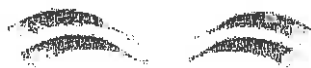


FUNDING AND RESERVES POLICY



FUNDING AND RESERVES POLICY

UGU DISTRICT MUNICIPALITY



FUNDING AND RESERVES POLICY

Contents

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FUNDING AND RESERVES POLICY

1. DEFINITIONS

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

References will be made in the policy to particular legislation without quoting it verbatim. The users should therefore refer to the legislation for the exact text.

2. OBJECT OF THE POLICY

The objectives of this policy are to:

- 2.1 Ensure that the Medium Term Revenue/Expenditure Framework (Annual Budget) of the Municipality is appropriately funded.
- 2.2 Ensure that cash resources and reserves are maintained at the required levels to avoid unfunded liabilities.
- 2.3 To achieve financial stability in order to provide sustainable levels of service delivery to the community.

3. SCOPE AND INTENDED AUDIENCE

The funding and reserves policy aims to ensure that the Municipality has sufficient funding in order to achieve its objectives through the implementation of its operating and capital budgets.

This policy aims to set guidelines towards ensuring financial viability over both the short- and long-term which includes reserves requirements.

4. REGULATORY FRAMEWORK

The legislative framework governing funding of the Annual Budget is:

- 4.1 Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and,
- 4.2 Local Government: Municipal Budget and Reporting Regulation, Regulation 393, published under Government Gazette 32141, 17 April 2009.

FUNDING AND RESERVES POLICY

5. FUNDING OF THE ANNUAL BUDGET

5.1 An annual budget may only be funded from:

- a. Cash backed accumulated funds from previous years' surpluses and reserves not committed for any other purpose;
- b. Realistically anticipated revenues to be collected;
- c. Borrowed funds only for capital expenditure, and
- d. Grants and subsidies.

5.2 Realistic anticipated revenue projections must take into account:

- a. Projected revenue for the current year based on the previous year's billing information.

6. CASH MANAGEMENT

The availability of cash is the most important requirement for financial sustainability and must be closely monitored by the CFO. In doing so the CFO must ensure a minimum cash on hand to cover 60 days operational expenditure.

Surplus cash not immediately required for operational purposes must be invested in terms of the Municipality's Cash and Investment Policy to maximize the return on cash.

7. DONATIONS, GRANTS AND SUBSIDIES.

Revenue from donations or any other grants may only be included in the budget if there is acceptable documentation that guarantees the funds such as:

- (i) Signed service level agreement;
- (ii) Contract or written confirmation; or
- (iii) Any other legally binding document.

The conditions of the specific grant must be taken into consideration when allocated to a specific project.

Government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.



FUNDING AND RESERVES POLICY

8. THE CAPITAL REPLACEMENT RESERVE

All reserves must be "ring fenced" and "cash backed" as internal reserves within the accumulated surplus, except for provisions as allowed by GRAP.

Once the municipality has reached its maximum gearing ability, no further borrowings can be taken up. The municipality must invest in a capital replacement reserve. This reserve provides internal funding for the municipality's capital replacement and renewal programme.

Contributions to the capital replacement reserve through the operating budget will be:

- (i) Interest received on investments;
- (ii) Contributions from surplus if cash are available;
- (iii) Proceeds from sale of assets.

Comment [f1]: Added in 2015 to ensure additional funding for future capital expenditure

9. THE CAPITAL CONTRIBUTIONS

These supplement capital expenditure for the necessary expansions and upgrading of bulk infrastructure. Revenue generated from capital contributions is allocated to this reserve for each applicable service. The unspent contributions must be cash backed to ensure availability of cash when the infrastructure upgrades are required.

Comment [f2]: Should this not be added to the CRR but shown separately under that reserve to keep track of the available funds for capital expansion of water and sanitation infrastructure.

This contribution must be made through the operating budget as the income is taken as unconditional contributions

Comment [f3]: Developers contributions are recognised as income so this contribution should be via the income statement.

10. OTHER ITEMS TO BE CASH BACKED

a) Unspent conditional grant funding

Revenue received from conditional grants is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Amounts in relation to the unspent grant funding are therefore retained in cash and are not available to fund any other items on the operating or capital budget other than that for which it was intended for.

b) Consumer Deposits

Consumer deposits are partial security for a future payment. Deposits are considered a liability as the deposit is utilised once the agreement is terminated. The funds are owed to consumers



FUNDING AND RESERVES POLICY

and can therefore not be utilised to fund the operating or capital budget. Consumer deposits should be retained in cash and be ring-fenced.

11. POLICY REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and accounting standards.

Records of Approval

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		





UGU DISTRICT MUNICIPALITY

BASIC WATER SERVICES POLICY



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1. THE LEGAL CONTEXT

“basic water supply” means the minimum standards of water supply services necessary for the reliable supply of water to households to support life and personal hygiene prescribed in terms of the Water Services Act, 1997 (Act No. 108 of 1997);

2. OBJECT OF THE POLICY

The Ugu District Municipality fully supports the National Government's Policy on providing free basic services to the poorer section of the community. In that regard it will fully co-operate in implementing the policy. However, being committed to the fundamental principle set out in paragraph 4 above, the financial implications must determine the extent to which water can be provided free to certain consumers. In conjunction with the Provincial Support Units established by the Department of Water Affairs and that Department, the Ugu District Municipality will progressively introduce the policy to its area. Full advantage will be taken of subsidies and grants made available by other spheres of government to enable the Ugu Municipality to implement a policy of free basic water without violating the fundamental principle. In line with the principles of transparency inherent in paragraph 7.1, the people of the area will be informed and consulted on the implementation of the policy as it unfolds. There are two inter-related long-term objectives which will guide the Ugu Municipality in regard to the provision of free basic services and these are:

- a) the elimination of poverty in the Ugu District area, and
- b) the equal treatment of all persons in the area.

Whilst the historic imbalances between the citizens of South Africa are a fact, resulting in a mass of poor people badly provided with basic services, this should not be seen as normal and everlasting. Initially therefore, different levels of service must be provided at affordable or no cost, but the policy is accepted that, over time, realistically computed, these distinction should be eliminated and everyone should be treated equally.

3. PURPOSE

The primary purpose of the basic water services policy is to assist in promoting sustainable access to basic water supply and sanitation to all households.

4. ADMINISTRATION OF FREE BASIC WATER SERVICES

In recognition of the primary importance of having a clean and adequate water supply, the South African government in 2000 introduced the Free Basic Water Policy, which allows for household to get 6 000 litres (6kl) of water per month at no cost. Such service is dependent on the municipality receiving equitable share from National Treasury and as determined by Council from time to time.



BASIC WATER SERVICES POLICY

4.1 FREE BASIC WATER

4.1.1 PRIVATE CONNECTIONS

- Commercial, Government, Bulk users and Industrial users, and other categories be retained with no Free Basic Water allocation, except for users classified in designated zones within the Free Basic Water Policy. All households who fall in the group who qualify for free basic water in terms of Ugu district Municipality will receive a free water usage of 200 litres per day, based on the quota allocation and number of days in a meter reading period. The customer will forfeit this benefit should the consumption exceed the allocation per quota per month depending on the number of days.

4.1.2 QUALIFICATION CRITERIA

- Indigent households
- Rural communities where water is supplied by stand pipes
- Informal settlements where water is supplied by stand pipes
- People served from Springs and borehole water supply in rural areas
- Rain water harvesting schemes
- The Authority or the Authorised Provider may convey any water required as a temporary measure by tanker to any place where such temporary supply of water is required, subject to such conditions and period, which shall not exceed three months, as may be prescribed by it.

5. FREE BASIC SANITATION

Free basic sanitation shall be provided to the following:

- Indigent households
- Rural communities where there is no sanitation infrastructure
- Informal settlements

Records of Approval



Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
Finance Portfolio Committee		
EXCO		



CREDIT CONTROL AND DEBT COLLECTION POLICY

UGU DISTRICT MUNICIPALITY



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A. **PREAMBLE:**

- The Local Government : Municipal Systems Act No. 32 of 2000 ("the Municipal Systems Act") has as one of its objects the need to ensure financially and economically viable municipalities;
- The Municipal Systems Act also envisages a new system of Local Government requiring an efficient, effective and transparent local public administration that conforms to constitutional principles;
- The Ugu District Municipality has adopted a tariff policy in terms of Section 74(1) of the Municipal Systems Act No. 32 of 2000 which policy reflects the principles enunciated in Section 74(2) and differentiates as it may in terms of Section 74(3) of the Municipal Systems Act;
- The Ugu District Municipality has also adopted By-laws as envisaged in Section 75 of the Municipal Systems Act No. 32 of 2000;
- This policy is adopted in terms of Section 96(d) of the Municipal Systems Act, is consistent with the Ugu District Municipality's rates and tariff policies and complies with the provisions of the Municipal Systems Act;

B. **THE OBJECTIVES AND CONTENTS OF THIS POLICY:**

1. The adoption of this policy has as its principal objective the fulfilment of the requirements of Section 97(1) of the Municipal Finance Management Act, namely to provide for:-
 - a) Credit Control Procedures and Mechanisms;
 - b) Debt Collection Procedures and Mechanisms;
 - c) Provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
 - d) Realistic targets consistent with:-
 - (i) generally recognised accounting practices and collection ratios; and
 - (ii) the estimates of income set in the budget less an acceptable provision for bad debts;



- e) Interest on arrears, where appropriate;
 - f) Extension of time for payment of accounts;
 - g) Termination of services with the restriction of the provision of services when payments are in arrears;
 - h) and Matters relating to unauthorised consumption of services, theft and damages;
 - i) Any other matters that may be prescribed by Regulation in terms of Section 104 of the Municipal Systems Act.
2. To the extent that the differentiation envisaged in Section 97(2) of the Municipal Systems Act is discretionary,
- The Ugu District Municipality has in terms of Section 98 of the Municipal Systems Act No. 32 of 2000 adopted By-laws to give effect to this Credit Control and Debt Collection policy, its implementation and enforcement and for this reason it is not necessary within the framework of this policy to indicate the procedures of implementation, delegation or, otherwise, administration of this policy apart from what is mentioned further herein.

C. SUPERVISORY AUTHORITY:-

In terms of Section 99 of the Municipal Systems Act a municipality's executive committee or executive mayor, must:-

- 1. oversee and monitor:-
 - a) the implementation and enforcement of the Municipality's Credit Control and Debt Collection policy and any by-laws enacted in terms of Section 98; and
 - b) the performance of the Municipal Manager in the implementing of this policy and any by-laws;
- 2. Where necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency in Credit Control and Debt Collection mechanisms, processes and procedures; and
- 3. At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraphs 1 and 2.

D. IMPLEMENTING AUTHORITY:



In terms of Section 100 of the Municipal Systems Act the Municipal Manager or service provider must :-

1. Implement and enforce the Municipality's Credit Control and Debt Collection policy and any by-laws enacted in terms of Section 98;
2. In accordance with the Credit Control and Debt Collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Municipality; and
3. At such intervals as may be determined by the Council report prescribed particulars to a meeting of the Supervisory Authority referred to in Section 99.

E. DEFINITIONS:

1. Except to the extent to which the context may otherwise require:
 - a) any word or expression importing any gender or the neuter shall include both genders and the neuter;
 - b) words importing the singular shall include the plural and *vice versa* where the context so requires;
 - c) the following words shall have the meanings assigned to them herein:-
 - (i) "service charges" shall mean all monies that are currently due and payable to the Ugu District Municipality in terms of Section 96(a) of the Municipal Systems Act;
 - (ii) "Municipality" shall mean the Ugu District Municipality;
 - (iii) "Services" shall mean all services provided by the Ugu District Municipality and without limiting the generality of the a foregoing shall include_
 - aa) water supply and connection;
 - ab) sanitation supply and connection;
 - ac) miscellaneous services as specified in the Municipality's tariffs;
 - ad) where sanitation, connection and supply does not apply, sanitation haulage, ad hoc vacuum tanker services, conservancy tank clearances; services relating to industrial effluent;



- ae) the provision of water borne sanitation;
 - af) or any other services that the Municipality may supply all in terms of the Municipality's tariffs.
- (iv) "consumer" shall mean, without limiting the generality thereof, any natural person or legal entity or generally any member of the public who has made application for services and whose application has been approved.
- (v) "owner" shall mean, without limiting the generality thereof,
- (a) a person in whom is vested the legal title to the premises;
 - (b) in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
 - (c) in any case where the authority or authorised provider is unable to determine the identity of such person, a person who is entitled to the benefit of the use such premises or a building or buildings thereon, including a person who receives the rent or profits of such premises or any part thereof from any tenant or occupier or who would receive such rent or profits if the premises or any part thereof were let, whether for his own account or as agent for any person entitled thereto or having an interest therein;
 - (d) in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee there under;
 - (e) in relation to -
 - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 95 of 1986, the developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed provider of such person;



F. THE SCOPE OF THIS POLICY:

1. This policy shall apply solely in respect of all levies, fees, surcharges on fees, service charges and any other monetary amounts due to the Municipality and levied in terms of the Municipality's existing tariffs;
2. Any interest which has already or shall in the future accrue to the Municipality in respect of the rendering of the services;
3. Any collection charges lawfully due to the Municipality.

G. SERVICE AGREEMENTS:-

1. The Credit Control procedure shall commence with an application by a potential consumer for the provision of services;
2. The application aforesaid shall contain at least the following:-
 - a) the full name of the Applicant/s;
 - b) the identity number (in the case of a natural person) or registration number; copies of relevant registration certificate together with certified copy of the resolutions that give permission to apply on behalf of the legal person in the case of a corporate entity or any other legal person;
 - c) the postal address and physical address (which in the case of legal persons must include the address of their accounting officer or principal place of business);
 - d) a copy of the Applicant/s 's identity document or in the case of a legal person its proof of registration; copies of relevant registration certificate together with certified copy of the resolutions that give permission to apply on behalf of the legal person;
 - e) in the event that the Applicant/s is/are not the owner/s of the property at which the services will be supplied then the application must contain:-
 - (i) the consent of the owner to the supply of services on credit to the Applicant;
 - (ii) the owner/s 's full details including a copy of the owner/s 's identity document or proof of registration as envisaged in the preceding paragraphs;



- (iii) The aforesaid consent shall make provision that in the event of the Applicant/s defaulting in the payment of any amounts due that the owner/s will be held responsible therefore;
- f) the Applicant's contact details including :
 - (i) telephone numbers (home, work and cellular phone numbers); and
 - (ii) e-mail address (where applicable);
- g) The amount of the deposit shall be calculated as per policy and payable in advance prior to connection of the service;
- 3. Every such application shall constitute an offer to the Municipality to enter into an agreement with the Applicant for the rendering of the services applied for which upon acceptance shall constitute a binding agreement between the Municipality and the consumer/s;
- 4. Illiterate Applicants must be assisted in the completion of the forms and must affix their mark to the form which mark must be certified by a Commissioner of Oaths as the mark of the Applicant;
- 6. The name, address and details of the Applicant's employer shall also be stated;
- 7. The Applicant shall also consent on the application form to:-
 - a) an adverse listing with the credit bureau in the event of a default in payment;

H. THE RENDERING OF ACCOUNTS:

The Municipality shall render accounts to all consumers and in this regard in terms of Part 5: Accounts of the Water and Sanitation Services Municipal By-laws from time to time

- 1. Payments can be made at:-
 - (i) Ugu District Municipalities offices in Port Shepstone, Oslo Beach, Harding, Park Rynie offices as well as Satellite Offices;
 - (ii) The South African Post Office and their agencies;
 - (iii) ABSA Bank; and
 - (iv) Easy-Pay outlets, example Pick 'n Pay and Checkers;

- (v) Selected credit card payments can be made at Port Shepstone, Park Rynie, Harding and Oslo Beach offices.
 - (vi) In addition to the above, Municipality offers debit order facilities and details can be obtained from any of the municipal offices
2. *All Ugu District Municipal Councillors and employees who are deemed to be consumers must not be in arrears for a period longer than 90 days, the municipality reserves the right to recover any such amounts from monies due to the employee in terms of Clause 10, Schedule 2 of the local Government Systems Act*

I. **DEBT COLLECTION PROCEDURE:**

1. The Municipality or any duly authorised collection agent or service provider for the collection of outstanding debt may, in addition to the normal legal procedures for the collection of arrear accounts, also –
 - b) terminate or restrict the supply of services; and
 - c) allocate any payments or pre-payments toward the liquidation of any arrears;
3. In the event of the Municipality terminating the supply of the service, it will be in terms of Municipal By-laws Part 5 (13) "arrears"

J. **INSTALMENT AGREEMENTS (ARREARS ONLY):**

DOMESTIC ACCOUNTS

1. The Municipality recognises that in certain instances domestic consumers may experience difficulty with the payment of a lump sum arrear amount and in such instances will accommodate any domestic consumers who require paying their arrears over an extended period;
2. In these instances the Municipality shall require:-
 - a) an agreement stipulating:
 - (i) the extended period;
 - (ii) the amount payable by the consumer;
 - (iii) any deposits payable.

