



# chda

POLICY HANDBOOK

2017





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## CEO'S FOREWORD

"The White Paper spells out the framework and programme in terms of which the existing local government system will be radically transformed. It establishes the basis for a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives", (Mr. Mohammed Valli Moosa, Minister for Provincial Affairs and Constitutional Development, The White Paper on Local Government, 9 March 1998).

As a municipal entity and in line with the above words of the former Minister Valli Moosa, the Chris Hani Development Agency's (CHDA) vision states that, CHDA is the nerve centre for regional sustainable economic growth and development for our communities.

The mission of CHDA is to contribute towards improving the quality of life of Chris Hani District communities through accelerating implementation of high impact priority programme.

As a result, CHDA is positioning itself as a symbol of hope within the Chris Hani District for realization of a better sustainable future by being:

- A provider of customised solutions for economic development challenges
- Adviser, facilitator, and enabler for public and private co-operation
- Entry point for district economic development, and
- One stop service provider for facilitation of investment opportunities.

The CHDA is a State Owned Company which was established on 27<sup>th</sup> March 2012 in terms of the Municipal Systems Amendment Act No. 44 of 2003, the Companies Amendment Act No. 3 of 2011 and the Municipal Finance Management Act No. 56 of 2003 (MFMA). Its administration and operations are also guided by those founding pieces of legislation in addition to other South African labour legislation.



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*The White Paper spells out the framework and programme in terms of which the existing local government system will be radically transformed. It establishes the basis for a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives.*

”

(Mr. Mohammed Valli Moosa, Minister for Provincial Affairs and Constitutional Development, The White Paper on Local Government, 9 March 1998).

T.E. Mashologu  
Chief Executive Officer  
Chris Hani Development Agency  
7 November 2017

The national legislation requires CHDA to develop policies, framework and plans which regulate and provide guidance to the daily activities of the Agency, e.g. the Basic Conditions of Employment Act No. 75 of 1997 which regulates the Attendance and Leave Policy to introduce administrative control mechanism in the event of violation of the set standards of attendance and leave, and the MFMA: Municipal Supply Chain Management Regulations which provides the requirements of the Supply Chain Management Policy.

Policy development is a continuous process that involves research and proper consultation of everybody who will be affected by the policies. On 25<sup>th</sup> August 2017 the CHDA Board of Directors reviewed and adopted twenty policy documents for implementation during and beyond the current financial year. This CHDA Policies Handbook is developed as one solid document which consolidates all the current policies of the Agency. The Handbook is a strategic document for promoting policies awareness and enhancing better compliance to policy requirements.

Each policy document will be reviewed annually in order for any necessary amendments to be effected in line with the relevant guiding legislation or operational circumstances requirements. Such will also obviously result in the edi-

ed in order to develop the policy documents which are captured in this first Policies Handbook. As the former South African President, Dr. Nelson Rolihlahla Mandela says, "after climbing a great hill, one only finds that there are many more hills to climb", your efforts will still

## ***After climbing a great hill, one only finds that there are many more hills to climb***


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Former South African President, Nelson Rolihlahla Mandela

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iting of this Policies Handbook in the future. I pray that this first Policies Handbook will simplify the CHDA's administrative functions, assist in accelerating service delivery and enhance the achievement of our performance targets for the benefit of the Chris Hani Communities. I am also conveying sincere words of appreciation to the staff members, the management team and the Board of Directors including its committees who researched, analysed and consult-

be appreciated in the development and introduction of other new policies and standard operating procedures to benefit our Agency and our communities.



CEO

| Komani Industrial Park Launch





## ASSET MANAGEMENT POLICY

### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
N. Mayekiso	15 March 2015	First Draft presented to Board	v.1.0
	25 August 2017	Approved by board	v.2.0

## INTRODUCTION

The Chris Hani Development Agency (CHDA) has made investment in various assets such as office equipment and office furniture and computers (property, plant and equipment) used mainly to fulfil its responsibilities for:

- 1) Delivery of sustainable services
- 2) Social and economic development
- 3) Promoting safe and healthy environments, and
- 4) Providing for the basic needs of the community

As custodians on behalf of the local community, the municipal entity has a legislative and moral obligation to ensure it implements policies to safeguard the monetary value and future service provision invested in this property, Plant and Equipment (PPE). The purpose of this policy is to therefore ensure that the municipality's assets are acquired, safeguarded, controlled, disposed of and accounted for in accordance with the Municipal regulations, the Municipal Finance Management Act (Act no 56 of 2003), Auditor General's requirements, applicable to the management and control of assets.

Statutory provisions have been implemented to provisions have been implemented to protect public property against arbitrary and inappropriate management or disposal by a local government. The Accounting Standard Boards per instruction of the Accounting General, to ensure the appropriate financial treatment for property, plant and equipment, has adopted certain accounting standards. The requirements of these new accounting standards include:

- 1) The compilation of asset registers covering all property,

- 2) Plant and equipment controlled by the municipality;
- 3) Accounting treatment for the acquisition, disposal, recording
- 4) And depreciation of property, plant and equipment;
- 5) The standards to which these financial records must be maintained

This Asset Management Policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of property, plant and equipment. This stewardship is comprised of two components being the:

- 1) Financial administration by the Chief Financial Officer; and
- 2) Physical administration by the individual Asset controller(s)

## 1. PURPOSE OF THE POLICY

The Chris Hani development Agency believes that asset management Policy is essential to ensure effective and efficient utilization of public monies and accountability thereof heavily dependent accurate recording and accounting.

