



CHAPTER 11

Financial Bylaw

KWADUKUZA



KWADUKUZA MUNICIPALITY

FINANCIAL BYLAWS

The Kwadukuza Municipality in terms of section 156(2) of the Constitution of the Republic of South Africa Act 1996, (Act 108 of 1996) read with section 13 of the Local Government: Municipal Systems Act (Act 32 of 2000), publishes the bylaws as set forth hereafter as bylaws made by the Municipality which bylaws will come into effect on the first day of the month following the date of publication hereof.

1. Definitions

In this bylaw, unless the context otherwise indicates-

"department" means any department, section or branch of the Municipality, the head of which is directly responsible to the Municipal Manager as contemplated by Section 56 of the Municipal Systems Act 2000 (Act 32 of 2000).

"Head of Department" means the officer who is head of a department and who is, in terms of section 56 of the Local Government Municipal Systems Act 2000 (Act 32 of 2000) directly responsible to the Municipal Manager, or any person duly authorised by such head to act on his/her behalf.

"Institute" means the Institute of Municipal Finance officers.

"Municipality" means the Kwadukuza Municipal Council and includes the Mayor, Political Office Bearers, Political Structures, Municipal Manager and any Official who has delegated powers in terms of Section 59 of the Local Government Municipal Systems Act (Act 32 of 2000);

"Municipal Manager" means a person appointed in terms of section 82 of the Municipal Structures Act 1998 (Act 117 of 1998).

"Chief Financial Officer" means the Executive Director Financial Services who is in charge of the Financial Department and any person duly authorised by him/her to act on his/her behalf.

2. Estimates and borrowing

2.1 Borrowing powers and borrowing

The Chief Financial officer shall be responsible for the raising of such loans as may be required on such terms and conditions and from such sources as approved by the Municipality.



2.2 Preparation of capital and operating estimates and capital programme

2.2.1 Every Head of Department shall, with due regard to the Municipality's approved Integrated Development Plan, in respect of the activities of his/her Department and in consultation with the Chief Financial Officer prepare-

- (i) draft capital and operating estimates for the ensuing financial year;
- (ii) a draft capital programme for the following two or more financial years; and
- (iii) revised capital and operating estimates for the current financial year.

2.2.2 The revised capital and operating estimates, draft capital and operating estimates and draft capital programme shall be prepared in such form and completed by such date as the Chief Financial Officer may direct.

2.2.3 The Chief Financial Officer shall issue guidelines, having regard to the State treasury's directives concerning limitations placed on expenditure growth, in regard to the preparation and administration of the estimates and Heads of Departments shall comply with such guidelines in preparing their estimates.

2.2.4 The Chief Financial Officer shall summarise the draft capital and operating estimates and draft capital programme and shall thereafter submit such summaries together with his/her comments, including his/her proposals for the funding thereof to the Municipality for approval.

2.2.5 The draft operating estimates submitted to the Municipality for approval shall not reflect a deficit. Where the aggregate operating income is less than the aggregate operating expenditure, the estimates must contain proposals to meet such deficit.

2.2.6 The Municipality shall, prior to the start of the financial year, approve the estimates and determine the property rates, tariffs and rentals to be levied to balance the operating budget, provided that expenditure or income proposed may not be increased or reduced until such proposed change has been reported on by the Chief Financial Officer and such report considered by the Municipality.

2.2.7 The approved estimates may be amended by the Municipality during the year, provided that the total estimates are not exceeded. Where expenditure in excess of the approved estimates is required any necessary external approval shall be obtained.



2.3 Capital expenditure

2.3.1 Any report submitted by a Head of Department in which authority is sought to incur capital expenditure shall include-

- (i) the estimated total capital cost of the project;
- (ii) the effect on current and future operating income and expenditure, including the cost of additional staff; and
- (iii) such other information as the Chief Financial Officer and the Municipality may direct.

2.3.2 No capital expenditure shall be incurred unless-

- (i) provision therefore has been made in the approved capital estimates;
- (ii) the Municipality has specifically approved such expenditure; and
- (iii) all approvals required by law have been obtained and all other requirements have been complied with.

2.3.3 No under-expenditure on any capital project may be applied to meet additional expenditure on any other approved capital project without the approval of the Municipality, except that the Chief Financial Officer may, on recommendation of a Head of Department, transfer a financial provision not exceeding the maximum amount determined by the Municipality to meet the shortfall in the provision for another capital project duly approved within the current capital budget.

