

MATJHABENG MUNICIPALITY

COUNCIL INSTRUCTION

ORDINARY COUNCIL MEETING HELD ON 31 JULY 2001

FILE NO 61B
(6/1/1/1)

AGENDA ITEM A104 /

<u>SUBJECT</u>
FINANCIAL POLICIES (TMFS)
<u>FOR DISPOSAL OF</u>
TRANSITIONAL MANAGER FINANCIAL SERVICES
<u>FOR INFORMATION OF</u>
<u>REMARKS</u>

DATE
DATUM

dd

TR SHIRINGANI
ASST CITY SECRETARY (A)

FINANCIAL RULES (6/1/B) (TMFS)**REASON**

To obtain approval for the Financial Rules as well as the implementation there-of.

BACKGROUND

The Council needs to approve one set of Financial Rules, as there are currently six in operation.

The attached document was discussed at the Section 80 Finance Committee meeting on 12 October 2001 (Item F8.4). All relevant legislation as well as the Municipal Finance Management Bill was taken into account when the rules were compiled. Freloga was also consulted during the process.

RECOMMENDATIONS (SECTION 80 FINANCE COMMITTEE)

It is **recommended** that:

- i) the Financial Rules be referred to the Mayoral Committee for adoption.

17 October 2001

MATJHABENG MUNICIPALITY

FINANCIAL RULES

MATJHABENG MUNICIPALITY

FINANCIAL RULES

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MATJHABENG MUNICIPALITY

FINANCIAL RULES

1. Definitions

In these rules, unless inconsistent with the context-

"audit regulations" means the regulations promulgated under Administrator's Notice No 198 of 27 November 1970;

"capital budget" means that part of the budget that provides for expenditure on capital items and the creation or acquisition of assets, regardless of the source of funding;

"capital item" means an item or asset the value of which is more than a value determined from time to time by the council and with a useful lifespan of more than one year;

"Chief Financial Officer" means the departmental head who manages the municipality's financial department, regardless of her/his official designation and includes an employee who acts in her/his stead;

"council" means the municipal council of Matjhabeng Municipality;

"department" means any department, section, branch or other organisational component within the administration that is managed by a departmental head;

"departmental head" means a manager that is directly accountable to the Municipal Manager and includes an acting departmental head;

"Executive Committee" means the executive committee of the council established in terms of the Local Government: Municipal Structures Act 1998 (Act No 117 of 1998)/ **"Executive Mayor"** means the councillor who had been elected as Executive Mayor in terms of the Local Government: Municipal Structures Act 1998 (Act No 117 of 1998);

"Municipal Manager" means the person appointed by the council in terms of the Structures Act and any person acting in her /his stead;

"service charges" means the tariff determined by the council that a consumer must pay for the use of a municipal service;

"stock items" mean the supplies, materials and goods bought by the municipality and stored in its store; and

"ward committee" means a ward committee established by the council in terms of the Structures Act.

2. Borrowing and Raising of Loans

- (1) The municipality may raise loans for capital or current expenditure.
- (2) A decision to raise a loan must be taken with a supporting vote of a majority of the councillors in the council.
- (3) The council may not consider the raising of a loan unless it had received and considered the report and recommendations of the Finance & Mayoral Committees.
- (4) A loan is raised subject to such conditions as may be prescribed by or in terms of national legislation.

4. Budget Timetable

- (1) The Chief Financial Officer must, in consultation with the Municipal Manager and the Executive Mayor, prepare and submit to the Executive Mayor and the departmental heads a budget timetable.
- (2) As soon as the Chief Financial Officer releases the budget timetable the Municipal Manager must in writing invite the chairpersons of ward committees to submit, not later than a date mentioned in the budget timetable, proposals regarding programmes and projects effecting their respective wards for inclusion in the capital budget.

5. Capital Programme

- (1) The Chief Financial Officer must, in consultation with the Municipal Manager and departmental heads and in compliance with the budget timetable, prepare and submit to the council a three-year capital programme which must-
 - (a) be based on the municipality's integrated development plan and financial plan contained in the integrated development plan;
 - (b) include an investment programme for municipal infrastructure;
 - (c) reflect the proposed source of finance of each project or item included, future capital charges, operation and maintenance cost and an indication of the future consequential influence thereof on property rates and service charges; and
 - (d) take into account any proposals received pursuant to any consultation between the council and the community in terms of sub-rule 3(5)(b).
- (2) The council must annually, when it reviews the integrated development plan, review the capital programme.

