

DEPARTMENT OF TRADITIONAL AND LOCAL GOVERNMENT AFFAIRS

PROVINCIAL GOVERNMENT NOTICE

No., 2015

I, under powers vested in me by section 14(2) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and after having consulted the Minister of Provincial and Local Government Affairs and Organized Local Government in the Province, hereby make the standard By-laws contained in the Schedule hereto.

Signed at _____ on this _____ day of _____ Twenty Fifteen.

N DUBE

Member of the Executive Council of the Province of KwaZulu-Natal responsible for local government

FINANCIAL BY-LAWS

Be it enacted by the Council of Mandeni Municipality, in terms of section 156(2) of the Constitution, 1996, read with section 11(3)(m) of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), and section 6 of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004, as follows:

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1. DEFINAITIONS

(1) In these by-laws, unless the context otherwise indicates –

“Accounting Officer” means the municipal official referred to in section 60 of the Municipal Finance Management Act, (Act No. 56 of 2003);

“Chief Financial Officer” means the employee designated in terms of section 80(2)(a) of the Municipal Finance Management Act, (Act No. 56 of 2003) or any amendment thereto, and person duly authorized by the council to act on his behalf;

“Committee” means any committee established in terms of sections 78 or 80 of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998);

“Council” means the municipal council of Mandeni, its legal successors in title and its delegates

“Department” means any department, section or branch of the council of which the head reports directly to the municipal manager only;

“GAMAP” means General Accepted Municipal Accounting Practices;

“GRAP” means General Recognized Accounting Practices;

“Head of Department” means the person appointed or acting as a head of any department of the council;

“Municipal Manager” means the municipal manager of the council or any official acting in such capacity;

- (2) Any other word or expression to which the meaning has been assigned in the Municipal Finance Management Act, 2003, and the Local Government Municipal System Act, 2000, unless inconsistent with the context shall, wherever such word or expression appears in the By-laws, bear the same meaning as that assigned to it in the said legislation.
- (3) Words applying to any individual shall include person, companies and corporations and the masculine shall include females as well as males and the singular shall include the plural and vice versa.

2. ESTIMATES AND BORROWING

(1) BORROWING

The Chief Financial Officer shall be responsible for the raising of such loans required for the purpose of financing capital expenditure from external source in accordance with such terms and conditions and from such source approved by the council after considering the Chief Financial Officer’s report.

(2) PREPARATION OF ANNUAL BUDGET

- (a) Every head of a department shall, in respect of the activities of his department, and in consultation with the Chief Financial Officer, prepare –
 - (i) A draft annual budget to appropriate money for the requirements of the municipality;
 - (ii) A draft annual budget for an ensuing financial year; and
 - (iii) A draft capital program for the following number of financial year as determined by Council’s Integrated Development Plan.
 - (a) (i) the annual budget must be in prescribed format and shall be prepared and completed at such date as determine by the Chief Financial Officer in consultation with the Mayor in terms of section 21 of the Municipal Finance Management Act , 2003
- (ii) The Municipal Manager shall not later than the last days of February of each year report to the council with regards to the different between the actual and estimated income and

expenditure for financial year based on the figures of at least the first five months of that particular financial year.

- (b) The Chief Financial Officer shall issue guidelines, after considering any growth factor determined annually by the National Treasury for municipalities generally with regards to the preparation and administration of the estimates, and Heads of Department shall comply with such guidelines in the preparation of their estimates.
- (c) The Municipal Manager in conjunction with the Mayor in terms of section 21 of the Municipal Finance Management Act, 2003 shall upon completion of the draft budget, follow a process of community participation in accordance with Chapter 4 of the Municipal System Act, and shall thereafter submit such draft, together with comments received, including his proposals for the funding thereof, to council for approval.
- (d) The draft budget submitted to the council for approval shall not reflect a deficit. If the aggregate operating income is less than the aggregate operating expenditure, the estimates shall contain proposals to cover such deficit.
- (e) The Council shall, prior to the beginning of particular financial year, approved the estimate and determine the property rates, tariffs and rental to be levied in order to balance the operation estimates: provided that expenditure or income proposed shall not be increased or decreased unless the effect of such proposed changes have been discussed during the process of community participation.
- (f) The approved estimates may be amended by the council during financial year: provide that the total estimates are exceeded. Where expenditure is required in excess of the approved estimates, any necessary external approval shall be obtained.
- (g) The Mayor must on a monthly basis or as often as may be prescribed, submit report in the prescribed format on the state of municipality's budget.

3. CAPITAL EXPENDITURE

- (a) A report submitted by the head of a Department in which authority is sought to incur capital expenditure, shall be done in terms of section 19 of the Municipal Finance Management Act, 2003, and shall include the following:
 - (i) The total estimated cost with a complete analysis thereof, including any consequential expenditure which will arise as a result of the works or undertaking.

- (ii) The estimated capital amount to be expected annual in respect of the works or undertaking.
 - (iii) The estimated annual income to be derived and the estimated annual expenditure of any kind, including expenditure on additional staff to be incurred when the works or undertaking are taken in to use.
 - (iv) The estimated duration of life of the assets to be created.
 - (v) An indication whether the work shall be done departmentally, or by an external contractor
 - (vi) Any other information required by the Municipal Manager.
- (b) No capital expenditure shall be incurred unless –
- (i) Provision therefore has been made in the approved capital estimates; or
 - (ii) The council has approved a report for additional fund for capital project/items which were originally not budgeted for.