In such instances all deposits shall be payable either in cash or by bank guarantee.



3. Each request is treated on its individual merits, however, collection staff will be guided by the following minimum guidelines in entering into agreements of this nature:-
- a) First time request:-
 - (i) any amount in arrears – a deposit of 10% of the arrear amount is payable immediately with the balance payable over eleven months;
 - b) In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply
 - c) In respect of repeat requests by domestic defaulting consumers or domestic consumers with agreements as envisaged in sub-paragraph (a) above or first time tampering consumers:-
 - (i) any amount in arrears – a deposit of 25% of the arrear amount is payable immediately with the balance payable over eleven months;
 - a. In case of a default, complete disconnection will be effected and free basic water can be collected from the Ugu Market premises. The full amount becomes due and payable immediately before re-instatement of the supply.
4. Reconnection fees and additional deposits must be paid in full before any agreement as aforesaid can be entered into;
5. In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;
6. In instances where agreements as envisaged in this clause are entered into, a consumer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

K. **DISHONoured CHEQUES:**

The refusal or failure by a bank to honour any cheque payment or debit order by a consumer shall be regarded as non-payment. In this regard:-

1. The consumer will be contacted telephonically and requested to make a cash deposit equivalent to that of the dishonoured cheque or debit order into the Municipality's bank account within 24 hours of such request;
2. Should the Municipality be unable to contact the consumer as aforesaid, the Municipality shall issue a final demand and proceed as envisaged earlier herein;
3. Should the cheque payment or debit order relate at all to an agreement for extension or reconnection, the supply of the service will immediately be disconnected without any further notice to the consumer and will only be reconnected once the consumer has made payment of the full outstanding balance in cash;
4. In the event of a consumer not having sufficient funds in cash to settle the amount equivalent to the amount of a dishonoured cheque then the Municipality shall be entitled but not obliged to proceed with the institution of criminal charges of fraud against the consumer;
5. All dishonoured cheques shall be retained by the Municipality and only returned to the consumer upon request therefore by the consumer and after reversal of the dishonoured payment;
6. The Municipality shall be entitled to levy an administration fee in order to recover all bank charges and administrative work involved in reversing the entries which fee shall levied irrespective of the reason for dishonour or non-payment;
7. Details of all dishonoured cheque payments may be forwarded to the credit bureau for processing against the consumer's credit profile.

METER TAMPERING:

1. Water metering and connection equipment remain the property of the Municipality and any person involved in the tampering with, damaging or theft thereof will be liable to criminal prosecution;
2. Where there exists *prima facie* evidence of any illegal reconnection of a supply, or the tampering therewith, the supply will be immediately terminated. Reconnection of the supply after such termination shall only be effected if the relevant penalty tariff charges has been paid and satisfactory arrangements have been made for the settlement of any outstanding arrears;
3. The detection of any further instances of tampering as envisaged herein will result in termination of the water supply and the removal of any connection equipment. Consumers in such instances will then be required to pay the full costs of a new connection together with a penalty on consumption equivalent to the average usage over the six months preceding the date of tampering together with all outstanding arrear charges before replacement of the equipment and reconnection of the supply will be considered.



M. **UNOCCUPIED PREMISES:**

1. When a consumer terminates a consumption account and no new consumer is registered the property shall be deemed to be unoccupied;
2. In such instances, a courtesy letter shall be forwarded for the attention of any actual new occupier (should there be one) and served at the premises where the supply has been rendered, requiring the new occupier within 7 (seven) days of the aforesaid letter to register with the Municipality as a consumer and detailing the registration procedures to be followed;
3. A failure by a new occupier to respond to the aforesaid letter will result in the termination/disconnection of the service supplied;
4. In such instances, the property will be linked to the registered owner's name and any basic charges in terms of the tariff shall be levied on a monthly basis and sent by ordinary mail to the most recent recorded address of the registered owner of the property for payment;
5. In the event of water consumption being recorded at a property that has been deemed unoccupied in terms hereof, every effort shall be made to establish the identity of the person responsible for the aforesaid consumption and such person shall be charged accordingly as if he or she were a consumer;
6. However, should attempts at establishing the identity of such person fail then the registered owner of the property shall be liable for any water consumed at the property.

N. **NEW DEPOSITS:**

1. All new consumers are required to pay a minimum deposit in accordance with the applicable Municipality tariff;
2. The calculation of the minimum deposit is based on a three month's estimate consumption as indicated by the consumer;
3. In respect of domestic consumers the Municipality applies four scales of tariffs to determine the deposit payable, namely:-
 - a) Scale 1: 0 – 200 litres per day;
 - b) Scale 2: 201 – 500 litres per day;
 - c) Scale 3: 501 – 750 litres per day;



d) Scale 4: 751 – 1000 litres per day.

4. The deposit amount is calculated on the following formula: $3 \times (\text{tariff} \times \text{estimated consumption plus basic charge and Value Added Tax})$;

O. **ADDITIONAL DEPOSITS:**

1. The value of the original deposit paid or any guarantees held in respect of the aforesaid deposit will be reviewed on a regular basis;
2. Upon such review the Municipality may require a consumer not previously required to pay a deposit for whatever reason, to pay a deposit on request within 10 (ten) days from the date of such request.

COMMERCIAL ACCOUNTS:

1. In these instances where commercial accounts fall into arrears, the Municipality shall require:-
 - (a) Arrears to be paid in full before water supply is re-instated
 - (b) No instalment arrangement shall be accepted for any commercial account
 - (c) In such instances deposits shall be adjusted and payable either in cash or by bank guarantee
 - (d) Reconnection fees and additional deposits must be paid in full before water supply is re-instated
2. The Municipality shall review consumption patterns whenever meter readings are received;
2. Should the amount of the deposit or guarantee held be deemed inadequate after such review, the Municipality shall send a letter requesting the payment of an additional deposit;
3. The value of any such increase in deposit shall be added to the next monthly account.

DOMESTIC ACCOUNTS:

1. In the event of the Municipality detecting an irregular and unacceptable payment pattern then the Municipality shall be entitled to review the deposit held in respect of residential consumers;
2. In the event of such review the relevant consumer shall be sent a request by the Municipality for the payment of an additional deposit;



3. The value of any such increase of the deposit as aforesaid shall be added to the consumer's next account.

FORFEITING DEPOSITS:

A deposit shall be forfeited to the Municipality if it has not been claimed within a period of 36 months from the date of termination of a service.

P. CLEARANCE CERTIFICATES:

1. Certificates are issued in terms of Section 118 of Systems Act
2. In addition to the afore going the Municipality shall require a deposit equivalent to the cost of three month's average consumption on water and sanitation charges (where applicable);

In case of a vacant stand,

3. Upon payment of the amounts referred to in 1 and 2 above, the Municipality shall issue a clearance certificate within 5 (five) working days of the request for such certificate.

Q. DEBT COLLECTION:

In terms of Water and Sanitation Municipal By-laws Part 5 (13) "arrears"

Paragraph 11

R. WATER AND SANITATION RATES:

1. Water and sanitation rates are an availability charge which is levied against properties where there is water reticulation and waterborne sanitation system in place is charged to the registered owner of the property
2. The water rates year commences on the 1st July of each year and terminates on the 30th June of the following year. Upon the declaration of the rates tariffs, these are advertised as required in terms of existing legislation;
3. Rate payers currently have the option of paying their rates on an annual basis or by monthly instalments. Monthly rates are payable over a maximum period of 10 months commencing on the 1st September of the rates year and terminating on the 30th June of the rates year;



4. Water rates accounts are posted by ordinary mail during September of each year and the final date for annual payments is the last working day of November in that year;
5. Water rates that are not paid by the final date incur a late payment penalty calculated at 1.25% per month on outstanding rates from the 1st December each year. In the event that these rates remain unpaid after the 31st January of the following year, a once-off collection charge equivalent to 10% of the rates outstanding at the time is levied; however, penalties continue to accrue on the outstanding rates due notwithstanding the once-off charge aforesaid;
6. After the final date for payment of the water rates has expired and in the event of no payment being received by the Municipality a final notice shall be despatched by registered mail to the consumer requiring the payment of the arrear amount and any penalties and interest;
7. Upon expiry of the period reflected in the final notice the Municipality shall :-
 - a) compile a schedule of all arrear rate payers;
 - b) conduct deeds offices searches in respect of ownership of property;
 - c) authorise and institute the necessary tracing action in instances where the consumer's whereabouts are unknown;
 - d) engage legal assistance for the institution of civil legal proceedings against the consumer.

S. TEMPORARY MEASURES OF ASSISTANCE:

1. The Municipality recognises that there are instances where rate payers face temporary hardships caused by personal circumstances, poor economic conditions, unemployment, temporary disablement or illness and in such instances the Municipality is willing to accommodate arrangements to settle outstanding arrears;
2. In such instances the following procedures shall apply:-
 - a) consumers may approach the Municipality for arrangements to be made for a maximum period extending up to the 30th June of the current financial year, and in exceptional circumstances, up to 1 (one) month before the final date for payment of rates in respect of the next financial year;
 - b) these arrangements envisage the consumer paying in equal instalments all outstanding amounts including any interest and collection charges that may have been levied by the Municipality;



3. Once such an arrangement has been made the consumer must sign an Acknowledgement of Debt for this purpose and should the consumer renege on this arrangement then the whole outstanding arrear amount, inclusive of penalties and interest shall become immediately due and payable and shall be subject to the normal collections procedures envisaged herein;
4. In exceptional circumstances and so as to ensure payment of the capital sums of rates due and in order to avoid the accrual of further legal costs and other charges, the Municipality may, by resolution waive the payment of any interest, penalties and/or collection charges for a maximum period of 6 (six) months calculated from the date of signature of the Acknowledgement of Debt.

Records of Approval

Meeting	Date	Resolution
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Revision 1		
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INDIGENT SUPPORT POLICY

UGU DISTRICT MUNICIPALITY



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1. PREAMBLE

WHEREAS section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households;

WHEREAS Council therefore needs to approve an Indigent Support Policy;

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households; and

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which takes into account health and environmental considerations;

NOW THEREFORE the Council of the Ugu Municipality has adopted the **Indigent Support Policy** set out hereunder:

2. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise –

“Act” means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;

“Authorised Officer” means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this Policy;

“by-law” means a by-law adopted by the Council;

“Municipal manager” means the person appointed by the Council as the Municipal Manager of the Ugu Municipalities in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person:

(a) Acting in such position; and

(b) to whom the Municipal Manager has delegated a power, function or duty;

“Council” means –

The Council of the Ugu Municipality established by Provincial Notice No. 1264 of Government Gazette 21807 of 28 November 2000, as amended, exercising its legislative and executive authority through the municipality; or

(a) its successor in title; or

(b) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or

(c) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the act, or any other by-law, as the case may be;

“indigent person” means a person who meets **criteria on qualification for indigent support**.

“municipality” means municipalities within Ugu District Municipality

“services” means the basic services referred to in this policy

“household” means all the people who permanently reside in the dwelling

“dwelling” means property registered in the deeds office or allocated to a family by the Traditional Authority, with an Ugu water connection



3. POLICY OBJECTIVE

The objective of the policy is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial means of Council; and
- To provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.
- Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability through:
- Setting rates and tariffs which will balance the economic viability of continued service delivery; and
- Determine appropriate service levels.

4. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT

- The indigent subsidy shall apply to a household¹ per dwelling² and not an individual.
- The property must be zoned residential.
- The total gross monthly income of all members of the household must not exceed two old age grants (excluding disability and child grant)
- Household's dependant on social welfare grants only may also apply.
- The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.
- Multi unit residential - bulk users and Non Government Organizations are excluded from this policy
- Each household will receive 6kl
- *Free basic water will not be carried over. Only water consumed in that particular month will be rebated up to a maximum of 6kl.*

5. REQUIREMENTS

The following documents should be submitted together with the application form:

- Copies of identity documents for household members 18 years and above.
- Copies of birth certificates of household members younger than 18 years.
- Copies of proof of income or written affidavits confirming status of employment or circumstances from each household member 18 years and above
- Proof of ownership or occupancy e.g. Title deed or letter from ward councillor confirming occupancy status

- Where property owner or account holder is deceased, copy of the death certificate and letter from ward councillor confirming that applicant resides in the dwelling.

6. APPLICATION FOR INDIGENT SUPPORT

- The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as indigent.
- Application forms are available from any of the Water Services Offices within the Ugu District Municipality and can also be posted on request.

7. AVENUES FOR SUBMISSION OF APPLICATION FORMS

- Submit through Ward Councillor
- Submit personally to any of Ugu District Municipality offices

8. PROCESSING OF APPLICATION

- Each application will be given a number, registered on the Indigent
- Support application register and an Indigent Support Application card issued to the applicant for control purposes.
- The application will be processed within two weeks of receipt by Municipality in a manner prescribed by the internal processes.
- A letter informing the applicant of the status of the application will be sent to the applicant within two weeks of finalizing the application scrutiny process.
- For the purposes of transparency, on an annual basis the following key information of the recipient's indigent support shall be displayed on all Councils and notice boards of Local Municipalities.
- Names of Households benefiting from the Indigent Support
- Stand number where services are rendered to the recipients
- Any resident may query the qualification of a recipient in writing within
- Days from the date of publication of such listings.
- A report on Indigent Support shall be done to the Budget and Finance Committee quarterly

9. DURATION OF THE INDIGENT SUPPORT BENEFIT

- Indigent support is only provided for a period of 12 months, from date of approval, where after the applicant must submit Form UIS 3, confirming that its circumstances has not changed since its initial application and that it still qualifies for indigent support in terms of the latest criteria.
- The Municipality will send a written notice to the approved household, at least two months prior to expiry of the approval, but the onus still rests on the applicant or another permanent adult occupant on the property to submit Form UIS 3

10. RESPONSIBILITY OF THE INDIGENT SUPPORT APPLICANT/ BENEFICIARY

- Should, at the most, 21 days lapse without receiving any feedback regarding the application, the applicant should enquire as to the status of the application through the call centre.
- The onus is on the beneficiary to inform the Municipality of any change in his/her status or personal household circumstances that might affect their Indigent status.

11. USAGE IN EXCESS OF THE BASIC SERVICE LEVELS



- All services used in excess of the basic municipal services level shall be levied at the current scale of tariff and payable on the due date and a device will be installed to control water usage.
- If the excess account is not paid for as and when due, the services shall be restricted to the basic level and the normal credit control and debt collection policy shall be implemented.

12. WITHDRAWAL OF INDIGENT SUPPORT BY THE MUNICIPALITY

- The Indigent support shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.
- In this regard the Municipality shall recover from the recipient the amount of relief furnished by debiting the beneficiary's account.
- The Municipality shall apply its credit control policy in accordance with the credit control and debt collection policy.
- The Municipality shall institute a criminal charge of fraud against the beneficiary.
- The Indigent support will cease should the form UIS 3 not be supplied to the municipality.