2.3.4 Whenever an approved capital estimate is, or is expected to be, exceeded a Head of Department is required, subject to the provisions of section 2.3.3, to obtain appropriate authority from the Municipality for the additional amount, provided that where any capital estimate is exceeded by a percentage determined by the Municipality, a Head of Department shall, at the first opportunity, report the reasons-

- (i) for the additional expenditure; and
- (ii) why timeous authority, where applicable, for the additional expenditure was not obtained.

2.3.5 A Head of Department shall advise the Chief Financial Officer immediately when he/she becomes aware of any amounts on his/her capital estimates which will no longer be required by his/her Department.

2.3.6 Subject to the approval of the Municipality expenditure in connection with uncompleted projects from a previous year may be incurred during the current financial year, provided that compensatory under-expenditure is affected.



2.4 Operating estimates

2.4.1 *Excess expenditure*

Should a Head of Department or the Chief Financial Officer have a reason to believe that any estimate provision is or will be insufficient, he/she shall forthwith report the matter to the Municipality provided that the Chief Financial Officer may, subject to such conditions as the Municipality may determine, authorise the transfer of an estimate provision up to, in any one case, an amount as determined by the Municipality, within a service from a vote or votes expected to be under spent. In the event of the over-expenditure exceeding this amount or where no under-expenditure is available. The matter shall be considered by the Municipality with a view to meeting the excess expenditure by a decrease in expenditure or any increase in income.

2.4.2 *Shortfall in income*

Where estimated income is unlikely to realise, the Head of Department concerned shall forthwith, in consultation with the Chief Financial Officer, report the matter to the Municipality indicating how the shortfall will be met.

2.5 Integrated Development Plan

2.5.1 The budget must be based on the approved Integrated Development Plan of the Municipality.

2.6 Reports

2.6.1 No report, which has financial implications shall be considered by the Municipality until the Chief Financial Officer has reported thereon.

2.6.2 Where any expenditure is contemplated in a report to the Municipality, the Head of Department shall indicate the relevant provision on the capital or operating estimates and the vote to be charged.

2.6.3 Before instructions are given to a consultant in regard to any project, and before any expenditure is incurred, the Head of Department concerned shall first obtain the approval of the Municipality of the project and also ensure that adequate financial provision is contained in the relevant estimates.

3. Accounting and costing

3.1 The Chief Financial Officer, or Head of Department, when so directed by the Chief Financial Officer, shall maintain proper cost accounting systems on capital and operating accounts and, except in so far as the form of such accounts may be prescribed by law, they shall be kept in whatever form the



Chief Financial Officer considers to be suitable to enable him/her to control the finances of the Municipality efficiently.

- 3.2 No accounting system shall be introduced by any Department and no alteration shall be made to any existing system without the prior approval of the Chief Financial Officer.
- 3.3 The Chief Financial Officer shall maintain the financial accounting records of the Municipality and the accounting principles, which he/she adopts in compiling such records shall, apart from complying with any prescription of law, adhere to any guidelines which the institute may from time to time determine.
- 3.4 All re-charge rates shall be kept under continual review by Heads of Departments in consultation with the Chief Financial Officer.
- 3.5 The Chief Financial Officer shall prepare financial statements in respect of such financial year in the form prescribed by the institute and shall certify the correctness of such statements.
- 3.6 No material shall be supplied to and no jobbing shall be carried out for a private individual, company, firm, organisation, state or parastatal body until the Head of Department concerned has been notified by the Chief Financial Officer that the amount of the estimated cost or shared cost of the work has been paid or otherwise provided for, provided that the Chief Financial Officer may, in the case of State or parastatal bodies, waive the requirements of this bylaw. If a payment in advance has been made in compliance with this regulation, and it nevertheless becomes evident to the Chief Financial Officer or the Head of Department performing the work or supplying the material that such payment in advance is likely to or will be exceeded by the cost of work or material, such Head of Department shall not continue with the performance of such work or the supply of such material without the prior consent of the Chief Financial Officer, and without thereafter complying with such terms and conditions as the Chief Financial Officer may direct.
- 3.7 No work shall be carried out or services rendered by one Department for another unless such work or services are requisitioned on the Municipality's official form and signed by a duly authorised official. The documents shall contain a description of the work or services, the authority for incurring the expenditure, and the vote or item in the estimates or job number to which such expenditure should be charged.
- 3.8 No work estimated to cost more than an amount as determined by the Municipality shall be undertaken departmentally without the prior approval of the Municipality.