If sufficient funds are not available within the approved budgeted quota for any additional amount required, the Head of Department shall indicate which other project/items of his department can be cancelled to cover the additional expenditure; or if such source is not available, the Chief Financial Officer will, after consultation with the respective Head of Department, makes a recommendation hoe the shortfall will be financed.

- (iii) The council has expressly approved such expenditure as mentioned in (i) or (ii) ; and
 - (iv)** All approvals required by the law have been obtained and all other requirements have been complied with.
- (c) No under-expenditure on any capital project shall be employed to cover additional expenditure on any other approved capital project without the approval of the council: provided that the Chief Financial Officer may, on recommendation of the Head of a department, transfer a financial provision not exceeding the maximum amount as determined in section 16(5).
- (d) If an approved capital estimate vote is exceeded, or is expected to be exceeded, the Head of a Department concerned, shall, subject to the provision on section (3)(c), obtained at the first possible opportunity, appropriate authority from the council for additional expenditure, and such Head of a Department shall report the reasons –
- (i) For the additional expenditure; and

- (ii) Why timeous authority, where applicable, was not obtained for the additional expenditure.
- (e) A Head of a Department shall advise the Chief Financial Officer as soon as he becomes aware of any amount on his capital estimates which is no longer required by his department, and the Chief Financial Officer shall report to the council regarding such saving.
- (f) Subject to the approval of the council, budgeted expenditure allocated to uncompleted project from previous financial year may be incurred during a current financial year: provided that, if necessary, a corresponding under-expenditure must be effected by the head of the Department.

4. OPERATING ESTIMATES

(a) Excess expenditure

If the Mayor has reasons to believe that any operating estimate provision is or will be insufficient, he shall forthwith report the matter to the council:

Provided that the Chief Financial Officer may, subject to such conditions as the council may determine, authorize the transfer of an operating estimate provision, or part thereof from a vote or votes expected to be under-spent to the above mentioned operating estimates provision. In the event where no under- expenditure is available, the reason for the excess expenditure shall be stated and any decrease in other expenditure which may occur in order to meet the excess expenditure, shall be indicated. The matter shall be considered by the council with view to cover the excess expenditure by the decrease in expenditure or an increase income.

When the full amount provided for a specific purpose in the estimates in the estimates in respect of the operating account has not been spent for the purpose, the balance shall not, except as mentioned above or with the consent of the council, be used for any other purpose.

(b) Shortfall income

Where estimated income is unlikely to realize, the Head of the Department concerned shall, without delay, give an account for the reason resulting to the shortfall in income to the Chief Financial Officer. The Mayor shall then report to the council if the shortfall is, in his opinion, substantial and indicate how the shortfall will be met.

5. Report

- (a) No report containing financial implications shall be considered by the council unless the report, including a financial report of the Chief Financial Officer in this regards, has been considered by the Executive Committee. The essence of the content of the financial report of the Chief Financial Officer shall not be alerted.

- (b) Where any expenditure is contemplated in a report submitted to the council, the Head of the Department shall indicate the application provision on the capital or operating estimates and the vote against which the expenditure is to be charged.
- (c) Before instructions are given to a consultant with regard to any capital project, and before any expenditure is incurred, the Head of the Department concerned, having first obtained the approval of the Council or Executive Committee, where applicable, shall also see to it that adequate financial provision is made in the relevant estimates.

3. ACCOUNTING SYSTEMS AND COASTING

(1) The Chief Financial Officer, or a Head of the Department, when so requested by the Chief Financial Officer, shall maintain proper cost accounting system in respect of inter-governmental grants, capital and operating account and, except in so far as the form of such accounts may be prescribed by law, such system shall be kept in whatever form the Chief Financial Officer or external grantor of fund should consider suitable.

(2) the system used by the department for the collection of revenue, the keeping of books or any records relating to financial matters, assets, stocks, as well as cost accounting, shall be subject to the approval of the Chief Financial Officer and no such system shall be established, altered or deviated from without the Chief Financial Officer's approval.

(3) the Chief Financial Officer shall keep the financial accounting records of the council up to date, and the accounting system which he has accepted in the compiling such records shall, apart from complying with any prescribed law, adhere to any compulsory guidelines which National Treasury may from time to time after consultation with the Auditor-General determine.

(4) The Chief Financial Officer shall continuously review all tariffs in respect whereof expenditure is taken into account elsewhere, in conjunction with a Head of the Department.

(5) The Chief Financial Officer shall prepare financial statements in respect of each financial year in accordance with GAMAP and or GRAP, and certify, together with the Municipal Manager, the correctness of such statements.

(6) Except in respect of normal services for which the Council has determine tariffs, no goods of any kind belonging to the Council, or in respect of which it is taxable, shall be supplied to, and no work shall be carried out by it for any other person without the Council's approval and unless the council is satisfied that the supply of such goods of the executing of such work is to its advantage.

