



DRAFT REVIEW OF TRAVEL AND SUBSISTENCE POLICY

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1. DEFINITIONS

“Allowance” an amount of money granted to an employee/councilor in circumstances where the Municipality is certain that the employee/councilor will incur business related expenditure on behalf of the employer but, where the employee/councilor/Amakhosi is/are not obliged to prove or account for the business expenditure to the employer. The US dollar shall be an applicable currency for international travel.

“Amakhosi” refers to Amakhosi who attend and/or participate in the proceedings of the Council of iLembe District Municipality in terms of section 81 of the Local Government Municipal Structures Act, Act No. 117 of 1998 and are eligible for any form of allowance.

“Councilor” means both directly and indirectly elected Councilors of the iLembe District Municipality.

“Domestic travel” it means travelling within the boundaries of the Republic of South Africa.

“Headquarters” means the city, town, institution, or place where the principal duties of an employee/councilor have to be performed or which may be indicated as his/her location on her/his job description.

“International travel” it means travelling to any other countries outside the boundaries of the Republic of South Africa.

“Employee” means any person who is an employee of the iLembe District Municipality, this include permanent and prospective employees.

“Official duty” means official absence from headquarters as authorized by the relevant departmental Head.

“Private transport” this means the private vehicle used by an employee for official purposes i.e. when employee using his/her own vehicle.

“Reimbursement” occurs when an employee incurred business related expenses on behalf of an employer out of his or her own pocket and is paid back for this expenditure by employer after having proven and accounted for the expenditure to the employer.

“Subsistence allowance” means the expenditure in respect of accommodation, meals (including non-alcoholic beverages with meals), dry cleaning and laundering.

“Municipality” means iLembe District Municipality.

“MFMA” means the Municipal Finance Management Act.2003 (Act No. 56 of 2003)

“Constitution” means the Constitution of the Republic of South Africa No. 108 of 1996.

“Department of Transport Rates” means the amount paid per kilometer published monthly by the South African Department of Transport.

2. OBJECTIVE

- 2.1 The objective of this Policy is to ensure that subsistence and travelling processes are coordinated in a uniform manner throughout Ilembe District Municipality.
- 2.2 The purpose of this policy is to provide measures with regard to the reasonable expenditure including incidental expenses that may be claimed by an employee/councilor during periods when he/she is away from his/her headquarters on an official journey (this also includes Employees/Councilors/Amakhosi attending training).
- 2.3 In order to ensure effectiveness of implementing cost containment measures, this policy also aims at ensuring that all trips undertaken by Amakhosi participating in the Municipality's Council proceedings and/or the Employees/Councilors of the Municipality are approved before such trips are undertaken and to ensure that trip costs are economical and cost effective to the Municipality.
- 2.4 In the implementation of this policy the Accounting Officer must ensure compliance with section 195(1) (b) of the Constitution and section 621(a) to (d) of the MFMA.
- 2.5 This policy will come into effect on the date approved by council.

3. PRINCIPLES

- 3.1 Every Employee/Councilor of iLembe District Municipality and Amakhosi participating in the Municipality's Council proceedings who travel on the business of the Municipality must comply with this policy in terms of section 195(1) (b) of the Constitution and section 78(1) (b) and (c) of the MFMA all the times when taking such trips.
- 3.2 Employees/Councilors/Amakhosi who travel on the business of the Municipality must appreciate that they are ambassadors for the Municipality and their actions, conduct and statements must be in the best interest of the Municipality and they must comply with mandates they have been given.
- 3.3 In consideration of the cost containment measures, the following shall apply when planning and motivating for travel:-
 - The minimum number of representatives, commensurate with the nature, purpose, priority or importance of the visit;
 - The most economical route;

- The most economical mode of transport;
- Sharing of transport where feasible; and
- A reasonable standard of accommodation, not higher than the equivalent of South Africa's four-star rating, unless such level is not objectively deemed by the traveller to be conducive to his or her health or safety.

4. SCOPE OF APPLICATION

- 4.1 The provisions of this policy shall apply to all Councilors/Employees of iLembe District Municipality including Amakhosi participating in the Municipality's Council proceedings.
- 4.2 If an Employee/Councilor/Amakhosi, without prior approval, incur expenditure during an official journey which is not provided for in this policy, the Municipality may compensate such Employee/Councilor/Amakhosi for none or only part of his/her/their expenses.
- 4.3 For reimbursement to all Councilors, the Remuneration of Public Office Bearers Act (20/1998): Determination of Upper Limits on Salaries, Allowances and Benefits of different members of municipal councils Regulations/Notices as promulgated by the Minister of COGTA from time to time will be applied for travelling allowances purposes.

