

WEST COAST DISTRICT MUNICIPALITY



COST CONTAINMENT POLICY

**(Local Government: Municipal Finance
Management Act, 2003 (Act 56 of 2003)
Municipal Cost Containment Regulation, 2019)**

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Cost Containment Item	Regulation Reference	Instructive	Discretionary	Utilisation
Cost Containment Policies	Section 4(1) & (2)			<ul style="list-style-type: none"> • Framework document to be utilised as the policy titled “Cost Containment Policy Framework) (Section 4(1)); • Framework Policy to be adopted by Council (Section 4(1)); • Framework Policy to be reviewed annually as part of the review of Finance- and Budget related Policies (Section 4(2)); and • Non-adherence will be dealt with as part of Municipalities disciplinary processes, including Financial Misconduct transgressions (Section 4(2)).
Use of consultants	Section 5	Partially	Yes	<ul style="list-style-type: none"> • Utilisation of Consultants to be motivated to the Accounting Officer – Directors to support such request (Section 5(1)); • Under no circumstances must Section 35 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) be utilised as a procurement option – formal Supply Chain Management Policy to be utilised as per the Local Government: Municipal Finance Management Act, 2003 Supply Chain Management Regulations, 2005 and West Coast District Municipality SCM Policy – no percentage option to be considered (Section 5(2)); • International Consultants can only be appointed with the approval of the Accounting Officer after the required tender process was followed (Section 5(4)); • Specifications for SCM Regulations- and/or SCM Policy based approach must include the requirements as per Section 5(5) (Section 5(5)); • Appointment agreement must include a fee retention and penalty clause for poor performance (Section 5(6)) and these to be determined prior to the request for quotation and/or tender. Careful consideration also to given to possible internal delays and the costs to be incurred for not adhering to agreed timeframes; • Adequate performance management must be undertaken by the requesting- and utilisation Directorate/Department by utilising

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				<p>the Municipalities Directive on Supplier Performance Evaluation (Section 5(7)); and</p> <ul style="list-style-type: none"> • All Subsistence- and Travel cost must be included as part of the tender and must not exceed the guidelines as provided by National Treasury (Section 5(8) & (9)).
Vehicles used for political office-bearers	Section 6	Yes	Yes	<ul style="list-style-type: none"> • No vehicle to be procured for a specific political office-bearer(s) – all vehicles to be procured as part of the Municipality’s pool of vehicles, which can from time to time be utilised by political office-bearer(s) as part of a tools of trade allocation (Section 6(1) & (2)); • No vehicle as meant by this Section will be procured as a pool vehicle for an amount exceeding R 700 000 and no vehicle to be replaced before completion of 120 000 kilometres or as per the exemption provided by Section 6(6); and • The Municipal Asset Management Policy must be reviewed to allow for the stipulations as per the Regulations on Cost Containment – in any dispute the Cost Containment Regulations will dictate (Section 6(7)).
Travel & Subsistence	Section 7	Partially	Yes	<ul style="list-style-type: none"> • Only National registered airlines to be utilised on an economic based principle, not exceeding 5 (five) hours – the Accounting Officer (in the case of the Accounting Officer, the Executive Mayor) to approve deviations, based a written motivated submission (Section 7(1)); • Airline utilisation must be in accordance with Annexure B of National Treasury MFMA Circular No 97 dated July 2019 unless the cost for air travel with a low cost airline is more beneficial; • International trips to be limited to neighbouring countries – all other international trips to be motivated to the Accounting Officer for approval based on the principle of “critical” (Section 7(4)); • All International trips not meeting the requirement of “critical” must be motivated and tabled to Council for consideration (Section 7(4));

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				<ul style="list-style-type: none"> • No accommodation cost to exceed the National Treasury guidelines (Section 7(5)); • As a 1st consideration the Municipal Fleet or vehicles registered as part of any vehicle scheme must be utilised before hiring any vehicle (Section 7(6)); • Where economic beneficial, a pool vehicle can be allocated and/or utilised by officials with registered vehicle schemes (Section 7(6)); • When considering the allocation of pool vehicles, the official with the longest trip will receive allocation priority (Section 7(6)); • Non-vehicle scheme staff to travel with official with vehicle scheme when attending same appointment/meeting (Section 7(6)) unless alternative arrangements and/or pre-approval has been obtained which is more cost effective; and • Kilometres claimed will be based on actual kilometres, based on the shortest route from work or home to meeting and return (Section 7(6)).
Domestic accommodation	Section 8	Partially	Yes	<ul style="list-style-type: none"> • Rates to be as per National Treasury guidelines (Section 8(1)); • The Accounting Officer can consider and approve written motivated deviations, supported by the relevant Director ; • No stayover (accommodation cost) for 500km or less return trip (Section 8(2)) unless the costs of overnight stay is equal to or less then the return trip or for instances when earth moving equipment is been moved to accommodate swift lead time with commencement of roads construction; and • Tariffs to be in line with Annexure A as per the National Treasury MFMA Circular No 97 dated July 2019.
Credit Cards	Section 9	Yes	No	<ul style="list-style-type: none"> • No credit cards to be utilised – petrol cars for fleet vehicles will be permitted (Section 9(1)).
Sponsorships, events and catering	Section 10	Partially	Yes	<ul style="list-style-type: none"> • No catering for internal meetings unless appropriately motivated and approved by the Accounting Officer (Section 10(1));