- 3.9 Charges levied by one Department on another in respect of work or services referred to in section 3.7 shall promptly be submitted to the Department for approval and thereafter be submitted to the Chief Financial Officer for re-charge purposes. Any objection to a charge shall be referred to the Chief Financial Officer for adjudication.
- 3.10 In all cases where stores and material have to be transferred from one job to another, the provision of section 14.7 shall be complied with in the first instance.
- 4. Income**
- 4.1 The Chief Financial Officer shall be responsible for the collection of all moneys due to the Municipality and such moneys shall be paid to the Chief Financial Officer, or where suitable arrangements have been made by and with the Chief Financial Officer, to any other Department or, where the Chief Financial Officer so directs, to the Municipality 's Banker, or to any other body or institution approved by the Chief Financial Officer.
- 4.2 All moneys received shall be banked daily or at such regular intervals as the Chief Financial Officer determines.
- 4.3 The Chief Financial Officer shall ensure that all moneys received by any other Department are paid over regularly to his/her Department or otherwise in accordance with the provisions of section 4.1, and for that purpose shall prescribe a system to be operated for the collection of income, and no such system shall be altered or departed from without the approval of the Chief Financial Officer.
- 4.4 Notification shall be given promptly to the Chief Financial Officer by a Head of Department of any moneys becoming due to the Municipality and such notification shall set out the reasons why such moneys are due.
- 4.5 No amount due to the Municipality shall be written off as irrecoverable without the approval of the Municipality, except that the Chief Financial Officer shall be authorised to write off amounts not exceeding in any one case an amount determined by the Municipality from time to time and a record of all amounts written off shall be kept in such form as the Chief Financial Officer may decide.
- 4.6 Receipts**
- 4.6.1 All moneys received shall be recorded at once by means of a numbered official receipt.



- 4.6.2 Every cancelled receipt form shall be re-affixed in its proper place in the receipt book, or, in the absence of a receipt book, filed in accordance with instructions issued by the Chief Financial Officer.
- 4.6.3 Any surplus cash found at any time shall immediately be declared as such and deposited without delay to the credit of the appropriate account and all shortages of cash shall be reported to the Head of Department concerned immediately and made good in accordance with the Chief Financial Officer's action directive.
- 4.7 The determine and annual review of rentals, tariffs, fees and other charges shall be undertaken and appropriate recommendations made to the Municipality by-
- 4.7.1 the Head of Department for land matters, in consultation with the Chief Financial Officer, in respect of rentals payable by occupants of any property leased, hired or rented from the Municipality;
- 4.7.2 the Chief Financial Officer, in consultation with any Head of Department concerned, in respect of rentals payable for dwellings in State Housing projects; and
- 4.7.3 the Head of Department concerned, in consultation with the Chief Financial Officer, in respect of tariffs, fees and other charges for services provided by the Municipality.

5. Control of records

- 5.1 Receipt books, tickets and badges, as well as all printed matter for sale, except documents which any Department has been expressly authorised by the Municipality to control and sell, shall be obtained only from the Chief Financial Officer, and the Chief Financial Officer and Department so authorised shall keep a register showing the quantities received from the printers and the items issued, together with the signature of the recipient.
- 5.2 Every document containing a record of transactions which involves the receipt or payment of money, which is to be written up by hand, shall be written up in ink, and the use of pens of any description with erasable ink shall not be permitted. Where an entry in such document has been audited, it shall not be altered in any way.
- 5.3 Receipts shall not be altered in any way and the use of ink or solvents shall not be permitted. Any corrections or alterations to other records shall be made by ruling out the incorrect figures and inserting the correct figures above, and the person making the alteration shall affix his/her signature thereto.
- 5.4 It shall be the duty of every Head of Department to take the necessary steps to safeguard all documents which could have significance in legal proceedings



and which fall within the control of his/her Department and to retain such other documents as are necessary in terms of the Archives Act (No 6 of 1962) and the Chief Financial Officer may from time to time issue directives in this regard.

