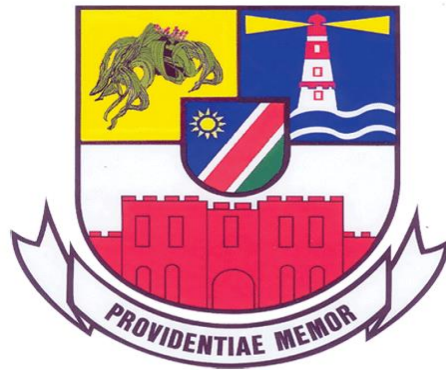


Swakopmund Municipality



Financial Regulations

Updated: July 2017

FINANCIAL REGULATIONS

1. DEFINITIONS

In these regulations, unless the context otherwise indicates –

- (i) **“Council”** means the Council of the Municipality of Swakopmund (iv)
- (ii) **“Management Committee” means the Management Committee of the Council (i);**
- (iii) **“Municipality”** means the Municipal Council of Swakopmund (iii);
- (iv) **“LA Act” means Local Authorities Act, 2004 (Act no. 14 of 2004);**
- (v) **“Minister” means the Minister responsible for Rural and Urban Development and Finance.**

2. ESTIMATES

- 2(1)(a) Every Head of Department shall before the first day of February in every year submit to the General Manager: Finance estimates of the revenue and expenditure of his/her department for the ensuing financial year.
- 2(1)(b) Such estimates shall set forth in detail for the department concerned -
 - (i) the expected ordinary expenditure to be defrayed from the revenue account during the ensuing financial year;
 - (ii) the contributions to be made to the Renewal Fund and any other provisions as approved by Council; and
 - (iii) the expected expenditure on capital projects during the ensuing financial year
 - (iv) the planned procurement method as per Section 27 of the Procurement Act, Act 15 of 2015
- 2.(2)(a) The General Manager: Finance shall in consultation with the Head of every Department concerned and the Procurement Management Unit correlate, summarise and, if necessary amend, the estimates thus received.
- 2.(2)(b) The General Manager: Finance shall thereupon frame and submit to the Chief Executive Officer on or before the first day of April in every year draft estimates of revenue and expenditure for the ensuing financial year, together with recommendations concerning the means of financing capital expenditure and concerning contributions from Operational Budget to the Renewal- and the Maintenance Funds, and any contributions as approved by Council.
- 2.(3)(a) The Chief Executive Officer shall submit such draft estimates of revenue and expenditure to the Management Committee at its first ordinary meeting during April of every year or at a special meeting to be convened not later **than 30 April every year.**
- 2.(3)(b) The Management Committee shall after consultations with the Erongo Regional Council submit such draft estimates to the Council together with its recommendations and the Council shall approved estimates of revenue and expenditure as provided by **section 83 of the Local Authorities Act.**

- 3.(1) The General Manager: Finance shall furnish the Chief Executive Officer with a summarized statement of expenditure and balances on the votes of the approved estimates.
- 3.(2)(a) If it appears that any vote may be overspent or if items of expenditure not provided for in the approved estimates should arise during any financial year, the Head of Department concerned shall submit a full report on the circumstances of the case to the Chief Executive Officer or submission to the Management Committee.
- 3.(2)(b) The Management Committee shall approve and report its findings to the Council for any such additional expenditure as it may decide to incur.

4. CONTROL OF EXPENDITURE

- 4.(1) The Chief Executive Officer may authorise the payment of any expenditure which is a legal obligation upon the Council.
- 4.(2)(a) Every Head of Department may authorise **purchases or withdrawals** from stock for not more than **N\$ 150 000.00** and the Chief Executive Officer may authorise purchases or withdrawals from stock not more than **N\$ 500 000.00**. Provided that over the counter quotations shall be acquired beforehand for purchases of a value of more than **N\$ 15 000.00**; Provided further that if the lowest quotation is not accepted, the reasons for the non-acceptance thereof shall be endorsed on the order or requisition notes.
- 4.(2)(b) For all purchases in excess of **N\$ 500 000.00**, yet less than **N\$ 2 000 000** invite sealed quotations shall be called for in terms of the **Public Procurement Act 15 of 2015**
- 4.(2)(c) For each purchase the Head of Department concerned shall obtain an invoice or delivery note which shall be certified by him or his designate and forwarded to the General Manager: Finance for payment
- 4.(3)(a)(i) Every Head of Department may authorise any **work or project**, the estimated cost of which does not exceed **N\$ 150 000.00** and the Chief Executive Officer may authorise any work or project, the estimated cost of which does not exceed **N\$ 500 000.00**, provided that sealed quotations shall be acquired beforehand for the execution of any work or project the estimated cost of which exceeded **N\$ 15 000.00**, and which will not be executed departmentally: Provided further that if the lowest quotation is not accepted, the reasons for the non-acceptance thereof shall be endorsed on the requisition notes
- (ii) No expenditure shall be incurred in respect of any work or project where the estimated cost exceeds **N\$ 150 000.00** or **N\$ 500 000.00**, as the case may be, unless the Management Committee has approved the plans and the estimate of cost for such work or project beforehand; providing that the threshold values as identified in the Public Procurement Regulations, Government Notice 47 of 2017, with specific reference to Annexure 1 and Annexure 2 should not be exceeded and if exceeded the Procurement Board has approved of the procurement process, and
- 4.(3)(b) After the Management Committee, or Procurement Committee, as the case may be, has given such approval, the Head of Department concerned may authorise expenditure upon such work or project not exceeding the estimate of cost thus approved subject to the Public Procurement Regulations: Provided that such Head of Department shall endorse upon every order or requisition in connection with such work or project the vote, sub-vote and items of the approved estimates and the authority for such work or project.
- 4.(3)(c)(i) When work upon any work or project approved in terms of regulation 4(3)(a)(ii) has been completed or discontinued, the Head of Department concerned shall