5. PROCEDURES AND CONDITIONS RELATING TO CLAIMS

The following requirements must be met when submitting claims for reimbursement of expenditure:

- 5.1 All travel and subsistence claims must be accompanied by fully completed travel & subsistence claim forms together with the required supporting invoices.
- 5.2 All relevant information must be fully completed on the travel and subsistence form.
- 5.3 The claimant must sign the travel and subsistence claim form before submitting it to her/his supervisor or an official designated to check and/or certify the correctness of the payment/reimbursement. The claimant must also keep copies of the claims and receipts until such time that he/she is reimbursed.
- 5.4 The designated officer must ensure that the times quoted on meal vouchers are relevant to the amount being claimed, for example, when an official claims for the reimbursement of lunch and the time indicated on the slip is 18h15, this cannot be

accepted. The date(s) on the slip(s) must correspond with the day(s) on which the official journey was undertaken. Furthermore, where Employees/Councillors/Amakhosi are travelling over meal periods, purely to be able to claim the meal allowance, this too must be monitored, controlled and prevented.

- 5.5 It should be noted that where a Councillor/Employee/Amakhosi is/are required to represent the municipality at a meeting, for example, on Monday at 10H00, travelling arrangements must, wherever possible, be made to coincide with the meeting. When official(s) wish to travel on the Sunday prior to a meeting, this should only be considered under exceptional circumstances, in which case, the necessary motivation and the responsible Manager's approval must be attached to the claim.
- 5.6 It is the responsibility of the official certifying the subsistence claim to ensure that the amounts being claimed are reasonable and within the determined limits. Where deviations are detected, the amounts on the claim must be amended prior to the claim being authorized and processed. The official approving the claim must be satisfied that all provisions of relevant prescripts have been complied with.
- 5.7 All claims for subsistence, in respect of the preceding month, must be submitted within a month of the succeeding month; for example, claims in respect of January must be submitted on or before February. Failure to comply would result in the claim not being honored unless written reasons are furnished to justify the non-compliance, which must be acceptable to the responsible Manager/supervisor.
- 5.8 Subsistence reimbursement must not be financed from the petty cash account.
- 5.9 Officials are required to keep the copy of the travel & subsistence claim form together with supporting documents until such time that the claim is processed and finalized. In order to counter the compromised durability and texture of paper when it comes to till slips, etc., it is advisable that Photostat copies be made and originals annexed thereto. It is the Delegated person(s) duty to ensure that officials comply with the above, otherwise, the expenditure is not brought to book and the advance amount is not cleared. In this regard, delegated persons are required to peruse their Subsistence and Transport Control Accounts on a monthly basis for detailed outstanding advances. These must be investigated and cleared without delay.
- 5.10 In order to ensure that the spending of the Municipality funds are properly monitored and controlled, all officials charged with the responsibility of checking, authorising and controlling subsistence claims and expenditure are required to render their full co-operation and support in this regard.

- 5.11 An application for travel must be submitted to managers at least one day before trips are undertaken.
- 5.12 A set boundary of 100 kilometers for trips involving an overnight stay with and 70 km for daytrips from headquarters (round trip) for business purposes must be exceeded prior before a person can be considered for Travel and Subsistence claims. Provided that if the cumulative distance travelled during that day exceeds 70km the individual shall be entitled to claim for such cumulative travelled excluding the initial 70km.
- 5.13 Costs for alcoholic beverages and cigarettes cannot be claimed.
- 5.14 All claims mentioned in this policy must comply with sections 5.1 to 5.16 of this document.
- 5.15 Any employee who is in receipt of a travelling/ subsidy allowance from the Municipality shall be entitled to claim running costs only, in accordance with the rates set out in clause 8.
- 5.16 The employee who does not receive a travelling or subsidy allowance shall be able to claim using the private rate as set out in clause 8.

6. SUBSISTENCE ALLOWANCE

- 6.1 A subsistence allowance is a fixed amount of money paid by the Municipality to an Employee/ Councillor/Amakhosito cover incidental expenses incurred in the course of undertaking a trip, such as:
 - 6.1.1 lunches;
 - 6.1.2 refreshments;
 - 6.1.3 drinks
- 6.2 An Employee/ Councilor/Amakhosi may claim a daily subsistence allowance as provided for in this policy on the understanding that all authorized personal expenses are covered by the subsistence allowance. No further expenses, with the exception of business expenses such as travel, accommodation and meal expenses as specifically provided in this policy, may be claimed.
- 6.3 A representative of the Municipality must claim his or her subsistence allowance, as provided for in this policy, after returning from any official trip.