The objective of this Asset Management Policy is therefore to ensure that the assets of the CHDA are properly managed and accounted for by:

- 1) Ensuring the effective of efficient control, utilisation, safeguard and management of the municipality's property, plant and equipment.
- 2) Ensuring that asset controllers are aware of their responsibilities with regards to the control, utilization, safe-



- keeping and management of the municipality's plant and equipment.
- 3) Setting out standards of physical management, recording and internal controls to ensure property ,plant and equipment are safeguard against inappropriate loss or utilization ;
  - 4) Ensuring adequate insurance of all municipal assets
  - 5) Specifying the process required before expenditure on property, plant and equipment occurs
  - 6) Emphasizing a culture of accountability over assets by all municipal officials and
  - 7) Ensuring compliance with all legal and accounting prescriptions and requirements.

## 2. DEFINITIONS AND TERMINOLOGIES

ari	Definition
<b>Accounting standard boards</b>	Was established by the Public Finance Management Act to set standards of Generally Recognised Accounting Practise (GRAP) as required by the constitution of the Republic OF South Africa
<b>AMP</b>	Asset Management Policy
<b>Acquisition cost</b>	When the Agency initially recognizes assets such as items of property ,plant and equipment ,investment properties ,intangible assets and properties ,intangible assets and heritage assets using the Standards of GRAP ,it measures those assets using their cost (if the asset is acquired in an exchange transaction ). This cost or fair value on initial acquisition of an asset is the acquisition cost
<b>Assets</b>	Are resources controlled by a Municipal entity as the result of past events and from which future economic benefits or potential service provision are expected to flow to the Municipality
<b>Asset Categories</b>	Are the four main asset categories by GRAP 17.
<b>Heritage Assets</b>	Are defined as Culturally significant resources such as historical building and statues.
<b>Infrastructure assets</b>	Are defined as any asset that is part of a network of similar assets .It is specialized in nature and does not have an alternative use .It is immovable and may be subject to constraints on disposal.
<b>Community as-sets</b>	Are defined as any asset that contributes to the community wellbeing e.g. Parks, Libraries and Fire Stations
<b>Other Assets</b>	Are defined as assets utilized in normal operation e.g. Plant and equipment, motor vehicles and furniture and fittings
<b>Capitalization</b>	Is the recognition of expenditure as an Asset is included in the statement of financial position after deducting any accumulated depreciation thereon
<b>Carrying amount</b>	Is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation thereon
<b>CFO</b>	Chief Financial Officer
<b>Cost</b>	Is the amount of cash or cash equivalent paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction plus cost incidental to the acquisition or Acquirement Also known as historical cost /value
<b>Cost of acquisition</b>	Are all the costs incurred in bringing an item of plant ,property or equipment to the required condition and location for its intended use



<b>Deemed cost</b>	Deemed cost is surrogate value for the cost of fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the standards of GRAP measurement date).
<b>Deferred Maintenance</b>	Is the extent of preventative maintenance that has not been performed
<b>Depreciation</b>	Is the systematic allocation of the depreciable amount of an asset over its useful life
<b>Depreciable amount</b>	Is the cost of an asset, or the other amount substituted for cost in the financial statements, less its residual value
<b>Fair value</b>	Is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction
<b>CHDA</b>	Chris Hani Development Agency
<b>Asset register</b>	Is the controlled register recording the financial and other key details for all municipal assets recognised in accordance with this policy Are tangible assets that :  a) are held by municipal entity for use in the production of goods and services , for rental to others ,for administrative purpose and b) are expected to be used during more than one period
<b>GRAP</b>	Generally Recognised Accounting Practise
<b>Impairment</b>	Impairment is a loss in the future economic benefits or service potential of an asset ,over and above the systematic recognition of the assets future economic benefits or service potential through depreciation
<b>PPE –property ,Plant and equipment</b>	Are tangible assets that :  a) are held by municipal entity for use in the production of goods and services , for rental to others ,for administrative purpose and b) are expected to be used during more than one period
<b>Recognition</b>	It the process by which expenditure is included in the Asset Register as an asset
<b>Recoverable amount</b>	Is the amount that the municipal entity expects to recover from future use of an assert ,including its residual value on disposal
<b>Replacement Value</b>	Is the amount which is needed tin current terms to replace an asset
<b>Residual Value</b>	Its useful life after deduction the expected cost of disposal
<b>Stewardship</b>	Is the act of taking care and managing property, plant or equipment on behalf of others
<b>Useful life</b>	Is either :  a) the estimated period of time over which future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or b) The estimated total services potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality.

## STATUTORY AND REGULATORY FRAMEWORK

The following policies, process and procedures should be in place to ensure an effective and efficient asset management system:

- 1) Supply Chain Management Policy
- 2) Delegation of authority
- 3) Fleet Management Policy

This policy must comply with all relevant legislative requirements including:

- a) The constitution of the Republic of South Africa , 1996
- b) Municipal Structures Act 1998
- c) Municipal Systems Act No. 32 of 2000
- d) The Municipal Supply Chain Management Regulations of 2005
- e) Division of Revenue Act , 2007 – DORA (enacted annually)
- f) Municipal Finance Management Act No.56 of 2003
- g) Also, this policy will be updated whenever legislative or accounting standard amendments significantly change the requirements pertaining to asset management in general and the administration of property, plant and equipment.

This policy superseded all previous asset policies

This policy does not overrule the requirement to comply with other policies like supply chain Management, Tender or Budget policies.

