



FINANCIAL REGULATIONS

FINANCIAL REGULATIONS

DEFINITIONS

1.

In these regulations, unless the contents otherwise indicates:

“Council” means the Town Council of Endumeni or any employee employed by the Council acting by virtue of powers vested in the Council in connection with these regulations and delegated to him in terms of Section 88 of the Local Authorities Ordinance, 1974;

“Department” means any department, section or branch of the Council, the head of which is not directly responsible to any senior official other than the Municipal Manager.

“Employee” means any employee of the Council;

“Executive Committee” means the Committee contemplated in Section 42 of the Local Government Municipal Structures Act (1988) as amended.

“Municipal Manager” means the employee contemplated in Section 82 of the Local Government Municipal Structures Act (1988) and any person duly authorised by the Council to act on his behalf;

“Financial Manager” means the employee contemplated in Section 199(1) of the Local Authorities Ordinance, 1974 and Section 56 of the Municipal Systems Act, 2000 and any person duly authorised by the Council to act on his behalf;

Any other word or expression to which a meaning has been assigned in the Local Authorities Ordinance, 1974, unless inconsistent with the context shall, wherever such word or expression appears in these regulations, bear the same meaning as that assigned to it in the said Ordinance.

ESTIMATES

2.

The annual estimates of the Council on the revenue account and the capital account shall be drawn up in the form prescribed by the Executive Committee from time to time.

3.

Not later than 30 November of each year the Financial Manager shall furnish each Head of Department with the financial information required for the preparation by

such Head of a draft estimate on the revenue account and the capital account for the ensuing financial year in respect of the department concerned and within 30 days after receiving such information each Head of Department shall submit to the Financial Manager such draft estimates in respect of his department.

4.

The draft estimates of all departments shall be submitted together with a summary thereof and his recommendations thereon by the Financial Manager to the Municipal Manager for submission to all Councillors at least four months prior to the commencement of the new financial year. Ward Councillors must discuss the draft budget with their Ward Committees and constituents. The budget programme must be advertised and the public be invited to the comment in writing on the draft budget.

5.

Not later than 15 May of the current financial year, the Executive Committee shall consider the draft estimates of each department and may amend the draft estimates in any way deemed necessary by it and recommend the amended budget to Council.

EXPENDITURE

6.

The Council shall make no decision involving expenditure unless the Executive Committee, after consideration of a report submitted by the Financial Manager has reported thereon.

7.

A recommendation to the Executive Committee relating to expenditure shall specify the vote to which the expenditure is to be charged.

8.

No expenditure for which provision has not been made in the current estimates shall be incurred on the grounds that such provision will be made in the estimates for a future financial year.

9.

Except when the Council is legally compelled to do so, no expenditure shall be incurred on the revenue account or the capital account during a financial year unless provision therefore has been made in the current estimates; provided that should it be the opinion of the Executive Committee that it is a case of emergency or a special case of necessity, that Committee may submit an estimate of additional expenditure to the Council and may recommend the approval of an excess vote.

EXCESS EXPENDITURE

10.

1. In every case where the actual expenditure on the revenue account has exceeded or in the opinion of the Financial Manager may exceed the estimated figures, or where the actual revenue is or in the opinion of the Financial Manager may be less than the estimated figures, the Head of the Department concerned shall, at the request of the Financial Manager submit a report in writing, giving all the reasons for the excess or the shortfall as the case may be.
2. The Executive Committee shall consider the report mentioned in sub-regulation(1) together with a report in writing of the Financial Manager in connection therewith and shall make a recommendation thereon to the Council.

11.

When the full amount provided for a specific purpose in the estimates on revenue account is not spent for the purpose, the balance shall not be used for an other purpose in order to meet expenditure in excess of an amount provided for that other purpose.

COLLECTION AND CONTROL OF REVENUE

12.

1. The Financial Manager shall be responsible for the collection of all moneys due to the Council and unless he authorises another department to do so, shall be collected by his department.
2. All monies collected by another department in terms of sub-regulation (1) shall be paid in at the department of the Financial Manager, or, with the approval of the Financial Manager, at the bank of the Council.
3. Repayment of all loans/agreements granted/incurred by Council in compliance with the stipulations of Ordinance 25 of 1974(Natal) will be calculated in accordance with the annuity method of redemption at the interest rate as determined in compliance with the said Ordinance.
4. The Council retains the right to apply repayments as it so pleases.

