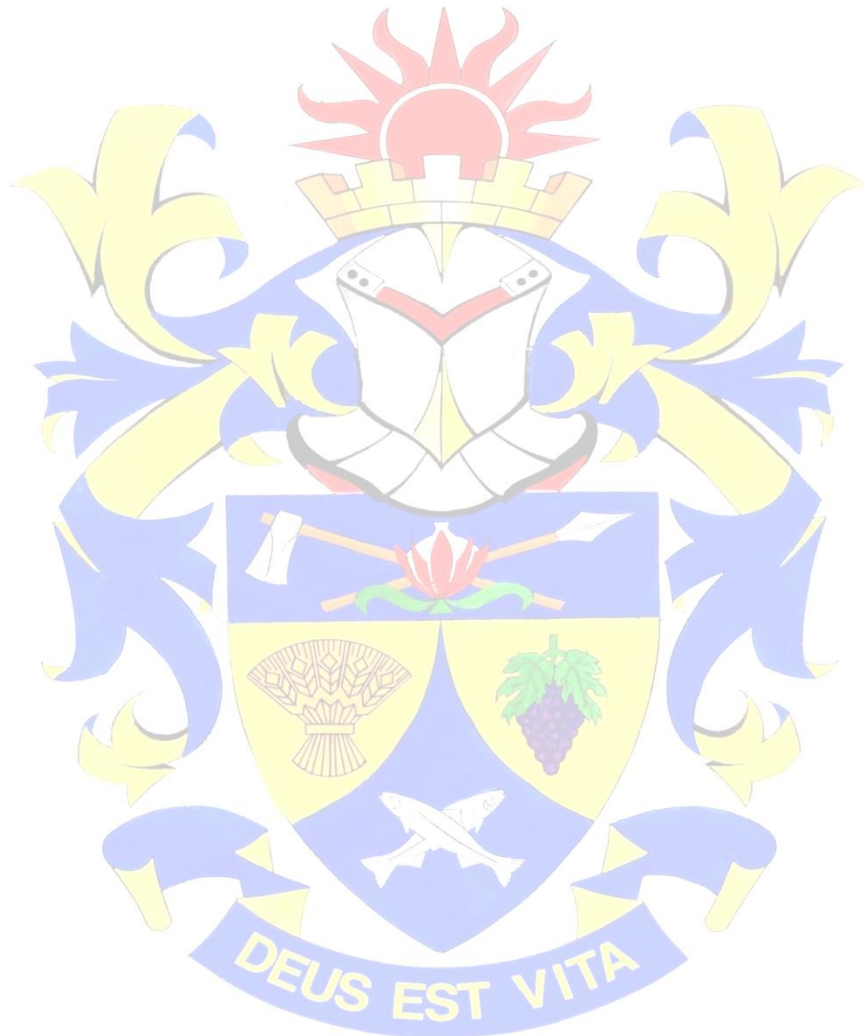


# BERGRIVIER

Munisipaliteit / Municipality



## DRAFT COST CONTAINMENT POLICY

Action	Date
Review	March 2025



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## 1. DEFINITIONS

In this Policy, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context indicates otherwise, and-

**"Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**"Consultant"** means a professional person, individual, partnership, corporation, or a Company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality to perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;

**"Cost containment"** means measures implemented to curtail spending in terms of this Policy; and

**"Credit card"** means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

**"Social events"** means events involving only municipal councilors and / or members of Bergrivier Municipality does not include events where the public is involved or held to the benefit of the public.

## 2. OBJECT OF POLICY

The object of this Policy, in line with sections 62(1) (a) and 78(1) (b) of the Act, is to ensure that resources of the municipality are used effectively, efficiently and economically by implementing cost containment measures.

## 3. APPLICATION OF POLICY

This Policy apply to all officials and political office-bearers in Bergrivier Municipality.

This policy overrides provisions of any other policy of the Municipality on the same content. In the case of differences between policies, this policy will suffice.

