TRAVELLING
&
SUBSISTENCE
POLICY

OFFICIALS & COUNCILLORS

1 JULY 2015

STEVE TSHWETE
LOCAL MUNICIPALITY
MP 313

Approved – July 2015

TABLE OF CONTENTS

1. Definitions

2. Introduction

3. Objectives of the policy

4. Legislative framework

5. Scope of application

6. Approval

7. Submission of claims

8. International and domestic flights

9. Hiring of vehicles

10. Private vehicles

11. Accommodation

12. Subsistence allowance and meals

13. Miscellaneous expenses

14. Subsistence payable with respect to overseas visits

15. Sponsored trips

16. Interviews

17. General

18. Review

19. Short title

This policy applies to all councillors and officials of the Steve Tshwete Local Municipality who are travelling on official business and as such are formal representatives of the municipality. Transport and subsistence costs will be paid in accordance with the stipulations as set out below:

1. DEFINITIONS

For the purpose of this policy, the words and expressions set out below will have the following meaning:

"*applicable rate*" means the rate paid as published by SA Rates for vehicles operating cost (fixed plus running costs).

"*council*" means the municipal council of Steve Tshwete Local Municipality

"*councillor*" means a member of the Steve Tshwete Local Municipality municipal council.

"*delegate*" means any councillor or employee of the Steve Tshwete Local Municipality that received permission to attend official municipal business.

"*employee*" means a person appointed in the Steve Tshwete Local Municipality.

"*travel allowance*" means any amount paid to an employee who receives a fixed or running travelling allowance or structured travel allowance according to the vehicle allowance scheme and/or employment contract.

"fixed term employees" means the municipal manager or managers directly accountable to the municipal manager or any other director appointed by the municipal manager on a fixed term contract.

"*municipal boundaries*" means the area within a 15 kilometre radius from the normal place of work.

"*municipal area*" means the area determined by the National Demarcation Board for the municipal area known as (MP313) Middelburg.

"*normal place of work*" means the permanent work place/station of an employee to perform his/her duties.

"*official municipal business*" means approved events, meetings, seminars, congresses, workshops, training courses, or any other *municipal arranged* event that a delegate attends in his/her official capacity and includes the attendance of meetings of institutes *as* approved by Council.

2. INTRODUCTION

The purpose of the policy is to provide the framework for officials and councillors for the payment of travelling and subsistence for the attendance of approved municipal events outside the municipal area or boundaries of the Steve Tshwete Local Municipality.

3. OBJECTIVES OF THE POLICY

The objectives of the policy are to:

3.1 Ensure that delegates adhere to procedures for travelling, accommodation and subsistence expenses.

3.2 Ensure that delegates are reimbursed for expenses incurred.

3.3 Ensure that payments made are for the actual cost incurred for official municipal business.

4. LEGISLATIVE FRAMEWORK

The policy is developed and guided by the following:

4.1 Local Government Municipal Systems Act (Act 32 of 2000).

4.2 Local Government Municipal Finance Management Act (Act 56 of 2003).

4.3 South African Revenue Services (SARS).

4.4 Income Tax Act, 1962 (Act 58 of 1962).

4.5 Motor vehicle allowance scheme.

4.6 Public Office Bearers Act, 1998 (Act 20 of 1998).

5. SCOPE OF APPLICATION

5.1 This policy is applicable to:

(a) All councillors of the Steve Tshwete Local Municipality; and

(b) All employees appointed in the Steve Tshwete Local Municipality.

6. APPROVAL

For the purpose of implementing this policy:

6.1 Official municipal business to be undertaken by a councillor must be approved by the executive mayor or his/her delegate or the municipal manager provided sufficient funds are available on the budget.

6.2 Official municipal business to be undertaken by employees must be approved by the relevant director or his/her delegate and any director must be approved by the executive director or his/her delegate according to the delegations framework provided sufficient funds are available on the budget.

6.3 Official municipal business to be undertaken by the executive director must be approved by the municipal manager and/or his/her delegate according to the delegations framework provided sufficient funds are available on the budget.

6.4 Approved official municipal business in countries other than South Africa will be subject to the approval of the council.

