

SEKHUKHUNE DISTRICT MUNICIPALITY
INDIGENT POLICY



**2024/25 Medium Term Revenue and Expenditure
Framework (MTREF) Policy Review**

FINAL INDIGENT POLICY

MAY 2024

Indigent Policy

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SEKHUKHUNE DISTRICT MUNICIPALITY
INDIGENT POLICY

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SEKHUKHUNE DISTRICT MUNICIPALITY

INDIGENT POLICY

PART 1 OBJECTIVE

1.1 Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigency management policy to ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by the national government's policy in this regard

PART 2 CRITERIA AND PROCESS FOR IDENTIFYING INDIGENTS

2.1. CRITERIA FOR IDENTIFICATION AS INDIGENT

- 2.1.1 Households whose verified gross joint monthly income of all occupants living on the same premises on full time basis over 18 years of age does not exceed the pension grant as determined by the government.
- 2.1.2 The threshold for qualifying as an indigent in a single household where more than two occupants receive old age pension grant shall be the twice the monthly old age pension grant determined by the government.
- 2.1.3 any occupant or resident of the single household referred to above does not own any property in addition to the property in respect of which indigent support is provided.
- 2.1.4 the account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased, who occupy the property, also apply and qualify for indigent support
- 2.1.5 For a household to qualify for subsidies or rebates on the major service charges (see part 3 below), the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, whether in or out of the municipal area.
- 2.1.6 Child welfare grants are exempted as part of total income per household, as the child is under 18 years of age

2.2. REGISTRATION AS INDIGENT

- 2.2.1 To register as an indigent, the relevant property owner or account holder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish the following documentation:
 - a. A copy of the applicant's identity document
 - b. The latest municipal account;
 - c. Documentary proof of income or an affidavit declaring the state of unemployment and / or proof of registration as unemployed;
 - d. Three months' bank statements (where applicable)
 - e. Particulars of any other grants received by the account holder;
 - f. Proof of ownership of business or second properties;

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g. Eskom and Local municipalities indigent registers will be used to source applications however, the threshold of SDM will still apply.

2.3 INDIGENT COMMITTEE:

- 2.3.1. The municipality shall establish the indigent committee which must include designated officials from Revenue section; ISD section; Planning section and designated councilor from budget & treasury portfolio committee
- 2.3.2. The Indigent Committee must consider each application; assess it in terms of the application.
- 2.3.3. The Indigent Committee should monitor, in conjunction with ward councilors, ward committees and other persons or organisations it may appoint, the implementation of the indigent support programme, subject to the policy directions of the municipality and in consultation with the municipal manager;

PART 3 APPLICATION OF THE POLICY

- 3.1 The subsidies on the specified service charges will be determined as part of each annual budget and in terms of the munic
- 3.2 In respect of water, a 100% subsidy up to 6 kl per household per month including basic charge will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl plus basic charge.
- 3.3 In respect of sewerage charges, the relief granted shall not be less than a rebate of 50% on the monthly amount billed for the service concerned.
- 3.4 Conduct verification of indigents through a vetting process using an ID number for results and determination of the indigent listing.

PART 4 NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 4.1 Where an indigent household falls into areas, the accountholder must enter into a payment arrangement as per credit control and debt collection policy
- 4.2 If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated i control and debt collection policy.
- 4.3 Indigent households that do not pay their accounts will have their subsidies withdrawn and be subject to the credit control policy.
- 4.4 The relief to indigents may be withdrawn at the discretion of the municipal manager if:
 - a. a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
 - b. any tampering with the installations of the municipality is detected.

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4.5 If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigency relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.

PART 5 REPORTING REQUIREMENTS

5.1 The municipal manager shall report on a monthly basis to the executive mayor and mayoral committee, as the case may be, for the month concerned and by municipal ward:

- a. the number of households registered as indigents and a brief explanation of any movements in such numbers;
- b. the monetary value of the actual subsidies and rebates granted;
- c. the budgeted value of the subsidies and rebates concerned; and
- d. the above information cumulatively for the financial year to date.

5.2 The mayoral committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to or monthly frequently to any ward committees if so requested.

PART 6 RIGHT TO APPEAL

6.1 An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal with the Municipal Manager of the municipality within 10 (ten) days from the date on which the decision was communicated to the applicant.