6. Control of payments

- 6.1 Every payment from the funds of the Municipality, other than imprest moneys, shall be made by the Chief Financial Officer through the Municipality's Bankers.
- 6.2 The signature of at least two persons duly authorised by the Municipality shall appear on all cheques drawn by the Municipality.
- 6.3 Every Head of Department shall establish and maintain a register of persons to whom authority has been delegated to sign official documents, and such register shall indicate the nature of the documents to which such signing authority applies, and shall include specimen signatures.
- 6.4 A copy of the register referred to in section 6.3 shall be made available to the Chief Financial Officer, who shall be notified immediately of any changes to such register.
- 6.5 Every voucher submitted for payment shall be in the form prescribed by the Chief Financial Officer and shall be certified by an authorised official from the Department concerned and shall, when submitted to the Chief Financial Officer, be accompanied by supporting documents, where applicable, and have indicated the following thereon:
 - 6.5.1 The name of the Department against which it is to be charged;
 - 6.5.2 The vote, item or account number from which it is to be paid;
 - 6.5.3 That sufficient estimate provision exists;
 - 6.5.4 The authority for the expenditure;
 - 6.5.5 That the goods have been received or the services rendered;
 - 6.5.6 The statutory authority, where relevant; and
 - 6.5.7 Such other information as the Chief Financial Officer may direct.
- 6.6 Notwithstanding the provisions of section 6.5.3 and 6.5.4, payments shall nevertheless be made where the Municipality is under a legal obligation to do so, provided that such payment is so certified, and provided further that such payment shall forthwith be reported to the Municipality for approval.



6.7 *Petty disbursements*

- 6.7.1 Imprest accounts for the making of petty disbursements shall only be established with the approval of the Chief Financial Officer, who shall prescribe the amount of such accounts and the nature and extent of payments to be made therefrom.
- 6.7.2 Every voucher submitted for the refund of petty disbursements made by a Department shall be accompanied by supporting documents for all such payments and a proper record shall be kept in a form approved by the Chief Financial Officer.

7. **Staff records and payments**

- 7.1 The Chief Financial Officer shall be responsible for the calculation of salaries, wages and allowances and shall keep records approved for this purpose.
- 7.2 The Chief Financial Officer shall be responsible for the verification of all calculations referred to in section .1
- 7.3 The payment of all salaries, wages and allowances shall be made by the Chief Financial Officer and the method of such payment shall be at his/her discretion.
- 7.4 The Chief Financial Officer shall be notified of all appointments, promotions, dismissals, resignations, transfers, leave of any description and all matters affecting the emoluments of employees of the Municipality. The Submission of such information to the Chief Financial Officer shall be in such form and at such date and time as the Chief Financial Officer may from time to time determine.
- 7.5 A Head of Department shall be required to certify, that, in respect of every employee reflected on the paysheet for each pay period, such employee was employed by the Municipality during such period.
- 7.6 *Where salaries and wages are paid in cash-*
- 7.6.1 the supervisor or a responsible official designated by the Head of Department, and who shall be present, and the paymaster shall certify that the amounts reflected on the paysheet or pay tickets have been duly paid to the respective persons against their signatures or other marks of identification; and
- 7.6.2 the paymaster or other responsible official designated by the Chief Financial Officer shall verify that all unclaimed salaries or wages have been paid into the designated account, in accordance with any relevant legislation, within the time period specified by the Chief Financial Officer and appropriate record of such unclaimed moneys shall be kept.



8. Internal control

It shall be the responsibility of a head of Department-

- 8.1 To establish and maintain systems of internal control to ensure that activities are conducted in an efficient and well order manner;
- 8.2 to ensure that adequate measures are taken to safeguard computer equipment, programs and all associated records; and
- 8.3 generally to maintain and safeguard all assets and records for which the Department is responsible.

9. Internal audit

- 9.1 The Chief Financial Officer shall be responsible for the auditing, on such basis as he/she considers appropriate, subject to any legal prescriptions, of all records, transactions, undertaking or matters generally which have any bearing on the finance of the Municipality.
- 9.2 To enable the Chief Financial Officer to discharge the responsibility referred to in section 9.1, he/she shall have access to any information which he/she in his/her opinion requires for this purpose. A Head of Department shall advise the Chief Financial Officer of any departmental enquiry which has any bearing on the financial administration of the Municipality and shall invite the Chief Financial Officer to be represented at such inquiry. The Chief Financial Officer may, at his/her discretion, and in addition to any steps taken by the Head of Department submit a report on any matter pertaining to such enquiry to the Municipal Manager or the Municipality, after consultation with the Municipal Manager.
- 9.3 In the exercising of the internal audit function, the Chief Financial Officer shall consider and, where he/she deems it necessary, report on, inter alia, the following:
 - 9.3.1 Whether, to the best of his/her knowledge, all income which should accrue to the Municipality has so accrued and has been properly recorded;
 - 9.3.2 Whether proper authority exists for any amount written off as irrecoverable or abated;
 - 9.3.3 Whether effective accounting records are maintained;