13.

All monies collected in terms of Regulation 12 shall be balanced and banked daily or at such regular times and in such a manner as the Financial Manager may determine.

14.

No amount due to the Council shall be written off as irrecoverable without the

approval of the Council.

15.

1. The receipt of all monies collected in terms of Regulation 12 shall be acknowledged forthwith by the issue of a numbered official receipt or ticket or in any other manner approved by the Financial Manager.
2. No alteration shall be made on a receipt; ticket or other form of acknowledgement issued in terms of sub-regulation (1) and any error appearing thereon shall be rectified by the issue of a new acknowledgement of receipt and the cancellation of the erroneous one.
3. A receipt, ticket or other form of acknowledgement cancelled in terms of sub-regulation (2) and all duplicates thereof shall be kept in safe custody by the responsible employee.

16.

1. If the amount of money in an employee's possession is less than that for which he is accountable to the Council he shall pay in and make an entry recording the deficiency, or in the event of his inability to do so, the amount of the deficiency shall be entered as a debt owing by him to the Council: Provided that if the Council, having considered the circumstances, is satisfied that the employee was in no way to blame for the deficiency which he has made good, it shall be refunded to him.
2. When an employee mentioned in sub-regulation (1) relinquishes his duties, he shall balance his cash and the accuracy of the balance shall be certified in a manner determined by the Financial Manager.
3. If the amount of money in an employee's possession is greater than that for which he is accountable to the Council it shall forthwith be brought into account as revenue of the Council.

TENDERS AND CONTRACTS

17.

Except in cases of emergency or in special cases of necessity approved by Council in terms of Section 187(3)(ii) of the Local Authorities Ordinance 1974, tenders shall be called for before the Council enters into contracts for the execution of any works, undertakings or services or the supply of any goods as provided for in Section 187 of such Ordinance.

18.

Subject to the provisions of Regulation 30, goods to the value of less than R55 000.00 may be purchased or works, undertakings or services to the value of less than R55 000.00 may be executed after quotations have been obtained; provided that written quotations need not be obtained in the case of expenditure amounting to less than R3 000.00 when so approved by the Financial Manager; provided further that no goods shall be purchased or works, undertakings or services executed in terms of this regulation unless provision therefore has been made in the current estimates on the revenue account or the capital account. When calling for and adjudicating tenders the provisions of Council's Procurement Policy must be adhered to.

19.

Specifications for goods, material and plant purchased in terms of the provisions of Regulations 17 and 18 shall be drawn up by the Head of the relevant Department or section in conjunction with the Financial Manager. The Head of Department shall recommend which quotations or tenders should be accepted and should the lowest quotation or tender not be recommended, he shall furnish full reasons therefore. Should the reasons not be acceptable to the Financial Manager he shall submit a report thereon to the Municipal Manager who shall deal with the matter as he deems fit.

20.

1. Every tender addressed to the Council shall be enclosed in a sealed envelope or package bearing on its exterior any number which may have been attached by the Council to the invitation to tender and the nature of the goods or works to which the tender relates.
2. Subject to the provisions of Regulation 18 no tender shall be considered unless it has been placed not later than the closing time specified in the invitation to tender in the tender box which the Manager Corporate Services shall provide for the purpose and keep locked at all times except when tenders are being collected therefrom.
3. A tender received otherwise than by deposit in the tender box shall as soon as it has been so received be placed by the employee authorised so to act in the tender box mentioned in sub-regulation (2).
4. When a tender received otherwise than by deposit in the tender box is found not to comply with the requirements of sub-regulation (1) it shall forthwith be placed in a sealed enclosure on which shall be noted:
 - (a) the date and time of receipt of the tender
 - (b) the nature of the goods or works to which it relates and;
 - (c) the condition in which the tender was received;and shall thereupon be placed in the tender box.