(7) No material shall be supplied to and no work shall be carried out for a private individual, company, firm, organization, state or parastatal body, unless the Head of the Department concerned has been notified by the Chief Financial Officer that the

amount of the estimated cost or part of the cost of the work has been paid or otherwise been provided for: provided that the Chief Financial Officer may in his discretion, in the case of state or parastatal bodies, deviate from this provision. If a payment has been made in advance in compliance with this section, and its nevertheless become evident to the Chief Financial Officer or the Head of the Department performing the work or supplying the material, that payment in advance is likely to or will be exceeded by the cost of such work or supply of such Heads of the Department shall not continue with the performance of such work or the supply of such material without the prior consent of the Municipal Manager may determine.

- (8) No department shall carry out work or render services to another department or section unless such work or services are requisitioned on the Council's official department works order and signed by the duly authorized official. The document shall contain the description of the work or services, the estimated cost thereof, the authority for incurring the expenditure, and the vote or item or job number against which such expenditure should be debited.
- (9) Charges levied by one department in respect of another department, for work or services referred to in section 3(8) shall be submitted without delay to the latter department for approval and thereafter be submitted to the Chief Financial Officer for recharge purpose. Any objection to such a charge shall be referred to the Chief Financial Officer for a final decision.
- (10)
 - (a) Works, which have been provided for on the operating estimates, including the maintenance and repair of such works, of which the anticipated cost will, in the option of the department concerned, exceed the amount mentioned in section 16(5) as well as such other work as may be determined by the council, shall not be carried out departmentally unless the Chief Financial Officer has issued a work order for the same on application by the Head of the Department concerned.
 - (b) The Chief Financial Officer may refuse to issue work order as referred to in subsection (a) as he deems necessary if the application thereof is not supported by such information relating to material, labour, transport and other cost.
- (a) An application for the issue of a work order shall be submitted on a form prescribed by the Chief Financial Officer, and the vote against which the relevant expenditure is to be charged shall be stated therein.
- (11) No stocks and material shall be transferred from one job to another, unless there has been complied with the provisions of section 14(11)(a).

4. INCOME

- (1) The Accounting Officer shall be responsible for the collection of all monies due to the Council in terms of the Council's Credit Control and Debt Collection Bylaws.

- (2) All monies received shall be balanced and deposited daily, or at such regular intervals as the Chief Financial Officer may determine, at the department of the Chief Financial Officer or the Council's bankers. The Chief Financial Officer must be provided with the necessary proof that the monies have been balanced and deposited.
- (3) The Chief Financial Officer shall ensure that all monies received by any other department are paid over regularly to his department or otherwise in accordance with the provision of section 4(1), and for the purpose he shall prescribe a system for the collection of income, and no such system shall be altered or deviated from without the Chief Financial Officer's approval.
- (4) Heads of Department shall notify the Chief Financial Officer immediately of any monies becoming due to the Council, and such notification shall state the reason why such monies are due.
- (5) No amount due to the Council shall be written off as irrecoverable without the approval of the Council, provide that the Chief Financial Officer shall be authorized to write off appropriate amount in any one case not exceeding the amount as determined in section 16(5), and a record of all amount written off shall be kept by the Chief Financial Officer, in such form as he may decide.

(6) RECEIPTS

(a)

- (i) All monies received shall be recorded immediately by means of the numbered official receipt or in any other manner approved by the Chief Financial Officer.
- (ii) Receipt shall not be altered in any way and the use of erasable ink, solvents or similar device shall not be permitted and any error appearing thereon shall be rectified by the issue of a new acknowledgement of receipt and the cancellation of the erroneous receipt

- (b) Every cancelled receipt from or other applicable acknowledgement document and all duplicates thereof shall be replaced in its proper place in the receipt book, or in the absence of a receipt book, filed in accordance with instructions issued by the Chief Financial Officer.
- (c) Any surplus cash found shall immediately be declared as such and deposited without delay to the credit of the appropriate account and all cash shortages shall be dealt with in terms of section 32 of Municipal Finance Management Act, 2003: provided that if the Council, considering the circumstances, is satisfied that the official was in no way to blame for the deficiency, he may decide that the mentioned official shall not be obliged to make the deficit good or that the amount of any deficit which he has made good, shall be refunded to him.

- (7) The determination and annual review of rentals, tariffs, fees and other charges shall be done and appropriate recommendation shall be made to the Council as agreed between the Chief Financial Officer and applicable Heads of the Department.

5. CONTROL OF RECORDS

- (1) Receipt book as well as all printed material offered for sale, except document which any department controls and sells with the explicit authorization of the Chief Financial Officer, shall be obtained only from the Chief Financial Officer, and the Chief Financial Officer or department so authorized shall keep a register with particular of the quantities received from the printers and of the items issued, together with the signature of the recipient.
 - (2) Every document containing a record of transactions which involves the receipt or payment of money, which is to be written up by hand, shall be completed in ink, and the use of pens with erasable is not allowed. Where an entry in such document has been audited, it shall not be altered in any way.
 - (3) Any improvement or alteration to other records shall be made by crossing out the incorrect figures and inserting the correct figures at the top, and the person making the alteration shall affix his signature thereto.
 - (4) It shall be the responsibility of every Head of the Department to take the necessary step to safeguard all document of possible significance in legal proceeding and which falls under the control of his department and store such documents as are necessary in terms of the Archive Act, Act No. 6 of 1962, and the Director: Corporate Service may, from time to time, issued directives in this regards.
 - (5) (a) All title deeds, agreements and similar legal documents, shall upon completion, be place in the safe custody of the Director: Corporate Services who will issue directives in this regards.
- (b) The Director: Corporate Services shall maintain a register of all documents mentioned in subsection (a) in which the number, nature, period of validity and any other information or importance regarding each document, is recorded.