- 9.3.4 Whether expenditure incurred on any item or project, including interdepartmental jobbing-
- (i) has been correctly allocated as between capital and operating account;
 - (ii) has been charged to the correct vote;
 - (iii) has been made with proper authority;
 - (iv) complies with the law; and
 - (v) affords the Municipality due value for money;
- 9.3.5 whether waste, extravagance or inefficient administration exists;
- 9.3.6 internal control, including the soundness, adequacy and application of financial and other management controls;
- 9.3.7 whether procedures which have any bearing on the finance of the Municipality and which are prescribed in this bylaw, or by any other law, or by a directive of the Chief Financial Officer, are adhered to;
- 9.3.8 whether the movable assets of the Municipality, cash and other interests are adequately safeguarded;
- 9.3.9 whether all securities for investments made by the Municipality are in order, adequately safeguarded and properly shown in the books of the Municipality;
- 9.3.10 whether stocks of materials at the various Departments are verified at least once in every financial year;
- 9.3.11 whether cash in hand and all bank balances are verified monthly;
- 9.3.12 whether adequate security exists in respect of all computer installations and the determined procedures for the proper installations and the determined procedures for the proper management of such installations are properly observed; and
- 9.3.13 the suitability and reliability of financial and other management data developed within the Municipality.
- 9.4 The Chief Financial Officer, after consultation with the Municipal Manager, shall from time to time in order to determine the relative cost-benefit or value for money or both, evaluate and, where necessary, report on the performance of any Department or section of a Department including his/her own Department. Any information which the Chief Financial Officer considers necessary for the completion of such performance audit shall be furnished to him/her and whenever he/she deems it necessary, after consultation with the Municipal Manager, consultants may be engaged by the Municipality to assist with the conduct or interpretation of such performance audits or any other audit of whatever nature. Any such audit shall have due regard to the performance contracts of the Head of Department concerned.
- 9.5 No computer program or any changes thereto shall be permitted to become operational until the Chief Financial Officer has approved and tested such computer program or the relevant changes, provided that this regulation shall only apply to computer programs which, in the opinion of the Chief Financial Officer relate to or affect the financial administration of the Municipality.



- 9.6 When any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Municipality, or in the exercise of the functions of the Municipality in general, the Head of Department concerned shall forthwith notify the Chief Financial Officer who shall take such steps as he/she considers necessary and report in such matter independently of the Head of Department.
- 9.7 The Chief Financial Officer shall report to the Municipal Manager at least quarterly on the audit activities of his/her Department, and specifically on the matters referred to in section 9.6.
- 9.8 All reports regarding Internal auditing must be submitted to the Audit Committee and the Audit Committee shall report its findings on such reports to the Executive Committee.
- 10. Assets**
- 10.1 Each Head of a Department shall ensure the safeguarding and care of the assets under his/her control.
- 10.2 The Chief Financial Officer shall maintain a record of all capital assets belonging to the Municipality Authority which record shall contain at least a description of the asset concerned together with the original purchase price or other consideration relevant to the acquisition of the asset, and the source from which such acquisition was financed. The Head of department shall supply the Chief Financial Officer with such further information which he/she considers relevant to the compilation and maintenance of such record.
- 10.3 A Head of Department shall notify the Chief Financial Officer without delay of the acquisition, disposal, demolition or any other change in the status of any capital asset under his/her control and shall furnish the Chief Financial Officer with any information he/she may require from time to time regarding any assets of the Municipality.
- 10.4 Every Head of Department shall keep records in a form approved by the Chief Financial Officer of all assets not recorded in detail in accordance with regulation 10.2. The responsible Head of Department shall arrange for a complete check of all assets shown on such records at least once during each financial year, and shall thereafter submit to the Chief Financial Officer a certificate of the existence or otherwise of such assets. Any discrepancies, which cannot, in the opinion of the Chief Financial Officer, be satisfactorily accounted for, shall be reported to the Municipality.
- 10.5 The Chief Financial Officer shall determine which be deemed to be a capital asset.