5. When a tender is found on the opening of the tender box not to comply with the requirements of sub-regulation (1) the person opening tenders shall declare and endorse upon it the respects in which it fails so to comply

21.

- (a) Any tender received after the advertised closing time shall not be considered, provided that a late tender may be admitted by the Council when:
 - (i) In the case of a tender submitted through the post, there is proof that the tender was posted in sufficient time to reach the Municipal Manager before the closing date and time advertised for the receipt of tenders, and the tenderer has taken reasonable steps against ordinary delays and was in no way to blame for the late receipt of his tender;
 - (ii) in the case of a telegraphic tender, it was handed in at the despatching Post Office in sufficient time to reach the Post Office, Dundee, before the closing date and time advertised for the receipt of tenders;
 - (iii) in the case of a tender delivered by hand, there is proof that the tenderer had taken reasonable steps against ordinary delays and was in no way to blame for the late delivery of his tender.
- (b) The Council may accept a tender which was received late and has for that reason been disallowed in terms of the provisions of this regulation, provided it was the only tender received.

22.

1. Immediately after the opening of the tender box all the tenders shall be opened in public by the Manager Corporate Services or an employee authorised by the latter to act on his behalf in the presence of an authorised officer of the department of the Financial Manager or of the department concerned with the tender and the person opening the tenders shall in the case of each read out the name of the tenderer and if any tenderer so requests, the amount of the tender.
2. As soon as a tender has been opened:
 - (a) there shall be placed upon it the official stamp of the Council and the signatures of the person who opened it and of the person in whose presence it was opened as prescribed by sub-regulation (1);
 - (b) the name of the tenderer shall be recorded in a register kept for that purpose; and

(c) the person who opened the tender shall forthwith place his initials against every altered figure in the tender documents.

3. After being recorded in the register mentioned in sub-regulation (2) the tenders shall be handed over to a representative of the department concerned and he shall acknowledge receipt thereof by signing the register.
4. The Head of the Department concerned shall forthwith hand to the Financial Manager any deposit or security received with the tenders and shall thereafter submit a written report on those tenders with his recommendations.
5. A report as referred to in sub-regulation (4), which contains a recommendation for acceptance of a tender other than the lowest shall state fully the reasons for that recommendation.

23.

The Council shall not accept a tender other than the lowest unless it has considered and is satisfied as to the adequacy of the report referred to in Regulation 22(5).

24.

No member or employee of the Council shall disclose to any person other than a member or employee of the Council who in the course of his official duties is concerned with the tender, any information relating to it contained in any report of an employee, consultant or other adviser of the Council; provided that this section shall not apply to any part of a report of an employee, consultant or other adviser of Council, which is disclosed in a report of a Committee of the Council, not intended for the confidential information of the Council only.

25.

1. The financial provisions of a contract, which the Council intends to conclude, shall be referred to the Financial Manager for him to make his recommendations thereon before the conclusion of the contract.
2. The Financial Manager shall in respect of every contract concluded by the Council keep a record in which the financial rights and obligations of the Council thereunder are set forth and shall enter in that record currently every payment made by or to the Council in terms of that contract.

26.

If at any time after publication of an invitation to tender, the Council considers it necessary to depart from the original conditions of tender, fresh tenders shall be called for.

27.

Where the Council calls for tenders for the supply and delivery of goods or the execution of works, the Council's conditions of tender and conditions of contract shall apply.

STORES AND MATERIAL

28.

Stores records reflecting full particulars of purchases and issues and which will permit of balancing at any time, shall be maintained by the Financial Manager.

29.

1. Except where the Financial Manager is of the opinion that special reasons exist for so doing, stores shall not be carried by his or any other department in excess of what are in his opinion its normal requirements.
2. Whenever the Financial Manager is of the opinion that compliance by him with a request to purchase any material would be contrary to the provisions of sub-regulation (1) he shall inform the Head of Department concerned of that fact and if the request is not withdrawn he shall submit a written report setting out fully the facts of the dispute.

30.

With the exception of petty cash disbursements made from an imprest account in terms of Regulation 46 goods and material shall be purchased or issued by the Financial Manager and no goods or material shall be so purchased or issued otherwise than against a requisition signed by the Head of the Department or authorised employee by which the goods or material are or is required.