## RESPONSIBILITIES AND ACCOUNTABILITIES

- a) Approve the temporary and / permanent transfer of all moveable assets exceeding approved limits, as stipulated in the “powers of Delegation “ of the municipal entity and
- b) Approve the writing-off, disposal of absolute or redundant assets.

The Chief Executive Officer as Accounting Officer is responsible for the management of assets of the municipal entity, including the safeguarding and the maintenance of those assets.

The Chief Executive Officer must ensure that:

- a) The municipal entity has and maintains a management ,accounting and information system that accounts for the assets of the municipal entity;
- b) The municipality’s assets are valued in accordance with standards of GRAP;
- c) The municipal entity has and maintains a system of internal control of assets, including an asset register.
- d) The senior managers and their teams comply with this policy; and
- e) Approve temporary and/ or permanent transfers of a moveable asset between departments as determined in the Powers of Delegation of the municipal entity

The Chief Financial Officer is responsible to the Chief Executive Officer to ensure that the financial investment in the Entity’s assets is safeguarded and maintained.

- a) Appropriate systems of financial management and internal control are established and carried out diligently ;
- b) The financial and other resources of the municipal entity are utilized effectively, efficiently, economically and transparently.
- c) Any unauthorised, irregular or fruitless and wasteful expenditure, and losses resulting from criminal and negligent conduct, are prevented.
- d) 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;
- e) Financial processes are established and maintained to ensure that the municipality's resources are optimally utilized through and appropriate asset plan, budgeting, purchasing, and maintenance and disposal decisions.
- f) The senior managers are appropriately advised on their powers as duties pertaining to the financial administration of assets.
- g) The chief financial officer may delegate or otherwise assign responsibility for performing these functions but they will remain accountable for ensuring these activities are performed;
- h) The policy and supporting procedures or guidelines are established, maintained and effectively communicated ; and

- i) Approve the temporary or permanent transfers or movable assets between departments as determined in the "powers of Delegation "of the municipality.

Section 78 (1) of the MFMA prescribe the following areas of responsibility for Senior Managers (also referred to as HOD's) relating to asset management.

Each senior manager of a municipal entity and each official of a municipal entity exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure:

- a) That the system of financial management and internal control established for the municipal entity is carried out diligently;
- b) That the financial and other resources of the municipal entity are utilized effectively, efficiently economically and transparently;
- c) That any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;
- d) The assets of the municipal entity are managed effectively and that assets are safeguarded and maintained to the extent necessary ;
- e) That all information required by the AO for compliance with the provisions of this Act is timeously submitted to the AO; and
- f) That the provision of this Act, to the extent applicable to that senior manager or official including any delegations in terms section 79, are complied with.

The provision of section 78 (1) must be performed subjects to the direction of the AO. In addition to the above, the HOD's are responsible to ensure that all employees within their respective department adhere to the approved Asset Policy and Procedures.

It is the responsibility of the HOD to ensure that all asset related changes that take place within their divisions/directorates haven been properly authorised and communicated to the Asset Controller.

The asset controller must ensure that:

- a) Appropriate physical management and control systems are established and maintained for all assets in their area of responsibility;
- b) The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- c) Anny unauthorized, irregular or fruitless or wasteful utilization and loses of assets resulting from criminal or negligent conduct are prevented;
- d) Their asset management system and controls can provide an accurate, reliable and up to date account of assets under their control;
- e) That they are able to justify that their asset plans, budgets and purchas-

ing, maintenance and disposal decisions optimally achieve the municipality's strategic objective;

- f) The asset controller may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed;
- g) Certify if writing at the end of each financial year-end, that he/she has assessed and identified impairment losses on all assets under his/her control;
- h) Report in writing to the Chief Financial Officer the full facts in the event of an asset being demolished, destroyed,, damaged or occurrence of any other event materially effecting its value;
- i) Approve the temporary or permanent transfers of a movable asset between departments as determined in the "Powers of Delegation " of the municipality;
- j) Ensure inventory lists are verified and kept current in collaboration with the Finance Department; and
- k) Identify absolute and redundant assets are once per financial year, compile a report and obtain the necessary approval for the disposal thereof

## 7. FINANCIAL MANAGEMENT

### 7.1 pre-acquisition planning

Before a capital project is included in the draft municipal budget for approval, the Asset Controller must prove that they have considered:

- a) The projected acquisition and implementation cost over all the financial years until the project is operational;
- b) The future operational cost and revenue on the project, including tax and tariff implications;



- c) The financial sustainability of the project over its life including revenue generation and subsidization requirements;
- d) The physical and financial stewardship of the asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- e) The inclusion of the capital project in the Integrated Development Plan and future budgets; and
- f) Alternative to this capital purchase.

The Chief Financial officer is accountable to ensure that the Asset Controllers receive all responsible assistance, guidance and explanation to enable them to achieve their planning requirements.

## 7.2 APPROVAL TO ACQUIRE REQUIREMENTS

Fund can only be spent on capital project if:

- a) The money has been approved in the capital budget;
- b) The project, including the total cost, has been approved by the board;
- c) The Chief Financial Officer confirms that funding is available for that specific project; and
- d) Any contract that will impose financial obligations more than two years after the budget year is appropriately disclosed.

## 7.3 FUNDING OF ASSETS

Within the entity's ongoing financial, legislative or administrative capacity the Chief

Financial Officer will establish and maintain the funding strategies that will optimise the entity's ability to achieve its strategic objectives as stated in the Integrated Development Plan.

The acquisition of assets will not be funded over a period longer than the useful life of that asset.