6.5 Approval must be obtained prior the event by the delegate to travel for official municipal business outside the municipal boundaries on the prescribed form, “application to travel outside municipal boundaries” attached as Annexure A.

7. SUBMISSION OF CLAIMS

7.1 The purpose of the policy is to reimburse a delegate for travelling and subsistence expenditure incurred or deemed to be incurred for the attendance of official municipal business event and will not be regarded as conditions of employment.

7.2 Any delegate must have approval on the prescribed form for the attendance of official municipal business for which reimbursement cost is claimed.

7.3 Any claim for reimbursement of expenses must be submitted on the official claim forms:

7.3.1 Annexure B – subsistence claim form.

7.3.2 Annexure C – travelling expenses claim form.

7.4 The following documents must be submitted with the claim form:

7.4.1 Approval form for attendance of the event (Annexure A).

7.4.2 Copy of invitation, agenda or programme.

7.4.3 Proof of expenditure/vouchers to claim specific expenses.

7.5 Claims will only be reimbursed subject to sufficient funds on the budget.

7.6 An employee who uses private transport outside the municipal boundaries shall be paid the cash equivalent of the lower of cost of the avoided air travelling in the event of air travel or actual cost per kilometre as determined according to the applicable rate being the most economical.

7.7 Any claim containing false information will lead to financial misconduct and disciplinary steps being instituted. Payments made may be recovered from any money payable by the municipality to that official who submitted the claim.

7.8 A claim for travelling and subsistence cannot be made at the municipality as well as another institution for attending the same event such action shall lead to financial misconduct and disciplinary action.

8. INTERNATIONAL AND DOMESTIC FLIGHTS

8.1 Councillors, municipal manager, executive directors and officials as delegated shall travel by means of economy class at the best available fare to the airport closest to the authorized destination.

8.2 In the case of group bookings, scheduled and sponsored tours or travelling with delegations from National/Provincial Government, the South African Local Government Association (SALGA) or from any other government institution or private sector on official approved trips, such councillors and officials may travel by means of the same class as the members of the delegations which they accompany.

8.3 Preference will be given to airlines which operate direct flights to the destination.

8.4 In the case of time constraints and/or when economy class flights are not available or for physical and/or medical reasons (supported with evidence of medical condition) the executive mayor or municipal manager may authorize travel by means of business class for international flights only.

8.5 Amendments to flight bookings due to time constraints, operational requirements, logistic arrangements etc. will be subject to the prior approval of the municipal manager.

8.6 All requests for air travel must be made at the most appropriate rate applicable at the time of travel. To ensure that the most economical airfare is booked, officials are to finalize the relevant bookings where possible well in advance of the intended trip.

9. HIRING OF VEHICLES

9.1 Hiring of vehicles may only be obtained for official municipal business events where air travel was involved or other modes of transport were not available.

9.2 Hiring of vehicles may not be used within the municipal area and for travel from and between municipal offices.

9.3 Prior approval must be obtained from the delegated director, municipal manager and/or executive mayor on the prescribed form (Annexure A).

9.4 Only travellers with a valid South African drivers' license may hire vehicles from the approved vehicle agency. Should the destination of the trip be outside of South Africa, the responsibility and related cost of obtaining an international driving permit rests with the delegate.

9.5 Only category or group "A" or "B" vehicles may be hired except when the number of representatives involved could justify the hire of a more expensive vehicle. Such request must be approved in advance by the municipal manager and/or executive mayor.

9.6 For the executive mayor a vehicle similar to the official mayoral vehicle or similar of the approved vehicle agency may be hired.

9.7 Chauffeur driven vehicles may not be used. Employees and/or councillors who are unable to drive must utilize either a shuttle service or public transport.

9.8 Hired vehicles must cover both super waiver damage and theft by the vehicle rental company.

10. PRIVATE VEHICLES

10.1 The municipal boundaries shall be used to determine reimbursements for approved official municipal business trips for delegates.

10.2 Employees in receipt of a travel allowance, travelling outside the municipal boundaries will be reimbursed for such travelling at the prevailing running cost kilometre tariff of the applicable rates calculated from their normal place of work.

