

WATERBERG DISTRICT MUNICIPALITY



EXPENDITURE MANAGEMENT POLICY

2025/2026 FINANCIAL YEAR

SUMMARY

The Municipal Finance Management Act, (Act 56 of 2003) read together with the Municipal Budget and Reporting Regulations, provides the legislative framework within which any expenditure related transactions must take place. Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of Waterberg District Municipality.

The budget plays a critical role in an attempt to realise the diverse community needs. Central to this, the formulation of this expenditure policy must ensure that the objectives of the MFMA as set out in section 2, is incorporated in the day to day administration of the municipality. This policy must be read, interpreted, implemented and understood against this legislative background.

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1. PURPOSE

The objective of the Expenditure policy is to:

- 1.1. Set out a framework for Waterberg District Municipality to deal with: All expenditure related transactions; Unforeseen and unavoidable expenditure; Irregular and fruitless and wasteful expenditure;
- 1.2. To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes;
- 1.3. Ensure that all monies due by the municipality is paid in full within the 30 days of receipt date of invoice or statement; whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003); and
- 1.4. Ensure that the principles applied, as a result of this policy, will enhance and support healthy working capital position for the Waterberg District Municipality.

2. SCOPE

The Expenditure policy is applicable to all transactions and events relating to the incurrence of operational and capital expenditure.

3. EXPENDITURE MANAGEMENT

3.1 Banking Details

3.1.1 Any changes to creditors' banking details will only be allowed when the following procedures have been met:

3.1.1.1 The Creditor must inform the Municipality of its' banking details on an original letterhead from the specific company and approved by the relevant banking institution with their official stamp and signatures.

3.1.1.2 In the case where official letterheads and documentation is not available a letter from the banking institution duly signed by both parties and official stamp will be required.

3.1.1.3 Only original documentation information as set out above will be accepted for any changes to banking details.

3.1.2 Refunds in respect of other deposit accounts, excluding consumer deposits, will only be refunded to the bank account originally certified by the beneficiary at the time of payment.

3.2 Withdrawals from the Bank Account

3.2.1 Any withdrawal from a bank account in the name of the Waterberg

- District Municipality may only occur in terms of section 11 of the MFMA;
- 3.2.2 All withdrawals must comply with the Cash & Investment Policy of the Waterberg District Municipality and shall be signed or authorized by not fewer than two people as authorized by the Accounting Officer.
- 3.2.3 The delegated authority to sign cheques or authorize electronic payments shall be in writing and kept on record, and be reviewed regularly by the Accounting Officer. Copies of such letters of authority will be kept by the expenditure department.

3.3. Creditors

- 3.3.1.1 All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice provided it is declared accurate and signed off by the relevant department. The invoice shall be considered received only if it was hand delivered or emailed and there is an acknowledgement of receipt by the expenditure department.
- 3.3.1.2 The invoice will become due from the date it was captured on the financial system.
- 3.3.1.3 Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.
- 3.3.1.4 All requests for payment, properly certified and accompanied by the relevant invoices and supporting documentation must reach the Expenditure Department at least 5 days (120 hours) before payments are due.
- 3.3.2 Senior Managers shall advise the CFO of the names of officials empowered to sign requisitions and / orders together with their specimen signatures.
- 3.3.3 Invoices or statements submitted for payment to the Manager of Expenditure by any department shall be in such form as may be required by the CFO and must state the reference to the relevant vote to meet such payment.
- 3.3.4 When a department authorizes the payment of accounts the signatory certifies and authorizes that:-
- 3.3.4.1 All processes in terms of the Supply Chain Management Policy of the Municipality had been followed;
- 3.3.4.2 The goods and services have been received and rendered

- in good order and are under the control of the Municipality;
- 3.3.4.3 The account has not previously been submitted for payment; (d) Sufficient budgetary provisions exists;
- 3.3.4.4 If excess expenditure is involved, a virement should be approved authorizing the excess expenditure and shall be attached to the voucher;
- 3.3.4.5 Authority for the payment exists, in which case the authority shall be indicated on the voucher; and
- 3.3.4.6 Fruitless and wasteful expenditure has not been incurred.
- 3.3.5 Before payment is processed the Expenditure Department shall ensure that: -
 - 3.3.5.1 The prices, calculations and any taxes are correct;
 - 3.3.5.2 Any discounts to which the municipality is entitled to have been deducted;
 - 3.3.5.3 The account has previously not been paid; and
 - 3.3.5.4 Sufficient budgetary provisions exist.
- 3.3.6 All payments due by the Municipality shall be made by cheque or approved electronic payment method drawn from the banking account of the Municipality.

