

**Ntinga O.R Tambo Development Agency**



**COST CONTAINMENT POLICY**

<b>POLICY NUMBER</b>	
<b>POLICY TYPE &amp; CATEGORY</b>	Governance (Finance)
<b>LAST APPROVAL DATE</b>	18 June 2020
<b>COMMENCEMENT DATE</b>	19 January 2022
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<b>NEXT REVIEW DUE</b>	19 January 2023
<b>RESPONSIBLE MANAGER</b>	Chief Financial Officer

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## **TOP TEN BASIC VALUES AND PRINCIPLES**

(PUBLIC ADMINISTRATION)

Chapter 10, Section 195 of the Constitution of the Republic of South Africa

(Act No. 108 of 1996)

Public Service **must** be:

1. Governed by the democratic values and principles enshrined in the Constitution;
2. Maintaining and promoting a high standard of professional ethics;
3. Promoting efficient, economic and effective use of resources;
4. Orientated towards development;
5. Delivering services impartially, fairly, equitably and without bias;
6. Responding to people's needs and encouraging public participation;
7. Accountable for its actions;
8. Transparent by providing the public with timely, accessible and accurate information;
9. Cultivating good human resource management and career development practices to maximise human potential; and
10. Broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past.

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## **1. INTRODUCTION**

Unfavourable economic conditions have tremendously imposed serious financial challenges to the Entity to deliver on its mandate. This crippling effect has pushed the Entity to re-assess its financial position. It is therefore crucial that available resources are channelled towards service delivery, placing emphasis on the efficient allocation of resources, away from spending on non-essential items and frills.

There is a need for the organization to curb unnecessary expenditure in order to realize efficiency gains.

## **2. OBJECTIVES**

The objectives of this policy are to:

- I. Provide a framework for the budget prioritization approach and implementation of cost reduction measures in order to free monies from non-cure items in order to address key service delivery mandate.
- II. To ensure that the expenditure of the Entity is managed efficiently and effectively.

## **3. LEGISLATIVE FRAMEWORK**

This policy must be read in conjunction with:

- a) Local Government: Municipal Finance Management Act (MFMA),
- b) MFMA Circular No. 82;
- c) Municipal Cost Containment Regulations: Gazette no 42514, June 2019

## **4. SCOPE OF THE POLICY**

This policy will apply to all:

- a) Ntinga Directors; and
- b) Ntinga employees.

## **5. COMPENSATION OF EMPLOYEES**

### **5.1 Filling of all non-core posts-**

- I. The Board of Directors and the Accounting Officer will determine which posts to classify as core and critical and will proceed with the appointment of such within the given budget allocations.
- II. Only funded posts should be advertised after approval by the Accounting Officer.
- III. Advertisement of unfunded posts will constitute an irregular expenditure.

### **5.2 Termination of ex-employees on the system-**

- I. The termination of employees shall be implemented timeously on the Payroll System.
- II. The termination of ex-employees shall be done within thirty days.

### **5.3 Overtime**

- I. The Entity shall consider providing additional time-off in lieu of payment for overtime worked.
- II. Planned overtime shall be submitted to the relevant manager for consideration.
- III. Approval to work overtime should be obtained from the Accounting Officer or relevant manager.

## **6. AIR TRANSPORT COST**

- I. Only economy class shall be used by officials and Board of Directors. Approval must be given by the Accounting Officer or a delegated official.
- II. The Accounting Officer may approve the purchase of business class tickets for officials and Board of Directors where the flying time exceeds five hours, and where an official has a disability or a medically certified condition.
- III. In the case of the Accounting Officer, the Chairperson of the Board or a delegated official may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.
- IV. International travel shall be limited to only official meetings and events considered critical and approved by the Board of Directors unless funded by the external parties.

## **7. USE VEHICLES**

- I. Fleet vehicles will only travel on Mondays to Fridays unless approved by the Accounting Officer or a delegated official.
- II. An official or Board Member of the Entity must -
  - a) utilise the Entity's fleet, where viable, before incurring costs to hire vehicles;
  - b) make use of available public transport or a shuttle service if the cost of such a service is lower than –
    - the cost of hiring a vehicle;
    - the cost of kilometres claimable; and
    - the cost of parking.
  - c) not hire vehicles from a category higher than Group B or an equivalent class; and
  - d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the Accounting Officer before hiring the vehicle.

## **8. DOMESTIC ACCOMODATION**

- I. Costs shall only be incurred for domestic accommodation and meals in accordance with the allowable rates for domestic accommodation and meals as communicated by National Treasury from time to time.
- II. Overnight accommodation may only be booked where the return trip exceeds 500 Kilometres unless approved by the Accounting Officer under special circumstances.

## **9. SPONSORSHIP EVENT AND CATERING**

- I. No catering expenses shall be incurred for meetings which are only attended by persons in the employ of the Entity, unless the prior written approval of the Accounting Officer is obtained.
- II. Unless approved by the Accounting Officer, the Entity may not incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of the Entity that do not exceed five hours.

- III. The Entity shall not incur expenses on alcoholic beverages unless the costs are recovered from the sale of such beverages.
- IV. Social events, team building exercises, year-end functions and sporting events are not to be financed from the Entity's budgets or by any suppliers or sponsors.
- V. The Entity may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral part of the business model.
- VI. Expenditure not exceeding the limits for petty cash usage may be incurred to host farewell functions in recognition of officials who retire after serving the Entity for ten or more years or retire on grounds of ill health.

## **10. USE OF CONSULTANTS**

Consultants shall only be appointed if an assessment of the needs and requirements confirms that the entity does not have the requisite skills or resources in its full-time employ to perform the function.

## **11. CREDIT CARDS**

- I. No credit card or debit card linked to a bank account of the Entity shall be issued to any official.
- II. Where officials incur expenditure in relation to official Entity's activities, such officials must use their personal credit cards or cash and request reimbursement from the Entity in terms of the travel and subsistence policy and petty cash policy.

## **12. CONFERENCES, MEETINGS AND STUDY TOURS**

- I. Meetings and planning sessions that entail the use of municipal funds shall, as far as may be practically possible, be held in- house.
- II. Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- III. An Accounting Officer or a delegated official must grant the approval for officials and in the case of the Accounting Officer, the Board Chairperson, for applications to attend conferences or events within and outside the borders of South Africa.



### 13. COMMUNICATION

- I. The Entity may, as far as possible, advertise its events on the website instead of advertising in magazines or newspapers.
- II. Newspapers and other related publications for the use of officials are prohibited, unless required for professional purposes and where unavailable in electronic format.

### 14. ENFORCEMENT

Failure to implement or comply with this policy may result in a person that authorised or incurred any expenditure contrary to this policy being held liable for financial misconduct.

### 15. COMMENCEMENT

The policy takes effect on 19 January 2022.

### APPROVAL AND SIGNATURES

Formulated by:  Date: 19/01/22

CEO Recommendation:  Date: 19/01/22