#### **4. USE OF CONSULTANTS**

4.1 The municipality may only appoint consultants if an assessment of the needs and requirements confirms that the Municipality does not have the requisite skills or resources in its full -time employ to perform the function. (See attached "Use of Consultants (all service providers) – an assessment of the needs and requirements" which is compulsory to accompany relevant requisitions for approval)

4.2 The accounting officer adopt the following fair and reasonable remuneration framework for consultants taking into account the rates –

- (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor -General of South Africa", issued by the South African Institute of Chartered Accountants;
- (b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration; or
- (c) as prescribed by the body regulating the profession of the consultant.
- (d) any other reasonable framework prescribed by Professional Bodies and/or spheres of Government.

4.3 The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).

4.4 When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market – determined rates.

4.5 When consultants are appointed, the accounting officer must -

- (a) appoint consultants on a time and cost basis with specific start and end dates;
- (b) where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
- (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;

- (d) ensure the transfer of skills by consultants to the relevant officials of a municipality or municipal entity;
- (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's Supply chain management policy; and
- (f) develop consultancy reduction plans to reduce the reliance on consultants.  
(The Procurement Plan will indicate this plan)

4.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.

4.7 The municipality must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.

4.8 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time

4.9 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

4.10 The Accounting Officer may approve the utilization of a consultant outside of the above mentioned, when required for service delivery.

## **5. VEHICLES USED FOR POLITICAL OFFICE-BEARERS**

Bergvriër Municipality does not purchase vehicles for political office-bearers.

## **6. TRAVEL AND SUBSISTENCE**

6.1 –As per approved Council delegations the Accounting Officer, Director's or Managers:-

- (a) may only approve the purchase of economy class tickets for all officials and/or political office bearers.

6.2 In the case of the accounting officer, the mayor may only approve the purchase of economy class tickets for any required flying.

6.3 International travel will be limited to meetings or events that are considered critical and really necessary. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.

6.4 The accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only -

- (a) during peak holiday periods; or

- (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and /or international guests in that particular geographical area.

6.5 An official or a political office-bearer of the municipality must -

- (a) utilize the municipal fleet, where viable, before incurring costs to hire vehicles;

- (b) make use of available public transport or a shuttle service if the cost of such a service is lower than -

- (i) the cost of hiring a vehicle;

- (ii) the cost of kilometers claimable by the official or political office bearer;

and

- (iii) the cost of parking.

- (c) not hire vehicles from a category higher than Group B or an equivalent class; and

- (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

6.6 The municipality must utilize the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation.

## **7. DOMESTIC ACCOMMODATION**

7.1 The accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice.

7.2 Overnight accommodation may only be booked where the return trip exceeds 500 kilometers.

7.3 There may be circumstances when the 500 kilometers limitation may be impractical. For example, in instances where attendance is required over a number of days, or there is a risk to the health of the official or councilor and cost vs benefit considerations can warrant such expenditure. The Accounting Officer may approve overnight accommodation with these factors in mind.

7.4 If the event last more than a day, then accommodation may be booked with prior approval.

## **8. CREDIT CARDS**

8.1 The accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality is issued to any official or political office bearer.

8.2 Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the municipality, and request reimbursement in accordance with the written approved policy and processes.

## **9. SPONSORSHIPS, EVENTS AND CATERING**

9.1 The municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality, unless the prior written approval of the accounting officer is obtained.

9.2 The accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours including travel time of participants.



9.3 Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.

9.4 The municipality may not incur expenses on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.

9.5 The accounting officer must ensure that social events, team building exercises, year-end functions, sporting events and budget vote dinners are not financed from the municipality budgets or by any suppliers or sponsors.

9.6 The municipality may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral part of the business model.

9.7 The accounting officer may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality for ten or more years or retire on grounds of ill health.

9.8 Catering may be provided for the following:

9.8.1 Performance and Audit Committee

9.8.2 Performance reviews

9.8.3 Better Together Games

9.8.4 Executive Mayor's Golf Day

9.8.5 Fish factory tournament

9.8.6 VIP Golden Games

9.8.7 Other meetings/events as authorised by the Accounting Officer

9.8.8 Bergrivier Municipality will suffice with the Prize-giving function once a year where training and merit will be awarded.

