect on 5 December 2022 .