



# **EXPENDITURE MANAGEMENT POLICY**

## **2023/2024**

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## 1. DEFINITIONS

**"Accounting Officer"** means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; and also refers to the municipal manager of a municipality in terms of section 60 of the MFMA;

**"Chief Financial Officer"** means a person designated in terms of section 80(2) (a) of the MFMA;

**"Council"** means the municipal council of Uthukela District Municipality referred to in section 18 of the Municipal Structures Act;

**"Councillor"** means a member of council;

**"Creditor"** means a person to whom money is owed by the municipality;

**"Current year"** means the financial year, which has already commenced, but not yet ended;

**"Delegation"** means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

**"Financial year"** means a twelve month period commencing on 1st July and ending on 30th June each year;

**"Fruitless and wasteful expenditure"** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**"Municipality"** means the Uthukela District Municipality;

**"Official"** means –

- An employee of the municipality or municipal entity;
- A person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- A person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

**"Senior Manager"** means all officials reporting directly to the Accounting Officer as contemplated in sect 56 of the MSA;

**"Vote"** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different directorates of the municipality; and which specifies the total amount that is appropriated for the purposes of the directorate concerned

**"Vote holder"** means the senior manager to which the vote is assigned.

## 2. INTRODUCTION

The Municipal Finance Management Act, (Act 56 of 2003) provides the legislative framework within which any expenditure related transactions must take place. Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of UThukela District Municipality. The formulation of this expenditure policy was to ensure that the objectives of the MFMA as set out in section 2, is incorporated in the day to day administration of the municipality.

## 3. OBJECTIVE

The objective of the Expenditure policy is to set out a framework for UThukela District Municipality in managing all expenditure related transactions.

- Ensure that all monies owing by the municipality be paid within 30 days of receiving the relevant invoice, unless prescribed otherwise for the certain categories of expenditure. As per Municipal Finance Management Act, 2003 (Act No.53 of 2003)
- To ensure adherence to all laws and regulation that governs the Municipalities.

## 4. EXPENDITURE MANAGEMENT

### 4.1. Creditors

- All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
- Payments will only be made directly to the person or institution to which a contract was awarded to and from which the invoice is received for legally rendering the service to the Municipality. Unless agreed otherwise for the reasons as may be prescribed.
- Payment can also be paid to the cessionary in case there was a cession, but provided that the cession was approved by the delegated person or Accounting officer of the District Municipality
- All requests for payment, must be properly authorized and accompanied by the relevant invoices and supporting documentation must reach the Creditors' Department at least 3 days (72 hours) before the expenditure payment cycle date.

- All late payment received after the closing date or period of the cycle must be accompanied by the urgent payment form for that payment to be processed
- Senior Managers shall advise the CFO in writing of the names of officials empowered by the Accounting Officer to authorize payment of accounts, together with their specimen signatures.
- Direct payment's Invoices submitted for payment to Creditors section by any department shall be in such form as may be required by the CFO and must state the relevant vote to meet such payment.

**When a department authorises the payment of accounts the signatory Certifies and authorises that: -**

- (a) All processes in terms of the Supply Chain Management Policy of the Municipality had been followed;
- (b) The goods or services have been received and rendered in good order and are under the control of the Municipality;
- (c) The account has not previously been submitted for payment;
- (d) Sufficient budgetary provisions exist;

**Before payment is processed the Creditors Department shall check: -**

- (a) That all invoices inclusive of vat are in accordance with SARS regulations.
- (b) That all invoices are in accordance with the attached appointment letters, contracts, orders and progress report (in case of projects), timesheets or any other relevant documents pertaining to the invoice.
- (c) Ensure that invoice total balances to the order
- (d) Any discounts to which the municipality is entitled to have been deducted;
- (e) The account has previously not been paid;
- (f) Sufficient budgetary provisions exist. and
- (g) The company banking details are on the invoice or on in any other form which is authorized by the supplier.

5.3.8. All payments due by the Municipality shall be made through approved electronic payment method drawn from the primary banking account of the District Municipality.



## 4.2. Interest on late payments

- Interest paid on late payments must be recorded on the fruitless and wasteful expenditure register on the monthly basis and reported to council.
- All departments must inform the Office of the CFO if the payment to be made will constitute fruitless and wasteful expenditure.

## 4.3. Salaries, Wages and Allowances

- The Director: Corporate Services is responsible to notify payroll section of all appointments, promotions, dismissals, resignations, transfers, absences for any reasons, and all matters affecting the emoluments of employees of the municipality
- The submission of such information to payroll section shall be within the yearly schedule date approved by the CFO, if it received after the closing date only the CFO or Senior Manager Finance may allow such information to be processed in that month.
- All payroll payments must be paid on the 25<sup>th</sup> of every month unless it falls on the weekend or holiday then it will be paid on the last working day of that week. Or unless otherwise instructed by the Accounting Officer.

## 4.4 Effective date

This policy will be affective from 1 July 2023.