

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

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				<p>possible internal delays and the costs to be incurred for not adhering to agreed timeframes;</p> <ul style="list-style-type: none"> • Adequate performance management must be undertaken by the requesting- and utilisation Directorate/Department by utilising the Municipalities Directive on Supplier Performance Evaluation (Section 5(7)); and • 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 (Based on expenditure, safety & security considerations)	<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 (Based on expenditure, safety & security considerations)	<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;

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				<ul style="list-style-type: none"> • 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)); • 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 (Based on expenditure, safety & security considerations)	<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

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				<p>is equal to or less than the return trip or for instances when earth moving equipment is been moved to accommodate swift lead time with commencement of roads construction; and</p> <ul style="list-style-type: none"> • 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 (Based on expenditure, safety & security considerations)	<ul style="list-style-type: none"> • No catering for internal meetings unless appropriately motivated and approved by the Accounting Officer (Section 10(1)); • 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 (Based on expenditure, safety & security considerations)	<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));

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				<ul style="list-style-type: none"> • 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.
Conferences, meetings and study tours	Section 12	Partially	Yes (Based on expenditure, safety & security considerations)	<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).

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Cost Containment Item	Regulation Reference	Instructive	Discretionary	Utilisation
Other related expenditure items	Section 13	Partially	Yes (Based on expenditure, safety & security considerations)	<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 • 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

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