3.4 Salaries, Wages and Allowances

- 3.4.1 The CFO shall be responsible for the calculation and payment of salaries, wages and allowances.
- 3.4.2 Payment shall be made in accordance with pay sheets approved by the Manager for Expenditure to a nominated bank account of the municipal employee or councilor.
- 3.4.3 Corporate Services is responsible to notify the Chief Financial Officer and Manager for Expenditure of all appointments, promotions, dismissals, resignations, transfers, absences for any reasons, and all matters affecting the emoluments of employees of the municipality. The submission of such information to the Manager for Expenditure shall be in such form and at such dates and times as the CFO may determine from time to time.
- 3.4.4 Corporate Services shall be responsible for the maintenance of all records essential for the accurate determination of emoluments and leave due to employees of the municipality.

3.5 Grant Expenditure

- 3.5.1 A proper cash flow in respect of Grant expenditure as well as

Grant income related to the Grant Funded project must be drawn up by the relevant director and included in the budget.

3.5.2 No payments will be allowed in respect of projects to be financed from external grants unless grant funding have been received.

3.5.3 Council may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

3.6 Capital Expenditure

3.6.1 No capital expenditure shall be incurred or committed to any project unless: - Duly appropriated in an approved capital budget or adjustments budget; and

3.6.2 All necessary legislative requirements have been met as set out in the MFMA section 19, Budget and Reporting Regulations sections 11 and 13 and the Supply Chain Management Policy of the Waterberg District Municipality.

3.7 Interest

3.7.1 Interest on late payments will be classified as fruitless and wasteful expenditure. In the case that the interest charge is due to the negligence of an official the expenditure will be reported as such, and possibly recovered after appropriate investigation.

3.8 Refunds

3.8.1 Refunds up to the value of R2000 can be made to employees and councillors for expenditure incurred on behalf of the municipality, when it was impractical for the municipality to follow normal procurement processes or in the case of an emergency.

3.8.2 Refunds for values of R2001 and above will be required to follow applicable SCM processes, or required to be procured by way of a deviation, that should be signed by the Accounting Officer.

3.9 Petrol Cards

3.9.1 To ensure the efficiency of the office of the Mayor and Speaker, petrol cards will be assigned to the designated driver for the vehicles for the purchase of fuel and oil. An amount of R20 000 for each car will be loaded monthly, and the amount will be reviewed annually.

3.9.2 Fleet Officer will reconcile the petrol cards spending on monthly basis.

3.9.3 The petrol card may not be used to purchase goods of a personal nature and any other goods/services not provided for in the petrol card use contract.

4. 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.

5. COMMUNICATION

Circulars, messages and notices on notice boards will be utilized in order to inform all employees of the availability of the policy. Copies of the policy will also be distributed to the parties that took part in the consultation process

6. REVIEWAL OF THE POLICY

It will be the responsibility of the Corporate Services Department to consider the provisions of this policy on annual basis. The Corporate Services Department shall request all Departments to submit their proposed changes for submission to Council for approval.

7. ROLES AND RESPONSIBILITIES

Role	Authority
Expenditure Manager	1. Approves EFT payment on banking website or banking payment file after he/she reviewed the supporting documentation and payment summary report/payment journal(s) 2. Reviews and approves creditors and bank reconciliation
Revenue Manager	1. Approves EFT payment on banking website or banking payment file after he/she reviewed the supporting documentation

Role	Authority
Financial Specialist	1. Approves EFT payment on banking website or banking payment file after he/she reviewed the supporting documentation and payment summary report/payment journal(s)

CFO	1. Approves EFT payment on banking website or banking payment file after he/she reviewed the supporting documentation 2. Reports to council on Expenditure Management
Creditor's Accountant	1. Approves EFT payment on banking website or banking payment file after he/she reviewed the supporting documentation and payment summary report/payment journal(s) 2. Reviews and monitors monthly departmental spending.

8. MONITORING, EVALUATION AND REVIEW

- 8.1 A report detailing the progress with the implementation of Expenditure Policy with specific reference to achievement of this policy has to be compiled every.
- 8.2 The policy must be made available to all consulting parties for perusal and comment and must be circulated to all staff members by means of circulars, notices and notice boards.
- 8.3 All managers shall monitor implementation of this policy.

9. DEFINITIONS AND ABBREVIATIONS

Term	Meaning
HOD	Head of Departments
CFO	Chief Financial Officer
MM	Municipal Manager
EFT	Electronic Funds Transfer