6. Capital Budgeting

- (1) The Council must adopt the capital budget for the ensuing financial year not later than 28 February.
- (2) No provision for capital expenditure must be made in any budget unless the Executive Mayor has given approval in principle for its inclusion. The Executive Mayor must during the consideration of any proposal regarding capital expenditure have due regard for the capital programme.
- (3) No capital programme or project for which provision had been made in a current budget may be continued in an ensuing financial year unless adequate provision has been made in respect thereof in the capital budget for the ensuing year. When such a project or programme is submitted for inclusion in a next budget, the departmental head concerned must-
 - (a) expressly identify the programme or project as such;
 - (b) indicate the percentage of completion already achieved; and
 - (c) state the reasons why it has not commenced or was not completed in the current year.
- (4) No expenditure may be incurred against any fund of the municipality unless provision has been made for such expenditure in the budget.
- (5) Every departmental head must-
 - (a) not later than the date stipulated in the budget timetable;
 - (b) in the format prescribed by the Chief Financial Officer;
 - (c) taking into account any resolution in terms of sub-rule 3(5)(a); and
 - (d) with due regard for the approved capital programme

submit the draft capital budget for her/his department to the Chief Financial Officer.

- (7) As soon as the Chief Financial Officer has calculated the proposed increases in property rates and service charges, she/he must, together with the Municipal Manager and the departmental heads, review the proposed operating budget with a view to comply with a resolution in terms of rule 3(5)(a) and any instructions issued by the National Treasury regarding the allowed or anticipated allowed growth in operating expenditure.
- (8) The Municipal Manager must submit the draft operating budget, together with the capital budget, to the Executive Mayor for consideration.
- (9) The Executive Mayor must consider the proposed operating budget and may make such amendments as may be appropriate.
- (10) The Executive Mayor must submit the draft operating budget proposed by it, together with its recommendations there on and proposals as to how and when consultations with the community must be conducted with regard to the proposals, to the council.

8. Consideration and Approval of the Budget

- (1) The council must consider the draft operating budget not later than 31 May.
- (2) The council must adopt the budget not later than 30 June.
- (3) As soon as the council has adopted the budget, the Municipal Manager must-
 - (a) submit the budget, together with such other information as may be required, to the national treasury and to any other institution as may be required; and
 - (b) ensure compliance with any publication requirements in terms of legislation.

9. Review and Adjustment of Approved Budget

- (1) The council may at any time during a financial year revise its budget and adopt an adjustments budget.
- (2) The council must revise its budget and adopt an adjustments budget when it becomes necessary-
 - (a) due to the under collection or likely under collection of revenue that may result in a deficit;
 - (b) to appropriate funds for the reduction of debt;
 - (c) to appropriate funds for the funding of capital projects;
 - (d) to appropriate funds that have become available from another sphere of government; and
 - (e) to incur unforeseeable and unavoidable expenditure.
- (3) An adjustments budget must not exceed the total of the budget as approved by the National Treasury.
- (4) Whenever during a financial year it appears to the Chief Financial Officer that the council's budget is likely to be exceeded or that its estimated revenue is not likely to be realised and that there is likely to accrue a deficit, she/he must forthwith report accordingly to the Municipal Manager.
- (5) The Municipal Manager must, when she/he receives a report in terms of sub-rule (4), consider such report and submit it, together with her/his recommendations, to the Executive Mayor for consideration by the council.

10. General Principles of Budget Management

- (1) Every departmental head is responsible for the prudent management of her/his budget.

- (6) Unauthorised expenditure is disallowed and does not form a charge against the fund or account concerned until it has been approved in accordance with the normal budgetary procedure applicable to the fund or account concerned.
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- (7) The Municipal Manager must recover any unauthorised expenditure or part thereof as determined by the Minister, MEC responsible for Local Government or council, as the case may be, which has not been authorised from the beneficiary or the person responsible for the unauthorised expenditure.
- (8) If the Municipal Manager is unwilling to recover the amount concerned, it must be recovered from her/him.
- (9) Where an unauthorised expenditure had been incurred-
- (a) on a written instruction of a councillor whether or not she/he had the authority to issue such an instruction; or
 - (b) as a result of a resolution of a political structure of the municipality in favour of which a councillor voted, unless it is recorded that such councillor voted against such resolution; and
 - (c) after the Municipal Manager has recorded her/his objections against such instruction or resolution,

such expenditure must be recovered from the councillor concerned. The Municipal Manager must forthwith report all such unauthorised expenditure to the MEC responsible for Local Government, the MEC responsible for finance and the Auditor-General.

