



DIPALESENG LOCAL MUNICIPALITY

POLICY ON: COST CONTAINMENT 2025/26

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1. ABBREVIATIONS, DEFINITIONS AND DESCRIPTIONS

1.1. For the purpose of this policy the following abbreviations, definitions and description have the meaning as described below:

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| AO | - | Accounting Officer |
| CFO | - | Chief Financial Officer |
| FWE | - | Fruitless and Wasteful Expenditure |
| HRM | - | Human Resource Management |
| IA | - | Internal Audit |
| IE | - | Irregular Expenditure |
| IFW&U | - | Irregular, Fruitless & Wasteful expenditure |
| NT | - | National Treasury |
| MFMA | - | Municipal Finance Management Act, 2003 (Act 56 of 2003) |
| PT | - | Provincial Treasury |
| SAPS | - | South African Police Services |
| SCM | - | Supply Chain Management |

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| “Accounting Officer” | The person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated; |
| “Act” | Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) |
| “Catering” | Means the provision of a meal at sit-down and dine “proceedings of Council” see definitions), but, excludes “refreshments” (see definition) at “other gatherings of Council” (See definition) |
| “Chief Financial Officer” | The person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated; |

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| "Compliance" | Means the meeting of obligations under laws, regulations, codes or municipal standards. |
| "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. |
| 'Constitution' | Means the Constitution of the Republic of South Africa, 1996. |
| "Council" | The Municipal Council, as referred to in section 157 of the Constitution of the Republic of South Africa, 1996; and section 18 (3) of the Municipal Structures Act, 1998 (Act 117 of 1998) |
| "Councillor" | A member of the Dipaleseng Local Municipal Council. |
| "Cost containment" | Means measures implemented to curtail spending in terms of National Treasury regulations. |
| "Credit card" | Means a card issued by a financial services provider, which grants a line of credit to the cardholder and is a revolving account. |
| "Delegated Authority" | Means any person or committee delegated with authority by the Municipality in terms of the provisions of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003); |
| "Delegation" | In relation to a duty, includes an instruction or request to perform or assist in performing a duty the duty, and "delegate" has a corresponding meaning; |
| "Day allowance" | An allowance determined by Council from time to time which will be payable if the person is away from his place of work but will not stay over-night. This will only be applied where an occasion is attended at a venue outside the Municipal boundary of Dipaleseng Local Municipality. |

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| “Director” | An official appointed by the Council in terms of section 56 of the Municipal Systems Act, 2000 (Act 32 of 2000) to head a Directorate of the Municipality |
| “Executive Management Team” | Officials appointed in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) (Structures Act) and section 56 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). |
| “Executive Mayor” | The Executive Mayor of the Dipaleseng Local Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998) |
| ‘Fruitless and Wasteful Expenditure’ | (FWE) means expenditure made in vain and would have been avoided had reasonable care been exercised. |
| ‘Irregular Expenditure’ | (IE), as defined in section 1 of the MFMA. |
| “Municipality” | Dipaleseng Local Municipality established in terms of sections 12 and 14 of the Structures Act. |
| ‘Official’ | Means any municipal employee or official appointed in terms of the Municipal Systems Act. |
| “Occasion” | Any occasion outside the area of jurisdiction of the Council including a meeting, conference, congress, seminar, training course, training program, workshop, discussions or any other occasion to which a person is delegated to by the Council or by the delegated authority. |
| “Official transport” | The official transport specifically provided by Council for the use of the Executive Mayor, Councillors and Officials to attend official occasions. Where a person is delegated to attend an occasion on behalf of the Council, spouses are allowed to accompany the person and may travel within the official transport provided. |
| “Other gathering of Council” | Means the assembly or meeting held for specific purpose. |
| “Overnight allowance” | An allowance determined by Council from time to time which will be payable only if the person is away from his place of work for a period longer than 12 hours, calculated from 18:00 to 06:00. |