13. EXTENUATING CIRCUMSTANCES

- In the event of death of one of the member of the household, and where the flow has been limited, full flow will be reinstated from the day of death to the day of the funeral after which the flow shall be limited again.
- In the event of a household member suffers from a sickness requiring excessive usage of water and is under a home based care programme, such a household will be eligible to apply for additional allocation of water, approval of which is subject to the Municipality's conditions.

14. WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER

On approval of the application the Municipality shall provide the following

- Basic Municipal Services which include:
 - Access to a minimum safe water supply³ as determined by Council
 - Adequate sanitation⁴ as determined by Council
 - Once off credit equivalent to the outstanding balance on the dwelling at the date of approval.
 - Where there are leaks after the meter or in the property, they may be attended to in terms of the bylaws S58 (4) (c) and the cost may be recovered from the Indigent Support allocation.
 - Cost of restriction shall be recovered from the Indigent Support allocation.
 - Excess usage in the event of death shall be recovered from the Indigent Support allocation

15. MISCELLANEOUS

- Should any circumstances not covered by this policy regarding the administration of the Indigent Support policy arise, and is urgent, it shall be referred to the General Manager, Treasury.

³ As determined in the annual municipal budget

⁴ As determined in the annual municipal budget.

16. COMMUNICATION

- From time to time the municipality will endeavour to communicate its policy adequately, so that members of the community are apprised of the existence of such a policy or any amendments that may have been done by Council.
- Structures, processes and or platforms that shall be used to communicate the benefits of the policy shall include:
 - a) The Ward Committee
 - b) The Ward Councillors
 - c) Community meetings
 - d) Budget and IDP road shows
 - e) Special events
 - f) Local media
- Any communication issued by the municipality must be coordinated by the Communications Unit or the Municipal Manager or his delegated authority.

17. SANITATION REBATE

All applications will be considered on the following basis:

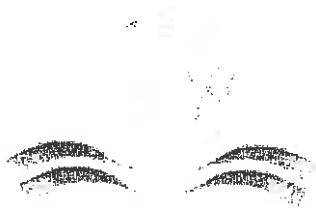
- The Sanitation Rebate subsidy will apply to a household per dwelling and not to an individual.
- Each household shall receive a rebate on the fixed sanitation basic charge as determined by Council.
- The legal owner of a dwelling who is responsible for the payment of the water and sanitation services account must apply for the household to be registered as a sanitation rebate beneficiary.
- The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.
- The sanitation rebate shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.

Records of Approval

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CASH AND INVESTMENT POLICY



UGU DISTRICT MUNICIPALITY
CASH AND INVESTMENT POLICY



CASH AND INVESTMENT POLICY

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2. Object of the Policy
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4. Cash Flow Estimates
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6. Delegation of Authority
7. Investment issue pertaining to Municipal Council Approval
8. Municipal Entities
9. Policy Review
10. Internal Control Procedures
11. Reporting and Monitoring Procedures
12. Permitted Investments
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14. Investment Diversification
15. Performance Evaluation
16. Use of Independent Investment Managers
17. Cash Management
18. Unallocated Receipts
19. Payment of Creditors
20. Bank and Cash in terms of the MFMA
21. Management of stock
22. Short and Long-term Debt
23. Conclusion



CASH AND INVESTMENT POLICY

1. DEFINITIONS

In this investment and Cash Management Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 and other related legislations/Regulations, has the same meaning as in that Act.

- **Accounting Officer:** is the Municipal Manager.
- **Act:** means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.
- **Accounting Principles:** mean stipulated guidelines to be followed.
- **Acquisition:** means acquiring goods or services through procurement policies.
- **Agents:** mean professional bodies appointed to execute a specific task on behalf of the Ugu District Municipality.
- **Accounts:** mean statement of moneys received.
- **Assignee:** means a person with a delegated authority.
- **Bank:** means an institution recognized by the Registrar of Banks.
- **Bank Account:** is the recognized statement of financial holdings on behalf of the municipality.
- **Cash:** means money, such as bank notes and coin, or cash equivalents.
- **Chief Financial Officer:** means an official, designated by the accounting officer who is responsible for the financial affairs of the municipality.
- **Constitution of the Republic of South Africa, Act No. 108 of 1996:** means the Supreme Law of the Republic of South Africa.
- **Cash Management:** means efficient and effective management of funds.
- **Delegate:** means an official/person delegated to perform tasks on behalf of another person.
- **Delegated Authority:** means any person/persons/committee delegated with the authority to act for on behalf of Ugu District Municipality.
- **Diversification of Investments:** means investing in more, or more than one type of financial instrument.
- **Investment Ethics:** mean ethical framework within which investments must take place.
- **Liquidity:** means the ease with which financial instruments can be converted to cash or cash equivalents.
- **Municipal Entity:** means the developmental arm of the municipality established in terms of the Local Government: Municipal Finance Management Act No. 56 of 2003, in particular.
- **Municipality:** means the Ugu District Municipality.
- **Ownership:** means that all investments must be made in the name of the Ugu District Municipality.
- **Short term investment:** means a financial instrument with a lifespan or maturity of less than or equal to 1 year.
- **Long term investment:** means financial instrument with a lifespan or maturity of greater than a year.



CASH AND INVESTMENT POLICY

2. OBJECT OF THE POLICY

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): "Each Municipal Council and Governing body shall adopt by resolution an investment policy regarding the investment of its cash resources not immediately required.

An Accounting Officer has an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible. Competitive investment and effective cash management ensures both short term and long-term viability and sustainability of the municipality. Hence, it is critical for the Ugu District Municipality to have its own investment and cash management policy located within the local government legislative framework. This policy should be read and understood against this background.

The primary and the ultimate goal of the investment of funds is to earn the safety of returns on investment principal, an amount invested whilst managing liquidity requirements and, providing the highest return on investment at minimum risk, within the parameters of authorized instruments as per the MFMA

3. CASH MANAGEMENT

3.1 OPENING OF A BANK ACCOUNT

The CFO will ensure that the municipality opens and maintains the following minimum bank accounts:

- General Bank Account – normal municipal receipts and payments
- External Financing Fund – to record loan receipts and accumulations towards the repayment of such loans
- Capital Replacement reserve – this reserve must be cash backed at all times and therefore requires a separate bank account
- Unutilized Capital Receipts – this is to account for unutilized conditional grant monies and developer contributions, requires a separate bank account and must be cash backed.
- Consumer deposits – this is to account for consumer deposits received and must be cash backed and requires a separate bank account.

A specific account will be identified as a primary bank account and all the allocations from national, provincial and other spheres of government will be deposited into this account



CASH AND INVESTMENT POLICY

3.2 MANAGEMENT OF A BANK ACCOUNT

Only the accounting officer or his/her delegate is authorized to withdraw money from the municipality's bank account and the delegated powers shall be in accordance with limits which will be specified by the accounting officer.

The responsibility for the management of all the municipal bank accounts will be allocated by the Chief Financial Officers to the officials of the Treasury department in accordance with their job descriptions.

The Chief Financial Officer or his/her delegate will review reconciliations of all the municipal bank accounts on a monthly basis.

3.3 CASH MANAGEMENT

All monies received by the municipality must be deposited into the municipal bank account promptly.

The CFO will establish an internal control procedure for the operation and maintenance of the following process with regards to cash management:

- Receipting, and banking of and reconciliations of daily cash and cheques
- Returned cheque register
- Unallocated receipts/deposit registers

3.4 PETTY CASH

The municipality keeps petty cash floats at two of its offices, that is Treasury office and Park Rynle office.

Each petty cash float will be limited to R2 000 for the Treasury office and ~~R500~~ for the Park Rynle offices.

Each transaction of petty cash shall not exceed R2 000.

The officials who are responsible for petty cash management will be independent of all other cash functions like cashiering.

Comment [f1]: Amounts Increased to R 2 000,00

An imprest system of petty cash will be used.

4 CASH FLOW ESTIMATES

Before money can be invested, the Accounting Officer or his/her delegate must determine whether there will be surplus funds after meeting the necessary obligations.

To be able to make investments for any fixed terms; it is essential that cash flow estimates are prepared.



CASH AND INVESTMENT POLICY

The Auditor-General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

5 INVESTMENT ETHICS

- The Municipal Manager and his/her delegate are responsible for the investment of funds and must ensure that there is no interference in these processes.
- Under no circumstances may he/she accept bribes into making an investment.
- No member of staff may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her relationship with the said institution.
- The gift must be declared to the Municipality.

The Municipal Manager and his/her delegate must act according to their discretion and must report any serious cases of payment in kind or gifts, to the Municipal Council. Excessive gifts and hospitality should be avoided at all costs.

5.1 RISK MANAGEMENT

The preservation of principal is the foremost objective of the investment program. To attain this objective, diversification is required to ensure that the Municipal Manager or his/her nominee prudently manages risk exposure. Risk profiles should be minimized by only placing investments with institutions and instruments approved by the Public Investment Commission or the Republic of South Africa: National Minister of Finance.

5.2 PRUDENCE

Investments shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Municipality. Investment officials are required to:

- a. Adhere to written procedures and policy guidelines.
- b. Exercise due diligence.
- c. Prepare all reports timeously.
- d. Exercise strict compliance with all legislation.

5.3 OWNERSHIP

All investments must be made in the name of the Ugu District Municipality.



CASH AND INVESTMENT POLICY

6 DELEGATION OF AUTHORITY

The delegation to authorise investments must distinguish between short term & long-term investments. The authority to make long-term investments as provision of security, is vested with the Municipal Council in terms of Section 48 of the MFMA and with reference to section 11(1) (h) of the MFMA dealing with cash management, the responsibility to make short investments lies with the Municipal Manager or Chief Financial Officer or any other senior financial officer authorised by either the Municipal Manager or the Chief Financial Officer/ relevant assignee.

The Local Government Municipal Systems Act of 2000, Section 3, (60) (2) states that the Municipal Council may only delegate to an Accounting Officer, Executive Committee, Mayor or Chief Financial Officer decisions to make investments on behalf of the municipality within a policy framework determined by the Minister of Finance.

The Chief Financial Officer is responsible for the investment of municipality's funds that are made under section 13 of the Municipal Finance Management Act.

7 INVESTMENT ISSUE PERTAINING TO MUNICIPAL COUNCIL APPROVAL

In the event that an investment that needs to be made, quotations are required from the various financial institutions. In the case of telephonic quotations, the following information is required:

- * The name of the person, who gave the quotation,
- * The relevant terms and rates and
- * Other facts such as if interest is payable on a monthly basis or on a compound basis upon maturation.

Where payments to financial institutions in respect of investments are to be effected by cheque, the following procedures must apply:

- The Manager: Equity & Accounts must complete a cheque requisition form and submit it to the Municipal Manager and the Chief Financial Officer together with the supporting quotations,
- The Municipal Manager and the Chief Financial Officer must either authorize the requisition or submit it to the Municipal Council for authorization depending on the value of the investment,
- When the Municipal Council or the Municipal Manager have authorized the requisition, the Municipal Manager and the Chief Financial Officer or their delegated signatories are required to sign the cheque and submit it to the financial institution concerned.

All investment documents must be signed by two authorized cheque signatories.

The Chief Financial Officer must ensure that a bank, insurance company or other financial institution, which at the end of a financial year holds, or at any time during a financial year held, an investment for the municipality must:



CASH AND INVESTMENT POLICY

- Within 30 days after the end of that financial year, notify the Auditor-General, in writing, of that investment, including the opening and closing balances of that investment in that financial year and
- Promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.
- Promptly disclose information of any possible or actual change in the investment portfolio, which could or will have a material adverse effect.

8 MUNICIPAL ENTITIES

The board of Directors of all municipal entities must adopt this cash management and investment policy. Further, the same municipal entities must submit reports, as detailed in the reporting and monitoring procedures, in the same manner as Ugu District Municipality, to the Mayor.

9 POLICY REVIEW

This policy must be reviewed annually and be tabled to the Municipal Council for approval.

10 INTERNAL CONTROL PROCEDURES

An investment register should be kept of all investments made. The following facts must be indicated:

Name of institution;

- Capital invested;
- Date invested;
- Interest rate; and
- Maturity date and
- Interests earned on investments.

The investment register and accounting records must be reconciled on a monthly basis.

The investment register must be examined on a fortnightly basis by the senior official under the direction of the Chief Financial Officer/ assignee as instructed, to identify investments falling due within the next two weeks. An investment plan must then be established for the next calendar month bearing in mind the cash flow requirements.



CASH AND INVESTMENT POLICY

Interest, correctly calculated, must be received timeously, together with any distributable capital. The Chief Financial Officer or his/her assignee must check that the interest is calculated correctly, in terms of sound universally accepted financial management practices.

Investment documents and certificates must be safeguarded in a fire resistant safe, with dual custody. The following documents must be safeguarded:

- Fixed deposit letter or investment certificate;
- Receipt for capital invested;
- Copy of electronic transfer or cheque requisition;
- Schedule of comparative investment figures;
- Commission certificate indicating no commission was paid on the investment; and
- Interest rate quoted.

All investment must be denominated in South African Rand (ZAR)

The Chief Financial Officer or his/her assignee is responsible for ensuring that the invested funds have been invested with financial institutions approved by the Republic of South Africa: National Minister of Finance, Public Investors Commission or with a bank rating of AA and endeavour to minimize risk exposure.

11 REPORTING AND MONITORING PROCEDURES

The Municipal Manager must within 10 days of the end of each month submit to the Mayor or Finance, Budget Control & Monitoring Committee a report describing in detail the investment and cash flow position of the municipality as at the end of the month.

The report must contain a statement, prepared in compliance with generally recognized accounting principles/generally accepted municipal accounting principles, that states the:

- beginning market value for the period
- additions and changes to the market value during the period
- ending market value for the period
- fully accrued interest/yield for the reporting period
- the credit risk rating for the institutions whose securities are held by the municipality as at beginning and end of the reporting period
- investments disposed of due to adverse changes in credit ratings
- diversification of investments
- any investments locked into a time period with an institution that has a rating that is not acceptable according to Fitch, Naspers or CA-ratings.



CASH AND INVESTMENT POLICY

12 PERMITTED INVESTMENTS

The Republic of South Africa: National Minister of Finance may identify by regulation in terms of Section 168 of the Municipal Finance Management Act instruments or investments other than those referred to below in which Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 (Act No. 5 of 1984);
- Listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
- Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
- Banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
- Municipal Bonds issued by a Municipality
- Guaranteed endowment policies with the intention of establishing a sinking fund; and
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

13 EXISTING INVESTMENTS

Current investments that were not permitted investments at the time of purchase do not have to be liquidated.

14 INVESTMENT DIVERSIFICATION

The Chief Financial Officer must ensure that available money is not invested with one institution. Investment will be restricted to institutions with a minimum credit rating of [AA].

The maximum term for any investment, may be 2 years, other than ceded investments.

15 PERFORMANCE EVALUATION



CASH AND INVESTMENT POLICY

The performance of the investment portfolio must be evaluated quarterly. The time weighted yield attributable to the investment portfolio must be calculated each quarter and compared with the prevailing returns available on securities issued by the National Government.

A report discussing the performance of the investment portfolio must be submitted to the Chief Financial Officer within 10 days of the end of each quarter.

16 USE OF INDEPENDENT INVESTMENT MANAGERS

Should the need arise to use an investment manager at any time; one will be appointed using Supply Chain Management principles and practices.

17 CASH MANAGEMENT

The Chief Financial Officer, inter-alia, has to ensure financial viability and sustainability of the municipality. In order to achieve this in a sustainable manner, the Chief Financial Officer must ensure that internal financial systems and controls are in place that will enable the Municipality to detect the mismanagement of funds.