12. Incurring Capital Expenditure

- (1) No capital expenditure may be incurred, unless:
- (a) provision has been made for it in the approved capital budget;
 - (b) the council has expressly approved such expenditure; and
 - (c) any approval legally required had been obtained.
- (2) If the expenditure referred to in sub-rule (1) amounts to less than R70 000, authorisation of such expenditure may be granted as follows:
- (a) between R50 000 and R70 000, by the Executive Mayor;
 - (b) between R10 000 and R50 000, by the Municipal Manager in consultation with the Chief Financial Officer; and
 - (c) less than R10 000, by the Chief Financial Officer.
- (3) A departmental head must submit a report to obtain authority to incur capital expenditure, containing the following:
- (a) the estimated total capital costs of the project;
 - (b) the effect on current and future operating revenue and expenditure including expenses related to employment or increases in the staff establishment; and
 - (c) such further information as may be prescribed by the Chief Financial Officer.
- (4) When a vote in the approved capital budget is exceeded or is likely to be exceeded, the departmental head must obtain the approval of the council. When a vote in the capital budget may be exceeded by 50 % or more, the departmental head must report on the reasons-
- (a) for the additional expense; and
 - (b) why authorisation, where applicable, has not been obtained for the additional expenditure.
- (5) A departmental head must as soon as she/he becomes aware of any amount in the capital budget that is no longer required by her/his department immediately notify the Chief Financial Officer.

- (iii) the total number of ratepayers and consumers liable for service charges and ratepayers who did not receive an account during the period of review;
 - (iv) in respect of the distribution of electricity, the number of disconnections and reconnections after payment for the month concerned, as well as the number of consumers not reconnected, including those for previous periods; and
 - (v) a reconciliation of the cashbook with the bank statement, including an explanation of all reconciling items which have been outstanding for more than three months.
- (b) Quarterly:
- (i) in respect of each separate service, or where a consolidated billing system is operated, the number of legal actions instituted in respect of a service or consolidated bill, as the case may be, as compared to the total number of accounts that are in arrears, including the total number of summonses issued compared to the judgments obtained;
 - (ii) the investment portfolio, including the type of investment, interest rates, period of investment and a summary of the exposures to particular financial institutions;
 - (iii) the anticipated cashflow for the ensuing six months which must include plans to finance any expected shortfall; and
 - (iv) an age analysis of the 20 highest value monthly paid creditors including the reasons for all amounts outstanding for more than 30 days.
- (c) Six-monthly: the turnover rate of the 20 highest value stock items accompanied by recommendations on how to improve the turnover rate of such stock items.
- (d) Annually: all surpluses and shortfalls in stock levels as well as reasons for such surpluses and shortfalls.

14. Accounting Systems

- (1) The Chief Financial Officer must maintain appropriate accounting systems in respect of capital- and operational accounts. Except insofar as law prescribes the format of such accounts, it must be maintained in the form which the Chief Financial Officer deems to be the most suitable to enable her/him to manage the municipality's finances effectively.
- (2) The Chief Financial Officer must maintain the financial accounting records of the municipality.
- (3) The Chief Financial Officer draws up financial statements in respect of every financial year in accordance with the format as may be prescribed and certifies the correctness of such statements.

15. Cost Estimation

- (1) No material may be provided and no work performed for a third party unless the Chief Financial Officer notified the departmental head concerned that the amount of the estimated costs of the material or work has been paid for or provided in another manner.
- (2) If payment has been made in advance and it becomes clear to the Chief Financial Officer or the departmental head concerned that the costs of the work or material will exceed the amount of such payment, the department must cease performing the work or providing the material until permission to continue had been received from the Chief Financial Officer.
- (3) No work may be carried out departmentally if the departmental head is of the opinion that the estimated cost thereof will exceed R10 000 unless an official work order had been issued in respect of such work.
- (4) The Chief Financial Officer or departmental head concerned may refuse to issue a work order in terms of sub-rule (1), if the application for such an order is not supported by such information regarding material, labour, transport and other costs as she/he considers necessary.