- 10.6 Where, in the opinion of the Municipality, any asset would be scrapped or declared redundant or obsolete, such asset shall be kept at such place as the Chief Financial Officer may direct, and the Chief Financial Officer or Head of Department so authorised shall dispose of such asset to the best advantage of the Municipality, in accordance with directives issued by the Chief Financial Officer or the Municipality, as the case may be, provided that where such asset has been financed from a loan that is not fully redeemed, the Chief Financial Officer shall determine the method by which the unredeemed portion of the loan shall be repaid.
- 10.7 The Chief Financial Officer shall reconcile the capital assets and accounting records in respect of each financial year.

11. Investments

The Chief Financial Officer shall be responsible for the investment of the funds of the Municipality on such terms and conditions as may be prescribed by law and in accordance with a policy determined by the Municipality and shall in connection with such investments be empowered to purchase or sell any securities.

12. Insurance

- 12.1 The Chief Financial Officer shall be responsible for the placing of insurance as approved by the Municipality from time to time. The Chief Financial Officer shall also be responsible for the management of the Municipality's self-insurance fund, if in operation, and shall in managing such fund, cover such risks as the Municipality may from time to time determine and ensure that adequate premiums are charged by the fund annually.
- 12.2 A self-insurance fund shall be protected by such re-insurance cover as the Municipality may determine.
- 12.3 The Chief Financial Officer may at any time require from a Head of Department, who shall duly supply, a statement setting out the assets held by that Department, the risk to be insured, and any other information which the Chief Financial Officer deems necessary.
- 12.4 A Head of Department where so required by the Chief Financial Officer, shall give prompt notice to the Chief Financial Officer of all property acquired, leased or rented, which should be insured against fire, accident or loss of any kind, and of any alterations in structures, heating or occupations of any buildings or items under insurance.



- 12.5** A Head of Department shall advise the Chief Financial Officer of the amounts for which new insurance should be effected, or of any alterations in existing insurance, having regard at all times to the replacement costs of assets.
- 12.5.1** A Head of Department shall give notice to the Chief Finance Officer immediately after the occurrence of any fire or damage to or loss of the assets of the Municipality and shall as soon as possible after such occurrence, complete the appropriate claim form and furnish an estimate of the cost of making good such damage.
- 12.5.2** A Head of Department shall similarly advise the Head of Human Resources of any injuries to employees of the Municipality and shall in this regard strictly comply with the provisions of the Occupational Health and Safety Act 1993 (Act 85 of 1993).
- 12.5.3** A Head of Department shall further advise the Chief Financial Officer of any injuries or damage to third parties in any case which could give rise to a claim against the Municipality.
- 12.6** A Head of Department shall promptly advise the Chief Financial Officer of any assets which in their opinion should be insured against political and malicious damage or any other risk and the amounts for which such insurance should be affected.
- 12.7** Should the Municipality operate a self-insurance fund, the Chief Financial Officer shall, unless the Municipality otherwise resolves, be responsible for the calling of tenders for the appointment of a suitable Insurer, and shall ensure the placement of cover for such risks as the Municipality may from time to time determine, including cover for claims made against the Municipality by third parties.
- 12.8** The City Secretary shall keep a record of all insurance policies held by the Municipality and ensure that all claims which arise under such policies are settled.
- 12.9** The Chief Financial Officer shall be responsible for the payment of all premiums.
- 13. Tenders, quotations and contracts**
- 13.1** Subject to the provisions of any law affecting procurement by the Municipality it shall, by notice published in the press invite tenders before entering into any contract for the execution of any work or the supply of any goods, material or services of the Municipality where the value of such contract is likely to exceed an amount as determined from time to time by the Premier in the Provincial Gazette.