6. CONTROL OF PAYMENTS

- (1) Every payment from the fund o the Council, other than imprest money, shall be made by the Chief Financial Officer by means of the council's bankers.
- (2) The signature of at least two persons duly authorized by the Council shall appear on all cheques issued by the Council.
- (3) Every Head of the Department shall maintain a register of person s to whom authority has been delegated to sign official documents, and such register shall

indicate the nature of the document to which such signing authority applies, and shall include specimen signatures.

- (4) A copy of the register referred to in section 6(3) shall be made available to Chief Financial Officer, who shall be notified immediately of any changes to such register.
- (5) Every voucher submitted for payment shall be in the form prescribed by the Chief Financial Officer and shall be certified by an authorized official from the department concerned and shall, when submitted to the Chief Financial Officer, be accompanied by supporting documents, where applicable, and have the following information thereon:
 - (a) The name of the department against which it is to be charged.
 - (b) The vote, item or account number from which it is to be paid.
 - (c) That sufficient estimate provision exist.
 - (d) The authority for the expenditure.
 - (e) That the goods have been received or the service rendered.
 - (f) The statutory authority, where relevant.
 - (g) That the price charged is reasonable or according to contract.
 - (h) Such other information as the Chief Financial Officer may direct.
 - (i) The Chief Financial Officer or official Authorized by him to do so shall approve such voucher before settlement of the account.
 - (j) Progress payments in respect of a contract shall be limited to the value of work and the material supplied, as certified in terms of the aforesaid subsection, less the amount of previous payments made and the amount of retention money withheld in terms of contract. In these case where the Council makes use of the service of consulting engineers, architects etc., the certificate for payment must be co-signed by the Director: Technical Services or other responsible Head of the Department as applicable.
 - (k) The Chief Financial Officer shall not in respect of any contract make any payment in excess of the total amount authorized by the Council unless then Council has resolved otherwise after considering a written report by the Head of the Department concerned stating the reasons why the excess expenditure should be incurred.
- (6) Notwithstanding the provision of sections 6(5)(c)and (d), payment shall nevertheless be made where the Chief Financial Officer in conjunction with the Director: Corporate Services is of the option that the Council is under a legal obligation to do so: provided that such payment is so certified and: provided further that such payment shall forthwith be reported to the Council for approval.

(7) PETTY DISBURSEMENT

- (a) Imprest account for the making of petty disbursements shall only be established with the approval of the Chief Financial Officer, who shall prescribe the amount of such account and the nature and extent of payments to be made there from.
 - (b) Every voucher submitted by a department for the refund of petty disbursements shall be accompanied by supporting documents acceptable to the Chief Financial Officer for all such payments and proper record shall be kept in the form approved by the Chief Financial Officer.
- (8) The Chief Financial Officer shall submit a monthly report in respect of the immediate preceding month reflecting the cash and bank balances at the beginning of the month, the total amount received and payment made during that month and the cash and bank balances as at the end of that month reconciled with the bank statement.

7. STAFF RECORDS AND PAYMENTS

- (1) The Chief Financial Officer is responsible for the calculation of salaries, wages, allowances and leave and shall keep the necessary records for this purpose.
- (2) The Chief Financial Officer shall be responsible for the verification of all calculations referred to in section 7(1).
- (3) The payment of all salaries, wages, and allowances shall be made by the Chief Financial Officer and the method of such payments shall be at his discretion.
- (4) The Chief Financial Officer shall be notified of all appointments, promotion, dismissal, resignation, transfer, leave of any description as well as any absence without leave of an employee and all matters affecting the emoluments of employee of the Council. The submission of such information to the Chief Financial Officer shall be in such form and at such date and time as the Chief Financial Officer may from the to time determine.
- (5) A Head of Department shall be required to certify that, in respect of every employee reflected on the pay sheet for each pay period; such employee was employed by the Council during such period.
- (6) In the event of salaries and wages having to be paid in cash due to unforeseen circumstances –
- (a) A supervisor or a responsible official designated by the Head of the Department, and who shall be present, and the paymaster shall certify that the amount reflected on the pay sheet or pay tickets have been duly paid to the respective persons against their signatures or other marks of identification; and

- (b) The paymaster or other responsible official designated by the Chief Financial Officer shall certify that all unclaimed salaries or wages have been paid into the designated account, in accordance with any relevant legislation, within the period specified by the Chief Financial Officer and appropriate record of such unclaimed monies shall be kept.

8. INTERNAL CONTROL

- (1) The following shall be the responsibility of a Head of the Department.
 - (a) To establish and maintain internal control system to ensure that the activities of his department are conducted in an efficient and well- ordered manner; and that the control systems are as such that, where applicable, it will assist to reach the goals which must be obtained in section 9(6) and 9(7).
 - (b) To ensure that adequate measures are taken to safeguard computer equipment program and all associated records.
 - (c) Generally to maintain and safeguard all assets, material and records for which the department id responsible.
 - (d) Such financial control systems are subject to the approval of the Chef Financial Officer and for such purpose each Head of the Department must submit such control system to the Chief Financial Officer. The Chief Financial Officer has the power of attorney to implement such control systems where the Head of the Department neglects to do so.