- (9) If a person who is or was in the employ of the municipality causes or caused the municipality loss or damage because he or she-

- (a) failed to collect money owing to the municipality for the collection of which she/he is or was responsible;
- (b) is or was responsible for an irregular payment of money of the municipality;
- (c) is or was responsible for a payment of money not supported by a proper voucher;
- (d) due to an omission to carry out her/his duties, is or was responsible for fruitless expenditure of money of the municipality;
- (e) is or was responsible for a deficiency in, or for the destruction of or damage to money of the municipality, stamps, face value documents and forms having a potential value, securities, equipment, stores or any other property of the municipality; or
- (f) due to an omission to carry out her/his duties, is or was responsible for a claim against the municipality,

the Municipal Manager or, if the Municipal Manager was responsible for such loss or damage, the council, must-

- (i) determine the amount of such loss or damage;
 - (ii) take disciplinary action where possible; and
 - (iii) in appropriate cases recover the loss or damage.
- (10) Any loss suffered by the municipality and which the Municipal Manager, or if the Municipal Manager is responsible, the council, suspects to be due to any fraudulent or corrupt act or an act of bribery committed by any person, must forthwith be reported to the South African Police Service.
- (11) If the council is of the opinion that the municipality is unable to determine the amount or circumstances of any loss, it may at its expense appoint a person registered under the Public Accountants' and Auditors' Act, 1991 (Act No 80 of 1991), to assist the municipality to determine the amount of the loss or the circumstances in which it occurred.

17. Receipts

- (1) In accordance with the audit regulations, the receipt of all monies must immediately be recorded by means of a numbered official receipt or ticket or in any other way approved by the Chief Financial Officer.
- (2) No alteration must be made to a receipt, ticket or other form of acknowledgement of payment.
- (3) Any error that appears on a receipt, ticket or other form of acknowledgement of payment must be corrected by issuing a new receipt and the cancellation of the erroneous one.
- (4) Every cancelled receipt form must be returned to its proper place in the receipt book or, in the absence of a receipt book, filed according to the instructions of the Chief Financial Officer.
- (5) Any cash surplus found at any time must immediately be declared, a receipt issued in terms of the audit regulations and deposited without delay to the credit of the appropriate account.
- (6) Any cash deficits must immediately be reported to the departmental head concerned and replaced in accordance with the instructions of the Chief Financial Officer.

18. Review of Service Charges and Rent for Municipal Property

- (1) Revision of rent, service charges, property rates tariffs and other levies is done consistent with the municipality's tariff policy and bylaws.

- (5) Every departmental head must maintain a register of persons authorised to sign official orders and requisitions and such a record must include specimen signatures of all such persons. A copy of the register must be made available to the Chief Financial Officer who must immediately be notified of any changes to it.
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- (6) The Chief Financial Officer must prescribe the format of every cheque voucher. A cheque voucher must be accompanied by supporting documents, where applicable, if it does not appear on the office copy of the order form, namely-
- (a) the budget allocation, item or account number from which it is to be paid;
 - (b) a statement that adequate provision is made in the budget;
 - (c) the authorisation for the expenditure where applicable;
 - (d) a certificate that the goods have been received or the services rendered and that the price asked is reasonable or in accordance with the contract concerned;
 - (e) the statutory authorisation where applicable;
 - (f) a certificate by an authorised official in the municipal treasury that the substantiating documents were checked and found to be correct; and
 - (g) such other information as the Chief Financial Officer may prescribe.
- (7) As far as possible any creditor must be paid only once during a month.
- (8) The Chief Financial Officer must give proper consideration to the terms and conditions of credit offered for payment. In cases where a cash discount is offered for early settlement, the discount offered must as far as possible utilised.
- (9) The terms and conditions of credit for payment offered by suppliers must be considered and utilised by paying on the due date and not earlier.