6.2 The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

PART 7 REVIEW OF INDIGENCY STATUS

7.1 Indigency relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

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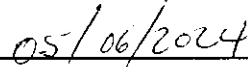
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CERTIFICATE OF ENDORSEMENT:

This Policy shall come into effect on the date of endorsement and shall cease only in the event where such changes/variations has been reduced to writing, approved by council and been signed by the Speaker. Unless in the event where any changes in any applicable Act, Legislation has jurisdiction to supersede.



Cllr D.K. Chego
CHAIRPERSON OF COUNCIL



Date

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SEKHUKHUNE DISTRICT MUNICIPALITY

PETTY CASH POLICY

2024/2025

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1. Introduction and background

Section 13(2) of the Local Government Municipal Finance Management Act, 2003 (Act No.56 of 2003) requires a municipality to establish an appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed.

This policy is issued under the authority of SCM Regulation 15 issued in terms of MFMA. It complements the SCM Policy and establishes a control framework for petty cash as an acquisition and payment instruction. This policy is consistent with the Act and the gazetted framework.

2 Adoption of petty cash policy

The Municipality must formally adopt a petty cash policy which shall be consistent with the Act and its regulations. The effective date of this policy or any amendments thereto, shall be the date of its adoption by council.

3. Purpose

The purpose is to ensure the cost-effective and efficient use of petty cash funds while maintaining the required level of control in the process.

4. Scope and Application

The policy is applicable to all officials and councillors of this municipality. This policy must still be read in conjunction with other relevant policies and petty cash purchases should still adhere to the conditions of these other policies.

5. Objectives

5.1. The objectives of the policy are to:

5.2. Ensure goods and services are procured by the municipality in accordance with authorised processes only.

5.3. Ensure that the municipality has and maintains an effective petty cash system of expenditure control.

5.4. Ensure compliance with the relevant legal and statutory requirements relating to petty cash management.

6. General permissions and restrictions

The conditions for the procurement of goods and services by means of petty cash purchases include the following:

6.1.1. Petty cash float shall be up to a maximum of R20 000.00 per month.

6.1.2. Goods and services may only be procured by way of petty cash purchases, up to a maximum transaction value of R1 000.00 for the main offices and R2 000.00 for Water Services Regions (VAT included).

6.1.3 The use of petty cash should be strictly confined to an individual cash purchase (per transaction) of up to the maximum of R1 000.00. and R2 000.00 for Water Services Regional offices.

6.1.4. Authorisation by the relevant manager or the head of department for the purchasing of goods to a maximum of R1 000.00 may be made by means of petty cash purchases.

6.1.5. Petty cash vouchers must be signed by the relevant manager or the Head of Department.

6.1.6. All petty cash requests shall have a budget form duly signed to indicate the vote number, the General Ledger account number and the available budget. The budget form to be submitted to ensure the availability of funds before any expenditure is incurred.

6.1.7. There must be only one official and one supervisor delegated by the manager responsible for a petty cash fund at any given time. Only these two persons should be allowed access to the cash in this fund.

6.1.8. All purchase requirements utilizing petty cash shall be approved by the relevant senior manager on the petty cash expenditure voucher within the petty cash book.

6.1.9. A petty cash advance voucher in the petty cash book will be required before issuing an advance indicating the amount requested and the reason for the purchase, items to be purchased and authorised by the executive manager of manager of in charge of a certain vote or line item.

6.1.10. All expenditures must be properly filled out in the petty cash expenditure book within the petty cash book. The supporting documents attached shall be original invoices or receipts.

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7. Petty cash payments prohibited.

1. Petty cash advances must not be used to provide change, to give salary advances to employees or to cash cheques.
2. No personal use from these funds is allowed. It shall be deemed as an offense to use petty cash for private matters even if the intention is to repay the money at a later stage.
3. Petty cash shall not pay for instalment invoices such as rentals or equipment or open orders even if the amount falls within the limit specified.
4. No payment will be made for lost receipts or invoices.

