

1. **SUMMARY OF CHANGES TO POLICIES**

The complete detailed policies are available on the municipal website – www.stevetshwetelm.gov.za/finance/budget_related_policies_2019/2020 for public scrutiny.

Amendments to policies are typed in “*italic*” font.

2. **New policies**

3. **Amended existing policies**

3.1 **Asset management policy**

1. The word “Financial Assets Register” were replaced entirely with the word “ Fixed Assets Register”
2. Section 5 paragraph 1 of the policy under responsibilities and accountabilities, changes were made to ensure that the responsibilities are that of Council and not the Mayor.
3. **The following paragraph has been amended:**
 - The systems, processes and registers required to substantiate the financial values of the municipality’s assets are maintained at standards sufficient to satisfy the requirements of the GRAP.

To read as follows:

- The systems, processes and registers required to substantiate the financial values of the municipality’s assets are maintained at standards sufficient to satisfy the requirements of the Auditor-General.

The above has been done since the Auditor General only audits the compliance with GRAP and other statutory requirements. The changes were made across the policy to ensure that no reference is made to the Office of the Auditor General.

4. The designation of the “Municipal Manager” were changed to read “Accounting Officer” to align with the Municipal Finance Management Act.
5. Section 10.1 number d, the subclass for the intangible assets were included as “Computer Software”.
6. Section 12 has been included to separately deal with the initial measurement and treatment of the investment properties by the municipality.
7. Section 12 has been included to separately deal with the initial measurement and treatment of the Intangible Assets by the municipality.
8. Under Section 1 on the definitions the following has been included to deal with the recognition threshold of the assets as it was not addressed on the initial policy.

- *Recognition threshold* is the cost related to the acquisition of the asset and must be greater than R 1000.00 or the cost will be expensed. The municipality however may recognize items of the property, plant and equipment acquired at the cost less than R 1000.00 where necessary for fair presentation and disclosure of the items of PPE.
 - *The definition of the GAMAP framework has been removed since is no longer in use and irrelevant.*
9. Under Section 1, the definition of current assets has been included.
 10. Section 10.3 has been amended to ensure that componentisation of the Assets is not option as indicated by GRAP 17 and now the heading of the section read as follows:
 - Treatment for major component
The paragraph under the same section reading as “It is probable that future economic benefits or potential service delivery associated with the asset will flow to the municipality. “ has been removed since the asset would have already have to had met this if it was part of the asset.
 11. Under Section 12 of the policy, the subsequent measurement of the investment properties were included and the following paragraph on the revaluation model has been removed to align with the municipality’s accounting policy of recognizing assets using cost model.
 - When items of property are stated at revalued amounts, the financial statements should disclose:

A. ASSETS MANAGEMENT METHODOLOGY

1. Section 1 reading as “ISSUES IDENTIFIED IN TERMS OF THE CURRENT 2017/2018 ASSET REGISTER” has been removed.
2. Under section 2, the component status were removed.
3. Under section 3.7 on updating the FAR field work the following has been removed” PlanetGIS-mobile software ensures that the information captured is linked to the main database.” *The same has been done on 4.4*

B. SCHEDULE 2 USEFUL LIFE OF ASSETS

NB. The useful lives of the assets has been revised to ensure that is aligned to the municipality’s accounting policy. Refer to Annexure A and B for the initial useful lives and B for the revised useful lives.

3.2 Blacklisting policy

- Point 1 - definitions
 - Removal of “appeal authority” definition.
- Point 6 - grounds for blacklisting
 - 6.2 - removal of wordings.

- 6.5 - addition of a director or member of the company.
- Point 7 - procedures
 - 7.1.3 - applicant's amended to complainant.
 - 7.1.8 - 7.5.4 amended to 7.6.2.
- Point 9 - uplifting of sanction
 - 9.5 - removal of wording.
- Point 11 - sanctions
 - 11.1 - logs amended to loss.
- Point 15 – prescribed forms
 - appeal authority amended to order.