21. Advance Accounts and Petty Cash Disbursements

- (1) Advance accounts for the disbursement of petty cash amounts are opened only with the approval of the Chief Financial Officer.
- (2) The Chief Financial Officer must prescribe the amount of advance accounts and the nature and extent of disbursements that may be made there from.
- (3) Every substantiating document that is submitted for the repayment of petty cash disbursements done by a department must be accompanied by supporting documents for all such disbursements.
- (4) The departmental head concerned must ensure that such records as the Chief Financial Officer may prescribe are maintained in respect of an advance account and petty cash disbursements.

22. Staff Records and Disbursements to Staff

- (1) The Chief Financial Officer must calculate and verify salaries, wages and allowances and must maintain such records as may be necessary in this regard.
- (2) The Chief Financial Officer must disburse all salaries, wages and allowances.
- (3) The departmental head responsible for human resources management must notify the Chief Financial Officer in writing of any appointment, promotion, discharge, resignation, transfer, leave of any description and any other matter affecting the remuneration of employees.
- (4) A departmental head must notify the departmental head responsible for human resources management and the Chief Financial Officer when any employee has deserted in the form and on the date and at the time as determined by the Chief Financial Officer from time to time.

- (6) No claim for the payment of subsistence or traveling may be paid in advance, unless the Municipal Manager authorises such payment. Whenever a claim is paid in advance and it is determined at any time that-

- (a) the journey or event was not attended or only partially attended, or
- (b) the journey or event was of shorter duration than expected, or
- (c) in the case of a traveling allowance, the recipient traveled with someone else on the journey,

such portion of the amount paid out as determined by the Municipal Manager or the amount as a whole, must be recovered immediately from the beneficiary thereof.

25. Internal Control

Every departmental head must-

- (a) establish and maintain internal control systems in order to ensure that activities in her/his department are performed in an effective and orderly manner;
- (b) ensure that adequate arrangements are made to ensure the safety of computer equipment, programmes and other related records; and
- (c) maintain and secure all assets and records which are her/his department's responsibility.

26. Internal Audit

- (1) The Municipal Manager is responsible for internal auditing of all records, transactions, enterprises or matters pertaining generally to the municipality's financial affairs on the basis that she/he considers appropriate and subject to any legal requirements.
- (2) The Municipal Manager and any person appointed for the purpose of sub-rule (1) have access to any information and records, which in her/his opinion is necessary.
- (3) A departmental head must notify the Municipal Manager of any departmental investigation, including any disciplinary investigation, which may be relevant to the municipality's financial administration and invite her/him to be present or represented during such an investigation.
- (4) The Municipal Manager may, on her/his own initiative and in addition to any steps that may be taken by the departmental head concerned, submit to the audit committee or to the council, after consultation with the audit committee, a report in respect of any matter which may have a bearing on any matter relevant to an investigation in terms of sub-rule (3).
- (5) The Municipal Manager must consider and, where necessary, report on the following matters during any internal audit-
 - (a) whether, to the best of her/his knowledge, all revenue which should accrue to the municipality, has thus accrued and had been suitably recorded;
 - (b) whether appropriate authorisation exists in respect of any amount which has been written off as irrecoverable;
 - (c) whether effective accounting records are being maintained;
 - (d) whether any expenditure incurred in respect of any item or project including inter-departmental projects has:
 - (i) correctly been allocated between the capital and operating account;
 - (ii) been allocated to the correct budget allocation;
 - (iii) taken place with appropriate authorisation;
 - (iv) conformed to any legal requirements; and
 - (v) given the council value for money;

- (5) A departmental head must promptly inform the Chief Financial Officer about the acquisition, elimination, demolition or any other change in the status of any capital assets under her/his control.
- (6) Every department must keep an inventory of all assets that are not entered in detail in the asset register contemplated in sub-rule (2) in a form approved by the Chief Financial Officer. The departmental head concerned must ensure that all assets indicated in such inventory are examined at least once during every financial year and thereafter submit a certificate to the Chief Financial Officer of the existence or non-existence of such assets. The Chief Financial Officer must furnish a report in regard of any deviation in respect of which, in her/his opinion, no suitable account can be given.
- (7) No item whose value is less than an amount determined by the Chief Financial Officer is considered to be a capital asset.
- (8) Any asset that must be scrapped or declared obsolete or redundant in the opinion of a departmental head must be kept in a place indicated by the Chief Financial Officer until the council has scrapped it or declared it obsolete or redundant and decided on its disposal. If such an asset has been financed from a loan not yet fully redeemed, the Chief Financial Officer must determine the method in accordance with which the outstanding part of the loan would be repaid.
- (9) The Chief Financial Officer must reconcile the capital assets and accounting records in respect of every financial year.