9.8.9 Annual economic enhancement event.

9.8.10 Stap en Trap event – event against abuse of drugs, women and children.

9.8.11 Spiritual Bergrivier annual events.

9.8.12 Women's day

9.8.13 Lotyde – Youth day.

9.8.14 Light festival

9.8.15 Sport tournaments annually

9.8.16 Easter program

9.8.17 New Years Beginnings – economic dev.

## **10. COMMUNICATION**

10. The municipality may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers, unless required by law.

10.2 The accounting officer must ensure that allowances to officials for private calls and data costs are limited to an amount as determined by the accounting officer.

10.3 Newspapers and other related publications for the use of officials must be discontinued on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.

10.4 The municipality may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

## **11. CONFERENCES, MEETINGS AND STUDY TOURS**

11.1 The accounting officer must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or non – governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.

11.2 When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, the accounting officer or mayor as the case may be, must take the following into account -

- (a) the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;
- (b) whether the conference or event addresses relevant concerns of the institution;
- (c) the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and
- (d) the availability of funds to meet expenses related to the conference or event.

€ an Municipal Official shall not attend more than one conference per annum.

11.3 The accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

11.4 The benchmark costs referred to in sub -regulation (3) may not exceed an amount as determined from time to time by the National Treasury through a notice.

11.5 The amount referred to in sub -regulation (4) excludes costs related to travel, accommodation and related expenses, but includes -

(a) conference or event registration expenses; and

(b) any other expense incurred in relation to the conference or event.

11.6 When considering costs for conferences or events these may not include items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.

11.7 The accounting officer of a municipality must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in- house.

11.8 Municipal or provincial office facilities must be utilized for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.

11.9 The accounting officer must grant the approval for officials and in the case of political office bearers and the accounting officer, the mayor, as contemplated in sub - regulation (2).

11.10 The municipality must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

## **12. OTHER RELATED EXPENDITURE ITEMS**

12.1 All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

12.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other

inducements as part of, or during election periods or to fund any activities of any political party at any time.

12.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.

12.4 The municipality must avoid expenditure on elaborate and expensive office furniture.

12.5 The municipality may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.

12.6 The municipality may consider providing additional time -off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis, prior to working overtime. A motivation for all unplanned overtime must be submitted to the relevant manager.

12.7 The municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

### **13. ENFORCEMENT PROCEDURES**

Failure to implement or comply with these Regulations may result in any official of the municipality, political office bearer or director of the board that authorized or incurred any expenditure contrary to these regulations being held liable for financial misconduct or a financial offence in the case of political office bearers as defined in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

### **14. DISCLOSURES OF COST CONTAINMENT MEASURES**

14.1 The disclosure of cost containment measures applied by the municipality must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.

14.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings and on the implementation

of the cost containment measures must be submitted to the Municipal Council for review and resolution.

14.3 The reports referred to in sub-regulation (2) must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to the municipal council.

## **15. SHORT TITLE AND COMMENCEMENT**

This policy is called the Cost Containment Policy and will commence on date of approval by Council

Attachment in terms of section 4.1 of the Policy

**Use of consultants (all service providers) –  
an assessment of the needs and requirements**

Failure to undertake the latter assessment will result in the expenditure incurred being classified as irregular expenditure.

confirms that the affected municipality or municipal entity **does not have the requisite skills or resources in its full -time employ to perform the function.**



**fair and reasonable remuneration framework** for consultants taking into account the rates - (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor - General of South Africa ", issued by the South African Institute of Chartered Accountants; (b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or (c) as prescribed by the body regulating the profession of the consultant.