3.3 Budget policy

- Point 4 - budgeting principles
 - Bullet added - annual budget will only be approved by council if the budget is fully funded
- Point 5 - budget preparation process
 - 5.1 (a) and (f) - chief financial officer amended to executive director financial services
 - 5.1 (i) - the word vote amended to functions
 - 5.2 - publication of the budget
 - (a) - the word tabled amended to draft
 - (b) and (d) - chief financial officer amended to executive director financial services
- Point 6 - capital
 - (k) - capital replacement reserve (CRR) amended to internally generated funds and wording capital replacement reserve added to first bullet
- Point 7 - operating budget
 - (a)(viii) added - repairs and maintenance must be divided between corrective and preventative maintenance
 - (e) - chief financial officer amended to executive director financial services
- Point 8 - funding of capital & operating budget

- (vii) added - grant funding as per the conditions linked to each grant
- Point 9 - unspent funds / roll over budget
 - (e) - capital replacement reserve replaced with internally generated funds
 - Addition of paragraphs (f) and (g)
 - (f) - capital projects for roll overs may only be utilized for the original purpose to finalize the project and virements will not be allowed from such projects
 - and
 - (g) - savings on roll over projects may be used against projects where a shortage occurred to expedite a project, only after the relevant department has confirmed in writing that the original project is finalized and all invoices were paid
- Point 11 - adjustment budget
 - (a) - chief financial officer replaced with executive director financial services and word SDBIP added
- Point 12 – budget implementation & monitoring
 - Addition of paragraphs (c) and (d)
 - (c) - each executive director, director, deputy director, assistant director or head of department (HoD) is responsible for the implementation of the budget allocated to his/her department/section in line with all laws and regulations
 - (d) - departments must keep record of progress on their projects and must be able to produce such evidence to the Auditor-General on request
 - 12.2 - reporting
 - Addition of paragraph (x) – departments must supply the budget office with reasons for variances and remedial actions with two (2) working days after the last day of the month to be included in the section 71 report
- Point 13 - publication
 - chief financial officer amended to executive director financial services

3.4 Budget virement policy

- Point 4 - virement classifications
 - (b) Virements between functions (directorates) will be permitted where the proposed shifts are within the same funding source amended to If virement result in a mSCOA segment change, by adding a new project, changing the region or funding source, it is not allowed.
 - (d) removing of subject to that the virement may not lead to the non-implementation of an existing approved project.
 - (ii) Virement of funds within functions (votes) reporting to the same director (HoD) within the same directorate be allowed to transfer funds from one (1) cost item or capital project to another subject to that the funding segment is the same on the respective budgets (operational and capital) amended to Virement between Rates Services and Trading Services and across Trading Services are not allowed.
 - Addition of (iii) Virements between functions is permitted where the proposed shifts facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes)
 - Addition of (x) - virements for poor planning is not allowed
 - (xii) - amount amended to read R500 000,00
 - Addition of (xiv) – capital virements are limited to R3 000 000,00 per segment (vote) per annum and operational virements are limited to R500 000,00 per segment (vote) per annum
- Point 5 - virement restrictions
 - 5.1 - addition of (e) and (f)
 - (e) virements between repairs and maintenance and any other item segment are not allowed
 - (f) virements are not allowed within the first four (4) months of the financial year
 - 5.2 (f) - chief financial officer amended to executive director financial services and capturing the transfers replaced with authorizing the virement

- 5.3 (a) – addition of point – virements may not lead to the creation of new projects which is not contained in IDP
- Point 6 - virement procedures
 - (d) must be approved by the chief financial officer, municipal manager or council as delegated amended to are not allowed and may only be done via a formal adjustment budget.
 - (f) chief financial officer amended to executive director financial services and transfers amended to virement.

3.5 Cost containment policy

- Point 9.1 – travel and subsistence
 - 9.1(i) and (ii) – amended to read all municipal officials and political office-bearers
- Point 12 – sponsorship, events and catering
 - 12.5 – amended word functions to events and words deleted.
- Point 15 – other related expenditure items
 - 15.2 – amended to include activities of any political party.

3.6 Credit control & debt collection policy

- Point 3 - problem statement
 - Indigent policy changed to free basic and indigent support policy
- Point 9 - application for services
 - 9.5 - to register for municipal services the customer must:
9.5.1 - 9.5.5 deleted and replaced with the addition of point 9.6 (a-e) thereafter numbering of paragraphs updated
- Point 10 - deposits
 - 10.3 - movement of existing customers to a new address deleted
 - 10.10 - deleted and replaced
 - 10.14 - review of deposits – three (3) consecutive months amended to two (2) consecutive months
- Point 18 - arrear accounts

- 18.9.3 - addition of minimum of 50% and acceptable arrangements made
- 18.9.5 - addition of new point
- Point 20 - debt repayment arrangements – general principles
 - 20.3.3 - addition of new point pertaining to maximum number of extensions per calendar year
 - 20.3.4 - addition of new point pertaining to number of times extensions allowed
 - 20.4.3 - amended that all arrangements pertaining to handed over accounts be entered into by council only
- Point 26 - handing of accounts over to attorneys
 - 26.1 - thirty (30) days amended to sixty (60) days
- Point 34 - refunds
 - 34.4 - thirty (30) days amended to sixty (60) days
 - 34.5 - three (3) years amended to five (5) years