9. AUDIT

- (1) The Municipal Manger shall be responsible for the auditing (on such a basis as he consider appropriate and subject to any legal prescription) of all records, transaction undertakings or matter general relating to the finance, stock and assets of the Council
- (2) The municipal Manager and any other person authorized by him shall have access to any information which he deems necessary to meet the requirements referred to in section 9(1).
- (3) A Head of the Department shall advice the Municipal Manager of any departmental inquiry which may be applicable to the financial administration, stock and assets of the Council and shall request the Chief Financial Officer to personally or by an authorized official, be present at such enquiry.
- (4) The Chief Financial Officer may, at his discretion, and addition to any steps taken by the Head of the Department, submit a report to the Municipal Manager or the

Council, after consultation with the Municipal Manager or any other pertaining to such inquiry.

- (5) A Head of the Department and every official thereof shall upon request of the Chief Financial Officer to the best of his knowledge furnish him with such information relating to financial matters, stocks and assets as the Chief Financial Officer specifies.
- (6) In performing the internal audit function, the Accounting Officer shall consider and, where he deems it necessary, report on, inter alia, the following to the audit committee:
 - (a) Whether, to the best of his knowledge, all income which should accrue to the Council has indeed so accrued and has been properly recorded.
 - (b) Whether proper authority exists for any amount written off as irrecoverable or abated.
 - (c) Whether effective accounting records are maintained.
 - (d) whether expenditure incurred on any item of project, including interdepartmental jobs –
 - (i) Has been correctly allocated between the capital, trust fund and operating account;
 - (ii) Has been charged to the correct vote;
 - (iii) Has been made with proper authority;
 - (iv) Complies with the law; and
 - (v) If any investigation has been performed in terms of section 9(7) whether the Council received due value for the money and whether waste, extravagance or inefficient administration exists.
 - (e) internal control, including the soundness, adequacy and application of financial measures control.
 - (f) whether procedures which apply to the financial Council and which are prescribed in these regulations, or by any other law, or by a directive of the Chief Financial Officer, are adhered to.
 - (g) whether the movable assets of the Council, cash and other interest are adequately safeguarded.
 - (h) whether all securities for investments made by the Council are in order, adequately safeguarded and properly reflected in the book of the Council.

(i) whether assets, stock and materials at the various departments are verified at least once in every financial year.

(j) whether cash in hand and all bank balance are verified monthly.

(k) whether adequate security exists in respect of all computer installations in respect of financial transactions, assets, stocks and materials and the determined procedures for proper management of such installations are properly observed

(l) the suitability and reliability of financial and other management data developed within the Council.

(7) Whenever a performance audit is conducted, the Audit Performance Committee must –

(a) Assess the measures and procedures implemented to ensure effective and efficient management;

(b) Evaluate the funding of such audit; and

(c) Evaluate the reporting, in the financial statement, of the effective and efficient use of the municipality's resources;

(d) review the quarterly reports submitted to it;

(e) review the Performance Management System focusing on economy, efficiency, effectiveness and impact in so far as the Key Performance Indicators and Performance Target as set by the municipality are concerned and make recommendations in this regard to Council;

(f) At least twice during a financial year submit an audit report to the Council.

(8) The Audit Committee may –

(a) communicate directly with Council, Municipal Manager, Chief Financial Officer or the internal and external auditors of the municipality.

(b) access any municipal records containing information that is needed to perform its duties or exercise its power;

(c) request any relevant person to attend any of its meetings, and if necessary, to provide information requested by the Committee and investigate any matter it deems necessary for the performance of its duties and exercise of its power.

(9) no financial computer program or any changes thereto shall be permitted to become operational until the Chief Financial Officer has approved and tested such financial computer program or the relevant changes, provide that this section shall only apply to computer program which, in the opinion of the Chief Financial Officer relates to or affects the financial administration, assets, stocks and material of the council.

(10) if a person who is in the employ of the municipality caused the municipality to lose or damage because he –

- (a) failed to collect money owing to the municipality for the collection of which he was responsible;
- (b) is or was responsible for an irregular payment of money of the municipality or for a payment of such money not supported by the proper voucher.
- (c) due to an omission to carry out his duties, is or was responsible for fruitless expenditure of money of the municipality.
- (d) is or was responsible for deficiency in, or for the destruction of or damage to money of the municipality, stamps, face value documents and forms having a potential value, securities, equipment, stores or any other property of the municipality; or
- (e) due to an omission to carry out his duties, is or was responsible for a claim against the municipality; then the Municipal Manager, or the Municipal Manager was responsible for such loss or damage, the Council, shall determine the amount of such loss or damage and take disciplinary action where possible and in appropriate cases recover the loss or damage.

(11) any loss suffered by the municipality and which the Municipal Manager, or if the Municipal Manager is responsible, the Council, suspects to be due to any fraudulent or corrupt act or an act of bribery committed by any person, shall forthwith be reported by the Municipal Manager or the Council, as the case may be, to the South African Police Service.