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| | This will only be applied where an occasion is attended at a venue outside the Municipal boundary of GM. |
| "Partial sponsored trip" | Where a portion of the total cost is sponsored by a donor or third party. (For the purposes of this policy such proportion of the total cost of the trip to be included in the application form). |
| "Person" | A person appointed by the Council and also duly elected and appointed Councillors. |
| "Personal Use" | Means items or goods that an official or political bearer does not use for business purposes. |
| "Proceedings of Council" | Means the event with a series of activities involving a "set of procedure of council" (see definitions) |
| "Professional purpose" | Means, in the case of communication, the execution of required duties through informed decision making and/or recordkeeping |
| "Political Office Bearer" | Means the speaker, executive mayor, mayor, deputy mayor or member of the executive committee as referred to in the Municipal Structures Act. |
| "Refreshments" | Means a light snack and/or drink at "other gatherings of Council" (see definitions) |
| "Set procedures of Council" | Means a predetermined approved agenda of an event with a series of activities. |
| "Regulations" | Means the Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019. |
| "Social Events" | means those events with the purpose to bring political office bearers, or councillors, or municipal officials of Dipaleseng Local Municipality together as a group for the purposes of socialising and does not include events where the public is involved or held to the benefit of the public/community. |

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| “Sporting events” | means any sporting event specifically organised for the benefit of political office bearers, or municipal councillors or municipal officials. |
| “Subsistence allowance” | A subsistence allowance is an amount of money paid by the Municipality to a traveller for expenditure incurred in respect of personal subsistence and incidental costs (for example refreshments, snacks, drinks and newspapers but excludes any personal recreation, such as visits to a cinema, theatre or nightclubs or sight-seeing. |
| ‘Systems Act’ | Means the Local Government Municipal Systems Act, 32 of 2000 |
| “Travel Allowance” | A travel allowance is any amount paid to an employee in respect of travelling expenses for business purpose. |
| “Traveller” | Any Councillor or official travelling away from his or her normal place of domicile and employment on the official business of the Dipaleseng Local Municipality |
| “Uniforms” | Means the required protective and/or branded clothing |
| “Weekdays” | Mondays to Fridays as well as single days over weekends on which occasions take place. |
| “Weekends” | Saturdays and Sundays except when an occasion takes place on a Saturday or a Sunday in which case it shall be deemed as a weekday |

2. INTRODUCTION

The Minister of Finance first announced during the February 2016 Budget Speech and the October 2016 Medium Term Budget Policy Statement that the National Treasury would issue regulations on cost containment measures for local government. This is in line with Government’s policy to implement cost-saving measures across all three spheres of government to assist in re-prioritising expenditure and free up resources that can be better targeted towards service delivery.

The Draft Regulations were first published for public comment on 16 February 2018. The Regulations were finalised and published on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

Section 168(1)(b) and (p) of the Municipal Finance Management Act (Act No. 56 of 2003), provides that the Minister may regulate financial management and internal controls and any other matter that may facilitate the enforcement and administration of the Act. The Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019 are aimed at ensuring that the resources of municipalities are used effectively, efficiently and economically.

The Regulations form part of cost-cutting measures by the state as it seeks to improve its balance sheet. The Regulations also set out instructions for the Municipality to develop their own cost containment policy as a minimal measure to ensure good governance. The policy must provide for monitoring measures, procedures for review, and consequences for non-adherence. The policy must be reviewed annually and communicated on the Municipality's website.

3. PROBLEM STATEMENT

In terms of the legal framework, elected councils and accounting officers are required to institute appropriate measures to ensure limited resources and public funds are appropriately utilised to ensure value for money is achieved in fulfilling the municipality's mandate.

4. PURPOSE OF THE POLICY

The purpose of this policy is to direct the Municipality on cost containment measures that must be implemented in an effort to ensure that resources of the Municipality are used effectively, efficiently and economically.

5. APPLICATION OF POLICY

- 5.1 This Policy applies to all officials, political office-bearers and councillors in the Municipality.

- 5.2 The cost containment measures are intended to eliminate wastage of public resources on non-service delivery items, and to enhance service delivery models through measures such as containing costs.

6. DESIRED OUTCOMES

- 6.1 To ensure that the resources of the Municipality are used effectively, efficiently and economically; and
- 6.2 To implement cost containment measures to monitor and reduce spending in areas as determined within this policy.