- Final Draft for consideration by Council**
- 13.1.1** Subject to the provisions of section 14 of this bylaw, the Municipality shall not enter into a contract for the furnishing of goods, or the execution of works, to the value of less than the amount stated in 13.1 above, without inviting tenders, unless it has first invited and considered at least two quotation for such goods or works.
- 13.2** Every tender addressed to the Municipality shall be enclosed in a sealed envelope or package bearing on its exterior any number which have been attached by the Municipality to the invitation to tender and the nature of the goods or works to which the tender relates.
- 13.3** Subject to the provisions of section 13.7 no tender shall be considered if it has been placed later than the closing time specified in the invitation to tender in the tender box, which the Director of Administration shall provide for the purpose and keep locked at all times except when tenders are being collected therefrom.
- 13.4** A tender received otherwise than by deposit in the tender box shall as soon as it has been so received be placed, by the officer authorised to deal with tenders, in the tender box mentioned in section 13.3 hereof.
- 13.5** When a tender received otherwise than by deposit in the tender box is found not to comply with the requirements of section 13.2 it shall forthwith be placed in a sealed envelope on which shall be noted;
- 13.5.1** The date and time of receipt of the tender;
- 13.5.2** The nature of the goods or works to which it relates; and
- 13.5.3** The condition in which the tender was received and it shall thereupon be placed in the tender box.
- 13.6** When a tender is found on the opening of the tender box not to comply with the requirement of section 13.2 the person opening tenders shall declare and endorse upon it the respects in which it fails so to comply.
- 13.7** A tender received by telegram or facsimile before the advertised closing time shall be considered if the name of the tenderer, the goods or works to which it relates, the amount of the tender and the period of delivery offered are specified therein and written confirmation thereof is posted not later than the advertised closing time.
- 13.8** A tender received after the advertised closing time may be considered if posted, telegraphed or sent by facsimile in time to reach the Municipality before the advertised closing time and the Municipality is satisfied that the tenderer has taken all reasonable precautions and is otherwise in no way to blame for the delay.

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- 13.16** A Head of Department shall ensure that his/her requirements for particular goods, material, services and work are not deliberately divided in order to avoid the need to invite public tenders and any contravention of this regulation shall be reported to the Municipality by the Chief Financial Officer.
- 13.17** Notwithstanding the provisions of any of this bylaw, unless he/she has been authorised by the Municipality to do so, the Chief Financial Officer or where the function has been delegated by the Municipality to another Head of Department, such Head of Department, shall not without first inviting public tenders enter into any contract on behalf of the Municipality for the leasing of goods for a period exceeding 12 months where such contract involves an average estimated monthly rental in excess of any amount as determined by the Municipality.
- 13.18** In reports dealing with the acceptance of tenders or quotations, a Head of Department shall indicate, in addition to known costs that will have to be paid to the successful tenderer, the probable additional costs which may arise in the execution of such contract, or for the completion of the project, and where necessary obtain approval from the Municipality for any additional expenditure.
- 13.19** No contract shall be binding on the Municipality unless it is in writing and the acceptance thereof signed by an official authorised to do so by the Municipality.
- 13.20** In case of every contract where the total amount to be paid under the contract exceeds or is likely to exceed an amount as from time to time determined by the Premier of the Provincial Government, a guarantee approved by the Chief Financial Officer shall be provided by the contractor, and such guarantee shall cover at least 10% of the contract sum. Notwithstanding the foregoing the Municipality may, in circumstances which it deems appropriate, and upon the recommendation of the Chief Financial Officer, waive compliance with the whole or any part of this regulation.
- 13.21** A progress payment in terms of a contract shall be limited to the value of the work done or material supplied, as certified in terms of the contract, less the amount of previous payments made and retention money withheld in pursuance of such contract.
- 13.22** Upon completion of a contract, the certificate for final payment together with the contractor's detailed account and statement showing omissions and additions shall be forwarded to the Chief Financial Officer.



13.23 A Head of Department shall furnish the Chief Financial Officer or Head of Department approved by Municipality with all such information as he/she may require to ensure the efficient administration of all contracts entered into by the Municipality

13.24 The Municipality shall compile a procurement policy in regard to purchases and services from suppliers to empower previously disadvantaged individuals.

14. Stores and materials

14.1 The Chief Financial Officer shall be responsible for the proper management of all stores under his/her control, for the safe custody of all goods and material contained therein, and shall keep such records of receipts and issues as the Chief Financial Officer may deem necessary to account for such stores and material.

14.2 Maximum and minimum stock and re-order levels shall be determined in the manner prescribed by the Chief Financial Officer. Stocks shall not be held in excess of normal requirement, except where the Chief Financial Officer agrees that special circumstances exist.

14.3 Except where the Chief Financial Officer is of the opinion that special circumstances exist, material shall not be carried by any Department in excess of normal requirements as ascertained by experience.

14.4 With the exception of petty cash disbursements made from petty cash imprest account in terms of section 6(7) all goods and material shall be purchased or issued by the Chief Financial Officer and no goods or material shall be so purchased or issued otherwise that against a requisition authorised by the Head of the Department by which the goods/material are required.