(12) Un-authorized expenditure shall be disallowed and shall not form a charge against a fund or account concerned until it has been approved by the responsible authority, in accordance with the normal budgetary procedure applicable to the fund or account concerned, and any unauthorized expenditure or part thereof as determined by the Minister, M.E.C or Council, as the case may be, which has not been authorized, shall be recovered from the Municipal Manager if he is unwilling to recover the amount concerned from the beneficiary or the person responsible for the unauthorized expenditure: provided that where unauthorized expenditure has been affected –

- (a) on a written instruction of councillors notwithstanding the fact that he does not have the necessary authority; or
- (b) as a result of a Council resolution in favour of which a Councillor voted, unless it is recorded that such Councillor voted against such resolution; and after the Municipal Manager has recorded his objection against such instruction or resolution, such expenditure shall be recovered from the Councillor concerned: provided further that all such unauthorized expenditure shall forthwith be reported by the Municipal Manager to the

MEC for Local Government Affairs, the MEC responsible for Finance and Auditor-General.

- (13) The internal auditor shall report to the Municipal Manager quarterly on the audit activities of his section.
- (14) The Audit Committee must in turn, with respect to the internal auditing function:
 - (a) Provide a forum for direct reporting of the finding of the Chief Financial Officer, if any;
 - (b) Evaluate the efficiency and effectiveness of the internal audit function;
 - (c) Assess matters of significant importance reported by the Chief Financial Officer/Municipal Manager.
- (15) The Audit Committee must, in respect of financial reporting –
 - (a) Assess the effectiveness of policies for and procedures of financial reporting;
 - (b) Consider the way of fair presentation of the financial statement.
- (16) The Audit Committee must, with respect to internal control:
 - (a) Review the effectiveness of the accounting and internal control system;
 - (b) Assess any deficiency in the accounting and internal control system;
 - (c) Assess the measures implemented to address such deficiencies;
 - (d) Assess and confirm the policies and procedures for identifying areas of risk and the measures implemented to ensure adequate control of security of such areas.

10. ASSETS

- (1) Every Head of a Department shall ensure the safeguarding and care of the assets including inventory items under his control.
- (2) item according to description as determined by the Chief Financial Officer in his discretion or which value is less than the amount determined from time to time by the Chief Financial Officer, shall not be regarded as asset items but as inventory items. by the adaption of such value or directions, the Chief Financial Officer shall be authorized to write off existing asset items in the register referred to in section 10(3) with a value less than the new value or the amended regulations and demand from the Head of the Department concerned to keep record of such written-off items on the inventory lists referred to in section 10(5)
- (3) The Chief Financial Officer shall maintain a record of all capital assets belonging to the Council which record shall contain at least a description of the assets concerned together with the original purchase price or other consideration relevant to the

acquisition of the asset, as well as the source from which such acquisition was financed. Heads of the Department shall furnish the Chief Financial Officer with such further information which he considers necessary to compile and maintain such records.

(4) A Head of a Department shall notify the Chief Financial Officer without delay of the acquisition, disposal, demolition or any other change in the status of any capital assets under his control and shall furnish the Chief Financial Officer with any information he may require from time to time regarding any assets of the Council.

(5) (a) Every department shall keep inventories, in a form to be approved by the Chief Financial Officer, of all animals, plant, tools and furniture, details of which the Chief Financial Officer has not required to have recorded in the register referred to in section 10(3)

(b) At such a date during every financial year of the Council as the Chief Financial Officer may decide, Every Head of a Department shall cause a comparison to be made between the inventories referred to in subsection (a) and the assets in the possession of his department and shall report the result of such comparison to the Chief Financial Officer in writing.

(c) if any assets referred to in the aforesaid inventories is found to be in the department's possession, the Head of the Department shall include a statement of all the fact relating to the deficit in the report referred to in subsection (b).

(6) The Head of the Department shall arrange for a complete check of all assets (as referred in the section 10(3)) shown on such records at least once during each financial year or as demand by the Chief Financial Officer, and shall thereafter submit to the Chief Financial Officer a certificate of the existence or otherwise of such assets. The Head of the Department shall report any discrepancies which cannot, in the option of the Chief Financial Officer, be satisfactory accounted for, to the Audit Committee and the Council.

(7) where, in opinion of the Council, any assets should be scrapped or declared redundant or obsolete, such assets shall be kept in such a place as the Chief Financial Officer shall dispose of such assets to the best advantage of the Council, in accordance with directives issued by the Council, provided that where such assets has been financed from a loan that is not fully redeemed, the Chief Financial Officer shall determined the method by which the unredeemed portion of the loan shall be repaid.

(8) the Chief Financial Officer shall reconcile the capital assets and accounting records in respect of each financial each financial year.

(9) the regulations of section 9(10) in mutatis mutandi applicable on assets.

11. INVESTMENTS

- (1) the Chief Financial Officer in consultation with the Municipal Manager shall be responsible for the investment of the funds of the Council on such terms and conditions as may be prescribed by law and in accordance with a policy determined by the Council and shall in connection with such investment be empowered to buy or sell any securities and shall report monthly to the council on all investments bought and/or withdrawn during the foregoing month.
- (2) the way in which surplus fund and other municipal funds must be invested, is controlled in terms of:
 - (a) GAMAP 106;
 - (b) section 13 of the Municipal Finance Management Act, 2003;
 - (c) Determination of the Minister of Finance by notice in the Government Gazette.