7. REGULATORY FRAMEWORK

The policy must be read in conjunction with:

- 7.1 The Constitution of the Republic of South Africa, (Act No 108 of 1996, as amended)
- 7.2 The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- 7.3 Municipal Systems Act, 2000 (Act 32 of 2000)
- 7.4 Municipal Structure Act, 1998 (Act No. 117 of 1998)
- 7.5 The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) – Municipal Cost Containment Regulations, 2019;
- 7.6 The Municipal Finance Management Act, Act 2003 (Act No. 56 of 2003), Circular 82, published on 7 December 2016.
- 7.7 The Municipal Finance Management Act, Act 2003 (Act No. 56 of 2003), Circular 97, published on 31 July 2019.
- 7.8 Municipality of Dipaleseng Local By-Laws; and
- 7.9 Municipality of Dipaleseng Local policies.

8. STRATEGIC FOCUS AREA

- 8.1 A functional municipality is defined as a municipality that successfully strives within its financial and administrative capabilities to achieve the five objects of local government as set out in Chapter 7 of the Constitution including achieving the objectives on financial management as outlined in the Municipal Financial Management Act (MFMA) which are:
- To provide democratic and accountable government for local municipalities;
 - To ensure the provision of service to communities in a sustainable manner;
 - To promote social and economic development;
 - To promote a safe and healthy environment;
 - To encourage the involvement of communities and community organizations in matters of local government and;
 - To secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms, standards and other
- 8.2 This policy supports the following strategic focus area and objective:
- To secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms, standards and other requirements.

The Municipality should be managed as transparently as possible at all levels. This relates directly to the financial sustainability of the municipality. It is essential that financial discipline is adhered to obtain clean audits from the Auditor General. The financial sustainability also needs to incorporate financial planning for future revenue streams and ways to increase the business activity in the municipality without increasing the tax burden which deters economic growth. Strategic planning needs to be done to find the correct ways to attract and retain business without over-burdening the current tax base.

9. GUIDING PRINCIPLES

- 9.1 All related policies (e.g. dealing with procurement, sponsorships, travel, catering, use of vehicles etc.) must be aligned with this Policy.
- 9.2 The policy will apply to the procurement of the following goods and services:
 - 9.2.1 Use of Consultants;
 - 9.2.2 Vehicles used for political office-bearers;
 - 9.2.3 Travel and subsistence;
 - 9.2.4 Domestic Accommodation;
 - 9.2.5 Credit Cards;
 - 9.2.6 Sponsorships, events and catering;
 - 9.2.7 Communication;
 - 9.2.8 Conferences, meetings and study tours; and
 - 9.2.9 Other related expenditure items.

10. USE OF CONSULTANTS

- 10.1 No appointment of consultants may take place unless an assessment of the needs and requirements confirms that the requisite skills or resources are not available internally. (For this purpose, the GAP Analysis/Assessment as per Annexure A must be completed by the relevant Department and approved by the Municipal Manager before a consultant may be appointed)
- 10.2 The accounting officer or delegated authority must adopt a fair and reasonable remuneration framework for consultants considering the rates –
 - ~~10.2.1 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;~~

- 10.2.2 set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration;
 - 10.2.3 as prescribed by the body regulating the profession of the consultant.
- 10.3 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 paragraph 10.2.
- 10.4 When negotiating cost-effective consultancy rates for international consultants, the accounting officer or delegated authority may consider the relevant international and market determined rates.
- 10.5 When consultants are appointed, an accounting officer must–
- 10.5.1 appoint consultants on a time and cost basis with specific start and end dates;
 - 10.5.2 Where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
 - 10.5.3 Ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - 10.5.4 Ensure the transfer of skills by consultants to the relevant officials of the Municipality where relevant;
 - 10.5.5 Undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and
 - 10.5.6 Develop consultancy reduction plans to reduce the reliance on consultants.
- 10.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.
- 10.7 Specifications and performance must be used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored. The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport.
- 10.8 The contract price must specify all travel and subsistence costs. 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.
- 10.9 A centralised provision for consultants will be provided for within Rates/Tariff Funded Services per vote or sub-vote as determined by the Budgets Office.

11. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

- 11.1 The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70% (VAT inclusive) of the total annual remuneration package for the different grades, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower;
- 11.2 The procurement of vehicles referred to in 11.1 must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms;
- 11.3 Before deciding to procure a vehicle as contemplated in 11.2 the accounting officer or delegated official must provide the council with information relating to the following criteria which must be considered:
- 11.3.1 status of current vehicles;
 - 11.3.2 affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost-effective option is followed, and the cost is equivalent to or lower than that contemplated in 11.1 above;
 - 11.3.3 extent of service delivery backlogs;
 - 11.3.4 terrain for effective usage of the vehicle; and
 - 11.3.5 any other policy of council.
- 11.4 If the rental referred to in 11.3.2 is preferred, the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.
- 11.5 Regardless of usage, vehicles for official use by political office bearers may only be replaced after completion of 120 000 kilometers.
- 11.6 Notwithstanding 11.5 a vehicle for official use by political office bearers may be replaced before the completion of 120 000km only in instances where the vehicle has a serious mechanical problem and is in a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.
- 11.7 The accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes for political office-bearers.

12. TRAVEL AND SUBSISTENCE

- 12.1 Cost containment measures should be applied in managing and planning trips.

12.2 The accounting officer (or delegated authority) –

12.2.1 may approve the purchase of economy class tickets for all officials, political office bearers and councillors where the flying time for the flights is five hours or less; and

12.2.2 may only approve the purchase of business class tickets for officials, political office bearers, councillors and persons reporting directly to the accounting officer for flights exceeding five hours.

12.3 In the case of the accounting officer, the mayor (together with the Chief Financial Officer) may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.

12.4 Notwithstanding 12.1 and 12.2 the accounting officer, or the mayor (together with the Chief Financial Officer) in the case of the accounting officer, may approve the purchase of business class tickets for an official, a political office bearer or councillor with a disability or a medically certified condition.

12.5 International travel to meetings or events that are considered critical must be limited to those officials, political office bearers or councillors directly involved in the subject matter related to such meetings or events as directed by the accounting officer.

12.6 The accounting officer, or the mayor (together with the Chief Financial Officer) 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

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12.6.1 during peak holiday periods; or

12.6.2 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.

12.7 An official, political office bearer and councillor must:

12.7.1 utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

12.7.2 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 kilometres claimable by the official, political office bearer or councillor; and

(iii) the cost of parking.

12.7.3 not hire vehicles from a category higher than Group B or an equivalent class; and

12.7.4 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.

12.8 Rates for flights and accommodation must be at negotiated rates as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation.

12.9 Flight bookings must be made timeously, to prevent unnecessary overnight stay costs.

13. DOMESTIC ACCOMMODATION

13.1 The accounting officer or delegated authority 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 National Treasury. (Note circular issued by OCPO in 2022.)

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

13.3 There may be circumstances as per 13.2, that such limitations may be impractical. For example, in instances where the attendance is required over a number of days, or there is a risk to the health of the official or councillor and the cost vs benefit considerations can warrant such expenditure, these expenditures must be approved by the Accounting Officer or delegated official.

13.4 Expenditure incurred for domestic accommodation should be informed by the guidelines and criteria contained in the Travel and Subsistence Policy and Procedures, which considers the allowable rates as set out by National Treasury.

14. CREDIT CARDS / GARAGE CARD (Fuel)

14.1 The accounting officer must ensure that no credit card or debit card linked to the Municipality's bank account is issued to any official, political office bearer or councillor.

14.2 Where officials, political office bearers or councillors incur expenditure in relation to official municipal activities, such officials, political office bearers or councillors 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.

14.3 . Garage cards will be utilised in accordance with the Travel and Subsistence Policy and Procedures of Dipaleseng Local Municipality to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.

15. SPONSORSHIPS, EVENTS & CATERING

15.1 Catering, Entertainment & Gifts

- 15.1.1 No catering expenses to be incurred 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.
- 15.1.2 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.
- 15.1.3 Meetings must be structured in such a way that lunch is not required.
- 15.1.4 Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- 15.1.5 The Municipality may not incur expenses on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.
- 15.1.6 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.
- 15.1.7 Memorabilia, gifts and other novelties will be of token value only and will only be offered by the municipality in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases, there must be an identifiable benefit to the community. These can only be approved by the Accounting officer and if funding is available.
- 15.1.8 Costs associated with visits of dignitaries or induction of new councillors will not be approved.
- 15.1.9 The Accounting officer may not host farewell functions for employees who have:
 - 15.1.9.1 Been dismissed;
 - 15.1.9.2 Elected to resign or leave by accepting severance packages; or
 - 15.1.9.3 Approached the end of their contractual term

15.2 Events & Sponsorships

- 15.2.1 An 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's budgets or by any suppliers or sponsors.