28. Investments

- (1) The Chief Financial Officer must ensure that cash resources are managed efficiently and effectively.
- (2) The investment committee must invest funds with the highest degree of circumspection.

29. Investment Ethics

- (1) An employee must avoid interference, regardless of the source thereof, with regard to investment decisions.
- (2) Nobody may reveal tendered interest rates to another institution.

30. Investment Committee

- (1) An investment committee consisting of the Municipal Manager and the Chief Financial Officer is responsible for the investment of funds.
- (2) The Chief Financial Officer must notify the mayor in writing of-
 - (a) any investment made prior to it being made; and
 - (b) the withdrawal of any existing investmenttogether with such other information as may be required.
- (3) The investment committee must determine, with due regard for any legal requirements-
 - (a) the amount to be invested,
 - (b) the date when it is to be invested,
 - (c) the period during which it will be invested and
 - (d) at which institution it will be made.

(7) The Chief Financial Officer must ensure that capital and interest are received timely and that interest is correctly calculated.

(8) Investment documents and certificates must be kept in a fire-resistant safe.

33. Insurance

(1) The Chief Financial Officer must take out insurance cover as approved by the council from time to time and must manage the municipality's insurance reserve fund to cover such risks, as the council may determine.

(2) A departmental head must, at the request of the Chief Financial Officer by written notice declare the assets held by her/his department, the risks against which they should be insured and such other information as may be considered necessary.

(3) A departmental head must at the request of the Chief Financial Officer so requires notify her/him without delay of all property acquired, leased or rented and which must be insured against fire, accident or loss of any nature and of any changes in structure, heating or occupation of any buildings or items which are insured.

(4) A departmental head must notify the Chief Financial Officer of the amounts in respect of which new insurance cover must be taken out, or of any changes in existing insurance, having regard for the replacement costs of assets.

(5) A departmental head must notify the Chief Financial Officer immediately after any occurrence of fire or damage to, or loss of, any asset of the municipality. A departmental head must thereafter complete the appropriate claim form and supply an estimate of the costs to repair such damage or loss.

(6) A departmental head must in the same manner inform the Chief Financial Officer of any injuries to or damage sustained by any employee or a third party that could lead to a claim against the council.

(7) A departmental head must notify the Chief Financial Officer of any assets that, in her/his opinion, should be insured against political insurgence and malicious damage or any other risk and the amounts for which such assets should be insured. The Chief Financial Officer must report to the council concerning such departmental requests.

(8) If the council does not have insurance brokers the Chief Financial Officer must invite tenders for the appointment of an appropriate insurer. The Chief Financial Officer must ensure that cover be obtained for such risks as the council may establish from time to time, including cover for claims which may be instituted against the council by third parties.

(9) The Chief Financial Officer must-

- (a) keep a record of all insurance policies of the municipality;
- (b) ensure payment of all premiums with regard to such insurance; and
- (c) ensure that all claims arising from such policies are completed and submitted.

34. Calling for Tenders

(1) No contract for the performance of any work or the provision of any goods, material or services of which the value will probably exceed an amount determined in terms of Government Notice No R 1224 of 2 October 1998 may be entered into unless such expenditure has been expressly authorised by the council.