## 8. ASSET REGISTER MANAGEMENT

### 8.1 Established and management of FAR

- 1) The Chief Financial Officer will establish and maintain the fixed asset register (FAR) containing key financial data on each item of Property, Plant or Equipment that satisfies the criterion for recognition;
- 2) The Asset Controller is responsible for establishing and maintaining of additional registers or databases such as Inventory register, required to demonstrate the physical management of their assets;
- 3) The Asset Controller is responsible to ensure that sufficient control exist to substantiate the quantity, value and location of all assets in the FAR as well as other additional registers or databases.

### 8.2 CONTENTS OF THE FAR

The FAR will include the following information pertaining to individual assets:

- a) Asset number (9 bar code) 8-digit number, eg.00000001
- b) Brief but meaningful description of the asset as per naming
- c) Convention
- d) Physical location (bar-code )

- e) Responsible asset user ( room occupant)
- f) Date of acquisition
- g) Date and price of disposal ( if relevant)
- h) Cost centre of user department
- i) Function code
- j) Asset type
- k) The measurement base used
- l) The description methods used
- m) The useful life
- n) Depreciation charges ( current year )
- o) The carrying amount
- p) The accumulated depreciation
- q) Increase or decrease resulting from revaluation (if relevant)
- r) Identification number where applicable
- s) Valuation
- t) Impairment losses
- u) Source of finance

### **8.3 INTERNAL CONTROLS OVER THE FAR**

- a) Control around the asset register should be sufficient to provide an accurate, reliable and up to date account of assets under control to the standards specified by the CFO and acquired by the Auditor General;
- b) These controls will include physical management and recording of all acquisitions, assignments, transfers, losses and disposals of assigned asset as well as regular physical verifica-

tion and system audits to confirm the adequacy of controls.

## **9. OPERATIONS AND MAINTENANCE**

### **9.1 Physical Receipting Management**

The process of receipting of assets by the respective departments will include:

- a) Review of the authority to purchase including compliance with all procurement policies and budget limits; and
- b) Assignment of the asset to the appropriate Asset Custodian.
- c) The date of acquisition of property, plant and equipment is deemed to be the time when legal title and control passes to the municipality. This may vary for different categories as assets but will usually be the point of time when payment for the item of property, plant and equipment is made.

### **9.2 PURCHASE OF NEW ASSETS**

The process to be followed when assets are acquired shall be in accordance with the Entity's Procurement Delegation of Authority policies and payment procedures. Reference should be made to these documents.

### **9.3 TRANSFER OF ASSETS**

The asset Controller retains managerial accountability and control for a particular asset unless:

Another Senior manager agrees in writing to accept responsibility for that asset in accordance with financial limits as laid down in the Delegation of Authority. The CFO appropriately amends the Financial Asset register for all approved transfers, where after such physical transfers are permitted to take place.

#### 9.4 MANAGEMENT OF INDIVIDUAL INVENTORY ITEMS

Assets costing less than **R 1 000** are deemed to be individual inventory items, unless that type of asset is specially included or excluded by the Chief Financial Officer depending on the type. The requirements manage individual inventory include:

- a) Receipting these items through specified control points;
- b) Maintaining and updating and individual inventory register for these receipts;
- c) Delivery and assignment of an inventory register for these receipts;
- d) Delivery and assignment of an inventory item to a specified position;
- e) Regular stock takes by the finance department to ensure individual inventory items are appropriately managed by the assigned person;
- f) Regular stock takes by the Asset Controller to ensure that the individual inventory items are being appropriately safeguarded;
- g) Regular audits by the finance department to ensure individual inventory items are being appropriately managed by the assigned persons;
- h) Recording and reporting of any disposal or loss of these inventory items to the CFO and adjustment of the Inventory items register.

Individual Inventory items:

- a) Will be capitalized as an asset
- b) Will not be depreciated

- c) Will not be re-valued
- d) Will not be impaired
- e) Will not be recorded in the Asset Register
- f) Will be treated as an asset

#### 9.5 MEASUREMENT AFTER RECOGNITION

Subsequent to initial recognition inventory will be calculated on the FIFO basis. The FIFO formula assumes that items of inventory that were purchased or produced first are sold first and consequently the items remaining in inventory at the end of the period are those recently purchased or produced.

#### 9.6 ASSET THRESHOLD

- 1) All assets with a cost price less than R 1 000 are classified as inventory items and will be recorded in the inventory Register such as;
- 2) Such assets are fully depreciated/written-off to R 1.00 at time of acquisition irrespective of their estimated useful life;
- 3) The depreciation of such assets is expensed to current expenditure in the statement of financial performance;

#### 9.7 OWNERSHIP

- 1) Property, plant and equipment with the municipal entity immediate upon acquisition and are recorded through Venues to the Asset Module, except where assist are sponsored or donate by institutions or foreign entities.
- 2) Leased equipment, mainly photocopier machines are funded through operating leases; and the-

se are thus not considered to be assets to be recorded in the municipality's books

### **9.8 RE-STATEMENT OF ASSETS**

- 1) Deleted assets are assets retired in error can be re-instated into the FAR only by Asset Controller.

### **9.9 RE-ALLOCATION OR RE-ASSIGNMENT OF ASSETS**

- 1) The Asset Controller must ensure that the asset is appropriately safeguarded for loss, damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions and delegated management is implemented;
- 2) The Asset Controller must advise the Chief Financial Officer whenever an asset is temporarily relocated or reassigned from one location (or base) or cost centre recorded in the Financial Asset Register.
- 3) The Asset Controller must advise the Chief Financial Officer whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Financial Asset Register. In this case, the Asset Controller must also advise the Chief Financial Officer when this asset is returned.