- 15.2.2 No travelling and accommodation cost for staff members to sporting events, may be paid from the Municipality's budget or by any supplier or sponsor.
- 15.2.3 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.
- 15.2.4 The accounting officer may incur expenditure for a farewell gift for officials retire after service of 20 years.
- 15.2.5 The Accounting Officer may approve events and sponsorships, when such an event or sponsorship is to the benefit of the community, as per approved budget.

16. COMMUNICATION

- 16.1 The Municipality may, as far as possible, advertise municipal-related events on its website instead of advertising in magazines or newspapers.
- 16.2 When placing adverts, the Municipality will only use newspapers with a readership base predominantly in the Municipality's geographical area and focus on newspapers targeted at the communities.
- 16.3 The advertisement will be in single colour as far as possible.
- 16.4 Advertising of vacant positions will be done as per the Recruitment and Selection policy, taking in consideration of point 16.1, 16,2 and 16.3.
- 16.5 All printer default setting must be set back-to-back (2-sided) than 1-side and black-and-white to minimise printing costs.
- 16.6 The accounting officer must ensure that allowances to officials for official cell phone calls and data costs are limited to an amount as determined by the accounting officer. All private calls, by using the Municipal landline, will be recovered from the responsible officials.
- 16.7 The Municipality may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.
- 16.8 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.
- 16.9 Telephone and/or Video conferencing facilities must be used, where possible, to avoid unnecessary traveling and subsistence costs.

- 16.10 Provision of diaries be limited to secretaries and electronic diaries be kept by Directorates. Note books should be used for recording any notes. Exceptions can be approved by Directors for field workers who are not office based, as well as hall bookings.

17. CONFERENCES, MEETINGS AND STUDY TOURS

- 17.1 An 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 considering their merits and benefits, costs and available alternatives.
- 17.2 When considering applications from officials, political office bearers or Councillors to attend conferences or events within and outside the borders of South Africa, the mayor, accounting officer or delegated authority, as the case may be, must take the following into account –
- 17.2.1 the official's, political office bearer's or councilor's role and responsibilities and the anticipated benefits of the conference or event;
 - 17.2.2 if the registration to a professional body is a legislative requirement to the post
 - 17.2.3 whether the conference or event addresses relevant concerns of the institution;
 - 17.2.4 the appropriate number of officials, political office bearers or Councillors, not exceeding three or at the discretion of the accounting officer attending the conference or event; and
 - 17.2.5 the availability of funds to meet expenses related to the conference or event.
- 17.3 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.
- 17.4 The benchmark costs referred to in 17.3 may not exceed an amount as determined from time to time by the National Treasury through a notice.
- 17.5 The amount referred to 17.4 excludes costs related to travel, accommodation and related expenses, but includes –
- 17.5.1 conference or event registration expenses; and
 - 17.5.2 any other expense incurred in relation to the conference or event.
- 17.6 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.

- 17.7 The accounting officer 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.
- 17.8 Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- 17.9 The accounting officer must grant approval for officials, in the case of political office bearers and the accounting officer the mayor, and in the case of Councillors the Executive Mayor, as contemplated in 17.2.
- 17.10 Where applicable, advantage must be taken of early registration and/or group booking discounts by granting the required approvals to attend the conference, event or study tour, in advance.

18. OTHER RELATED EXPENDITURE ITEMS

- 18.1 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.
- 18.2 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.
- 18.3 Expenditure on tools of trade for political office bearers or Councillors 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.
- 18.4 The Municipality must avoid expenditure on elaborate and expensive office furniture. The Municipality's Asset Management policy currently ensure that before any furniture is procured all reasonable steps are taken to recycle existing furniture.
- 18.5 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.
- 18.6 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. A motivation for all unplanned overtime must be submitted to the relevant manager. To further curb overtime costs line managers must assess overtime and pursue option of permanent shift coverage in areas where frequent/excessive overtime.
- 18.7 Due process must be followed when suspending or dismissing officials to avoid unnecessary litigation costs.