- 6.4 A subsistence allowance will be payable only if:
- 6.4.1 The representative is required to travel more than 100 km's from place of work for the purposes of any trip; and
 - 6.4.2 The Employee/ Councilor/Amakhosi is/are required for purposes of such trip to be away from normal place of residence for more than 1 day.
- 6.5 A subsistence allowance will be paid in respect only of such days as the Employee/ Councillor/Amajhosi is/are actually away from his/her/their normal place of residence.
- 6.6 The amount of the subsistence allowance payable under this policy shall be according to the amount actually expended up to the limit as provided by SARS (yearly) per day for incidental expenses only and the amount actually expended up to the limit as provided by SARS (yearly) per day for meals and incidental expenses.
(Annexure A)
- 6.7 No more than the amount referred to in 6.6 shall be payable per day, irrespective of the number of trips undertaken in one day.
- 6.8 The subsistence allowance shall be payable in respect of the day of departure for the trip or the day of return from the trip respectively only:
- 6.8.1 if the Employee/ Councilors/Amakhosi depart before 10 am on the day of departure; or
 - 6.8.2 if the Employee/ Councilors/Amakhosi return after 5pm on the day of return.
- 6.9 The subsistence allowance for day trips **IN EXCESS** of 100 km's where there is no overnight stay will be limited to the purchase value of the meal to a maximum rate as provided for by SARS on yearly basis provided that the receipts are attached to the claim.

7. Accommodation and Meal Costs

- 7.1 Employees/ Councilors/Amakhosi who travel on the business of the Municipality, where such business entails one or more nights to be spent away from home, may stay in a hotel, motel, guesthouse or bed and breakfast establishment. The guidelines as provided for in the Cost Containment Regulations should be taken into consideration in this regard.

7.2 Accommodation shall be provided on a “dinner, bed and breakfast” basis, subject to 7.3 hereof.

7.3 The actual cost of the accommodation (inclusive of breakfast and dinner) as aforesaid shall be paid by the Municipality, subject to the following maximum amounts:

7.3.1 Expenditure equivalent to a four-star hotel accommodation may be incurred per night (inclusive of breakfast and dinner) unless reasonable accommodation within the specified area cannot be located in which case the amount can be exceeded subject to the Accounting officer’s approval;

7.3.2 Any consideration as provided for in the Cost Containment Regulations: Guidelines.

7.4 The costs payable by the Municipality shall be limited to accommodation, dinner and breakfast, and shall not include costs of:

- Room service;
- Videos or other entertainment;
- Telephone calls;
- Bar accounts;
- Laundry;
- Loss of keys; and
- Damage to accommodation

7.5 If dinner or breakfast are not available at the establishment, the subsistence allowance as referred to in 6.6 must be paid for whichever meal is not provided then official/ councilor/Amakhosi may claim the cost of the meal not provided as long as a receipt is furnished and the expenditure If either breakfast or dinner is not provided then an official may claim the expense on the meal not provided as long as receipts are furnished and the expenditure is found to be reasonable for a single meal.

7.6 For the avoidance of doubt, it is recorded that no additional amount shall be payable in respect of lunches, such costs to be paid from the subsistence allowance payable under 6.6 above

7.7 Up to two soft drinks may be included in the cost of dinner payable by the municipality; no alcoholic beverages shall be paid for by the municipality.

7.8 All accommodation should be subject to clause 7.9 hereof, be reserved at least 48 hours prior to departure through the Municipality's Supply Chain Management Unit and the costs thereof must be paid directly to the provider thereof by the municipality.

7.9 If, due to the urgency of travel, or in cases of emergency, where it is not possible to reserve accommodation as provided for in clause 7.8, the Employees/Councillors/Amakhosi in question may reserve his/her/their own accommodation directly, subject to any limitations on cost as provided for in this policy; in which event, if the provider of the accommodation is not prepared to provide it on credit, in the discretion of the Municipal Manager:

7.9.1 Employees/Councillors/Amakhosi shall pay the costs and recover them from the Municipality upon returning from the trip and upon provision of proof of payment thereof.

7.10 If an Employee/Councillor/Amakhosi stay/s overnight at a relative or friend's place or accommodation whilst travelling on official business, then in addition to any subsistence allowance referred to in paragraph 6.6 which is payable to him/her/them as provided for in this policy, the Employee/Councillor/Amakhosi may claim an amount of R300 per night.

7.11 The permissible cost of accommodation required for international travel shall be an amount determined by the Council on an "ad hoc" basis.

8. RATES FOR TRAVEL

8.1.1 The Department of transport rates applicable from time to time shall be used to compensate employees who travel on **Municipal official business (Annexure B)**.

8.1.2 Where an Employee/Councillor/Amakhosi proceed/s on an official journey directly from home or returns home directly, the official mileage should be calculated by reference to the lesser of:

- i) The distance from home to the destination; or
- ii) The distance from the office to the destination.

A person's home is deemed to be his usual place of residence during office hours.

8.1.3 Amakhosi shall be reimbursed an out of pocket travelling expense as stated in the Remuneration of Public Office Bearers Act (20/1998): Determination of Upper Limits on Salaries, Allowances and Benefits of different members of municipal councils

Regulations or as determined by Council Resolution as these are reviewed on yearly basis. The allowance shall be limited to one payment per day, irrespective of the number of meetings attended by Amakhosi on a specific day.