### **9.10 DISPOSAL / RETIREMENT OF ASSETS**

- 1) The municipal entity may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of property,

plant and equipment needed to provide the minimum level of basic municipal services unless after the minimum level of basic municipal services unless after the board, in a meeting open to the public:

- 2) Had decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
- 3) Has considered the fair market value of the asset and the economic and community value to be received in exchange of the asset
- 4) The decision of property, plant and equipment is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipal entity after that asset has been sold, transferred or otherwise disposed of.
- 5) The Chief Executive Officer may approve the disposal of an item of property, plant and equipment must be fair, equitable transparent, competitive and cost effective and comply with the municipality's Supply Chain Management Policy. The board must give fourteen (14) days' notice on CHDA website. Such notice shall also be affixed to all notice boards at the board's office.
- 6) Land and buildings are to be auctioned at the reserved prevailing market prices as indicated by the valuers at the time of the disposal.
- 7) A technical report by the Information Technology Department (IT) is to be obtained to confirm that an item of computer equip-



ment is beyond economic repair or does not conform to set specifications. An asset can only be written-off with the approval of the Accounting Officer (MFMA sec 14 and Delegation of Authority).

- 8) Infrastructure assets are to be handled by the relevant technical resources to advise an appropriate means of disposal which does not compromise the safety of the community, etc. As well as to provide expertise on the condition of the asset with recommendation to the Chief Executive Officer.
- 9) Transfer of assets to another municipality, municipal entity, national department or provincial or provincial department from these provisions, but must be done in accordance with a prescribed framework.
- 10) An item of property, plant and equipment should be eliminated from the balance sheet upon disposal or when the asset is permanently withdrawn from use.
- 11) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset and should be recognized as revenue or expense in the financial statement.

## 9.11 METHOD OF VALUATION

- 1) Existing Assets: The method determining the values of existing assets will be decided by the Chief Executive Officer in consultation with Provincial and National

Treasuries. The value of the existing asset will depend on whether performance by an asset is adequate to support the selected services delivery strategy.

- 2) New Assets: These assets are recognised at original cost

## 9.12 FINANCIAL DISCLOSURE

The financial statements should disclose, in respect of each class of property, plant and equipment classified under the categories of land and buildings, infrastructure, community, heritage and other assets:

The measurement base used for determining the gross carrying amount (when more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed):

- a) The depreciation method used;
- b) The useful lives or the depreciation rates used;
- c) Depreciation charged in arriving at net surplus or deficit for the period;
- d) The gross carrying amount and the accumulated depreciation at the beginning and end of the period showing:
- e) Additions
- f) Disposal
- g) Acquisitions through business combinations
- h) Increase or decreases resulting from revelations
- i) Deductions in carrying amount
- j) Amounts written back
- k) Depreciation

### l) Other movements

The financial statements should also disclose:

- a) Whether or not, in determining the recoverable amount of items of property, plant and equipment, expected future cash flows have been discounted to their present values;
- b) The existence and amount of restriction on title and property, plant and equipment pledges as security for liabilities;
- c) The accounting policy for restoration costs relating to items of property, plant and equipment.
- d) The amount of expenditure on account of property, plant and equipment in the course of construction; and
- e) The amount of commitments for the acquisition of property, plant and equipment.

When items of property are stated at re-valued amounts, the financial statements should disclose:

- a) The basis used to revalue the assets;
- b) The effective date of revaluations;
- c) Whether an independent value was involved;
- d) The nature of any indices used to determine used to determine replacement cost;
- e) The carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried at cost less depreciation;
- f) The revaluation surplus, detailing the movement for the period; and
- g) The portion of the depreciation charge relating to the revaluation.

The table below shows depreciation rates recommended by GAMAP 113 as a guide

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTH
	10101	30	POWER STATIONS	360
	10102	30	COOLING TOWERS	360
	10103	30	TRANSFORMER KIOKS	360
	10104	20	ELECTRICITY METERS	240
	10105	20	LOAD CONTROL EQUIP-	240
	10106	20	MENT	240
	10107	20	SWITCHGEAR EQUIP-	240
			MENT	
	10108	20	ELECRICITY SUPPLY	240
	10201	15	AND	180
	10202	1010	RETICULATION	120
	10203	20	ELECTRICITY MAINS	120
	10204	25	MOTORWAYS	240
	10205	30	ROADS GRAVEL	300
	10206	20	TRAFIC ISLANDS	360
	10207	30	TRAFFIC LIGHTS	240
	10208	20	STREET LIGHTNING	360
	10209	20	OVERHEAD BRIDGES	240
	10210	15	STORMWATER DRAINS	360
	10301	20	BRIDGES SUBWAYS AND	240
	10302	20	CULVERTS	240
	10304	20	CAR PARKS	180
	10401	20	BUS TERMINALS	240
	10402	20	WATER MITERS	240
	10402	20	WATER RIGHTS	240
	10403	20	WATER SUPPLY AN	240
	10404	20	DRETICULATION	240
	10501	20	WATER RESERVIOIRS	240
	10502	20	AND TANKS	240
	10503	20	GAS MATERS	240
	10504	15	GAS MAINS	240
	10505	15	GAS STORAGE TANKS	240
	10601	20	GAS SUPPLY AND RE-	240
	10602	20	TICULATION	180
	10603	20	SEWERS	180
	10701	20	OUTFALL SEWERS	240
	10702	20	PURIFICATION WORKS	240
	10703	20	SEWERAGE PUMPS	240
	10704	20	SEWERAGE SLUDGE	240A
	10801	3	MACHINES	36
	10802	5	FOOTWAYS	60
	10803	5	KERBING	60
		3	PAVING	36
		3	APRONS	36
			RUNWAYS	
			TAXIWAYS	
			RADIO B EACONS	
			FENCING	
			SECURITY SYSTEMS	
			ACCESS CONTROL	