- (8) A tender received by telegram or facsimile transmission is not finally approved unless the original documentation is received.
- (9) No tender received by electronic mail may be considered.
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- (10) Immediately after opening the tender box, the administrative manager or an official authorised by her/him must open all the tenders in public, in the presence of an official authorised by the Chief Financial Officer or the departmental head for which tenders were called.
- (11) The person who opens the tenders must in every case read out the name of the supplier and if any person so desires, the amount of the tender.
- (12) As soon as a tender is opened:
- (a) the official stamp of the municipality and the signatures of the person who opened it and of the person in whose presence it was opened must be placed thereon;
 - (b) the name of the supplier must be entered into a register retained for the purpose; and
 - (c) the person who opened the tender must without delay place her/his initials at each changed figure in the tender documents.
- (13) After the tenders have been entered into the register mentioned in sub-rule (12)(b), they are handed over to the representative of the department concerned or the Chief Financial Officer who must acknowledge receipt thereof by signing the register.
- (14) The departmental head concerned must without delay hand over to the Chief Financial Officer any deposit or security received together with the tenders and thereafter submit to the council a written report with her/his recommendations, together with a report in that regard from the Chief Financial Officer.
- (15) No councillor or employee may reveal to any other person any information contained in any report of an official, consultant or other adviser to the council regarding any tender, before the executive committee has considered it.
- (16) The Chief Financial Officer must retain a record detailing the financial rights and obligations of the council in terms of each contract entered into by the council in respect of which she/he deems it necessary and must immediately record each payment made in respect of the contract by or to the council in such a record.
- (17) If for any reason a departure from the original tender conditions is affected at any time after the publication of an invitation for tenders, new tenders must be invited.
- (18) Wherever the tenders are invited for the provision and delivery of goods or services or the performance of work, the council's tender and contract conditions apply.
- (19) The departmental head concerned must recommend no tender other than the lowest one that complies with the tender specifications, unless in her/his report she/he provides full details of the reasons why another tender is recommended as being more advantageous.

36. Quotations

- (1) No contract for the performance of any work or the provision of any goods, material or services-
- (a) the likely value of which will not exceed the amount referred to in rule 34(1); or
 - (b) in respect of which the council resolved to dispense with the calling of tenders in terms of rule 34(2)

- (4) Maximum and minimum stock and re-order levels must be determined in the manner prescribed by the Chief Financial Officer. No stock in excess of what normal requirements demand may be maintained, except where the Chief Financial Officer or an authorised departmental head is of the opinion that special circumstances exist.
- (5) Stock items must be issued only upon submission of a properly authorised requisition.
- (6) A requisition for stock items and material must not be executed unless particulars of the budget allocation, as established by the Chief Financial Officer, are stated thereon.
- (7) No requisition for supplies and material in respect of a uniform or other clothing must be executed out, unless-
 - (a) the name and official capacity of the person in respect of whom such clothing is being requested is stated thereon; and
 - (b) the departmental head concerned has indicated thereon that it complies with the council's requirements regarding uniforms and protective clothing.
- (8) Except where the Chief Financial Officer is of the opinion that special circumstances exist, a department may not keep supplies and material in excess of its normal requirements, as determined by experience.
- (9) Except where the Chief Financial Officer is of the opinion that special circumstances exist, all supplies and material must be delivered at the municipality's store.
- (10) If stock items are delivered at any place except the municipality's store, on the instructions of the Chief Financial Officer, an authorised person must receive it and sign the delivery note, which must be submitted forthwith to the Chief Financial Officer.
- (11) No department may purchase stock items without the approval of the Chief Financial Officer.
- (12) Every departmental head must ensure that stock is taken of all stock items under her/his control at least once during every financial year, and submit a report thereon to the Chief Financial Officer. A report must set out the quantity and value of any discrepancies and breakage, which were determined during such stocktaking, together with the reasons for such discrepancies and breakage. The Chief Financial Officer must from time to time and on the basis regarded by her/him as adequate, verify the existence of all stock items and assets referred to in rule 27(6).
- (13) The Chief Financial Officer may authorise the replacement of any assets referred to in rule 27(6) provided any such replacement is reported to the executive committee.
- (14) All stock items on hand after completion of the work for which it has been issued, or is on hand for any other reason, must be returned to the municipality's store or another place the Chief Financial Officer may designate. The store must issue an advice in respect of any stock items thus returned. The advice note must be in a form as prescribed by the Chief Financial Officer. Where applicable, the value of the stock items returned must be established in consultation with the Chief Financial Officer.
- (15) A departmental is responsible for the safekeeping of stock items issued to her/his department. A departmental head must, if thus required by the Chief Financial Officer, supply full details of any stock items in her/his department's possession.

39. Obsolete and Redundant Supplies and Material

- (1) No goods, supplies, material or equipment is redundant or obsolete, unless authorised by the council.
- (2) Obsolete and redundant goods, supplies, material and equipment must be sold by public tender, except where the council decides otherwise.