18 UNALLOCATED RECEIPTS

All unclaimed and unidentified deposits older than three (3) years shall be publicized in a local newspaper on an annual basis and if unclaimed within the specified time frame, such monies will be transferred to sundry income.

19 PAYMENT OF CREDITORS

Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per month. Should the facility be available, payments should be done by electronic transfer (subject to strict controls).

When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered.

- In cases where a cash discount is given for early settlement, the discount, if the relevant time scale is taken into account, must in most cases be more than any investment benefit that could be received from temporarily investing the funds.
- If discounts are offered for early settlement they must be properly considered and utilized.



CASH AND INVESTMENT POLICY

Besides this, the normal conditions of credit terms of payment offered by suppliers, must also be considered and utilized to the full by paying on the due date and not earlier, provided that no worthwhile discount is available or offered.

20 BANK AND CASH IN TERMS OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT Act NO.56 of 2003, Chapter 3, Part 1.

- All names of bank accounts must be changed to the name of the newly created municipality,
- New bank accounts must be opened if required,
- All cheques received from the disestablished municipalities must be banked,
- All bank accounts currently held and transferred to the municipality must be accounted for in the new accounting system,
- The official responsible must ensure that the name change on the accounts has been effected,
- All bank and cash must be made in terms of the Cash Management Policy,
- Every municipality must open and maintain at least one bank account in the name of the municipality and
- All money received by a municipality must be paid into its bank account in the name of the municipality as per the abovementioned legislative framework.

21 MANAGEMENT OF STOCK

Cash management must be improved by seeing that adequate stock control is exerted over all goods kept in stock.

22 SHORT- AND LONG-TERM DEBT

A municipality may only incur debt in terms of the Municipal Finance Management Act No. 56 of 2003. The municipality may incur two types of debt, namely short-term and long-term debt.

22.1. SHORT-TERM DEBT

A municipality may incur short-term debt only when necessary to bridge:

- Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year or



CASH AND INVESTMENT POLICY

- Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

A municipality:

- Must pay off short-term debt within a financial year and
- May not renew or refinance its short-term debt.

22.2. LONG-TERM DEBT

A municipality may incur long-term debt for purposes of financing its long-term strategic objectives, as outlined in the Constitution of the Republic of South Africa, Act No. 108 of 1996, and Chapter 7 on Local Government.

- *To provide democratic and accountable government for local communities,*
- *To ensure the provision of services to communities in a sustainable manner,*
- *To promote social and economic development,*
- *To promote a safe and healthy environment and*
- *To encourage the involvement of communities and community organizations in the matters of local government.*

23. CONCLUSION

The Municipal Manager in particular and the Chief Financial Officer must ensure that the implementation of this policy is done according to the prescripts. Any deviations due to unforeseen circumstances must be brought to the attention of the Municipal Council in a written form and recommended remedial solutions thereof.



CASH AND INVESTMENT POLICY

Records of Approval

Meeting	Date	Resolution
Manco		
EXCO		
Revision 1, 2013		
BTS Task Team		
Manco		
Extended Manco		
LLF		
Corporate Services Portfolio		
EXCO		



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FIXED ASSET MANAGEMENT POLICY

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PART 1 DEFINITION OF A FIXED ASSET

A fixed asset is defined in GAMAP 17 as a tangible item of property, plant or equipment held by a municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A fixed asset is thus an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

To be recognised as a fixed asset, an asset must also meet the criteria referred to in parts 13, 14 and 15 below.

Assets held under leases

Finance leases are leases, which in effect transfer all risks and rewards associated with the ownership of an asset from the lessor to the lessee. Assets held under finance leases are capitalized by the municipality and reflected as such in the FAR. It will be capitalized at its leased value at commencement of the lease, which will be the price stated in the lease agreement. The asset is then depreciated over its expected useful life.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due. Assets held under operating leases are not accounted for in the asset registers of the municipality.

PART 2 FUNCTIONAL RESPONSIBILITIES

The purpose of this section is to prescribe the responsibilities of the Municipality regarding assets as follows:

- 2.1. The Municipal Manager
- 2.2. The Treasury Section: Equity & Accounts.
- 2.3. The Budget Office
- 2.4. The Expenditure Section
- 2.5. The Supply Chain Management Section
- 2.6. Human Resources Section (HR)
- 2.7. Other Departments

2.1. The Municipal Manager

The Municipal Manager or his duly delegated representative is responsible to:

- a) Ensure implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).
- b) Verify assets in possession of the Council annually, during the course of the financial year.
- c) Keep a complete and balanced record of all assets in possession of the Council.
- d) Report in writing all asset losses, where applicable, to Council.
- e) Ensure that assets are valued and accounted for in accordance with GRAP.

2.2 The Treasury Section: Equity & Accounts.

The Treasury Section: Equity & Accounts:

- a) Shall ensure that complete records of asset items are kept, verified and balanced regularly,
- b) Shall ensure that all departments are doing annual asset verification. The results of this verification must be reported to the Municipal Manager or Council.
- c) The asset verification report shall –
 - i. Reflect a complete list of all assets found during the verification;

- ii. Reflect whether appropriate records have been maintained reflecting what articles should have been found during verification
 - iii. Reflect any discrepancies between the articles found during verification and the record referred to in paragraph (b);
 - iv. Be submitted to the departments for comment on variances reflected
- d) Shall ensure that the Asset Register is balanced annually with the general ledger and the financial statements.
- e) Shall ensure adequate bar codes and equipment to exercise the function relating to asset control are available at all times.
- f) Provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the Asset Register.
- g) Ensure that all audit queries are resolved in a timely manner.

2.3. The Budget Office:

The Budget Office:

- a) Shall ensure that a project is created for approved budgeted capital expenditure that clearly describes the item to be acquired. A clear description of the funding source is also required.
- b) Shall release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.
- c) Shall ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to Treasury Section: Equity & Accounts.
- d) Shall ensure that the relevant information relating to the calculation of depreciation is obtained from the departments and provided to the Treasury Section in the prescribed format.

2.4. The Expenditure Section

The Expenditure Section:

- a) Shall ensure that invoices authorized for payment are matched to the goods received note before processing such payment.

- b) Shall if any doubt exists as to whether the invoice is in accordance with policy, query the payment with the relevant department and shall not process a payment until the invoice meets the policy criteria

2.5. The Supply Chain Management Section

2.5.1 The Supply Chain Management Section:

- a) Shall ensure that the correct material group is allocated to asset acquisitions to enable the creation of the relevant work flow message.
- b) The bid committees must comply with and be constituted in accordance with the Supply Chain Management policy.

2.5.2 Expenditure Section: (Stores)

- a) Shall ensure that, before accepting an obsolete or damaged asset or asset inventory item, a completed asset form and condemnation form, counter signed by Treasury Section: Equity & Accounts, are presented.
- b) Shall ensure that a verifiable record is kept of all obsolete, damaged and unused asset or asset inventory items received from departments.
- c) Shall compile a list of the items to be auctioned in accordance with their guidelines and the prescriptions of the Treasury Section: Equity & Accounts.
- d) Shall compile and circulate a list of unused movable assets to enable other departments to obtain items that are of use to them.
- e) Shall ensure that Budget Office is notified of any auctioning or disposing of written-off asset or asset inventory items.

2.6. Human Resources Section

Human Resources Section:

- a) Shall ensure that no monies are paid out on terminations of service without receiving the relevant asset resignation form signed off by the relevant department.
- b) Shall ensure that every asset resignation form is counter signed by the Treasury Section: Equity & Accounts before processing the termination of service.

2.7. All other Departments

All Departments:

- a) Shall ensure that employees in their departments adhere to the approved Asset Management Policies and Procedures.
- b) Shall ensure that an employee with delegated authority has been nominated to implement and maintain physical control over assets in his/her department. Budget Office must be notified of who the responsible person is. Although authority has been delegated the responsibility to ensure adequate physical control over each asset remains with the Head of Department.
- c) Shall ensure that assets are properly maintained in accordance with their respective asset maintenance policy.
- d) Shall ensure that the assets and / or inventory items of the municipality are not used for private gain.
- e) Shall ensure that they budget for adequate funds for the purchase of bar coding equipment.
- f) Shall ensure that all their movable assets as reflected on the Asset Register and the Asset Inventory Register are bar coded.
- g) Shall ensure that The Budget Office is notified of any changes in the status of the assets under the departments. This must be done on the prescribed form and include the following:
 - Movements which relate to the writing-off of and transfer of assets (inter departmental transfers).
 - Changes in the estimated useful lives of assets for depreciation purposes.
 - The identification of impairment losses on assets by following the procedures as outlined in this policy document.
- h) Shall certify in writing that they have assessed and identified impairment losses on all assets at year end.
- i) Shall ensure that a complete asset verification of all inventory and asset items is done during the course of every financial year and that the results of the verification are reported to Budget Office.
- j) Shall ensure that all obsolete and broken inventory and asset items, accompanied by the relevant asset form and attached condemnation forms, are handed in to the inventory management section without delay.

- k) Shall be responsible for maintaining and managing their own Departmental Asset Inventory Records (DIR) for items that will not be recorded in the Asset Register or Asset Inventory Register. These inventory assets are acquired via the operational budget. The information to be recorded in the DIR must include the description, quantity and location of the items.
- l) Shall ensure that the correct cost element and description are being used before authorizing any requisitions.
- m) The detailed projects as created must be categorized and clearly identified as follows:

Immovable Assets:

- Infrastructure assets
- Roads
- Buildings
- Land
- Pedestrian Malls
- Airports
- Recreational Facilities
- Security Measures
- Asset under construction (Only an asset after completion)
- Town Development
- Investment Properties

Movable Assets:

- Office Equipment
- Furniture and Fittings
- Bins and Containers
- Emergency Equipment
- Motor Vehicles
- Aircraft
- Watercraft
- Plant and Equipment
- Vehicles
- Furniture
- Plant
- Small Plant

PART 3 FORMAT OF FIXED ASSET REGISTER

The fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements which may be prescribed.

The fixed asset register shall reflect the following information:

- a brief but meaningful description of each asset
- the date on which the asset was acquired or brought into use
- the location of the asset
- the department(s) or vote(s) within which the assets will be used
- the title deed number, in the case of fixed property
- the stand number, in the case of fixed property
- where applicable, the identification number, as determined in compliance with part 11 below
- the original cost, or the revalued amount determined in compliance with part 26 below, or the fair value if no costs are available
- the (last) revaluation date of the fixed assets subject to revaluation
- the revalued value of such fixed assets
- who did the (last) revaluation
- accumulated depreciation to date
- the depreciation charge for the current financial year
- the carrying value of the asset
- the method and rate of depreciation
- Accumulated impairment losses to date
- impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- the source of financing
- the current insurance arrangements

- whether the asset is required to perform basic municipal services
- whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements
- the date on which the asset is disposed of
- the disposal price
- the date on which the asset is retired from use, if not disposed of.

All heads of department under whose control any fixed asset falls shall promptly provide the chief financial officer in writing with any information required to compile the fixed asset register, and shall promptly advise the chief financial officer in writing of any material change which may occur in respect of such information.

A fixed asset shall be capitalised, that is, recorded in the fixed assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, whereafter it shall be appropriately capitalised as a fixed asset.

A fixed asset shall remain in the fixed assets register for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

PART 4 CLASSIFICATION OF FIXED ASSETS

In compliance with the requirements of the National Treasury, the chief financial officer shall ensure that all fixed assets are classified under the following headings in the fixed assets register, and heads of departments shall in writing provide the chief financial officer with such information or assistance as is required to compile a proper classification:

PROPERTY, PLANT AND EQUIPMENT

- land (not held as investment assets)

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- infrastructure assets (assets which are part of a network of similar assets)
- community assets (resources contributing to the general well-being of the community)
- heritage assets (culturally significant resources)
- other assets (ordinary operational resources)

INVENTORY

- housing (rental stock or housing stock not held for capital gain)

INVESTMENT PROPERTY

- investment assets (resources held for capital or operational gain)

The chief financial officer shall adhere to the classifications indicated in the annexure on fixed asset lives (see part 33 below), and in the case of a fixed asset not appearing in the annexure shall use the classification applicable to the asset most closely comparable to the asset in question.

PART 5 INVESTMENT PROPERTY

Investment assets shall be accounted for in terms of IAS 40 and shall not be classified as property, plant and equipment for purposes of preparing the municipality's statement of position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuer shall be engaged by the municipality to undertake such valuations unless available in-house.

If the council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – whereafter it shall be reclassified as an investment asset.

PART 6 FIXED ASSETS TREATED AS INVENTORY

Any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the municipality's statement of position.

Such inventories shall, however, be recorded in the fixed assets register in the same manner as other fixed assets, but a separate section of the fixed assets register shall be maintained for this purpose.

PART 7 RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER

If no original costs or fair values are available in the case of one or more or all heritage assets, the chief financial officer may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the fixed asset register without an indication of the costs or fair value concerned.

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

PART 8 RECOGNITION OF DONATED ASSETS

Where a fixed asset is donated to the municipality, or a fixed asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the fixed asset register at its fair value, as determined by the chief financial officer.

PART 9 SAFEKEEPING OF ASSETS

Every head of department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.

In exercising this responsibility, every head of department shall adhere to any written directives issued by the municipal manager to the department in question, or generally to all departments, in regard to the control of or safekeeping of the municipality's fixed assets.

PART 10 IDENTIFICATION OF FIXED ASSETS

The municipal manager shall ensure that the municipality maintains a fixed asset identification system which shall be operated in conjunction with its computerised fixed asset register.

The identification system shall be determined by the municipal manager, acting in consultation with the chief financial officer and other heads of departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor-General as indicated in the municipality's audit report(s), and shall be decided upon within the context of the municipality's budgetary and human resources.

Every head of department shall ensure that the asset identification system approved for the municipality is scrupulously applied in respect of all fixed assets controlled or used by the department in question.

PART 11 PROCEDURE IN CASE OF LOSS, THEFT, DESTRUCTION, OR IMPAIRMENT OF FIXED ASSETS

Every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service.

PART 12 CAPITALISATION CRITERIA: MATERIAL VALUE

No item with an initial cost or fair value of less than R5 000 (five thousand rand) – or such other amount as the council of the municipality may from time to time determine on the recommendation of the municipal manager – shall be recognised as a fixed asset. If the item has a cost or fair value lower than this capitalisation benchmark, it shall be treated as an ordinary operating expense.

Every head of department shall, however, ensure that any item with a value in excess of R250 (two hundred and fifty rand), and with an estimated useful life of more than one year, shall be recorded on a stocksheet. Every head of department shall moreover ensure that the existence of items recorded on such stocksheets is verified from time to time, and at least once in every financial year, and any amendments which are made to such stocksheets pursuant to such stock verifications shall be retained for audit purposes.

PART 13 CAPITALISATION CRITERIA: INTANGIBLE ITEMS

No intangible item shall be recognised as a fixed asset, except that the chief financial officer, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the council that specific development costs be recognised as fixed assets.

PART 14 CAPITALISATION CRITERIA: REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, installation, assembly and communication costs.

The following matrix will assist in distinguishing capital expenditure from maintenance expenditure: -

Capital Expenditure	Maintenance
<ul style="list-style-type: none"> ▪ Acquiring a new asset ▪ Replacing an existing asset ▪ Enhancing an existing asset so that its use is expanded ▪ Further developing an existing asset so that its original useful life is extended 	<ul style="list-style-type: none"> ▪ Restoring an asset so that it can continue to be used for its intended purpose ▪ Maintaining an asset so that it can be used for the period for which it was initially intended.

PART 15 MAINTENANCE PLANS

Every head of department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the council of the municipality for approval.

If so directed by the municipal manager, the maintenance plan shall be submitted to the council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The head of department controlling or using the infrastructure asset in question, shall annually report to the council, not later than in July, of the extent to which the relevant maintenance plan has been complied with, and of the likely effect which any non-compliance may have on the useful operating life of the asset concerned.