31.

1. Specifications for goods, material and plant to be purchased by tender or by quotation shall be drawn up by the Head of the Department concerned in consultation with the Financial Manager.
2. The Head of Department concerned shall recommend the tender or quotation to be accepted and if the tender or quotation so recommended is not the lowest he shall furnish to the Financial Manager full reasons for the recommendation.
3. If the Financial Manager does not agree with the reasons furnished in terms of sub-regulation (1) he shall submit a report setting out fully the facts of the dispute.

32.

1. All stores belonging to the Council shall be kept in a place or places controlled by the Financial Manager, provided that such stores as the Financial Manager may approve, subject to conditions to be determined by him, be kept by the Head of Department of a department in a place under his control.
2. The Financial Manager shall at least once in every financial year carry out a stocktaking covering all goods and material constituting the stores held by the Council.

33.

The Financial Manager shall submit a written report stating the quantity and value of any surplus or shortage of goods and material revealed by stocktaking together with the reasons therefore and he may in respect of the stores referred to in the proviso to Regulation 32(1) require the Head of Department concerned to furnish him with such reasons in writing.

34.

1. All printed matter offered for sale and all tickets, badges, receipt books and cheque forms shall be purchased and issued by the Financial Manager only.
2. The Financial Manager shall keep a register of all purchases and issues made in terms of sub-regulation (1).
3. The receipt of anything issued in terms of sub-regulation (1) shall be acknowledged by means of the signature of the recipient in the register mentioned in sub-regulation (2).

35.

A stores requisition shall not be executed unless particulars, as determined by the Financial Manager of the vote to be debited in respect of the goods of material supplied, are indicated thereon.'

36.

Subject to the provisions of Regulation 35, no stores requisition in respect of a uniform or other clothing shall be executed unless it states in the case of an issue to a specific person, the name and official designation of the person for whom such uniform or clothing is required and unless the Financial Manager has indicated thereon that it complies with the requirements of the Council regarding such issue.

37.

If by order of the Financial Manager delivery is made of goods or material by the supplier directly at a place other than a store, the person authorised by the Head of Department concerned to do so shall take delivery thereof and sign the delivery note, which shall be sent to the Financial Manager by the Head of Department.

38.

Goods, material or plant shall not be regarded as redundant or obsolete unless the Council so authorises and in such case the Council shall give directions as to its disposal.

39.

1. Any goods remaining unused after the completion of the work or the fulfilment of the purpose for which they were issued shall be returned to the store or to such place as the Financial Manager may direct.
2. A department returning surplus goods in terms of sub-regulation (1) shall send to the Financial Manager an advice note in such form as he may prescribe which specifies fully the goods so returned.

40.

No order for the purchase of goods shall be placed on behalf of the Council or shall be valid unless it has been signed by the Financial Manager or other employee authorised to do so.

41.

A Head of a Department shall be responsible for the safe custody of goods or material issued to his department and shall, if requested to do so by the Financial Manager furnish full details of any goods or material held by his department.

PAYMENTS

42.

Payment of accounts other than petty disbursements from imprest accounts shall be made by cheque or electronic transfer. All cheques drawn on the various bank accounts shall be signed by any two of the following employees of the Council:

Financial Manager
Deputy Financial Manager
Mayor
Municipal Manager
Head : Estates/Legal

Chief Accountant : Expenditure

Electronic Transfers may be effected under the same authority.

43.

1. A Head of Department or officer of his department authorised to do so by him in writing, shall certify in respect of each account to be paid for goods supplied or services rendered to or work performed for his department, that it is in order, that the goods or services, as the case may be, were in fact supplied or rendered or that the work was in fact done, that the price charged is reasonable or according to contract and that it is within a vote authorised by the Council.
2. Such account shall be sent to the Financial Manager with a supporting voucher and he or an employee authorised to do so by the Council shall approve such voucher before settlement of the account.

44.

Progress payments in respect of a contract shall be limited to the value of the work done and the material supplied, as certified in terms of regulation 43(1) less the amount of previous payments made and the amount of retention money withheld in terms of the contract.