8.2 Air travel/Public transport

- 8.2.1 Employees/Councilors/Amakhosi may use Airline transport if it is deemed, practical and effective. The guidelines as provided for in the Cost Containment Regulations should be taken into consideration in this regard;
- 8.2.2 Air fare shall be paid for all Employees/Councilors/Amakhosi who travel by air abroad and within Southern Africa to the nearest airport to the authorized destination plus the relevant first class rail, motor, or any reasonable combination thereof, necessary to complete the journey to the said destination;
- 8.2.3 All flights shall be in Economy class (possibly the cheapest), unless another class of travel is specifically authorized by the Executive Committee, as the case may be.
- 8.2.4 Public transport (e.g. bus, train, taxi) may be used to transport Councilors/Employees/Amakhosi. The maximum costs payable for these forms of transport should be a fair reasonable amount deemed to comply with the regulations set out in this policy. Due to the very nature of such transport evidence such as slips/receipts may not be available and hence the payment of such expenses is at the discretion of the Accounting Officer.

8.3 Car Rental:

- 8.3.1 Only (group B) economy category vehicles may be rented as these are deemed to be the most economical, unless it is more cost-effective to hire a bigger vehicle (for example, when the number of representatives involved could justify the hire of a micro-bus). The guidelines as provided for in the Cost Containment Regulations should be taken into consideration in this regard.
- 8.3.2 Car rental must be approved as part of the travel package before the trip is embarked on. An employee/ councilor who rents a vehicle whilst travelling on the business of the Municipality without having received prior authorization will only be reimbursed for the cost of the vehicle rental, if proof of expenditure can be produced and the representative can demonstrate that vehicle rental was reasonably but unexpectedly necessitated by the circumstances.
- 8.3.3 Any employee/councilor designated the duty of driving the rental vehicle should do so for the duration of the trip unless an option of a secondary driver is selected. All

reasonable insurance must be taken as part of the rental agreement to safeguard the municipality from financial loss

8.3.4 Where possible Employees/Councilors/Amakhosi must travel together, up to a maximum of four in a vehicle, to minimize travelling expenses.

8.4 The Municipality's Supply Chain Management may use the services of any external service provider as clause 8 will be paid to the services provider. The guidelines as provided for in the Cost Containment Regulations should be taken into consideration in this regard.

9. INTERNATIONAL ACCOMMODATION AND SUBSISTENCE ALLOWANCES

9.1 The cost of accommodation to be paid by the municipality for international travel will be at the discretion of the Council but based on the legislation set out by SARS for that specific year. Furthermore, the guidelines as provided for in the Cost Containment Regulations should be taken into consideration in this regard.

9.2 The maximum amount for meals and subsistence will also be guided by the legislation set out by SARS for that specific year.

9.3 The US dollar shall be an applicable currency for international travel.

9.4 In the case of international travel, the day of departure and the day of return each qualify for a subsistence allowance.

9.5 Whilst generally any Airline can be used to fly employees/ councilors, however South African Airways will be the preferred airline especially when travelling abroad.

10. AUTHORISATION OF TRAVEL & SUBSISTANCE CLAIMS

10.1 The following authorizations are required for National travel and subsistence claims:

(a) An invitation to attend a workshop, meeting or related event is not an automatic authorization to attend such workshop or event. The required authorization must still be obtained.

(b) The relevant Senior Manager must authorize travel and subsistence of the Employee/Councilor/Amakhosi for workshops pertaining to their respective departments. Such authorization must be concurred by the Accounting Officer.

(c) Only the Mayor or Executive Committee may authorize claims of the Accounting Officer.

(d) Only the Accounting Officer may authorize claims of Section 56 employees

(e) In addition to 10 (1)(b) above, the Speaker will be responsible to authorize all claims for Councilors/Amakhosi.

(f) The Executive Committee shall approve trips for the Mayor.

10.2. The following authorizations are required for International travel & Subsistence:

(a) The Accounting Officer can only authorize for Employees/Councilors and Amakhosi (in consultation with the offices of the Speaker / Mayor).

(b) The Mayor shall authorize claims for the Accounting Officer.

10.3 A designated employee in the Corporate Services Department shall administer and check all travel and subsistence claims assisted by an individual from the Finance Department.

11. LEGAL REQUIREMENTS

In terms of Section 66 of the Municipal Finance Management Act No. 56 of 2003 the Accounting Officer of the Municipality must report to Council, in the format and for the periods prescribed, all expenses relating to staff salaries, allowances and benefits, separately disclosing (inter alia) travel, subsistence and accommodation allowances paid.

12. POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF ILEMBE DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date:.....