PART 16 DEFERRED MAINTENANCE

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset (see part 16 above), the chief

financial officer shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements. Such note shall also indicate any plans which the council of the municipality has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the chief financial officer shall redetermine the useful operating life of the fixed asset in question, if necessary in consultation with the head of department controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

PART 17 GENERAL MAINTENANCE OF FIXED ASSETS

Every head of department shall be directly responsible for ensuring that all assets (other than infrastructure assets which are dealt with in part 16 and part 17 above) are properly maintained and in a manner which will ensure that such assets attain their useful operating lives.

PART 18 DEPRECIATION OF FIXED ASSETS

All fixed assets, except land and heritage assets, shall be depreciated – or amortised in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed.

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.

Each head of department, acting in consultation with the chief financial officer, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

PART 19 RATE OF DEPRECIATION

The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In determining such a useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this document (see part 33 below).

In the case of a fixed asset which is not listed in this annexure, the chief financial officer shall determine a useful operating life, if necessary in consultation with the head of department who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

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PART 20 METHOD OF DEPRECIATION

Except in those cases, specifically identified in part 23 below, the chief financial officer shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

PART 21 AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS

Only the chief financial officer may amend the useful operating life assigned to any fixed asset, and when any material amendment occurs the chief financial officer shall inform the council of the municipality of such amendment.

The chief financial officer shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register.

In all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full depreciation expenses concerned.

PART 22 ALTERNATIVE METHODS OF DEPRECIATION IN SPECIFIC INSTANCES

The chief financial officer may employ the sum-of-units method of depreciation in the case of fixed assets which are physically wasted in providing economic benefits or delivering services.

The chief financial officer shall only employ this method of depreciation if the head of department controlling or using the fixed asset in question gives a written undertaking to the municipal manager to provide:

- estimates of statistical information required by the chief financial officer to prepare estimates of depreciation expenses for each financial year; and
- actual statistical information, for each financial year.

The head of department concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the chief financial officer.

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Where the chief financial officer decides to employ the sum-of-units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the chief financial officer shall inform the council of the municipality of the decision in question.

PART 23 CREATION OF NON-DISTRIBUTABLE RESERVES FOR FUTURE DEPRECIATION

The chief financial officer shall ensure that in respect of all fixed assets financed from internal loans and advances, from grants or subsidies or contributions received from other spheres of government or from the public at large, as well as in respect of fixed assets donated to the municipality, a non-distributable reserve for future depreciation is created equal in value to the capitalised value of each fixed asset in question.

The chief financial officer shall thereafter ensure that in the case of depreciable fixed assets an amount equal to the monthly depreciation expenses of the fixed asset concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. Where there is a difference between the budgeted monthly depreciation expenses and the actual total depreciation expenses for each financial year, the chief financial officer shall appropriately adjust the aggregate transfer from the non-distributable reserve for the year concerned.

PART 24 CARRYING VALUES OF FIXED ASSETS

All fixed assets shall be carried in the fixed asset register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation.

The only exceptions to this rule shall be revalued assets (see part 26 below) and heritage assets in respect of which no value is recorded in the fixed asset register (see part 8 above).

PART 25 REVALUATION OF FIXED ASSETS (LAND AND BUILDINGS ONLY)

Subsequent to initial recognition as an asset, an item of **land and buildings** may be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations shall be made with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair value at the balance sheet date.

The fair value of land and buildings will be based on their market value indicated in the valuation roll. This value will normally be determined by a professional valuer.

The revaluation of land and buildings cannot be limited to specific sets of land or buildings but shall include the entire class of property to which such an asset belongs.

Any increase as a result of a revaluation in the carrying amount will be credited to the NDR under the heading "Revaluation Surplus", however a revaluation increase shall be recognised as revenue to the extent that it reverses a revaluation decrease previously recognised as an expense. Depreciation on the re-valued amount will be charged to the income statement and a transfer will be made from the NDR to offset this depreciation in the statement of changes in equity.

Where a decrease arises such a decrease should be recognised as an expense but may be charged directly against any revaluation surplus to the extent of the balance of such a revaluation surplus.

PART 26 IMPAIRMENT LOSSES

The accounting treatment relating to impairment losses is outlined as follows in **GAMAP 17**:

The carrying amount (Book value) of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount.

Recoverable amount is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal. When such a decline has occurred, the carrying amount should be reduced to the recoverable amount. The amount of the reduction should be recognised as an expense immediately, unless it reverses a previous revaluation in which case it should be charged to a non-distributable reserve in accordance with GAMAP 17.

The recoverable amount of individual assets, or groups of identical assets, is determined separately and the carrying amount reduced to recoverable amount on an individual asset, or group of identical assets, basis. However, there may be circumstances when it may not be possible to assess the recoverable amount of an asset on this basis, for example when all of the plant and equipment in a sewerage purification work is used for the same purpose. In such circumstances, the carrying amount of each of the related assets is reduced in proportion to the overall decline in recoverable amount of the smallest grouping of assets for which it is possible to make an assessment of recoverable amount.

The following may be indicators that an item of PPE has become impaired:

- The asset has been damaged.
- The asset has become technologically obsolete.
- The asset remains idle for a considerable period either prior to it being put into use or during its useful life.
- Land is purchased at market value and is to be utilized for subsidized housing developments, where the subsidy is less than the purchase price.

Example:

An example of where the municipality has suffered an impairment loss is the purchase of land for an amount of R 5 000 000. The land will be utilized for new subsidized housing developments. If at year end the expectation is that the Municipality will receive only R 1000 000 by way of subsidies an impairment loss of

R 4 000 000 needs to be recognized. The recoverable amount (R 1 m) is calculated as being the larger of

- **Net Selling price** of the land which is the amount obtainable from the sale of the market in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.
- **Value in use** of the land which is the present value of the estimated future net cash inflows expected from the continuing use of the asset and from its disposal at the end of its useful life.

The following steps will have to be performed regularly during the year to account for impairment losses:

- Departments will identify and inform Treasury Section: Equity & Accounts of assets that:
 - Are in a state of damage at year end.
 - Are technologically obsolete at year end. This can be facilitated if departments require Treasury Section: Equity & Accounts to supply them with a Fixed Asset Register printout pertaining to major assets showing the remaining useful lives of assets. The departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout.
 - Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life.
 - Are subject to impairment losses because the subsidies to be received in exchange for assets are less than the carrying amounts. An example of this is Land that is purchased at market value and is to be utilized for subsidized housing developments.
- The recoverable amounts of these assets need to be calculated by calculating the Net selling Price per asset as defined above.
- The impairment loss per asset needs to be calculated as the difference between the Net selling price and the book value of the asset.
- The impairment loss needs to be accounted for by identifying the relevant funding source.

DISCLOSURE REQUIREMENTS RELATING TO IMPAIRMENT LOSSES:

All material impairment losses need to be disclosed in the notes to the income statement as a separately disclosable item. They are normally disclosed as part of the note on the amounts that are included in the calculation of the Net Surplus or Deficit for the year.

PART 27 VERIFICATION OF FIXED ASSETS

Every head of department shall at least once during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned.

Every head of department shall promptly and fully report in writing to the chief financial officer in the format determined by the chief financial officer, all relevant results of such fixed asset verification, provided that each such asset verification shall be undertaken and completed as closely as possible to the

end of each financial year, and that the resultant report shall be submitted to the chief financial officer not later than 30 June of the year in question.

PART 28 ALIENATION OF FIXED ASSETS

In compliance with the principles and prescriptions of the Municipal Finance Management Act, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

Every head of department shall report in writing to the chief financial officer on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such head of department wishes to alienate by public auction or public tender. The chief financial officer shall thereafter consolidate the requests received from the various departments, and shall promptly report such consolidated information to the council or the municipal manager of the municipality, as the case may be, recommending the process of alienation to be adopted.

The council shall delegate to the municipal manager the authority to approve the alienation of any fixed asset with a carrying value less than R5 000 (five thousand rand).

The council shall ensure that the alienation of any fixed asset with a carrying value equal to or in excess of R5 000 (five thousand rand) takes place in compliance with Section 14 of the Municipal Finance Management Act, 2004 (see part 34 below).

Once the fixed assets are alienated, the chief financial officer shall delete the relevant records from the fixed asset register.

If the proceeds of the alienation are less than the carrying value recorded in the fixed asset register, such difference shall be recognised as a loss in the

income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the municipality's capital replacement reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

PART 29 OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset even though fully depreciated shall be written off only on the recommendation of the head of department controlling or using the asset concerned, and with the approval of the council of the municipality.

Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reason for such recommendation. The chief financial officer shall consolidate all such reports, and shall promptly submit a recommendation to the council of the municipality on the fixed assets to be written off.

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The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the chief financial officer shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned (see also part 22).

PART 30 REPLACEMENT NORMS

The municipal manager, in consultation with the chief financial officer and other heads of departments, shall formulate norms and standards for the replacement of all normal operational fixed assets. Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the council of the municipality for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of fixed assets which are required for service delivery but which have become uneconomical to maintain.

PART 31 INSURANCE OF FIXED ASSETS

The municipal manager shall ensure that all movable fixed assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.

If the municipality operates a self-insurance reserve (assuming such reserve to be allowed), the chief financial officer shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the heads of departments concerned.

The municipal manager shall recommend to the council of the municipality, after consulting with the chief financial officer, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the municipality.

The chief financial officer shall annually submit a report to the council of the municipality on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

PART 32 BIOLOGICAL ASSETS

Accounting for biological assets shall take place in accordance with the requirements of IAS 41.

The chief financial officer, in consultation with the head(s) of department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sales costs. Such valuation shall be undertaken by a recognised valuer in the line of the biological assets concerned. Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the department or vote concerned as an operating revenue.

If any biological asset is lost, stolen or destroyed, the matter – if material – shall be reported in writing by the head of department concerned in exactly the same manner as though the asset were an ordinary fixed asset.

Records of the details of biological assets shall be kept in a separate section of the fixed assets register or in a separate accounting record altogether, and such details shall reflect the information which the chief financial officer, in consultation with the head of department concerned and the internal auditor, deems necessary for accounting and control purposes.

The chief financial officer shall annually insure the municipality's biological assets, in consultation with the head(s) of department concerned, provided the council of the municipality considers such insurance desirable and affordable.

PART 33 ANNEXURE: FIXED ASSET LIVES

INFRASTRUCTURE ASSETS

The following is the list of infrastructure assets, with the estimated useful life in years indicated in brackets in each case.

* Electricity	
Power stations	(30)
Cooling towers	(30)
Transformer kiosks	(30)
Meters	(20)
Load control equipment	(20)
Switchgear	(20)
Supply and reticulation networks	(20)
Mains	(20)
* Roads	
Motorways	(15)
Other roads	(10)
Traffic islands	(10)
Traffic lights	(20)
Street lights	(25)
Overhead bridges	(30)
Stormwater drains	(20)
Bridges, subways and culverts	(30)
Car parks	(20)

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	Bus terminals	(20)
*	Water	
	Mains	(20)
	Supply and reticulation networks	(20)
	Reservoirs and storage tanks	(20)
	Meters	(15)
	Rights (that is, the right to draw water from a particular source belonging to another party)	(20)
*	Gas	
	Supply and reticulation networks	(20)
	Storage tanks	(20)
	Mains	(20)
	Meters	(20)
*	Sewerage	
	Sewer mains	(20)
	Outfall sewers	(20)
	Sewage purification works	(20)
	Sewerage pumps	(15)
	Sludge machines	(15)
*	Pedestrian malls	
	Footways	(20)
	Kerbing	(20)
	Paving	(20)
*	Airports	
	Runways	(20)
	Aprons	(20)
	Taxiways	(20)

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Airport and radio beacons	(20)
* Security measures	
Access control systems	(5)
Security systems	(5)
Security fencing	(3)

COMMUNITY ASSETS

The following is a list of community assets, showing again the assigned or estimated useful lives in years in brackets:

* Buildings and other assets	
Ambulance stations	(30)
Aquariums	(30)
Beach developments	(30)
Care centres	(30)
Cemeteries	(30)#
Civic theatres	(30)
Clinics and hospitals	(30)
Community centres	(30)
Fire stations	(30)
Game reserves and rest camps	(30)
Indoor sports	(30)
Libraries	(30)
Museums and art galleries	(30)
Parks	(30)
Public conveniences and bath houses	(30)
Recreation centres	(30)
Sports and related stadiums	(30)
Zoos	(30)

* Recreation facilities

Bowling greens	(20)
Tennis courts	(20)
Swimming pools	(20)
Golf courses	(20)
Jukskei pitches	(20)
Outdoor sports facilities	(20)
Organs (that is, pipe organs that are fixtures in a municipal hall or other centre)	(20)
Lakes and dams	(20)
Fountains	(20)
Flood lighting	(20)

Sum-of-units method of depreciation may be preferred.

HERITAGE ASSETS

The following is a list of at least some typical heritage assets encountered in the municipal environment (no asset lives are given, of course, as no ordinary depreciation will be charged against such assets):

- Museum exhibits
- Works of art (which will include paintings and sculptures)
- Public statues
- Historical buildings or other historical structures (such as war memorials)
- Historical sites (for example, an Iron Age kiln, historical battle site or site of a historical settlement)

INVESTMENT ASSETS

It is not possible to provide an exhaustive list of investment assets, as the actual list will depend very much on the local circumstances of each

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municipality. However, the following will be among the most frequently encountered:

- Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties) (30)
- Shopping centres (again developed along similar lines) (30)
- Housing developments (that is, developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit) (30)

OTHER ASSETS

The following is a list of other assets, again showing the estimated useful life in years in brackets:

Buildings	
Abattoirs	(30)
Asphalt plant	(30)
Cable stations	(30)
Caravan parks	(30)
Compacting stations	(30)
Hostels used to accommodate the public or tourists	(30)
Hostels for municipal employees	(30)
Housing schemes	(30)
Kilns	(30)
Laboratories	(30)
Fresh produce and other markets	(30)

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	Nurseries	(30)
	Office buildings	(30)
	Old age homes	(30)
	Quarries	(30) #
	Tip sites	(30) #
	Training centres	(30)
	Transport facilities	(30)
	Workshops and depots	(30)
*	Office equipment	
	Computer hardware	(5)
	Computer software	(3-5)
	Office machines	(3-5)
	Air conditioners	(5-7)
*	Furniture and fittings	
	Chairs	(7-10)
	Tables and desks	(7-10)
	Cabinets and cupboards	(7-10)
*	Bins and containers	
	Household refuse bins	(5)
	Bulk refuse containers	(10)
*	Emergency equipment	
	Fire hoses	(5)
	Other fire-fighting equipment	(15)
	Emergency lights	(5)
*	Motor vehicles	
	Ambulances	(5-10)
	Fire engines	(20)

Buses	(15)
Trucks and light delivery vehicles	(5-7)
Ordinary motor vehicles	(5-7)
Motor cycles	(3)
Plant and equipment	
Graders	(10-15)
Tractors	(10-15)
Mechanical horses	(10-15)
Farm equipment	(5)
Lawn mowers	(2)
Compressors	(5)
Laboratory equipment	(5)
Radio equipment	(5)
Firearms	(5)
Telecommunication equipment	(5)
Cable cars	(15)
Irrigation systems	(15)
Cremators	(15)
Lathes	(15)
Filling equipment	(15)
Conveyors	(15)
Feeders	(15)
Tippers	(15)
Pulverising mills	(15)
* Other	
Aircraft	(15)
Watercraft	(15)

Sum-of-units may be preferred.

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**PART 34 ANNEXURE: PARAPHRASE OF SECTION 14 OF THE
MUNICIPAL FINANCE MANAGEMENT ACT 2003**

A municipality may not alienate any capital asset required to provide a minimum level of basic municipal services.