10.3 Employees who are not in receipt of a travel allowance and use private transport outside the municipal boundaries will be reimbursed for travelling according to the applicable SARS rate per kilometre regardless of the value of the vehicle calculated from their normal place of work to the place of the approved official municipal business.

10.4 Fixed term contract employees and councillors who use private transport outside the municipal boundaries will be reimbursed for travelling according to the tariffs prescribed by the Department of Transport for use of private owned vehicles.

10.5 A claim submitted by a delegate when travelling outside the municipal boundaries with private transport for official municipal business will be reimbursed subject to the following conditions.

(i) That the trip/event was approved as an official municipal business event.

(ii) That no other municipal transport was made available for the event.

(iii) That the use of private transport for the event was approved by the relevant director, municipal manager and/or executive mayor.

(iv) The travelling expenses claim form (Annexure C) is completed.

11. ACCOMMODATION

11.1 Accommodation expenses will be payable when travelling to a destination outside the municipal boundaries when it can reasonably be expected of a delegate to stay overnight during official municipal business where the distance to the venue exceeds 100 km.

11.2 No accommodation will be payable for official visits within 100 km of the municipal boundaries. Any deviation from this provision must be motivated by the employee and/or councillor on the applicable form and be approved by the municipal manager prior to the date of departure.

11.3 Accommodation must, as far as possible, be arranged to be within a 20 km radius from the event. In instances where it is impractical pre-approval must be obtained from the municipal manager or relevant executive director, failing which no additional cost will be reimbursed for travelling expenses.

11.4 The actual cost of bed and breakfast will be borne by the municipality subject to a maximum of 4-star rating for the accommodation itself in respect of domestic travel. If no such accommodation is available, higher rating accommodation can be used subject to the prior approval of the municipal manager.

11.5 If a delegate is required to stay overnight and prefers to have dinner/lunch at the hotel/guesthouse, the cost can be paid prior to the delegates departure subjected to the following:

- the lunch/dinner with one soft drink cost must be included on the quotation/pro forma invoice to be paid directly to the hotel/guest house.

- no other subsistence claims for meals or soft drinks will be considered.

11.6 Any "*extras*" not provided for in the policy may not be booked against the room account and must be settled by the delegate prior to departure.

12. SUBSISTENCE ALLOWANCE & MEALS

12.1 Subsistence expenses

12.1.1 If a delegate stays overnight and lunch or dinner with soft drinks was booked with the accommodation, the daily subsistence allowance as determined will be paid subject to proof of expenditure.

12.1.2 If a delegate stays overnight a maximum of R350,00 per day will be paid for meals and soft drinks only which may not include alcoholic beverages but includes a service charge of up to 15% of the total bill subjected to the submission of documentary proof of expenditure incurred. This will not be applicable if 12.1.1 applies.

12.1.3 Claims for meals for official entertainment of guests are to be dealt with as claims against the relevant entertainment allowance provision of the relevant vote and to be approved by the relevant director.

12.1.4 No subsistence expenses will be payable for official municipal business events such as workshops or training within the municipal area.

12.2 Day subsistence allowance

A maximum of R109,00 per day for official municipal business events outside the municipal area will be payable for refreshments, meals and soft drinks, if a delegate is away from his workplace longer than six (6) hours, but who does not stay overnight, upon submission of documentary proof of expenditure incurred.

12.3 A claim submitted by a delegate when travelling outside the municipal area for official municipal business will be reimbursed subject to the following conditions:

(i) That the trip/event was approved as an official municipal business event.

(ii) The subsistence claim form (Annexure B) is completed.

(iii) Proof of expenditure incurred is attached.

13. MISCELLANEOUS EXPENSES

13.1 Items that may be claimed where miscellaneous expenditure is incurred for official visits by councillors and officials outside the municipal boundaries subject to the submission of documentary proof of expenditure are as follows:

- parking fees;
- toll fees;
- bus fares/taxi fares subjected to prior approval by the municipal manager or executive directors; and
- incidental costs to a maximum of R109,00 per day. In the event where no proof can be provided by the supplier, such reimbursement must be motivated and certified by the municipal manager.