14.5 Every Head of Department shall at least once in every financial year carry out a stocktaking covering all stores and material under his/her control and shall report to the Chief Financial Officer the quantity and value of any discrepancies and breakages in stocks revealed by such stocktaking, together with the reasons for such discrepancies and breakages. In addition, the Chief Financial Officer shall from time to time, and on such basis as he/she considers adequate, verify the existence of all stocks, whether they are under his/her control or under the control of another Department.

14.6 Any adjustments to stock records shall be authorised in the manner prescribed by the Chief Financial Officer or the Municipality, as the case may be: Provided that any adjustments which the Chief Financial Officer deems to be material, and all cases involving negligence or identifiable theft shall after consultation with the Municipal Manager be reported to the Municipality and, if applicable, dealt with as prescribed by a higher authority.

- 14.7 All stores and material which are surplus on the completion of the works or on the fulfilment of the purpose for which they were issues, or recovered in the course of carrying out works, or on hand for any reason whatsoever, shall immediately, under cover of an advice note which adequately describes them, be returned to the store or such place as the Chief Financial Officer may direct. The advise shall be in such form as the Chief Financial Officer may prescribe and, where applicable, the value place on returned stores and material shall be fixed in consultation with the Chief Financial Officer.
- 14.8 Where, in the opinion of the Municipality, any stores and material should be scrapped or declared redundant or obsolete, the Chief Financial Officer or Head of Department so authorised shall dispose of such stores and material to the best advantage of the Municipality, in accordance with directives issued by the Chief Financial Officer or the Municipality as the case may be.
- 14.9 No order for the purchase of goods material or services shall be placed on behalf of the Municipality except by the Chief Financial Officer or other officer authorised by the Municipality to do so.
- 14.10 In the event of an unauthorised order being placed, the officer who placed such an order shall be personally liable for the payment of such items, if the Municipality so resolves.
- 15. Computers**
- 15.1 *Acquisition of Computer hardware and software.*
- 15.1.1 The Municipality shall not purchase or otherwise acquire, develop or extend any computer hardware including peripheral equipment, software or application packages until the Chief Financial Officer and any computer advisory body established by the Municipality has reported to the Municipality on such acquisition, or development.
- 15.2 *Computer security*
- 15.2.1 An employee in charge of a computer shall sign off the computer when leaving the workstation.
- 15.2.2 The computer installation shall be physically protected and accessibly limited to authorised employees.
- 16. Miscellaneous**
- 16.1 Wherever powers are delegated to an officer in terms of these bylaws, conditions under which such powers have been delegated should be defined, including a condition that such officer shall report to the Municipality at such intervals as the Municipality may decide.



16.2 *Committee meeting, agendas and minutes*

Notice of all meeting of the Municipality shall be sent to the Chief Financial Officer together with full agendas and reports. The Chief Financial Officer shall have authority to attend all such meetings and take part in the discussion.

16.3 *Circulars, letters and other written communications from the state and other institutions.*

A Head of Department shall, immediately upon receipt of any circular, letter or other written communication, the contents of which in any way relate to the financial administration of the Municipality, forward a copy of such communication to the Chief Financial Officer.

16.4 *Financial procedures*

The Chief Financial Officer shall be empowered to prescribe financial procedures under this bylaw.

16.5 *Review of monetary limits*

All monetary limits referred to in this bylaw shall be initially determined by the Municipality and thereafter be subject to review by the Municipality.

16.6 *Reinstatement of Municipal infrastructure*

Any person, organisation or legal entity which, whether performing a statutory function or not, and in performing such function damages, destroys or disturbs any Municipal infrastructure shall be responsible for the reinstatement and/or repair and/or replacement of such Municipal infrastructure at its own cost and where such person, organisation or legal entity fails to repair or replace such infrastructure, the Municipality shall do so after giving due notice of its intention so to do, and all costs incurred in the process shall be to the account of the person, organisation or legal entity which caused the damage, destruction or disturbance to such municipal infrastructure.

16.7 *Repeal of bylaws*

All Municipal Bylaws, and amendments thereto, relating to Financial bylaws made by the local authorities of Nkwazi/Zinkwazi Beach Transitional Local Council, Kwadukuza/ Stanger Transitional Local Council and Dolphin Coast Transitional Local Council, disestablished in terms of Provincial Notice No. 345 of 2000 in terms of section 12 of the Local Government: Municipal Structures Act, 1998: Establishment of Municipalities 9DC 29, KZ 291, KZ 292, KZ 293, KZ 294) as published on 19 September 2000, are hereby repealed.