45.

The Financial Manager shall not in respect of any contract make any payment in excess of the total amount authorised by the Council unless the Council has resolved otherwise after considering a written report by the Head of Department concerned stating the reasons why the excess expenditure should be incurred.

46.

An imprest account for petty cash disbursements shall be opened only with the approval of the Financial Manager who shall determine the amount that may be kept in such account, the nature and extent of the payments that may be made therefrom and what supporting vouchers are to be completed.

47.

The Financial Manager shall submit a biannual report reflecting the calculated and actual expenditure on the income and expenditure account as well as the capital expenditure on the individual votes to the Executive Committee.

CAPITAL EXPENDITURE AND BORROWING POWERS

48.

Capital expenditure however financed and notwithstanding that provision has been made therefore in the annual estimates shall not be incurred without the express approval or delegation of the Council.

49.

The Head of Department shall in respect of a recommendation made by him for the execution of works or other undertaking entailing capital expenditure, submit with such a recommendation a report setting out the following information in respect of such works or undertaking:

- (a) The total estimated cost with a complete analysis thereof and any consequential expenditure which will arise as a result of the works or undertaking;
- (b) The estimated capital amount to be expended annually in respect of the works or undertaking;
- (c) The estimated annual income to be derived and the estimated annual expenditure of any kind, including expenditure on staff, to be incurred when the works or undertaking is taken into use;
- (d) The estimated life of the asset to be created; and
- (e) Any other information required by the Financial Manager.

50.

Expenditure which is to be met by means of borrowed monies shall not be incurred until all approvals required by law have been obtained and all other statutory requirements have been complied with.

51.

In all instances where, in the opinion of the Financial Manager, the calculated expenditure on a capital vote is exceeded by the real expenses, the Head of Department concerned will present a written report providing reasons for the possible exceeding to the Executive Committee for consideration.

COSTING AND DEPARTMENTAL WORK

52.

1. Works, which expression shall include the maintenance and repair of such works and such other work as may be determined by the Council, shall not

be carried out departmentally unless the Financial Manager has on application by the Head of Department concerned issued a works order therefore.

2. The Financial Manager may refuse to issue a works order as referred to in sub-section (1) if the application therefore is not supported by such information relating to material, labour, transport and other costs as he deems necessary.
3. An application for the issue of a works order shall be submitted on a form prescribed by the Financial Manager and the vote to which the relevant expenditure is to be charged shall be stated therein.

53.

Costs accounts shall be kept by the Financial Manager in such form as he determines in respect of all works as referred to in Regulation 52.

54.

1. No goods of any kind belonging to the Council or for which it is made chargeable shall be supplied to and no work shall be carried out by it for any other person without the Council's approval and unless it is satisfied that the supplying of such goods or the doing of such work is to its advantage.
2. No goods shall be supplied to and no work shall be begun for any person until he has either paid in full therefore or entered into such an agreement in writing and given such security for the payment to the Council of its charges therefore as the Financial Manager considers necessary for the proper protection of the Council.

CLOSING OF VOTES

55.

On completion of the work for which a works order has been issued, the Head of the Department concerned shall forthwith notify the Financial Manager thereof and if the difference between the actual and the estimated cost of that work exceeds 10%, he shall forthwith submit to the Financial Manager his reasons therefore in writing.

56.

The Head of Department concerned shall as soon as practicable after all the work under a capital vote has been completed advise the Financial Manager accordingly giving all the reasons for the excess expenditure or the saving as the case may be and recommending that the vote be closed and the Financial Manager shall submit a written report on such recommendation for consideration by the Executive Committee.

ASSETS

57.

1. The Financial Manager shall keep a register in which shall be recorded details of all assets of the Council save those mentioned in Regulation 58(1).
2. When an asset under the control of the Head of the Department has purchased, sold, demolished, destroyed or damaged or any other event materially affecting its value has occurred such Head shall forthwith report the facts to the Financial Manager in writing.
3. The Head of Department shall at such intervals as the Financial Manager may prescribe submit to him a written report giving such particulars concerning all assets under the control of such Heads as the Financial Manager may require.