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				<ul style="list-style-type: none"> • Catering only to be considered for hosting for a period exceeding 5 hours – catering only to be approved by Accounting Officer or relevant Director (Section 10(2)); • No entertainment allowance (Section 10(3)); • No alcoholic beverages to be paid by the Municipality (Section 10(4)); • No function and or marketing material to be provided to political office bearers and officials, unless part of conditions of work or paid by the mentioned political office bearers and/or official (Section 10 (5) & (6)); • No municipal financial allocation for function and/or gifts for farewell parties (Section 10 (7)); and • Allocations and expenditure as per the Executive Mayor’s Special Fund Policy to be excluded for this Framework Policy.
Communication	Section 11	Partially	Yes	<ul style="list-style-type: none"> • Written communication to be dealt with as per the Directive titled “Communication Printed Media” or other legislative requirements (Section 11(1)); • All private calls to be recovered monthly in excess of R20.00 (Section 11(2)); • Cellular- and data allowance be paid according to legislative requirements and/or Local Government Bargaining Council agreements (Section 11(2)); • Newspapers purchases to be discontinued from 1 October 2019 (Section 11(3)); and • Available (if any) National Treasury transversal tenders to be utilised for procuring mobile communication services (Section 11(4)) – utilisation by future users of Mobile Communication Services must be in accordance with Annexure C of the National Treasury MFMA Circular No 97 dated July 2019 for all newly appointed officials.

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Conferences, meetings and study tours	Section 12	Partially	Yes	<ul style="list-style-type: none"> • Attending conferences, meetings and study tours to be limited to the Western Cape – approval by normal Cost Centre Owner (Section 12(1)); • Accounting Officer or the Executive Mayor in case of the Municipal Manager, to approve conferences, meetings and study tours outside the Western Cape boundaries, but within National boundaries (Section 12(1)); • Council to provide approval for the attending of conferences, meetings and study tours outside of the National boundaries (Section 12(1)); • The benefits for the Municipality of a person attending conferences, meetings and study tours must be the only reason for approving or not approving (Section 12(2)); • No meeting to be scheduled at cost, if such meeting can be facilitated in-house and venue free of charge (Section 12 (7) & (8)); • Early registration discounts must be utilised (Section 12(10)); and • Cost in terms of accommodation and travel to be in terms of stipulations as per Section 6 & 7 of the mentioned Regulations (Section 11(3), (4), (5) & (6)).
Other related expenditure items	Section 13	Partially	Yes	<ul style="list-style-type: none"> • Available National Treasury Transversal Tenders to be utilised – deviations to be motivated for approval by Accounting Officer or Directors (Section 13(1)); • No financial contribution to facilitate election campaigns (Section 13(2)); • Cost relating to Tools of Trade for Politicians must be limited to the requirements per the upper limits for Councillors (Section 13(3)); • Following to be considered: No expensive office furniture except, fit for purpose furniture and where costs is justified and within a 15% variable standard price (Section 13(4)), South African Police to be utilised for security threat assessments (Section 13(5)) & Time-off in lieu of overtime payment (Section 13(6)); and

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				<ul style="list-style-type: none"> • Limiting litigation cost regarding staff suspension and dismissals (Section 13(7)).
Enforcement procedures	Section 14			<ul style="list-style-type: none"> • Officials can be held liable for failure to enforce (Section 14).
Disclosure of Cost Containment Measures	Section 15			<ul style="list-style-type: none"> • Chief Financial Officer monthly over- and under expenditure must be included as part of the in-year budget reports (Section 15(1)); • Chief Financial Officer to provide cost saving report to be included in the Annual Report (Section 15(1)); and • Chief Financial Officer to table a quarterly report on cost containment measures to Council (Section 15(2)) and National-& Provincial Treasury (Section 15(3)). • Chief Financial Officer to report non favourable instances as a result of implementing the cost containment