Petty cash shall NOT be used for:

1. Alcoholic beverages
2. Staff refreshments (tea, coffee, etc.)
3. Refreshments such as energy drinks (e.g Red Bull)
4. Salaries
5. Catering

8. Petty cash replenishment and reports

- 8.1. The petty cash official adds totals on the petty cash register which should balance back to the payment form and slips.
- 8.2. The petty cash official records the balance at the end of each withdrawal.
- 8.3. The petty cash official records the outstanding reimbursements from the previous month
- 8.4. The petty cash transactions must balance to the petty cash limit for the month.
- 8.5. The petty cash official signs the petty cash reconciliation
- 8.6. Petty cash replenishment will only be done monthly after having a full reconciliation report.
- 8.7. The report should have all details of the transaction, the vote and GL account number, which was used, the date, the amount and the description of the purchases.

8.8. Regular reporting mechanisms shall be in place in order to assess the performance of the petty cash and to ensure that the petty cash processes comply with policy objectives, guidelines, applicable laws and regulations.

8. 2. Petty cash replenishment through Instant Money Bulk payment

8.2.1. Quotations must be sourced for items to be bought and/or amount to be replenished.

8.2.2. Request for petty cash form must be authorised by End user Director, indicating the recipient/the person assigned to receive the money.

8.2.3. Requisition form should be signed, indicating the vote number, the GL account number and the available budget signed off by budget unit.

8.2.4. Signed petty cash request form should be submitted to Expenditure Unit for verification and cash issue.

8.2.5. Requested amount should be signed off on the Petty Cash form by the individual requesting the cash.

8.2.6. Replenishment document is captured onto the Solar System and authorized by the Manager: Expenditure or Accountant: Expenditure (non-functional)

8.2.7. Money is transferred to a recipient by the manager or accountant through Instant Money Transfer by issuing a unique pin to the recipient.

8.2.9. The recipient can withdraw the money at any Standard Bank ATM, Spar stores, Cambridge Food stores, Rhino Cash and Carry, Makro, Game and Builders.

8.3 Monthly reconciliation reports of all transactions are compiled, including-

8.3.1. The total amount of petty cash purchases for that month; and

8.3.2. Receipts and appropriate documents for each purchase

8.3.4. The item receipt is recorded in a Petty Cash Register and reconciled at month end.

9. Petty cash safeguarding, shortages, and losses

9.1. The petty cash is to be safeguarded in a lockable cash box and should be locked away when not in use during normal business hours.

9.2. After normal business hours, the responsible petty cash official must lock away the petty cash bin in a fire and theft resistant safe as identified.

9.3. The petty cash official is responsible for the safekeeping of all the keys and the cash box and a register.

9.4. An official to whom a petty cash advance is issued, is personally responsible and any loss or shortage in respect of that advance, may be recovered from that individual.

9.5. When the petty cash bin is transferred to another delegated official the petty cash must first be reconciled and verified by the petty cash official's supervisor before it is handed over.

9.6. An employee who fails to comply with this policy shall be guilty of an act of misconduct.

10. Checking petty cash

10.1 Verification of petty cash is done quarterly by Accountant Expenditure checking all forms of petty cash that are signed against the bank statement to ensure the proper management of petty cash and compliance.

10.2 Spot checking involves the checking of the bank statement against:

- the cash book and the petty cash register which is done anytime when the supervisor or Accountant or manager deems it necessary.

11. Rotation

11.1 Rotation of a petty cash official and holder, shall be done annually or at any time as the manager deems necessary.

11.2. The manager must authorise the petty cash official to carry out the duties of petty cash management.

11.3 The accountant expenditure must ensure that new holder of the petty cash bin is aware of her/his responsibilities relating to the safe keeping and reconciliation of transactions.

12. Review of policy

This policy on petty cash will be reviewed as and when amendments are required.

Any changes to the petty cash policy must be adopted by council and be consistent with the Act and any National Treasury regulations.

13. Effective date

The effective date of this policy or any amendments thereto, shall be the date of its adoption by SDM Council.

14. Definitions

"Act" means Municipal Finance Management Act No.56 of 2003)

"SDM" means Sekhukhune District Municipality

"CFO" means Chief Financial Officer


"SCM" means Supply Chain Management

"GL" means General ledger

"NT" means National Treasury

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CLLR D.K CHEGO
CHAIRPERSON OF THE COUNCIL

05/06/2024

Date