3.7 Free basic services & indigent support policy

- Point 6 – criteria for qualification for indigent support
 - 6.2 (e) Amended – monthly income is less than R3 720,00
 - 6.9 Additional supporting documentation that may be requested during the application process:
 - (a) Marriage certificate/ Divorce decree.
 - (b) Identity documentation of applicant
 - (c) Proof of income/ Bank statement
 - (d) Affidavit on unemployment
 - (e) Letter of authority for deceased estate
 - Addition 6.10 For validation of the information provided during the application process, vetting of the applicant/s will be carried out.
- Point 8 – conditions of support
 - 8.6 – words “but not” deleted

3.8 Impairment of debtors and write-off policy

- Name of policy changed from write-off of debtors policy to impairment of debtors and write-off policy

- Treasury office changed to revenue

3.9 Pay day policy

- Point 7 – councillors and permanent employees
 - 7.2 – first three (3) months amended to first month.

3.10 Petty cash policy

- Treasury office amended to expenditure and assistant director treasury office amended to assistant director expenditure and salaries
- Point 5 – approved list of petty cash purchases
 - 5.1 (b) – addition of - and food as per travel and subsistence policy added to tollgate fees
 - 5.3 (g) – addition of - unless preapproved by the executive director financial services for special circumstances added to any fuel purchases
 - 5.5 - addition of - excluding replacement of steel gates
- Point 8 – other
 - 8.2 – addition of new point 8.2 – maximum amounts of petty cash bins
- Point 9 – petty cash replenishment
 - 9.3 – amended of cost centre (vote) to function and item
- Point 11 – shortages and losses
 - 11.2 – addition of the word both
- Point 13 – reporting
 - 13.1 – addition of – included in the monthly report which will be submitted to council
 - 13.2 – 20th of following month amended to two (2) working days after the last day of the month

3.11 Property rates policy

- Point 5 – guiding principles
 - 5(f) – amount of R15 000,00 amended to R30 000,00
- Point 13 – rates, exemptions and reductions

- 13.1.2 – amount of R15 000,00 amended to R30 000,00
- 13.1.4(e) – amount of R14 400,00 amended to R14 880,00
- 13.1.2(h) – average monthly earnings per month amended to:

R0	to	R 3 720,00 (state pension x2)	100%
R 3 720,01	to	R 7 440,00	70%
R 7 440,01	to	R11 160,00	50%
R11 160,01	to	R14 880,00	20%
- 13.1.4(e) – amount of R14 400,00 amended to R14 880,00
- 13.1.5(h) – rebate granted in respect of combined preceding three (3) months average monthly earnings amended to:

R0	to	R 3 720,00 (state pension x2)	100%
R 3 720,01	to	R 7 440,00	70%
R 7 440,01	to	R11 160,00	50%
R11 160,01	to	R14 880,00	20%

3.12 Supply chain management policy

- Point 12 – availability of supply chain management policy
 - 12.1 – Steve Tshwete Local Municipality website address amended to www.stlm.gov.za.
- Point 16 – system of acquisition management
 - 16.2 – (general) – addition of 16.2.3 (c) and (d) – goods and services and accommodation in hotel/lodge.
 - 16.3 – (deliberate splitting of orders) – addition of 16.3.1 (e) – any other accreditations as per specifications.
- Part 5 – Annexures - addition of Annexure E (Preferential Procurement Regulations, 2017).

3.13 Tariff policy

- Point 2 - introduction
 - 2.2 – word ‘service’ removed
- Point 10 – refuse removal services
 - 10.7(d) – addition of 6m³ mass container
- Point 11 – electricity services
 - 11.14 – addition of up to 80 ampere three phase
 - 11.16 – new point for small-scale embedded generation

3.14 Travelling and subsistence policy

- Point 6 - approval
 - 6.8 – new point regarding attendance of staff funeral.
- Point 7 – submission of claims
 - 7.11 – new point regarding political party claims for travel and subsistence.

3.15 Unclaimed deposits policy

- Title change from unclaimed monies policy to unclaimed deposits policy

4. **By-laws**

4.1 Tariff by-laws

- Point 7 – electricity services
 - 7.1(a) – addition of (vi) small-scale embedded generators

5. **Unchanged policies & By-laws**

- Borrowing policy
- Contractor development policy
- Funding & reserves policy
- Investment of surplus funds policy
- Methodology – classification treatment of land policy
- Methodology – impairment and assessment of useful lives of assets policy
- Methodology – impairment of receivables policy
- Short term risk and liabilities policy
- Credit control by-law
- Customer care and revenue management by-law
- Property Rates by-law