A municipality may alienate any other capital asset, but provided

- the council, in a meeting open to the public, has first determined that the asset is not required to provide a minimum level of basic municipal services, and
- the council has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

SUPPLY CHAIN MANAGEMENT POLICY

UGU DISTRICT MUNICIPALITY



LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: 23 October 2009

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of Ugu District Municipality.

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Definitions

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

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;



"final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"in the service of the state" means to be –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

"long term contract" means a contract with a duration period exceeding one year;

"list of accredited prospective providers" means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy;

"other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

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

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“municipality” means the Ugu District Municipality.



CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –

- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective;
- (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality –

- (a) procures goods or services;
- (b) disposes of goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and



- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Amendment of the supply chain management policy

3. (1) The municipal manager must –
- (a) at least annually review the implementation of this Policy; and
 - (b) when the municipal manager considers it necessary, submit proposals for the amendment of this Policy to the council.

(2) If the municipal manager submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

- (a) ensure that such proposed amendments comply with the Regulations; and
- (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4. (1) The council hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager –
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximise administrative and operational efficiency in the implementation of this Policy;



- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of sub-paragraph (1).

(3) The municipal manager may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub-delegations

5. (1) The municipal manager may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with sub-paragraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

- (a) above R10 million (VAT included) may not be sub-delegated by the municipal manager;
- (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –



- (i) Chief Financial Officer;
 - (ii) General Manager: Water Services; or
 - (iii) General Manager: Corporate Services;
- (c) not exceeding R2 million (VAT included) may be sub-delegated but only to –
- (i) Chief Financial Officer;
 - (ii) Other General Managers; or
 - (iii) the bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the municipal manager a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
- (b) the name of the person to whom the award was made; and
- (c) the reason why the award was made to that person.

(4) Sub-paragraph (3) of this paragraph does not apply to procurements out of petty cash.

(5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.



(6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of council

6. (1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the municipal manager must –

(a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of Ugu District Municipality; and

(ii) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council.

(3) The municipal manager must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7. (1) A supply chain management unit is hereby established to implement this Policy.



(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.



CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;
 - (v) risk management; and
 - (vi) performance management.

Part 1: Demand management

System of demand management

10. (1) The municipal manager must establish and implement an appropriate demand management system in order to ensure that the resources required by Ugu District Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
 - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.



Part 2: Acquisition management

System of acquisition management

11. (1) The municipal manager must implement the system of acquisition management set out in this Part in order to ensure –

- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the municipal manager must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Range of procurement processes

12. (1) Goods and services may only be procured by way of –

- (a) petty cash purchases, up to a transaction value of R2,000 (VAT included);
- (b) written quotations for procurement transactions valued over R2,000 up to R29,999 (VAT included);
- (c) formal written price quotations for procurement transactions valued over R30,000 up to R200 000 (VAT included); and



- (d) a competitive bidding process for—
- (i) procurement above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.

(2) The municipal manager may, in writing—

- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or

- (b) direct that —

- (i) written or verbal quotations be obtained for any specific procurement transaction value lower than R2,000;
- (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30,000; or
- (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.



General preconditions for consideration of written quotations or bids

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished –
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and VAT registration number, if any;
- (b) has submitted a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. (1) The municipal manager must –

- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) specify the listing criteria for accredited prospective providers; and



- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. The conditions for procurement of goods by means of petty cash referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) The Chief Financial Officer may, in writing, delegate the responsibility to monitor Petty Cash purchases to the Accountant: Revenue/Income Officer.
- (b) Goods and services may only be procured by way of petty cash, up to a transaction value of R2,000 (VAT included).
- (c) A maximum of five petty cash purchases per month will be allowed for each department.
- (d) Total petty cash may not exceed R20,000.00 for each calendar month for the whole municipality.
- (e) Petty cash may only be used for the following types of expenditure: refreshments, catering, gifts, wheel puncture repairs, and other small items.
- (f) a monthly reconciliation report from the Accountant expenditure must be submitted to the Chief Financial Officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.



Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the municipal manager or another official designated by the municipal manager;
- (d) the municipal manager must record the names of the potential providers requested to provide such quotations with their quoted prices;
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider;
- (f) and /or to apply Risk Management Policy, Delegation of Powers Authority, SCM Policy, Delegation of Powers MFMA, Petty Cash as well as Budgeting Policy.

Formal written quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) quotations above R2,000.00 must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;



- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer,
- (d) the municipal manager must record the names of the potential providers and their written quotations, and

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be scored on price and targeted goals points designed in terms of the Preferential Procurement Points Framework Act (PPPFA) and its regulations and Broad Base Black Economic Empowerment 2003 and be advertised for at least seven days on the website and an official notice board of Ugu District Municipality;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the municipal manager or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

- (f) acceptable offers, which are subject to the preference points system (Preferential Procurement Points Framework Act (PPPFA) and its regulations PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- (g) for proper record keeping and audit purposes, the following documentation must be kept by Finance and department procuring goods or services;
 - (i) the authorised purchase requisition produced by the department requiring goods and services.
 - (ii) formal written price quotations
 - (iii) the order authorised by the Chief Financial Officer.
 - (iv) formal signed delivery note submitted by the successful supplier.
 - (v) formal invoice or certificate of work performed submitted by the successful supplier.
 - (vi) goods received voucher, as prepared by expenditure: creditors section.
 - (vii) the cheque voucher prepared by the Accountant: Expenditure and authorised by the Chief Financial Officer.
 - (viii) the authorised payment cheque.
 - (ix) Any minutes of a bid resolution by the Bid Adjudication or Awarding Committee.
 - (x) Proof of authorised direct payment (cash focus) processed for each transaction

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of



lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
 - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria with which bid documentation for a competitive bidding process must –

- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;



- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements —
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from Ugu District Municipality is expected to be transferred out of the Republic; and
- (e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website



of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

- (b) The information contained in a public advertisement, must include –
- (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by Ugu District Municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
 - (iv) statement stating that no late bid proposal will be accepted.

(2) The municipal manager may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
- (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and



- (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The municipal manager must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

- 24.** (1) The municipal manager may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

- 25.** (1) A two-stage bidding process is allowed for –
- (a) large, complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.



(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee;

(2) The municipal manager appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the municipal manager, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –

- (a) paragraph 27, 28 and 29 of this Policy; and
- (b) any other applicable legislation.

(5) The municipal manager may apply the committee system to formal written price quotations.

Bid specification committees

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.



(2) Specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
- (g) must be approved by the municipal manager prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of:

- (a) two officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will chair and the other from Technical Services.
- (b) an official to be co-opted from the end user department preferably a manager and a knowledgeable official responsible for the function involved;



- (c) co-opted external specialised expert.
- (d) must be appointed in writing for a period of 12 months which is in line with the financial year end of the municipality, subject to the annual renewal of this policy;
- (e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28. (1) A bid evaluation committee must –

- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of -



- (a) two officials of the municipality who must serve as standing members; one from the Supply Chain Management Unit who will Chair and the other from Technical Services.
- (b) an official to be co-opted from end user department preferably a manager and a knowledgeable official responsible for the function involved ;
- (c) co- opted external specialised expert;
- (d) must be appointed for a period of 12 months which is in line with the financial year end of the municipality, subject to the annual reviewal of this policy
- (e) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.

Bid adjudication committees

29. (1) A bid adjudication committee must –

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the municipal manager to make the final award; or
 - (ii) make another recommendation to the municipal manager how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –



- (a) Chief financial Officer
- (b) Manager: Corporate Services
- (c) Executive Manager: Technical Services
- (d) Manager: Human Resources /or any senior manager
- (e) co-opted external specialised expert.
- (f) the quorum must be equal to 50% of the number of permanent (as opposed to co-opted) committee members, plus one member.

(3) The municipal manager must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
- (ii) notify the municipal manager.

(b) The municipal manager may –

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The municipal manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(7) The municipal manager must comply with section 114 of the Act within 10 working days

Procurement of banking services

30. (1) A contract for banking services –

- (a) must be procured through competitive bids;
- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).



Procurement of IT related goods or services

31. (1) The municipal manager may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The municipal manager may procure goods or services under a contract secured by another organ of state, but only if –

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –



- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34. Ugu District Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

Appointment of consultants

35. (1) The municipal manager may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.



- (2) Consultancy services must be procured through competitive bids if
- (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.

(4) The municipal manager must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Deviation from, and ratification of minor breaches of, procurement processes

36. (1) The municipal manager may –

- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and/or nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.



(2) The municipal manager must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

Unsolicited bids

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The municipal manager may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
- (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- (c) the person who made the bid is the sole provider of the product or service; and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the municipal manager decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- (a) reasons as to why the bid should not be open to other competitors;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.



(4) The municipal manager must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

- (a) any comments submitted by the public; and
- (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the municipal manager must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing Ugu District Municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38. (1) The municipal manager must–

- (a) take all reasonable steps to prevent abuse of the supply chain management system;



- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;



- (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
- (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The municipal manager must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

39. The municipal manager must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;



- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal management

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

- (i) An obsolescence plan must be determined for each asset to ensure that when the asset can no longer be maintained or used for its original purpose, that there is a plan to replace it.
- (ii) A renewal plan must be determined for assets that have reached the end of its useful life.
- (iii) Asset disposal decisions must be made within an integrated, service and financial planning framework.

- (2) Assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.

(3) Ugu District Municipality must establish a disposal strategy to determine the best mechanism of disposal for each asset and the municipal manager must ensure that –

- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

41. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

- (a) risk management aspect must be allocated to the Chief Financial Officer, the SCM practitioners, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the Municipal Manager or the Council for the discharge of their



responsibilities.

(2) Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Prohibition on awards to persons whose tax matters are not in order

43. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the municipal manager must first check with SARS whether that person's tax matters are in order.



(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with Ugu District Municipality.

Awards to close family members of persons in the service of the state

45. The municipal manager must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2,000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

46. (1) A code of ethical standards as set out in the *"National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management"* is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote-

- (a) mutual trust and respect; and



- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to Ugu District Municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

(2) The municipal manager must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

- (3) Subparagraph (1) does not apply to gifts less than R350 in value.



Sponsorships

48. The municipal manager must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action –

- (a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the independent and impartial person referred to in paragraph 50 for resolution or
- (b) if such complaint or objection is against the award of a bid, lodge a written appeal with the Municipal Bid Appeals Tribunal in accordance with the provisions of paragraph 50A.

Resolution of objections and complaints against procurement process

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding -

- (a) the implementation of the procurement process in terms of the supply chain management system; or
- (b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.



(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

- (a) strive to resolve promptly all objections and complaints received; and
- (b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.

(4) If the independent and impartial person referred to in paragraph 50.1, is of the view that a matter which should be dealt with in terms of paragraph 50A, he or she shall forthwith refer the matter to the Municipal Bid Tribunals and that Tribunal shall then hear and determine the matter in accordance with the provisions of paragraph 50A.

(5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:

- (a) the objection or complaint is not resolved within 60 days; or
- (b) no response is forthcoming within 60 days.

(6) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

50A. Municipal Bid Appeals Tribunal

(1) The council shall establish a Municipal Bid Appeals Tribunal for its area of jurisdiction to hear and determine an appeal against the award of a bid.



(2) The accounting officer of the municipality, in consultation with the Provincial Treasury, shall appoint the Chairperson, Deputy Chairperson and Members of the Municipal Bid Appeals Tribunal.

(3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.

(4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph 50A.3.

(5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal.

Contracts providing for compensation based on turnover

51. If a service provider acts on behalf of Ugu District Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Ugu District Municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

CALCULATION OF THE PREFERENT POINT SYSTEM

52. The 80/20 or 90/10 Preference Point System

Preference point systems



- (a) The 80/20 preference point system is applicable to bids* with a Rand value equal to, or above R30 000 and up to a Rand value of R1 million (all applicable taxes included). Institutions may apply the 80/20 preference point system to price quotations with a value less than R30 000 if and when appropriate.
- (b) The 90/10 preference point system is applicable to bids with a Rand value above R1 million (all applicable taxes included).

Calculation of points for price

The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.

The formulae to be utilised in calculating points scored for price are as follows:

80/20 Preference point system [(for acquisition of services, works or goods up to a Rand value of R1million) (all applicable taxes included)]

$$P_s = 80(1 - \frac{P_t - P_{min}}{P_t})$$

Where

P_s = Points scored for comparative price of bid or offer under consideration

P_t = Comparative price of bid or offer under consideration

P_{min} = Comparative price of lowest acceptable bid or offer.

Preference point system [(for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)]

$$P_s = 90(1 - \frac{P_t - P_{min}}{P_t})$$

Where

P_s = Points scored for comparative price of bid or offer under consideration

P_t = Comparative price of bid or offer under consideration



P_{min} = Comparative price of lowest acceptable bid or offer.

Points scored must be rounded off to the nearest 2 decimal places.

Calculation of points for B-BBEE status level of contributor

Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.

Calculation of total points scored for price and B-BBEE status level of contribution

The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

EVALUATION OF BIDS THAT SCORED EQUAL POINTS

In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

CANCELLATION AND RE-INVITATION OF BIDS

- (a) In the application of the 80/20 preference point system, if **all** bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.
 - (b) In the application of the 90/10 preference point system, if **all** bids received are equal to or below R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.
 - (c) If a bid was cancelled in terms of paragraph (a) or (b), the correct preference point system must be stipulated in the bid documents of the re-invited bid.
- An AO may, prior to the award of a bid, cancel the bid if:
- (a) Due to changed circumstances, there is no longer a need for the services, works or goods requested. [AOs / AAs must ensure that only goods, services or works that are required to fulfill the needs of the institution are procured]; or
 - (b) Funds are no longer available to cover the total envisaged expenditure. [AO has to ensure that the budgetary provisions exist]; or
 - (c) No acceptable bids are received. [If all bids received are rejected, the institution must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].



AWARD OF CONTRACTS

- (a) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point systems.
- (b) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

Commencement

This Policy takes effect on [/ /]

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
Management Committee		
Extended Management Committee		
LLF		
Corporate Services Portfolio		
EXCO		



XX POLICY

BORROWING POLICY **UGU DISTRICT MUNICIPALITY**



XX POLICY

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XX POLICY

1. Purpose

The purpose of this policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds, in order to:

- 1.1. Manage interest rate and credit risk exposure;
- 1.2. Maintain debt within specified limits and ensure adequate provision for the repayment of debt;
- 1.3. ensure compliance with all Legislation and Council policy governing borrowing of funds.

2. Legislative Framework

All borrowings made by the Municipality shall be subject to the requirements of the Local Government: Municipal Finance Act, 2003 ("the MFMA") and the Municipal Regulations on Debt Disclosure ("the Disclosure Regulations") made there under and published under Government Notice R 492 in Government Gazette 29966 of 15 June 2007.

3. Definitions

Any word or expression used in this policy shall, unless the context clearly requires a different interpretation, bear the same meaning attached to it in the MFMA or the Disclosure Regulations, as the case may be; provided that if there is any conflict between a definition contained in the MFMA and a definition contained in the Disclosure Regulations, then the definition contained in the MFMA shall prevail.

4. Types of Debt

- 4.1. This policy applies to the debt incurred by the Municipality through the issue of municipal debt instruments or in any other way.
- 4.2. Without derogating from the generality of the preceding subparagraph, this policy will apply:
 - 4.2.1. To any debt, whether short -term or long term;



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- 4.2.2. To any debt incurred pursuant to any financing agreement, which includes any of the following agreements under which the Municipality undertakes to repay a long-term debt over a period of time:
- 4.2.2.1. Loan agreements;
 - 4.2.2.2. Leases;
 - 4.2.2.3. Instalment purchase contracts;
 - 4.2.2.4. Hire purchase arrangements;
- 4.2.3. To any debt created by the issuance of municipal debt instruments, including:
- 4.2.3.1. Any note;
 - 4.2.3.2. Bond; or
 - 4.2.3.3. Debenture; and
- 4.2.4. To any contingent liability such as that created by guaranteeing a monetary liability or obligation of another.