58.

1. Each department shall keep inventories, in a form to be approved by the Financial Manager of all animals, plant, tools, and furniture, details of which the Financial Manager has not required to be recorded in the register referred to in Regulation 57(1).
2. At such date during every financial year of the Council as the Financial Manager may decide, every Head of Department shall cause a comparison to be made between the inventories referred to in sub-regulation (1) and the assets in the possession of his department and shall report to the Financial Manager in writing the result of such comparison.
3. If any asset referred to in the aforesaid inventories is found not to be in the department's possession the Head of the Department shall include a statement of all the facts relevant to the shortage in the report referred to in sub-regulation (2).
4. The Financial Manager shall submit a report in writing setting out the relevant facts relating to the absence of any asset brought to his notice in terms of sub-regulation (3) and the Executive Committee shall report to the Council thereon.

INSURANCE

59.

The Financial Manager shall whenever necessary submit for the Council's approval a written report setting out any insurance of its property or interest that should in his opinion be effected and the Council shall authorise such insurance as it may deem necessary.

60.

1. The Financial Manager may at any time require from a Head of a Department, who shall duly supply, a statement setting out the assets held by the department, the risks requiring to be insured and any other information which the Financial Manager deems necessary and the Financial Manager shall in accordance with such statement and subject to the provisions of Regulation 59 effect such insurance as the Council's interests require.
2. It shall be the duty of a Head of Department to notify the Financial Manager without delay of any new insurable risk or of any alteration in an existing insurable risk, which has arisen in connection with his department.

61.

On the occurrence of any event giving rise or likely to give rise to a claim by or against the Council or against its insurers the Head of a Department concerned shall notify the Financial Manager of the event and the Financial Manager shall as soon as possible notify the Council's insurer thereof.

62.

The Financial Manager shall keep a register containing particulars of all insurances effected by the Council and shall ensure that all premiums are paid and that claims that may arise are made against any person liable to indemnify the Council in respect thereof and thereafter are prosecuted to their final end and determination.

INVESTMENTS

63.

The Executive Committee shall be responsible for the investment of the Council's redemption, renewals and other reserve or trust funds, including the purchase and sale of securities in connection therewith, provided, that it shall report any dealings in securities or investments or withdrawal of investments at the next meeting of the Councils.

INTERNAL AUDIT AND ACCOUNTING

64.

1. The Financial Manager, members of an internal audit staff and any other person authorised by him shall be entitled to require production of or have access to all books, accounts and other records relating to financial matters of any department.

2. A Head of Department and every employee hereof shall at the request of the Financial Manager furnish him to the best of his knowledge with such information relating to financial matters as he may specify.

65.

The system operated by a department for the collection of revenue, the keeping of books or any records relating to financial matters including costing shall be subject to the approval of the Financial Manager and no such system shall be altered or departed from without the Financial Manager's prior approval.

CUSTODY OF DOCUMENTS

66.

1. All deeds of transfer, title deeds, leases, agreements and similar documents shall, upon completion, be placed in safe custody in accordance with the directions of the Manager : Corporate Services.
2. The Manager : Corporate Services shall keep or cause to be kept a register of all documents mentioned in sub-regulation (1) in which the number, nature, period of validity and any other information of importance regarding each document, shall be recorded.

STAFF ADMINISTRATION

67.

1. The Manager Corporate Services shall keep a record in which all relevant particulars relating to salary, wages, allowances and leave of every employee of the Council are recorded.
2. Pay sheets shall be approved by the relevant Head of Department and payment shall be made in accordance therewith.
3. The Financial Manager shall pay all salaries and allowances in such manner as he may determine.

68.

A Head of Department shall forthwith notify the Financial Manager and the Manager Corporate Services in writing of any change in or addition to his staff and of any alteration in a salary schedule.

69.

The Head of Department shall notify the Manager : Corporate Services of any leave granted and the Financial Manager of any absence of an employee from duty without leave.

GENERAL

70.

The Financial Manager shall provide Councillors with all reasonable information required with regard to Council's financial matters to enable them to perform their duties as Councillors.