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	20101		AMBULANCE STATIONS	360
	20102		AQUARIUMS	360
	20103		BEACH DEVELOPMENTS	360
	20104		CARE CENTERS	360
	20105		CEMETRIES	360
	20106		CIVIC THEATRES	360
	20107		CLINIC AND HOSPITALS	360
	20108		COMMUNITY CENTRES	360
	20109		FIRE STATIONS	360
	20110		GAME RESERVE AND REST	360
	20111		CAMPS	360
	20112		INDOOR SPORT FACILITIES	360
	20113		LIBRARIES	360
	20114		MUSEUMS AND GALLERIES	360
	20115		PARKS	360
			PUBLIC CONVENIENCES & BATH	
	20116		HOUSES	360
	20117		RECREATION CENTRES	360
	20118		STADIUMS	360
	20201		ZOOS	240
	20202		BOWLING GREENS	240
	20203		TENNIS COURTS	240
	20204		SWIMMING POOLS	240
	20205		GOLF COURSES	240
	20206		JUSKIE PITCHES	240
	20207		OUTDOOR SPORT FACILITIES	240
	20208		ORGAN AND CASE	240
	20209		LAKES AND DAMS	240
	202010		FOUNTAINS	240
			FLOODLIGHTING	

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	30301	30	ABATTORIES	360
	30102	30	ASPHALT PLANT	360
	30103	30	CABLE STATIONS	360
	30104	30	CARAVAN PARKS	360
	30105	30	CINES	360
	30106	30	COMPACTING STATIONS	360
	30107	30	HOSTELS – PUBLIC AND TOURIST	360



	30108	30	HOSTELS WORKERS	360
	30109	30	HOUSING SCHEMES	360
	30110	30	KILNS	360
	30111	30	LABARATRIES	360
	30112	30	MARKETS	360
	30113	30	NURSERIES	360

ASSET CODE	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	30114	30	OFFICE BUILDINGS	360
	30115	30	OLD AGE HOMES	360
	30116	30	QUARRIES	360
	30117	30	TIP SITES	360
	30118	30	TRAINING CENTRES	360
	30113	30	TRANSPORT FACILITIES	360
	30120	30	WORKSHOPS AND DEPOTS	360
	30201	3	COMPUTER HARDWARE	36
	30202	3	COMPUTER SOFTWARE	36
	30203	5	AIR CONDITIONERS	60
	30204	6	CHAIRS	60
	30301	10	TABLES AND DESKS	120
	30302	10	CABINETS AND CUPBOARDS	120
	30304	10	FURNITURE AND FITTING OTHER	120
	30401	10	HOUSEHOLD REFUGE BINS	120
	30402	5	BULK CONTAINERS	60
	30501	10	FIRE EQUIPMENT	120
	30502	15	AMBULANCE EQUIPMENT	180
	30503	10	FIRE HOSES	120
	30504	5	EMERGENCY LIGHTS	60
	30601	5	FIRE ENGINES	60
	30602	20	BUSSES	240
	30603	5	MOTOR VEHICLES	60
	30604	7	MOTOR CYCLES	84
	30605	3	LDV's	36
	30700	7	AIRCRAFT	84

30800	15	WATERCRAFT	180
30901	15	GRADERS	180
30902	15	TRACTORS & SELF PROPELLED	180
30903	15	MOWERSMECHANICAL HORSES	180
30904	5	FARM EQUIPMENT	60
30905	3	LAWNMOWERS	36
30906	5	COMPRESSORS	60
30907	5	LABORATORY EQUIPMENT	60
30908	5	RADIO EQUIPMENT	60
30909	5	FIREARMS	60
30910	5	TELECOMMUNICATION EQUIP- MENT	60
30911	5	PLANT AND EQUIPMENT GEN- ERAL	60
30912	12		180
30913	15	CABLE CARS	180
30914	15	IRRIGATION SYSTEMS	180
30915	15	CREMATORS	180
30916	15	LATHES	180
		MILLING EQUIPMENT	

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	30917	15	CONVEYORS	180
	30918	15	FEEDERS	180
	30919	15	TRUCKS& TIPPERS	180
	30920	15	PULVERISING MILLS	180

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	40100	0	LAND MAIN INVESTMENT	0
	40200	0	FARMS	0
	40300	0	MINERAL RIGHTS	0
	40400	0	OFFICE PARKS	0
	40500	0	SHOPPING CENTRES	0
	40600	0	HOUSING SCHEMES	0

ASSET CLASS	CODE	YEARS	CLASS DESCRIPTION	MONTHS
	50100	0	MUSEUM EXHIBITS	0
	50200	0	PUBLIC STATUES	0
	50300	0	HISTORICAL BUILDINGS & STRUCTURES	0
	50400	0	HISTORICAL SITES	0
	50500	0	PAINTINGS	0
	50600	0	SCULPTURES	0



GAMAP 113 provides a schedule of useful lives. These should be used as guide to the minimum useful lives only because asset lives experienced greatly exceed those recommended lives.