5. Principles Guiding Borrowing Practices

The following principle shall guide the borrowing practices of the Municipality, namely:

- 5.1. Risk Management: The need to manage interest rate risk, credit risk exposure and to maintain debt within specified limits is the foremost objective of the borrowing policy. To attain this objective, diversification is required to ensure that the Chief Financial Officer prudently manages interest rate and credit risk exposure;
- 5.2. Cost of Borrowings : The borrowings should be structured to obtain the lowest possible interest rate, on the most advantageous terms and conditions, taking cognisance of borrowing risk constraints, infrastructure needs and the borrowing limits determined by Legislation;
- 5.3. Prudence: Borrowings shall be made with care, skill, prudence and diligence. To this end, officials of the Municipality are required to:
- 5.3.1. adhere to this policy, and other procedures and guidelines;
 - 5.3.2. exercise due diligence;
 - 5.3.3. prepare all reports in a timely fashion;
 - 5.3.4. ensure strict compliance with all Legislation and Council policy.



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6. Factors to be taken into account when borrowing

- 6.1. The Municipality shall take into account the following factors when deciding whether to incur debt:
 - 6.1.1. the type and extent of benefits to be obtained from the borrowing;
 - 6.1.2. the length of time the benefits will be received;
 - 6.1.3. beneficiaries of the acquisition or development financed by the debt;
 - 6.1.4. the impact of interest and redemption payments on both current and forecast income;
 - 6.1.5. the current and future capacity of the Municipality's revenue base to pay for borrowings;
 - 6.1.6. other current and projected sources of funds;
 - 6.1.7. likely movements in interest rates for variable rate borrowings;
 - 6.1.8. competing demands for funds;
 - 6.1.9. timing of money market interest rate movements and the long term rates on the interest rate curve.
- 6.2. The Municipality will, in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.

7. Sources of Borrowings

- 7.1. Subject to any particular determination of the Council of the Municipality, the Municipality may enter into financing agreements with:
 - 7.1.1. Registered South African Banks;
 - 7.1.2. The Development Bank of Southern Africa;
 - 7.1.3. Vendors of goods acquired under instalment purchase contracts or hire purchase arrangements;
- 7.2. Unless the Council of the Municipality specifically determines otherwise, the Municipality shall not incur any debt by the issuance of any municipal debt instruments.

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8. Short-term Debt

8.1. The Municipality may incur short –term debt only in accordance with and in the circumstances contemplated in Section 45 of the MFMA.

8.2. In particular, the provisions of section 45 (1) of the MFMA must be noted, these requiring that the Municipality may incur short –term debt only when necessary to bridge:

8.2.1. Shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or

8.2.2. Capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.

8.3. Furthermore, as required by section 45 (4) of the MFMA, the Municipality must pay off short term debt within the financial year.

9. Overdraft Facility

9.1. Overdraft facilities are regulated by Section 45(3) of the MFMA.

10. Long Term Debt

10.1. The Municipality may incur long-term debt only in accordance with and in the circumstances contemplated in Section 46 of the MFMA.

10.2. Long-term debt may be incurred only for the purposes contemplated in Section 46(1) of the MFMA, namely:

10.2.1. Capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government, as set out in Section 152 of the Constitution; or

10.2.2. Re-financing existing long term debt, subject to section 46(5).



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11. Council approval

Sections 45(2) and 46(2) require that short-term debt and long-term debt respectively may be incurred only if:

- 11.1. A resolution of the Council, signed by the Mayor, has approved the debt agreement;
- 11.2. The accounting officer has signed the agreement or other document which creates or acknowledges the debt.

12. Refinancing

- 12.1. Short-term debt may not be renewed or refinanced where that would have the effect of extending the short-term debt into a new financial year.
- 12.2. The Municipality may borrow in order to refinance long-term debt subject to the conditions contained in Section 46(5) of the MFMA.

13. Early repayment of loans

- 13.1. No loans will be repaid before due date unless there is a financial benefit to the Municipality.
- 13.2. The Municipality shall therefore assess the nature and extent of any benefits of early repayment before it makes any such early repayment.
- 13.3. Cognisance must be taken of any early repayment penalty clauses in the initial loan agreement, as part of the assessment.

14. Debt Repayment Period

- 14.1. As far as is practical, cognisance must be taken of the useful lives of the underlying assets to be financed by the debt for purposes of determining the duration of the debt.



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- 14.2. Should it be established that it is cost effective to borrow the funds for a duration shorter than that of the life of the asset; the Municipality should endeavour to negotiate terms for the loan agreement on a shorter duration.

15. Provision for Redemption of Loans

- 15.1. The Municipality may set up sinking funds to facilitate loan repayments, especially when the repayment is to be met by a bullet payment on the maturity date of the loan.
- 15.2. Such sinking funds may be invested directly with the Lender's Bank.
- 15.3. The maturity date and accumulated value of such investment must coincide with the maturity date and amount of the intended loan that is to be repaid.

16. Non-Repayment or Non-Servicing of Loan

- 16.1. The Municipality must honour all its loan obligations.
- 16.2. Failure to effect prompt payment may jeopardise the Municipality's credit rating and adversely affect the ability of the Municipality to raise loans in the future loans at favourable interest rates.
- 16.3. In addition to ensuring the timely payment of the loans, the Municipality must adhere to the covenants stipulated in the loan agreements, including, in particular, the following where applicable:
- 16.3.1. furnishing audited annual financial statements;
 - 16.3.2. maintaining long-term credit rating;
 - 16.3.3. reporting of material changes in financial position of the Municipality.



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17. Borrowing for Investment Prohibited

The Municipality shall not under any circumstances borrow funds for the purposes of investing them.

18. Front-Loading Prohibited

~~The Municipality shall not under any circumstances borrow funds.~~ (shall only under the following specific conditions borrow funds) for the purposes of funding grant funded projects in advance and use future grants as security for the repayment of such advances: [

Approval from Grantor, inclusive of undertaking in writing that such approval will not, in any way, diminish the chances of the Municipality qualifying for such grant.

Resolution of Council approval

Conclusion of Agreement, to which Municipality, Grantor and relevant Treasury are Parties.

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19. Security

19.1. Section 48 of the MFMA provides that the Municipality may provide security for any of its debt obligations in any of the forms referred to in Section 48(2).

19.2. Such security shall be given only pursuant to a resolution of the Council, which resolution must comply with the provisions of Section 48(3), (4) and (5) of the MFMA.

20. Disclosure

20.1. Section 49 of the MFMA requires that any person involved in the borrowing of money by a municipality must, when interfacing with a prospective lender or when preparing documentation for consideration by a prospective investor Any Official involved in the securing of loans by the Municipality must, when interacting disclose all relevant information in that persons possession or within that person's knowledge that may be

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material to the decision of that lender or investor, and take reasonable care to ensure the accuracy of any information disclosed.

20.2. In addition the Disclosure Regulations establish detailed requirements for the disclosure of information to prospective lenders and investors. Regulations 2, 3, 4, 5. [], 15, 16 and 17 are of particular importance to the Municipality, given the nature of the borrowings which it intends to make.

21. Guarantees

The Municipality may issues guarantees only in accordance with the provisions of Section 50 of the MFMA.

22. Internal Control

The accounting officer shall ensure that mechanisms, procedures and systems are put in place to ensure that:

- 22.1. Duties are separated in order to prevent fraud, collusion and other misconduct;
- 22.2. loan agreements and contracts are kept in proper safe custody;
- 22.3. there is a clear delegation of duties relating to the borrowing process;
- 22.4. senior officials check and verify all transactions;
- 22.5. transactions and repayments are properly documented;
- 22.6. a Code of ethics and standards is established and adhered to;
- 22.7. procedures relating to the borrowing process are established.

23. National Treasury Reporting and Monitoring Requirements



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The Municipality shall promptly submit all returns and reports relating to borrowings as required by National Treasury, including reports on the Municipality's external interest paid each month, and the quarterly itemization of all of its external borrowings.

24. Other Reporting and Monitoring Requirements

24.1. The Municipality shall on a monthly basis perform the following control and reporting functions relevant to borrowings:

- 24.1.1. Reconciliation of bank accounts;
- 24.1.2. Payment requisition verification and authorization;
- 24.1.3. Completion of South African Reserve Bank returns;
- 24.1.4. Maintain schedule of payment dates and amounts;
- 24.1.5. Complete National Treasury Cash Flow returns;
- 24.1.6. Submission of particulars of borrowings as required by Section 71 of MFMA;
- 24.1.7. Perform analysis of ratios;
- 24.1.8. Scrutinise loan agreements to ensure compliance with loan covenants.

24.2. The Municipality shall on a quarterly basis perform the following control and reporting functions relevant to borrowings:

- 24.2.1. Submit National Treasury Borrowings return
- 24.2.2. Prepare debt schedules for reporting to the Executive Committee.

25. Related Policies

This policy must be read in conjunction with the following other policies of the Municipality:

- 25.1. Budget Process Policy;
- 25.2. Cash Management and Investment Policy;



XX POLICY**26. Municipal Manager to Implement Policy**

The Municipal Manager, as accounting officer of the Municipality, shall be responsible for implementing this policy, provided that he or she may delegate in writing any of his or her powers under this policy to any other official of the Municipality.

27. Commencement

This policy shall come into force on { }.



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28. Records of Approval

Meeting	Date	Resolution
Top Management		
EXCO		
Revision 1		
BTS Task Team		
Top Management		
Extended Top Management		
LLF		
Corporate Services Portfolio		
EXCO		



Ugu District Municipality

CUSTOMER SERVICE CHARTER

SERVICE STANDARDS

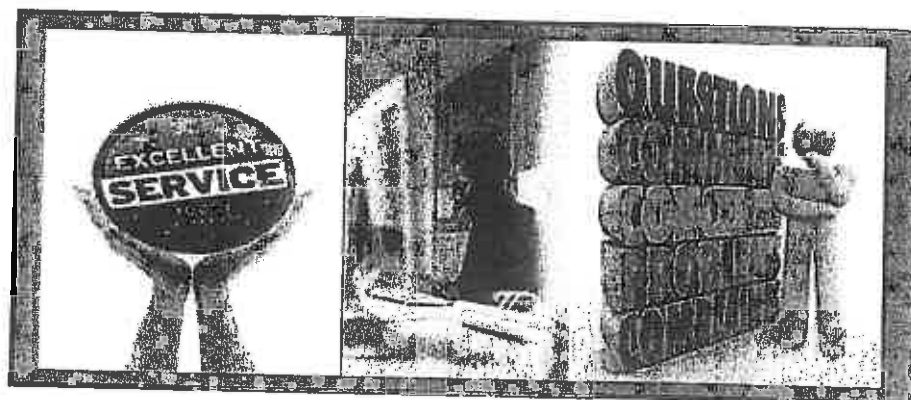


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1. INTRODUCTION

1.1 VISION

A place where everyone benefits equally from socio-economic opportunities and services.

1.2 MISSION

To provide quality drinking and access to sanitation. Create an enabling environment for social and economic development. Ensure community participation and coordinate public and private players.

1.3 SERVICE EXCELLENCE

All employees of Ugu work towards service excellence. We will, at all times, perform our duties to the best of our abilities. Our conduct will bear the mark of professionalism and serve as proof of our commitment to service excellence

1.4 COMMITMENT OF ROLEPLAYER

In pursuit of our vision; guided by Batho Pele Principles; we pledge to transform Ugu DM and deliver services to the communities by:

- Consulting customers and stakeholders every time;
- Publishing our service standards annually;
- Being open and transparent to our customers and stakeholders;
- Treating our customers courteously at all times;
- Providing accurate information to the public;
- Ensuring our customers have access to all our services;
- Redress where we acted below our promised standards;
- Providing best value formoney in compliance to our mission;
- Encouraginginnovation and rewarding excellence for improved service delivery;
- Providing leadership to implement the set strategic direction of the Municipality;
- Measuring our service deliveryimpactto give feedback to our customers and stakeholders.

2. VALUES AND PRINCIPLES

2.1 PLAN FOR THE FUTURE 2014 - 2019: STRATEGIC OUTCOMES

The Customer Service Charter is an integral part of the strategic outlook of the Ugu District Municipality. It ensures a continued focus upon effective and efficient delivery of services to all customers, both external and internal.

2.2 CUSTOMER CARE VALUES

The Ugu District Municipality works within a framework of five organisational values –

2.2.1 RESPECT

- Treat others with consideration, courtesy and honesty,
- Encourage and acknowledge effort and initiative,
- Believe in the ability of others,
- Recognise and acknowledge diversity and equal employment principles.

2.2.2 OPENNESS

- Share information and ideas,
- Listen and provide feedback in a positive manner,
- Only talk positively about others,
- Take responsibility for own actions.

2.2.3 TEAMWORK

- Work as a team and assist each other for the betterment of the Municipality, its residents and visitors,
- Provide a high level of customer service.

2.2.4 LEADERSHIP

- Involve employees and community in decision-making,
- Communicate plans and objectives,
- Encourage learning and personal development,
- Lead by example.

2.2.5 EXCELLENCE

- Strive to learn,
- Actively seek and evaluate new ways of doing things.

2.3 CUSTOMER FOCUS

Staff of the Ugu District Municipality are committed to:

- Respecting the diversity of our community,
- Being fair and accountable in our service delivery,
- Being transparent in our decision making,
- Working with our customers to understand and respond to their needs both now and in the future,
- Providing opportunities for community engagement,
- Striving for excellence in all that we do,
- Focusing our improvement efforts on better service for our customers.