(3) The following instrument may be used for investment of the Municipal Funds:

- (a) deposits with banks registered in terms of the Banks Act, 1990 (Act No. 46 of 1990)
- (b) Securities issued by the National Government.
- (c) Investment with the Public Investments Commissioner as contemplated by the Public Deposits Act, 1984 (Act No. 46 of 1984).
- (d) A municipality's own stock or similar type of debt.
- (e) internal funds of a municipality which have been established in terms of a law to pool money available to the municipality and to employ such money for the granting of loans or advances to departments within a municipality, to finance capital expenditure.
- (f) Bankers, acceptance certificates or negotiable certificates of deposits of banks.
- (g) Long-term securities offered by insurance companies in order to meet the redemption fund requirements of municipalities.
- (h) Any other instrument or investment in which a municipality was under law permitted to invest before the commencement of the Municipal Finance Management Act, 2003: provided that such instruments shall not extend beyond the date of maturity or redemption thereof.

- (4) Before money can be invested, the Chief Financial Officer, in consultation with the Municipal Manager, must determine whether there will be a surplus funds available during the term of the investment.
- (5) The long-term investments should be made with an institution of minimum BBB rating (where BBB refers to lower risk institution).
- (6) The short-term investments should be made with an institution of minimum B rating (where B refers to higher risk institutions).
- (7) Not more than the amount of available funds as laid down by Council policy should be placed with any one single institution.

12. INSURANCE

- (1) The Chief Financial Officer shall be responsible for the placing of insurance as approved by the Council from time to time. The Chief Financial Officer shall also be responsible for the management of the Council's self-insurance fund, if in operation, and shall in managing such funds, cover such risk as the Council may from time to time determine and ensure that adequate premiums are charged by the fund annually
- (2) A self-insurance fund shall be protected by such reinsurance cover as the Council may determine.
- (3) The Chief Financial Officer may at any time require from a Head of the Department, a statement which he shall duly supply, reflecting the assets held by the department, the risk to be insured, and any other information which the Chief Financial Officer deems necessary.
- (4) A Head of the Department, where so required by the Chief Financial Officer of all property acquired, leased or rented, which should be insured against fire, accident or loss of any kind, and of any alterations in structure, or occupation of any buildings or items under insurance.
- (5) A Head of the Department shall advise the Chief Financial Officer of the amounts for which the new insurance should be affected, or of any alterations in existing insurance's, having regards al all time to the replacement cost assets.
 - (a) A Head of the Department shall give notice to the Chief Financial Officer immediately after the occurrence of any fire damage to or loss of the assets of the Council and shall as soon as possible, within the prescribed period and subject to the requirements of the insurances, after such incident, complete the appropriate claim forms and furnish an estimate of the cost of making good such damage.
 - (b) A Head of the Department shall advise the Chief Financial Officer and the Director: Corporate Services immediately of any injuries to employees of the Council.

(c) A Head of a Department shall advise the Chief Financial Officer immediately of each case of any injuries or damage to third parties' property notwithstanding whether the Head of the Department is of the opinion that the case could give rise to a claim against the Council or not.

(6) A Head of a Department shall promptly advise the Chief Financial Officer of any assets which in his opinion should be insured against political riot and insurance should be affected, and the Chief Financial Officer shall report such departmental requests to the Council.

(7) Should the Council not operate a self-insurance fund to cover all risk, the Chief Financial Officer shall, unless the Council otherwise resolves, be responsible for the calling of tender for the appointment of a suitable insurer, and shall ensure the placement of cover for such risk as the Council may from time to time determine, including cover for claims made against the Council by third parties.

(8) The Chief Financial Officer shall keep a record of all insurance claims and policies of the Council, and be responsible for payments of all premiums, and ensure that all claims which have been brought to his attention by the departments and which may arise under such policies, and settled.

(9) The Head of the Department who is in charge of a contract of work shall supply the Chief Financial Officer to take out the necessary contract insurance before execution of the contract activities begins. The Head of the Department concerned also provides the Chief Financial Officer with the particulars of all risks which in his opinion must be ensured.

13. SUPPLY CHAIN MANAGEMENT

(1) The Council shall have and implement a Supply Chain Management Policy in terms of section 111 of the Act which will give effect of the previous sections 110, 112, 113, 114, 115, 116, 117, 118, and 119 of the local Government: Municipal Finance Management Act, (Act No. 56 of 2003)

(2) The Supply Chain Management Policy shall also comply with the regulatory framework prescribed in chapter 2 of Local Government: Municipal Finance Management Act, (Act No. 56 of 2003): Municipal Supply Chain Management Regulations, Broad Based Black Economic Empowerment Act, (Act No. 53 of 2003) and the Preferential Policy Framework Act, (Act No. 5 of 2000)

14. STOCK AND MATERIAL

(1) The Chief Financial Officer, shall be responsible for the proper management of all stores under his control, for the safe custody of all goods and material contained therein, and shall keep such records of receipt and issues as the Chief Financial Officer may deem necessary to account for such stocks and material.