- a) Each Asset Controller needs to determine the useful life of a particular item of property, plant and equipment ( using the GAMAP 17 recommendations as a guide);
- b) The useful life of the item of property, plant and equipment should be reviewed annually.

### 9.13 Carrying amount on property, plant and equipment

Subsequent to initial recognition as an asset, an item of property, plant and equipment should be carried at its cost less any accumulated depreciation subject to the requirement to write an asset down to its recoverable amount or any subsequent revaluation.

### 9.14 Impairment

The municipal entity shall assess at each reporting date whether there is any indication exists, the Municipal entity shall estimate the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired, the Municipal entity shall consider, as minimum, the following indications:

#### External sources of information

- a) During the period, an assets market value has declined significantly more than would be expected as a result of the passage time or normal use.
- b) Significant changes with an adverse effect on municipal entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipal

entity operates or in the market to which an asset is dedicated

- c) Market interest rates or other market rates of return on investment have increased during the period, and those increases are likely to effect the discount rate used in calculating an assets value in use and decrease the assets recoverable amount materially.

#### Internal Sources of information

- a) Evidence is available of obsolescence or physical damage of an asset.
- b) Significant changes with an adverse effect on the Municipal entity have taken place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belong, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite than indefinite.
- c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Compensation from third parties for items of property, plant and equipment

that we impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes available.

#### Reversing an impairment loss

A municipal entity shall assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipal entity shall estimate the recoverable amount of that asset.

In assessing whether there is any indication that an asset may be impaired, the Municipal entity shall consider, as a minimum, the following indications:

#### External sources of information

- a) The asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- b) Significant changes with an adverse effect on the Municipal entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipal entity operates or in the market to which an asset is dedicated,
- c) Market interest rates or other market rates of return on investments have increased during the period, and those increase are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amounts materially.

#### Internal sources of information

- a) Evidence is available of obsolescence or physical damage of an asset
- b) Significant changes with an adverse effect on the Municipal entity have taken place during the period, or are expected to take place in the near future, in the near future, in the extent to which, or manner in which, an asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- c) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

### **9.15 THE APPLICATION OF DEEMED COST IN THE INSTANCE WHERE HISTORICAL COST IS NOT KNOWN**

- 1) When the Municipal entity initially recognizes an asset using the Standards of GRAP, it measures such assets using either cost or fair value at the date of acquisition (acquisition cost). Where the acquisition cost of an asset is no available on the adoption of the Standards of GRAP, acquisition cost is measured using a surrogate value (deemed cost) at the date a Municipal entity adopts Standards of GRAP ( measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.
- 2) The municipal entity may have determined a deemed cost for an asset

under another basis of accounting where information about the acquisition cost of the asset was unavailable.

3) In absence of information about the acquisition cost of an asset, deemed cost is used for the following assets:

- a) Property, plant and equipment
- b) Investment property, only if a Municipal entity elects to use the cost model in the Standards of GRAP on *Investment property*. If a Municipal entity depots the fair value model for investment property at fair value at the date the Municipal entity adopts the standards of GRAP.
- c) Intangible assets that meet:

The recognition criteria in the Standard GRAP on Intangible Assets; and

The criteria in the Standard of GRAP on Intangible Assets or revaluation (including the existence of an active market).

- a) Heritage assets (see the standard of GRAP on Heritage Assets). A Municipal entity shall not use deemed cost for other assets or for liabilities. With the exception of (b) above, a Municipal entity applies this Directive irrespective of whether it applies the cost or revelation model in accordance with the Standards of GRAP on Property, Plant and Equipment, Intangible Assets or Heritage Assets.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or a heritage asset, a Municipal entity may estimate such fair value using

- b) Depreciated replacement cost at the measurement date for an item of property, plant and equipment
- c) Depreciation replacement cost at the measurement date for an investment property is of such a specialised nature that there is no market-based evidence of fair value; and
- d) Replacement cost at the measurement date for heritage assets.

If municipal entity uses deemed cost for an item of property, plant and equipment, an investment property, an intangible asset or a heritage asset, in its first statement of financial position prepared using Standards of GRAP, the GRAP, the Municipality's financial statements shall disclose:

For each line item

- a) The aggregate of those items valued using deemed cost;
- b) The aggregate adjustment to the carrying amounts previously reported; and

A description of whether deemed cost was determined:

- a) Using fair value or depreciated replacement costs for items of property, plant, and equipment and investment properties; and
- b) Using fair value or replacement cost for heritage assets.

## 9.16 REDUCTION OF THE CARRYING AMOUNT

The carrying amount of an asset should be reviewed annually to assess whether or not the recoverable amount has declined below the carrying amount;

When such a decline has occurred, the carrying amount should be reduced to the recoverable amount.

### **9.17 CLASSIFICATION, AGGREGATION & COMPONENTS**

Classification of property, plant and equipment

- a) Any asset recognized as an asset under this policy will be classified according to national recognised categories.
- b) These categories have been specified by the Accounting Standard Boards and currently are included in GAMAP 17 and GRAP 17;
- c) The Chief Financial Officer may agree to subdivide these classifications further.

Investment Property

- a) Investment assets shall be accounted for separately and shall not be classified as property as property, plant and equipment;
- b) Investment assets shall comprise and or buildings (or parts thereof) both held by the municipality, as owner or as lessee under a finance lease to earn rental income or for capital appreciation or both;
- c) Investment assets shall not depreciate but shall be annually valued (balance sheet date to determine their fair (market value);
- d) Adjustments to the previous year's recorded fair value shall be accounted for either gains or losses in the accounting records of the departments or service controlling the asset.