forthwith report such completion or discontinuation to the General Manager: Finance.

- (ii) Upon receipt of such report the General Manager: Finance shall make no further payment upon the authority for such work or project given in terms of regulation 4(3)(a)(ii) and shall report such completion or discontinuation to the Management Committee.

4.4 No expenditure from revenue shall be made on capital works which are to be financed from loan funds other than the costs of a feasibility report and preliminary estimate of costs: Provided that temporary advances may be made temporarily from revenue to defray the cost of capital works which are to be financed from a loan pending payment against an approved loan or part of such loan as required for such capital works by the person or body making such loan.

4.5 Maximum petty cash amount to be kept shall only be **N\$ 1 000-00**, with the daily limit of **N\$ 100-00** per day to a Department or section.

5. COLLECTION AND CONTROL OF REVENUE

5(1) The General Manager: Finance shall be responsible for the collection of all moneys due to the Council.

5(2)(a) The Cashiers shall immediately issue an official receipt in respect of all monies received, **and no hand written receipts may be issued.**

(b) No alteration shall be made on any receipt and should an erroneous entry be made on any receipt, such receipt shall be cancelled and a fresh receipt issued and the cancelled original shall be retained with the duplicate for audit purposes.

5(3)(a) All sums received shall be balanced and banked daily.

(b) Any shortage shall immediately be made good by the responsible Officer / Cashier and any surplus shall be paid into the Council's general revenue account.

5(4) In the case of any Cashier being relieved of duty the cash book shall be balanced and the balance initialled by the officer taking over duty.

5(5) All payments received by mail shall be entered in the mail register and the General Manager: Finance shall cause a receipt to be made out and the number of the receipt to be entered in the mail register on the same day.

5(6) At the end of every month the General Manager: Finance shall cause the cash book to be closed and reconciled with the bank balance.

6. PAYMENT OF ACCOUNTS AND CONTRACTS

6(1)(a) The Cashier shall immediately issue an official receipt in respect of all monies received.

(b) No alteration shall be made on any receipt and should an erroneous entry be made on any receipt, such receipt shall be cancelled and a fresh receipt issued and the cancelled original shall be retained with the duplicate for audit purposes.

6(2)(a) All payments other than petty cash disbursements shall be made by cheque.

(b) All cheques shall be signed by the General Manager Finance or his designate and counter signed by Chief Executive Officer or other officer duly authorised thereto by the Council.

- 6(3) The General Manager: Finance shall pass no document of payment unless the Head of Department or his designate concerned has certified that the goods were actually received in good order or that work was duly done and that the price is reasonable or according to contract and has indicated the vote, sub-vote and item of the approved estimates and the authority in terms of regulation 4(3)(a).
- 7(1) All contracts and agreements involving the payment of monies to or by the Council shall be forwarded to the General Manager: Finance for checking and noting immediately after execution thereof.
- 7(2) All contracts and agreements involving the payment of monies to or by the Council shall be forwarded to the General Manager: Finance for checking and noting immediately after execution thereof.
- 7(3)(a) Progress payments on account of contracts shall be limited to the value of the work done and materials supplied, less the amount of previous payments and retention money.
- (b) Documents for payment on account of contracts shall be certified by the Head of Department concerned as provided by regulation 6(3), except where the contract provides that such documents shall be certified by the consultant architects or other professional person responsible for supervising the work done under contract.

8. ACCOUNTING AND COSTING:

- 8(1) Every Head of Department responsible for carrying out any work or project approved in terms of regulation 4(3)(a) shall keep adequate costing and accounting records in respect of such work to the satisfaction of the General Manager: Finance.
- 8(2)(a) No work shall be carried out by one department for another during the execution of any such work or project unless applied for on an official form on which shall be stated the nature of the service, the authority in terms of regulation 4(3)(a) and the vote, sub-vote and item of approved estimates.
- (b) A copy of every such application shall immediately be forwarded to the General Manager: Finance.
- 8(3)(a) No material shall be supplied to or work carried out for the public unless approved by the Management Committee.
- 8(3)(b) No such material shall be supplied or work commenced until suitable arrangements as regards the recovery of the costs involved have been completed to the satisfaction of the General Manager: Finance.
- 8(4) Every Head of Department in charge of any plant, machinery or labour pool or other distribution account shall keep adequate costing and accounting records of such pool or account to the satisfaction of the General Manager: Finance.