- (2) Maximum and minimum stock and records levels shall be determined in the manner prescribed by the Chief Financial Officer. Stock shall not be held in excess of normal requirements, except where the Chief Financial Officer, or where the Chief Financial Officer does not damage purchases and supplies, the Chief Financial Officer and the Head of the Department responsible for stocks, agree that special circumstances exist.
- (3) Stock and material shall only be issued against a requisition signed by an official authorized by the Head of the Department concerned.
- (4) A store requisition shall not be executed unless particulars of the vote to be debited in respect of the goods or material supplied, are indicated thereon.
- (5) Subject to the provision of section 14(4), no stores requisition in respect of an uniform or other clothing shall be executed unless it states in the case of an issue to a specific person, the name and the official designated of the person for whom such uniform or clothing is required and unless the Head of Department has indicated thereon that it complies with the requirements of the Council regarding such issue.
- (6) With the exception of petty cash disbursements made from an imprest account in terms of section 6(7) all goods and material shall be purchased by the Head of Department and no goods or material so purchased shall be issued other than against a requisition signed by the Head of the Department or his assignee who requires the goods or material.
- (7) (a) Specification for goods, material and plant to be purchased by tender or by quotation shall be drawn up by the Head of the Department concerned.

(b) The Head of the Department concerned shall recommend the tender or quotations to be accepted and if the tender or quotation so recommended is not lowest, he shall furnish the Chief Financial Officer with full reasons for the recommendation.

(c) If the Chief Financial Officer does not agree with the reasons furnished in terms of subsection (b) he shall submit a report setting out fully the fact of the dispute.
- (8) Except where the Chief Financial Officer is of the opinion that special circumstances exist, more material than is normally required, as ascertained by experience, shall not be kept by any departments.
- (9) No stock items shall without the approval of the Head of the Department be purchased out of imprest monies held by department.
- (10) Every Head of a Department shall at least once in every financial year or as required by the Chief Financial Officer, carry out of stocktaking covering all stocks revealed by such stocktaking, together with the reasons for such discrepancies and breakages. in addition, the Chief Financial Officer shall from time to time, and on such basis as he consider

adequate, verify the existence of all stocks, whether under his control or under the control of another department.

(11) Any adjustment to stock records, if it does not exceed the amount stipulated in section 16(5), shall be authorized in the manner prescribed by the Chief Financial Officer or the Council, as the case may be, provided that any adjustments which the Chief Financial Officer deems to be substantial, and all cases involving negligence or identifiable theft shall be reported to the Council and, if applicable, dealt with as prescribed by higher authority and section 4(6) (c).

(a) All stocks and material available after completion of the work or on fulfillment of the purpose for which they were issued, or recovered in the course of carrying out work, or on hand for any reason whatsoever, shall immediately, under cover of any advice note which adequately describes same, be returned to the store or such place as the Head of Department may direct. The advice note shall be in such form as the Chief Financial Officer may prescribe and, where applicable, the value placed on returned stocks and material shall be determined by the Head of the Department.

(b) The provision of subsection 14(11)(a) shall also be applicable to any stock, goods, material, assets etc., donated to the Council. The application or alienation of such goods etc. is subject to the normal stipulations as set out in these By-laws.

(12) Where, in the opinion of the Council, any stock and material should be scrapped or declared redundant or obsolete, the Chief Financial Officer or Head of a Department so authorized shall dispose of such stock and material to the best advantage of the Council, in accordance with directive issued by the Chief Financial Officer or the Council, as the case may be.

15. INFORMATION AND COMMUNICAION SYSTEMS

(1) The centralized corporate information and communication systems allocated to the Director: Corporate Service and LED shall be maintained in such a way as to ensure the integrity and security of the systems and data.

(2) The Director: Corporate Services and LED shall take all reasonable measures to ensure adequate backup of programs and data for recovery purposes.

(3) All programme changes shall be recorded for audit purposes and be authorized by the Director: Corporate Services and LED or his delegated representatives.

(4) A suitable disaster recovery plan shall be prepared and maintained by the Director: corporate Services and LED to cover all relevant aspects to maintain business continuity in the event of a disaster.

(5) Head of Department shall ensure that all reasonable steps are taken to prevent hardware and software from being infected by viruses. All workstation shall be supplied with the recommended software to assist in providing the necessary protection.

- (6) Information systems of any nature which generate financial results used to cost or estimated expenditure for recovery from third parties or which quantify levies, tariffs and other fees and charges must be certified by the Chief Financial Officer or his representative.

16. MISCELLANEOUS

- (1) Wherever power are delegated to an official in terms of these By-laws, the conditions where-under such power delegated should be defined in the official Delegated Power of Authority of the Council, including a condition that the official shall report to the Council at such intervals as the Council may determine.
- (2) Committee Meetings, Agendas and Minutes
Notice of all meetings of the Council shall be sent to the Chief Financial Officer, together with full agendas and reports.
- (3) Circulars, Litters and other written communications from the State and other institutions

The Director: Corporate Services and LED shall, immediately upon receipt of any circular, letter or other written communication, where the contents in any way relate to the Financial administration, assets or stock of the Council, forward a copy of such communication to the Chief Financial Officer for attention

(4) Financial Procedures

The Accounting Officer shall be empowered to prescribed procedures regarding financial matters including stocks and assets under these By-laws.

(5) Review of Monetary limits

The monetary limits in respect of these bylaws shall be stipulated by the Delegated Power of Authority as amended from time to time by the Council.

(6) Repeal of Existing Municipal Financial By-laws

The provisions of any By-laws relating to financial matters by the disestablished municipal entities or predecessors are hereby repealed insofar as they relate to matters provided for these By-laws.

Pricing Schedule

Resource	By-law	Activity	Man Hrs.	Rate	Total
William Mpurwana	Financial	Review	18	750.00	R13 500.00
Vat @14%					R1 890.00
Grand total					R15 390.00