13.2 No incidental costs will be reimbursed if the daily subsistence allowance of R109,00 per day has been exceeded.

14. SUBSISTENCE PAYABLE WITH RESPECT TO OVERSEAS VISITS

14.1 When travelling in countries other than in South Africa the expenses actually incurred for accommodation and official transport will be payable.

14.2 The daily substance allowance is to cover all meals, transport for private use, telephone calls and other incidental costs which may occur.

14.3 The subsistence allowance for international travel will be paid in accordance with SARS foreign travel list of daily maximum amount of the country visited as amended from time to time from the first day of departure until the date of return. In the absence of the country's currency on the list, the equivalent to US Dollars will be paid.

14.4 Accommodation for international travel must be the equivalent to hotel accommodation used by business travellers but in the case of attendance of a conference the conference hotel may be used or the most convenient hotel nearest to the conference venue.

15. SPONSORED TRIPS

15.1 A trip shall be regarded as sponsored when the full/partial cost of the trip is borne by an institution or organization other than the municipality.

15.2 Such sponsored proportion of the total cost of the trip must be cleared in the application for the trip.

15.3 Travelling and subsistence payable by the municipality will be calculated as the difference between the amount payable per this policy less the monetary value of the sponsored amounts.

16. INTERVIEWS

The following will be payable for invited applicants travelling to the Steve Tshwete Local Municipality for interviews:

16.1 Reimbursement travelling cost will be paid according to 50% of the SARS prescribed rate per kilometre calculated on the actual kilometre travelled from place of work or residence to the Steve Tshwete Local Municipality whichever is the most economical.

16.2 The actual accommodation cost for bed and breakfast to a maximum amount of R500,00 per night for one (1) night only, but can be extended to a maximum of two (2) nights with prior approval by the municipal manager or delegated official.

16.3 No other incidental cost such as meal expenses, drinks or toll fees will be paid.

16.4 A person who uses private transport to attend an interview shall be paid the cash equivalent of most economical air ticket cost, which would have been paid in the event of air travel or actual cost per kilometre according to 50% of the SARS prescribed rate being the most economical.

16.5 The executive director corporate services must, based on the motivation or special circumstances, authorize the payment of accommodation for an interview candidate prior to the interview. Such accommodation arrangements must be arranged by the municipality. Should this not be practical the actual accommodation cost in paragraph 16.2 will only be paid subject to documentary proof of expenditure.

17. **GENERAL**

17.1 The reimbursement fees will be revised annually with the annual budget subject to the determinations by the South African Revenue Services from time to time.

17.2 Any claim containing false information will be regarded as financial misconduct and be dealt with accordingly.

17.3 To save costs if more than one (1) delegate attends a specific official occasion they must as far as possible travel with one (1) vehicle subject to the internal arrangements of the municipal manager or executive director. Should more than one (1) official travel together, only the owner of the vehicle used will be eligible to receive imbursement for the travelling costs.

17.4 When travel by road, the official distance to the designation will be paid. Any kilometers travelled in excess of a 10% deviation will be for the account of the official.

17.5 The daily subsistence/allowance payable will only be reimbursed for expenditure incurred for the delegate only on his/her official visit.

17.6 Any deviation from and ratification of minor breaches of the travelling and subsistence policy must be approved by the municipal manager but only –

- in an emergency;
- if such arrangements are not included in the policy; and/or
- in the case of special circumstances and other exceptional cases where it is impractical to follow the travelling and subsistence policy.

17.7 The reasons for any deviations in terms of paragraph 17.6 must be recorded and be reported to the next meeting of the Council.

17.8 Delegates who stay overnight must within five (5) working days from return submit the original invoices received from the hotel and/or guest house to the expenditure section of the directorate financial services to confirm the attendance.

Failure of submission might result that the amount may be recovered from the relevant official's salary.

17.9 If proof of expenditure cannot be provided as required in terms of this policy the expenditure incurred by the relevant director, official or councillor will be for his/her own account.

17.10 Where council incurs costs due to delegates not booking into hotels, missing and/or cancelling prebooked flights, such costs will be recovered from the individual concerned and regarded as financial misconduct.

18. **REVIEW**

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

19. **SHORT TITLE**

This policy shall be called the Travelling and Subsistence Policy of the Steve Tshwete Local Municipality.