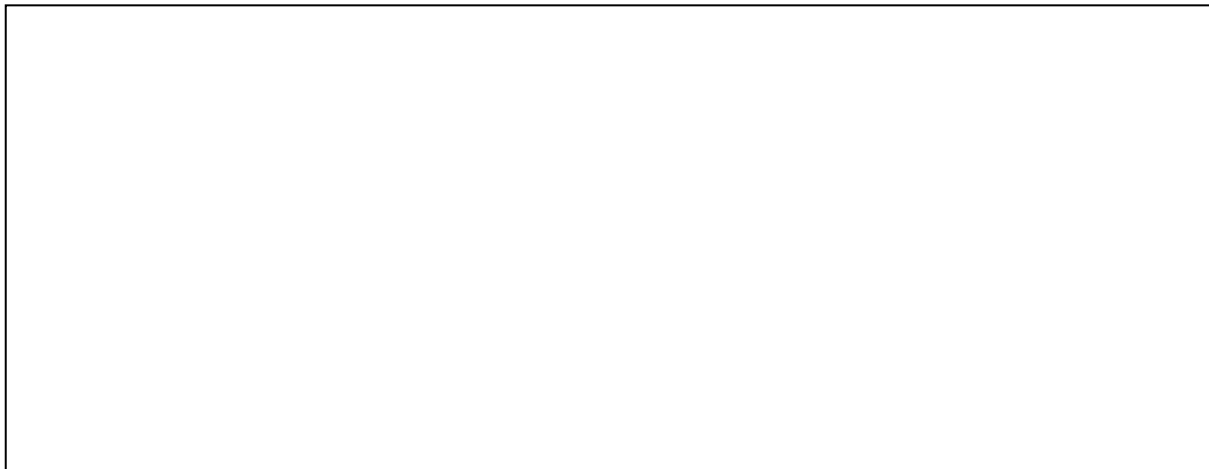
It is always advisable to negotiate lower rates than the maximum.

Some useful links regarding rates follow, this is not exhaustive, as there may be different rates for different professions, for example, engineers' contracts may relate to time, cost and rates, etc.

[www.dpsa.gov.za/dpsa2g/consultant\\_fees.asp](http://www.dpsa.gov.za/dpsa2g/consultant_fees.asp)

[https://www.saica.co.za/portals/0/documents/Circular\\_01\\_2018\\_Guideline\\_on\\_AGSA\\_Fees.pdf](https://www.saica.co.za/portals/0/documents/Circular_01_2018_Guideline_on_AGSA_Fees.pdf)

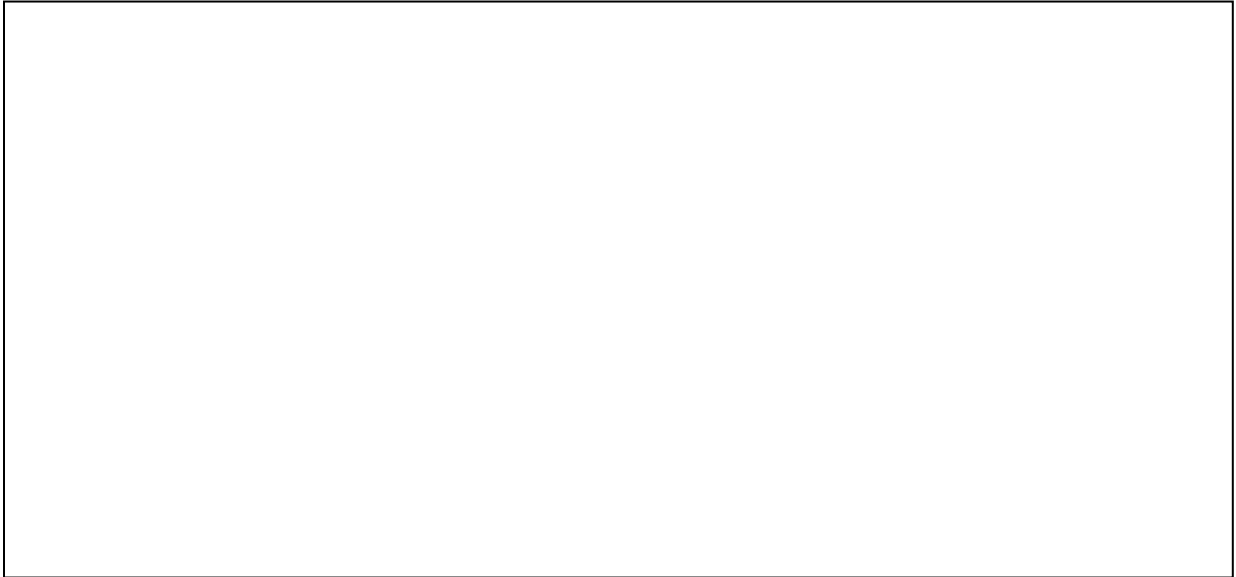
The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub -regulation (2). (4) When negotiating cost -effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market -determined rates.