9. INSURANCE:

- 9(1)(a) Every Head of Department shall furnish the General Manager: Finance with a schedule of all insurable risks under his control, and shall notify the General Manager: Finance without delay of all new insurable risks and of all alterations of existing insurable risks, including change of staff covered by fidelity guarantee insurance.
- 9(1)(b) The General Manager: Finance shall keep the Council informed of all such insurable risks and the General Manager Finance shall in consultation with the Council determine which risks are to be insured and the amount of coverage in respect of each risk.

- 9(2) Every Head of Department shall forthwith notify the General Manager : Finance of any third party claim, or any damage or loss of Council property, or any injury to any employee of the Council, or any accident or occurrence whatsoever may be covered by insurance or which may require action in terms of any law.
- 9(3) The General Manager: Finance shall have custody of all insurance policies and shall keep a register containing particulars of all insurances effected by the Council and shall be responsible for the negotiation of all claims and the collection of all moneys payable to the Council under or in pursuance of any policy of insurance.

10. STAFF ADMINISTRATION:

- 10(1) The General Manager: Finance shall be responsible for the checking of pay sheets and the payment of all salaries, wages and allowances.

11. STORES:

- 11(1) The Stores Controllers shall be responsible for all purchases of commodities to be held in stock and issues from stores.
- 11(2)(a) On or before the 30th day of June as well as on or before the 31st day of January in every year the Stores Controllers shall conduct a physical stock taking of all commodities held in stock and shall submit to the General Manager: Finance a certified stock list and report.
- 11(2)(b) The General Manager: Finance shall thereupon submit such stock list and report to the Council together with his/her recommendations for such action as the Council may deem fit.
- 12(1)(a) The Stores Controllers shall in consultation with the Head of Department concerned and having regard to the requirements of the approved estimates for the financial year concerned, submit to the Council on or before the 30th day of September in every year a list of commodities required to be held in stock, indicating the maximum quantity to be held in respect of each commodity.
- (b) The Council shall determine the commodities to be held in stock and the maximum quantity to be held in respect of each commodity.
- (c) No new commodity shall be taken into stock before approval of the following year's commodity list without the prior approval of the Council as regards the commodity itself and the maximum quantity to be held.
- 12(2) Purchases to replenish stocks to the approved maximum level shall not be subject to further approval of the Council.
- 12(3) The Stores Controllers shall, in consultation with the Head of Department concerned, determine the re-order level in respect of each commodity from time to time
- 12(4) All purchases of commodities to be held in stock shall be subject to the Public Procurement Act, Act 15 of 2015 and the Public Procurement Regulations, Notice 47 of 2017.
- 13(1) The Stores Controllers shall make no issue from stock except upon production of a requisition authorised in terms of regulation 4.
- 13(2) The Stores Controllers shall not surrender requisitioned stock unless the requisition has been certified in terms 6 (3) of this regulations and such shall be kept save at Stores of audit purposes.
- 13(3)(a) All requisitioned Stores and materials not used for the purpose of which it was required, shall forthwith be returned to the storekeeper.

13(3)(b) The Storekeeper shall take such returned stores and materials into stock again and shall issue a voucher therefore which shall bear the number of the requisition upon which issue was made and the nature and quantity of goods so returned and a copy of such voucher shall be kept at Stores for Audit.

14. INVESTMENT OF FUNDS:

The General Manager: Finance shall be responsible for the investment and control of all funds under control of the Council and for the purchase, custody and sale of securities in connection therewith, in accordance with the approved investment policy of the Council and subject to section 80 (3) of the Local Authorities Act.

15. INTERNAL AUDIT:

15(1) The Council may appoint an Officer as an Internal Auditor and in respect of his/her duties as internal auditor such officer shall be responsible to the Chief Executive Officer only.

15(2) The Internal Auditor shall have access to all the books of account and other records of all departments and every Head of Department shall, subject to confirmation by the Chief Executive Officer, furnish the internal auditor with such information as he/she may require to carry out his/her duties.

15(3) The Internal Auditor shall submit his report to the Chief Executive Officer who shall submit the report in its original form to the Management Committee / Audit Committee together with the comments thereon.

16. External Audit:

General Manager: Finance shall ensure that within three (3) months after financial year end Council's financial statements are prepared and submitted to the Auditor's General's office.

17. CUSTODY OF DOCUMENTS:

Save where otherwise specified in these regulations, all titles, leases, agreements and other documents shall upon completion be forwarded to the Chief Executive Officer who shall retain them in safe custody

18. All procurement and disposal of assets and services as identified in the Procurement Act shall be performed in strict compliance with the requirements of the Public Procurement Act, Act 15 of 2015 and the Public Procurement Regulations, Notice 47 of 2017 and in hand with any such directives issued upon procurement actions by the Public Procurement Policy Unit of the Ministry of Finance.