- 18.8 Every effort must be made to recover debt from consumers before write-off. The municipality must avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- 18.9 E-Learning/ online methods should be considered for in-house training or accredited training.
- 18.10 In order to curb petrol expenditure for municipal vehicles, the municipality's vehicle tracking system should be utilised by the Directorates to monitor the usage in order to reduce the abuse of municipal vehicles and excessive petrol consumption. (Read with Fleet Management policy and procedures)
- 18.11 Sending flowers/gifts to an official who is admitted to hospital, or in the case of sending to the family of a deceased employee, be limit to an amount of R350.

19. ENFORCEMENT PROCEDURES

Failure to implement or comply with this policy may result in any official, political office bearer or councillor that has authorised or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

20. DISCLOSURES OF COST CONTAINMENT MEASURES

- 20.1 Disclosure of cost containment measures applied by the Municipality must be included in the Municipality's in-year budget reports and annual costs savings disclosed in the annual report.
- 20.2 The measures implemented, and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to Council for review and resolution. Council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- 20.3 The reports referred to in 20.1 must be copied to National- and Provincial Treasury within seven calendar days after the report is submitted to Council.

21. IMPLEMENTATION AND REVIEW PROCESS

The policy will be reviewed at least annually, alongside the budget approval process, or when required by way of Council resolution, or when an update is issued by National Treasury.

22. CONSEQUENCES FOR NON-ADHERENCE TO THE COST CONTAINMENT MEASURES

- 22.1 Any person must report an allegation of non-compliance to the cost containment policy to the accounting officer of the Municipality, in case of the Accounting Officer to the Mayor, and in Case of the Mayor to the Speaker (Council)
- 22.2 The accounting officer must consider the allegations and determine whether to investigate.
- 22.3 If the accounting officer determines the allegations are of a serious nature, a full investigation must be conducted by the delegated disciplinary body.
- 22.4 After completion of a full investigation, the delegated disciplinary body must compile a report on the investigations and submit a report to the accounting officer on:
 - 22.4.1 Findings and recommendations; and
 - 22.4.2 Whether disciplinary steps should be taken against the alleged transgressor.
 - 22.4.3 The accounting officer must table the report with recommendations to the Council.
 - 22.4.4 Subject to the outcome of the Council decision the accounting officer must implement the recommendations.

ANNEXURE A

DIPALESENG LOCAL MUNICIPALITY

GAP ANALYSIS/ ASSESSMENT: PROCUREMENT OF CONSULTANCY SERVICES

Introduction:

According to the National Treasury MFMA Circular No. 82: Cost Containment Measures:

*"Accounting Officers must only contract with consultants after a **gap analysis report** has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required."*

According to the Municipal Cost Containment Regulations of 2019:

Reg 5 (1): "A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements 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"

This Gap Analysis/ Assessment Report is to be used when appointing Consultancy Services through the Supply Chain Management Process.

Gap Analysis/ Assessment:

| SECTION A: USER INFORMATION | |
|--|--|
| Directorate | |
| Department/ Section | |
| Project Name | |
| Costs | |
| | |
| SECTION B: GAP ANALYSIS: DETAILS ON CONSULTING SERVICES REQUIRED | |
| Scope: Details on type of consulting services required. | |
| | |

| | | | |
|---|-------------|--|--|
| Intended Output | | | |
| Motivation & Identification of Gaps: <i>(Reasons confirming that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required)</i> Effect if Services are not procured | | | |
| Consulting Reduction Plan | | | |
| | | | |
| SECTION C: RECOMMENDED BY RELEVANT HEAD OF DEPARTMENT / MANAGER | | | |
| <i>Based on the above reasons, I hereby confirm that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.</i> | | | |
| Name | | | |
| Signature: | Date | | |
| | | | |

| | | | |
|---|--|-------------|--|
| SECTION D: APPROVED BY DIRECTOR/ MUNICIPAL MANAGER | | | |
| <i>Based on the above reasons, I hereby confirm that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.</i> | | | |
| Name | | | |
| Signature: | | Date | |
| | | | |

23 EFFECTIVE DATE

This policy comes in effect on date of approval.

| Implementation Date | Council Resolution no. | Adopted Date |
|---------------------|------------------------|--------------|
| 1 July 2025 | 140/05/2025 | 28/05/2025 |