(5) When consultants are appointed, an accounting officer must - (a) appoint consultants on a **time and cost basis** with specific start and end dates; (b) where practical, appoint consultants on an **output- specified basis**, subject to specific measurable objectives and associated remuneration;


(c) ensure that contracts with consultants **include overall cost ceilings** by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;

(d) ensure the **transfer of skills** by consultants to the relevant officials of a municipality or municipal entity;



(e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's **supply chain management policy**; and

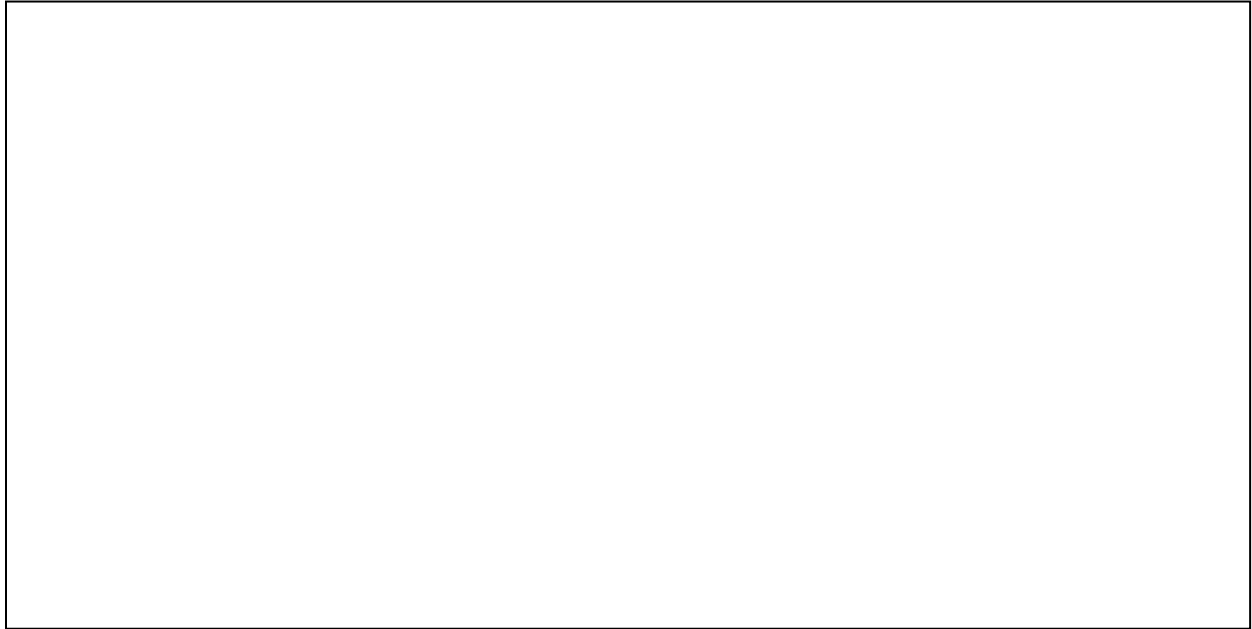




(f) **develop consultancy reduction plans** to reduce the reliance on consultants. Look at consultancy reduction plan issued by the National Treasury for PFMA institutions and customize it for its own internal use. These documents can be accessed using the following link: <http://www.treasury.gov.za/legislation/pfma/guidelines/default.aspx>


(6) All contracts with consultants must include a **fee retention or penalty clause for poor performance**. (7) A municipality or municipal entity must ensure that the **specifications and performance are used as a monitoring tool** for the work to be undertaken and are appropriately recorded and monitored.

Monitoring of performance against contracts must also ensure **skills are transferred** to municipal officials, which forms an integral part of the contract or arrangements arising from such contracts. Skills may be transferred through the provision of **workshops or on the job training**.



(8) The **travel and subsistence costs** of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.



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NAME OF USER:  
POSITION OF USER:

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DATE

<b>SUPPORT ASSESSMENT</b>	
<b>DO NOT SUPPORT ASSESSMENT</b>	

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N BOTHMA  
MANAGER SUPPLY CHAIN AND EXPENDITURE  
BERGRIVIER MUNICIPALITY

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DATE

<b>APPROVE ASSESSMENT</b>	
<b>DO NOT APPROVE ASSESSMENT</b>	

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ADV H LINDE  
MUNICIPAL MANAGER  
BERGRIVIER MUNICIPALITY

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DATE