3. UGU MUNICIPALITY SERVICE STANDARDS

We are committed in delivering Services by abiding to the following categories of Service Standards

- **Main Departmental Service standards**, which are based on the core services rendered by the municipality for your benefit
- **Operational Service standards**, based on our day to day activities which affect you on regular basis
- **Generic Customer Care Service standards**, which explain our general conduct towards you on specific soft issues

3.1 MAIN DEPARTMENTAL STANDARDS

MAIN DEPARTMENTAL SERVICES

SERVICE STANDARDS

OFFICE OF THE MUNICIPAL MANAGER	<ul style="list-style-type: none"> - The Municipality shall ensure functional Inter Governmental Structures within the District - The Municipality shall provide support to its Local Municipalities to ensure all Ward Committees are fully functional - The Municipality shall ensure that it is compliant with all legislation and regulations pertaining to its operations - - The municipality will develop and review a credible IDP each year, supported by a sound Performance Management System - The Municipality shall ensure that the Audit functions are carried out in a transparent and ethical manner - Water Services Authority shall ensure that transparent Tariff structure are published prior to adoption - There will be a reward system for all individuals and teams to recognise their excellence of service
COPORATE SERVICES: HUMAN RESOURCES	<ul style="list-style-type: none"> - All supervisors shall, through attendance registers, do inspection; ensure that working hours are kept as per the HR policy. - All employees shall be provided with name tags and offices shall have identifiable door-signs - Supervisors shall always be available for staff debriefing, supervision and appraisal. - There will be a reward system for all individuals and teams to recognise their excellence of service
TREASURY: REVENUE MANAGEMENT	<ul style="list-style-type: none"> - Customers shall receive 100% accurate billing statements. - Water disconnection of defaulting customers will be done after 3 reminders. - An SMS or letter of recognition shall be sent to customers who have not defaulted in their accounts payment. - The revenue collection rate shall not be less than 90%. - There will be a reward system for all individuals and teams to recognise their excellence of service.
LOCAL ECONOMIC DEVELOPMENT & ENVIRONMENTAL SERVICES	<ul style="list-style-type: none"> - There will be 100% compliance with air quality legislation. - The standard operation procedure will always be used to guide the implementation of policies. - Health and Environmental Services management will always keep an open door policy to encourage communication and also enhance progress and innovation. - There will be a reward system for all individuals and teams to recognise their excellence of service

WATER AND SANITATION SERVICES	<ul style="list-style-type: none"> - Interrupted water supply shall be restored within 48 hrs. - - There will be a reward system for all individuals and teams to recognise their excellence of service. - Ugu DM shall strive to improve and maintain the blue drop and green drop certification
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3.2 OPERATIONAL SERVICE STANDARDS

3.2.1 WATER AND SANITATION

OPERATIONAL SERVICE	SERVICE STANDARDS
<ul style="list-style-type: none"> • New connections 	<ul style="list-style-type: none"> • <u>90</u> working days (maximum) from date of payment
<ul style="list-style-type: none"> • Meter replacement (faulty meters) 	<ul style="list-style-type: none"> • 30 working days (maximum) from date of request
<ul style="list-style-type: none"> • Requested disconnections 	<ul style="list-style-type: none"> • Within 5 working days after official request
<ul style="list-style-type: none"> • Reconnections 	<ul style="list-style-type: none"> • Within 48 working hours from time of receipt of proof of payment
<ul style="list-style-type: none"> • Planned Interruption 	<ul style="list-style-type: none"> • 24hours' notice (minimum) Restoration within set time limits and alternative supply if longer than 4hrs
<ul style="list-style-type: none"> • Unplanned Interruption 	<ul style="list-style-type: none"> • Restoration within 24hours and alternative supply if longer than 4hours. • Designated delivery points will be identified with communities where affected citizens may collect relief water from the relief tank or truck
	<ul style="list-style-type: none"> • Public notices if longer than 24hrs
<ul style="list-style-type: none"> • Poor Water Quality 	<ul style="list-style-type: none"> • 24hours for reported incidents

• Smell	• As per Incident Management Protocol for lab results
	• Within 24hrs
• Burst pipe	• Will be attended to within 4hours and repaired within 24hoursof reporting/discovery
• Leaks	• Will be attended to within 24 hours
• Backfilling and road reinstatement	• Backfilling should be done within 3 working days after completion of repairs.
• Spillages/blockages	• Within 24hours of reporting/discovery
• Vacuum Tanker emptying requests	• Within 48hours of request
• Sewer collapse/pumping main failure	• According to standard schedule
	• Minimise nuisance within 24hours and restore pipeline within 5 days
• Production downtime	• Maximum 24hours
• Process downtime	• Maximum 5 working days

3.2.2 BILLING & METER READING

Services	Service Standards
• Request for a copy of an invoice	• Within 4 hours of request
• Querying an inaccurate invoice	• Feedback will be provided within 7 days
• Request reversal of penalties after fixing a leak and submission of plumber's report	• Account will be adjusted accordingly after 3 consecutive readings (3 months)
• Application for indigent support	• Will be finalized within 4 weeks after verification of

	documents received
• Meter Reading	• All meters will be read bi-monthly.
• Billing	• Customers to receive bills each month by post or e-mail.
• Creditors Management	• Pay creditors within 30 days of authorisation of invoice.
• Procure goods and services on behalf of the municipality	• At all times to be guided by Supply Chain Management Policies when procuring goods and services on behalf of the municipality.

3.2.3 ENVIRONMENTAL SERVICES

Services	Service Standards
• Food Poisoning:	• Investigation commences immediately (24hours a day)
• Food Related Complaint:	• Investigation commences within 1 working day
• Communicable disease notification	• Investigation commences within 24 hours *depending on the classification of the disease and manner of notification
• Environmental pollution (air, soil, water)	• Certificate will be issued within 1 day once 100% compliance has been determined by the authorities. complied
• Certification/Permitting • Atmospheric Emissions Licensing	• Acknowledgment within 7 days of receiving application. Processing and issuing within 90 days if fully compliant. Appeal will be responded to within 30 days

<ul style="list-style-type: none"> Complaints investigation on Health and Environmental Services 	<ul style="list-style-type: none"> Feedback within 48 hours
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3.3 GENERIC CUSTOMER CARE SERVICE STANDARDS

1. Language

All Frontline staff members are available and adequately trained to be able to handle queries in both English and IsiZulu as the main spoken languages.

1.1 Switchboard standards

- All calls will be answered within 5 rings
- All calls, regardless of caller will be answered in a consistent professional manner
- We ensure the appropriate resource contact is identified to resolve the issue
- We ensure that call goes through to the right contact or a suitable substitute
- If a message taken, it is delivered

1.2. Once the call is transferred;the following guidelines apply

- We will introduce ourselves properly and ensure that the caller will be able to contact us again if required.
- We will identify the callers name and requirements accurately and politely
- We will speak clearly avoiding jargon and abbreviations
- We will log/record details of the caller and the issue
- Summarises what the caller has said to check our understanding
- Ensure we have the caller's number in case we need to call back
- We will respond to the caller's need efficiently and effectively
- We will only transfer a call if we know we have the correct contact to avoid passing the caller around unnecessarily
- If the transfer is unsuccessful we will return to the caller and reassume responsibility
- If a query is transferred, we will make sure that the new contact person assumes responsibility for the query- until this is confirmed the transferor is responsible.
- We will notify callers of any delays in resolving their enquiries, with reasons
- We will observe confidentiality procedures and only give callers information in line with PAIA, PAJA, and POPI PAIA, regulations
- If the problem can't be resolved immediately, we will ensure that we follow it up until it is resolved
- We will give the customer a reference number or a responsible official's name and contact number so that they can follow-up and track progress on their query
- We will make sure the person is called back on resolution, or if there are any delays in resolving the matter
- We will check answering machines and voice mail regularly and return calls promptly.

1.3. Dealing with difficult customers

- We will treat difficult callers with the same respect one would use for any other caller
- We will attempt to determine the cause of their anger/frustration
- We will remain calm and courteous
- If the call degenerates into personal abuse-e.g. personal insults or offensive language- we will either indicate to the caller that we are unwilling to continue the conversation and terminate the call, reporting the incident to the supervisor, or transfer the call to a supervisor.

1.3.1. Telephonic enquiries

- We put ourselves in the caller's shoes and try to see things from his or her point of view.
- We will apologise on behalf of the Municipality for any mistake made even if we are not personally responsible.
- We listen to the caller and indicate we are doing so by summarising key points
- We adopt a positive tone.
- We remain courteous at all times.
- We may continue to assist a Caller who insists on using abusive language.

1.4.1. Written query standards

- All written enquiries and complaints will be logged and filed ensuring a proper traceable paper trail.
- Written responses, where required will be logged and filed.
- A file review system will be implemented to ensure that files are periodically checked to ensure that there are no outstanding issues related to the case.
- Files to be archived for a period of 5 years in line with the Municipal file plan.

1.5. Accessibility

- We will maintain our rural offices with same professionalism in order to provide our customers with the good service they deserve .
- We will produce written documents in clear readable print .
- We will provide responses in plain, jargon free language.
- We will provide the option of responding using other official languages common to the District.
- We will produce information in alternative formats and according to PAIA of Council

1.6. Consistency and identity

- We will write in a professional and courteous manner.
- We will use municipality approved stationery.
- We will develop and use document templates that reflect the municipality's identity and ensure consistency and uniformity.
- We will identify all correspondence, literature, leaflets and other publications with the municipality's approved logo.
- We will always check written materials carefully, not relying on an electronic spell check.

1.7. Electronic communication

- We will check e-mails regularly and reply to them promptly e.g. acknowledge receipt within 24 hours and respond within 5 working days.
- We will avoid using 'sms' language or other e-slang or jargon- even if the initial query was written in this style.
- All officials will use an auto-forward or auto-reply function when an official is away from place of work with a contact name or number for urgent enquiries.
- We will take particular care in maintaining confidentiality-when replying we will ensure that we are aware of all the recipients that the e-mail is going to. We will only send, copy, forward messages to people who need the information. We will be particularly cautious when using the 'reply to all' function.
- We will use electronic communication appropriately
- In terms of spelling and grammar- we will ensure that the same high standards applicable for other written communication are observed.

1.8. Presentations

- We will develop and use a standard template to ensure that the municipality's identity is consistently communicated.
- We will use large clear print-e.g a minimum 24 point
- We will use a generous, uncluttered layout- avoid cramming too much onto a single slide.
- We will avoid simply replicating documents laid out in paper format
- We will be sensitive around using images, phrases or sayings which may inadvertently give offence through stereotyping

4. COMPLAINTS PROCEDURE

A complaint is defined as a statement of dissatisfaction with Service received or not received during interaction or desired interaction with any of the Municipal officials. When any of the stated Service Standards are not met within the agreed time frames, the citizen has a right to initiate the complaints process

Please note that for an interaction to be qualified as a complaint, it must meet the following criteria:

- The agreed service standard as per Service Charter has not been met
- The customer care standard has not been met, example: an enquiry about an inaccurate invoice or water supply interruption has not been resolved within stipulated timeframes
- There is a reference number or trail of communication regarding the failed service

Where to log in your complaint?

Ugu Municipality has a dedicated complaints unit which can be contacted as follows:

- By telephone:

- By email: complaints@ugu.gov.za
- By visiting any of Ugu offices and complete a complaints form available at the reception, and deposit it in the complaints/suggestion box

How will your complaint be handled?

- A dedicated official will acknowledge the receipt of your complaint within 2 working days, either in writing, telephonically, or electronically.
- You will be given a reference number for the complaint
- An investigation will commence, and you will receive feedback within 7 working days.
- Your complaint will be resolved within 14 working days
- An independent Quality Assurance official may contact you after 14 working days to verify your satisfaction

What if you are still not satisfied with the outcomes?

- Should you not be satisfied with the manner in which your complaint has been handled, you may contact the Office of the Municipal Manager, quoting the complaint reference number
- The office of the municipal manager may be contacted by telephone or in writing. Should you wish to visit the office, you are advised to notify the office in advance in order to ensure availability and undivided attention
- Your dissatisfaction will be acknowledged within 2 working days
- The municipal manager or his representative will endeavour to resolve your dissatisfaction within 4 working days
- Should you still not be satisfied with the manner in which the municipal manager has handled your complaint, you may contact the Presidential Hotline for further investigation

5. HOW TO CONTACT US

IMPORTANT CONTACT DETAILS:

Department	Physical Address	Service	Contact details
Office of the Municipal Manager	28 Connor Street Port Shepstone	Municipal Manager's Office	Telephone: 039 688 5702 Email: Peroshnee.Moodley@ugu.gov.za
		IDP/Annual Report & Performance Management	Telephone: 039 688 5803 5700 Fax:

Department	Physical Address	Services	Contact details
			Email: Malusi.Mzotho@ugu.gov.za Nomawethu.Mkhungo@ugu.gov.za
		Mayoral Support	Telephone: 039 688 5713 Email: Information@ugu.gov.za France.Zama@ugu.gov.za Zimbini.Ntlangula@ugu.gov.za
		Communications; Media liaison and Customer Relations Management	
		Public Participation	Telephone: 039 688 5716 Email: Mondli.Ngcobo@ugu.gov.za
		Youth and Special Programmes	Telephone: 039 688 3522 Email: Dudu.Ngcobo@ugu.gov.za
		Legal Services	Telephone: 039 688 3530 Email: Melanie.Olivier@ugu.gov.za
Water, Sanitation and Environmental Services	96 Marine Drive, Oslo Beach	Water Services Authority	Telephone: 039 688 5872 Email: Mandy.VanderWalt@ugu.gov.za
		Water Services Operations	Telephone: 039 688 5857 Email: Paul.Watson@ugu.gov.za Nokulunga.Msomi@ugu.gov.za
		Water Conservation and Demand Management	Telephone: 039 688 3435 5700 Email: Thuli.Mwelase@ugu.gov.za phumzile.mayeza@ugu.gov.za
		Project Management Unit	Telephone: 039 688 3552 Email: Chuma.Mqoboli@ugu.gov.za Dezmond.Zuma@ugu.gov.za
		Environmental Health Services Environmental Management Services Environmental Services	Telephone: 039 688 5794 Email: Noloyiso.Walingo@ugu.gov.za Vella.Grammoney@ugu.gov.za Janine.Blackhead@ugu.gov.za
Treasury Department	Bazely Street, Port Shepstone	Revenue Management	Telephone: 039 688 5832 Nokuthula.Mkhwanazi@ugu.gov.za Thobekile.Mhlongo@ugu.gov.za
		Grants and Expenditure	Telephone: 039 688 3448 Fax: Email: Sizakele.Magadaza@ugu.gov.za

Department	Physical Address	Service	Contact details
		Supply Chain Management	telephone: 039 688 5700 Ntokozo.Mkhize@ugu.gov.za
Corporate Services		Human Resource Management	Telephone: 038 688 5885 Fax: Email: Vela.Mazibuko@ugu.gov.za
		Disaster Management Services	Makhosi.Gobhozi@ugu.gov.za
		Fleet Management	Patrick.Mzele@ugu.gov.za
		Registry & Auxiliary Services	Nonhlanhla.Langa@ugu.gov.za
		ICT	Norma.Grobler@ugu.gov.za
Local Economic Development	96 Marine Drive, Oslo Beach	Local Economic Development	Telephone: 039 688 3579 Sipho.Khuzwayo@ugu.gov.za Mandla.Mkhungo@ugu.gov.za Nonhlanhla.Msomi@ugu.gov.za

The following satellite offices are operational during the week, public holidays. Working hours are 7h30 – 16h00

Members of the public living in close proximity to these offices are urged to make use of them to access basic services like application for services, payment; general enquires reporting faults, and complaints. Our friendly officials are committed to provide you with professional service at all times. The municipal manager urges you to report any dissatisfaction with service to the complaints office immediately.

SATELLITE OFFICES operating times 7h30 – 16h00 weekdays excluding public holidays
Accessible by personal visit only

OFFICE	ADDRESS
Gamalakhe	Gamalakhe township, Ray Nkonyeni road, close to taxi rank
Bhobhoyi	In bhobhoyi location, off main Harding road
Kwanzimakwe	Along p69 kwaNzimakwe tribal area
Mathulini 1	Near Luthuli high school
Mathulini 2	Near mpompini bus stop
Izingoleni	Within Izingoleni municipal building
Phungashe	Phungashe location, Umzumbe
Murchison	Mbayimbayi ward 22 Hibiscus coast local municipality
Amahlongwa	Off p77 near Amahlongwa primary school

Main offices

Operating times 7h30 – 16h00 weekdays excluding public holidays

Cashiering hours: 8h00 – 15h00 weekdays excluding public holidays

OFFICE	ADDRESS
Main Office	28 Connor Street, Port Shepstone
Oslo Beach Offices (Phase 1)	96 Marine Drive Oslo Beach
Harding Offices	Off main Rd, Harding
Park Rynie Office	Industrial Rd, Park Rynie

UGU CALL CENTRE CONTACT DETAILS

MEANS OF CONTACT	CONTACT DETAILS	OPERATING TIMES
TELEPHONE	039 688 5830 0800 092837	24/7 for water and sanitation emergencies 7h30-16h00 weekdays excluding public holidays for general/account enquiries
Ugu Municipality Facebook page FACEBOOK		7h30 – 22h00 weekdays
TWITTER	Ugu_Water (to be advised)	7h30 – 16h00 weekdays excluding public holidays
CHAT ROOM	www.ugu.gov.za (chat box visible on the Home page.	7h30 – 16h00 weekdays excluding public holidays
EMAIL	enquiries@ugu.gov.za	7h30 – 16h00 weekdays excluding public holidays
SMS	44751	24/7 for water and sanitation emergencies

Ugu District Municipality

Quality Certificate

I **Dhanpalan Devaraj Naidoo, Municipal Manager of Ugu District Municipality** hereby certify that the Draft Annual Budget 2017/2018 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the Adjustments Budget and supporting documentation are consistent with the Integrated Development Plan of the municipality

Name: Dhanpalan D. Naidoo
MUNICIPAL MANAGER

Signature: 

Date: 28/03/2017