

NDLAMBE LOCAL MUNICIPALITY



CREDITORS PAYMENT- and EMPLOYEE REIMBURSEMENT POLICY 2023/2024

(1) OBJECTIVES

The objective of this policy is to provide standard procedures relating to payments due to creditors, councilors and staff from municipal funds.

(2) LEGISLATIVE REQUIREMENTS

In terms of section 65 of the Municipal Finance Management Act, Act 56 of 2003, the Municipal Manager as Accounting Officer of the Municipality is responsible for the management of the expenditure of the Municipality and, to this end, must take all reasonable steps to ensure that the Municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal and payment of funds.

(3) DEFINITIONS

In this policy –

“**Act**” means the Local Government: Municipal Finance Management Act, 56 of 2003;

“**creditor**” means a person / service provider that provides goods and/or services to whom money is owing by the Municipality.

“**Employees**” means staff and Councilors employed by the Municipality

“**Accounting officer**” means the municipal manager.

“**Chief Financial Officer**” means the official of the Municipality designated as such by the accounting officer in terms of section 80[2][a] of the Act;

“**municipality**” means the Ndlambe Municipality.

“**prescribed**” means prescribed in terms of the Act.

(4) GENERAL DUTY OF ACCOUNTING OFFICER

The accounting officer must take all reasonable steps to ensure –

- (a)** that the Municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
- (b)** that the Municipality has and maintains a management, accounting and information system that –
 - (i)** recognises expenditure when it is incurred.
 - (ii)** accounts for creditors of the Municipality; and
 - (iii)** accounts for payments made by the Municipality.

- (c) that the Municipality has and maintains a system of internal control in respect of creditors and employee payments.

(5) PAYMENT TO CREDITORS

- (a) The accounting officer must ensure that –
 - (i) that all payments made by the Municipality is made direct to the person that supplied the relevant service or goods or to whom such payment is due, unless otherwise agreed upon for good reason;
 - (ii) that payments by the Municipality are made electronically.
 - (iii) that all payments made to creditors be paid within a period of 30 days of receipt of a valid invoice/ tax invoice subject to the submission of supporting documentation.
 - (iv) that all re- imbursement payments made to Employees for pre- authorised cost they have incurred, be paid within a period of 30 days of receipt of the approved re-imbursement form, together with relevant supporting documents by the Expenditure section
 - (v) Any costs relating to Subsistence and Travel will fall outside the scope of this policy and will be addressed in the Subsistence and Travel Policy.
- (b) The provisions of subparagraph [iii] and [iv] may be relaxed by the accounting officer –
 - (i) when such relaxation is, in the opinion of the accounting officer , financially beneficial to the Municipality
 - (ii) any early payment shall be specifically approved by the CFO before payment is made to the enterprise concerned,
- (c) Notwithstanding the foregoing policy directives, the accounting officer must, when it is financially beneficial to the Municipality, make full use of any extended terms of payment offered by suppliers of goods and services to the Municipality and may not settle any accounts earlier than such extended due date;
- (d) Payments in terms of this policy are subject to compliance with all financial requirements relating to payments to creditors by the Municipality and the submission of all documentation substantiating a particular payment.

(6) EMPLOYEE REIMBURSEMENT

- (a) that re- imbursement payments be made to Employees for pre- authorised cost they have incurred and be paid within a period of 30 days of receipt of the approved re-imbursement form, together with relevant supporting documents by the Expenditure section
- (b) that all third-party payments be subject to the re-imbursement form and pre-approval

(7) CESSIONS AGREEMENTS

- (a)** Unless for compelling and substantiated reasons only one cession of a creditor of the Municipality to a third party may be permitted per contract;
- (b)** A cession approved in terms of sub paragraph (a) must relate to the provision of goods and services by a creditor undertaken on behalf of the Municipality;
- (c)** Cessions limited to a maximum of four (4) cessions per creditor in a financial year.
- (d)** Payments for cessions will be affected as follows:
 - (i)** The payment to the Cessionary will be limited to the amount as stipulated in in the cession agreement and subject to the submission of an authorised and valid invoice/tax invoice.
 - (ii)** The payment to the Cedent will be paid after delivery of the goods or services, as per paragraph 5 of this policy.
 - (iii)** Any cession of payments to be advised of on acceptance of appointment or award.

(8) DELEGATION OF FUNCTIONS AND POWERS

The accounting officer may, in terms of section 79 of the Act, delegate his or her functions and powers in terms of this policy to the Chief Financial Officer or any other senior finance manager, directly reporting to the Chief Financial Officer.