Inventory Asset

- a) Any land or building owned or occupied by the municipal entity with the intention of selling such property in the ordinary course of business, or any land or building owned or acquired by the municipal entity with the of developing such property for the purpose of selling it in the ordinary course of the business, shall be accounted for as inventory asset.

Optional Treatment for major component

- a) An asset manager may, with agreement of the Chief Financial Officer, treat specified major components of an item of property, plant and equipment as a separate asset for the purpose of this policy.
- b) These major components may be defined by its physical parameters (e.g. Reservoir road) of its financial parameters (e.g. road surface).
- c) In agreeing to these treatments the CFO must be satisfied that these components:
- d) Have a significantly different useful life or usage pattern;
- e) To the main asset;
- f) Align with the asset management plans;
- g) The benefits justify the costs of separate identification
- h) It is probable that future economic benefits or potential
- i) Service delivery associated with the asset will flow to the Municipality

- j) The cost of the asset to the municipal entity can be measured
- k) Reliability;
- l) The municipal entity has gained control over the asset; The cost is above the recognition threshold ; and
- m) The asset is expected to be used for more than one financial year
- n) Once a major component is recognised as a separate asset it may be acquired depreciated and disposed of as if it were a separate asset
- o) All other replacement, renewals of refreshments of the components will be expected

#### Recognition of network asset

- 1) A network asset is a collection of assets that work together as a whole to deliver specified service or economic benefit e.g computer systems, office furniture or security cameras
- 2) A network asset should be recognised as an asset on the asset register
- 3) The asset controller is accountable for the management of the register required to financially verify the value of the network asset

### 9.18 DONATION OR EXCHANGES

- 1) Where an item of property, plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the asset register if the fair value is greater than the asset threshold.

### 9.19 MONTHLY ASSET RECONCILIATION

- 1) The monthly asset reconciliation entails the comparison of the electronic asset register to the payment report for that particular period;
- 2) The difference between these two reports should be investigated and corrected;
- 3) The CFO must check and approve the reconciliation every month;
- 4) The Finance Department will provide the heads of Department with a monthly report on asset movements.

### 9.20 STOLEN ASSETS

- 1) A stolen item of assets should be reported to the police and a police case must be obtained (MFMA prescripts to be followed);
- 2) The Chief Executive Officer should authorize the write-off after following the necessary processes;
- 3) The Asset Controller should then retire the asset from the asset register.

### 9.21 MISSING AND BROKEN ASSETS

- 1) The asset Controller must compile a list of all broken and missing assets after thorough investigation following the physical asset verification;
- 2) The CFO should verify the list and submit a motivation to the Chief Executive Officer for write-off;
- 3) The Asset Controller must then retire the asset



## 9.22 INSURANCE OF ASSET

The Finance Department shall ensure that all assets are insured in accordance with the amount reflected in the asset register.

## 9.23 ASSET COUNT (ANNUAL OR BI-ANNUAL)

With the assets bar-coded, assets counts on an annual or biannual basis is facilitated.

- 4) Due to the fact that rooms or locations are bar coded as described above, the asset count starts by the electronically scanning (i.e. GIS) a room or location, thereafter scanning all assets inside the room and then scanning outside of the room.
- 5) After all the rooms or locations have been scanned, the data is downloaded and electronically compared with the database as per original installation or the previous asset count;
- 6) The following management reports will then be generated:
  - a) Assets verified in the correct room or location

- b) Assets not verified during the asset count
- c) Missing assets
- d) Assets in the incorrect room or location
- e) The reports will enable the municipal entity to determine problem areas and assist in developing actions to address these problem areas.

The CFO must ensure that all assets are, as prescribed by the current standards, classified, under the following headings in the asset register and

### Statement of Financial Position

- 1) PPE (infrastructure, community, heritage and other assets
- 2) Investment property
- 3) Inventory (classified as PPE)
- 4) Intangible assets
- 5) Biological Asset
- 6) Finance lease assets

<b>ASSETS</b>
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NON CURRENT ASSETS			
Tangible		Intangible	Current
Equipment Machinery Furniture Computer hardware Transport assets Specialised military assets	Investment property Land & buildings Dwellings and non-residential Infrastructure Heritage assets	Computer Trademarks Licences and patents Capitalised Development cost	Inventory Stationery Consumables Maintenance Spare parts

### 10.1 PROPERTY PLANT AND EQUIPMENT

#### Recognition criteria

PPE shall be recognized as an asset with the following conditions are met:

- It is probable that future economic benefits or service potential associated with the asset will flow to the Municipal entity and
- The cost of fair value of the asset can be measured reliably

#### Initial Measurement

##### Purchased assets

An item of PPE which qualifies for recognition as an asset shall initially be measured at its cost

##### Donated assets

Where an asset is acquired at no cost, or for a normal cost, its deemed cost is its fair value as at the date of acquisition.

#### Components of Cost

The cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable cost of bringing the asset to working condition for its intended use. All trade discounts and rebates are deducted in arriving at the purchase price.

#### Subsequent expenditure

Subsequent expenditure relating to PPE should be added to the carrying amount of the asset when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the Municipality. Otherwise, all other subsequent expenditure not meeting the definition above will be accounted for as repairs and maintenance expense in the Statement of Financial Performance.

#### Measurement subsequent to initial recognition

Subsequent to the initial recognition as an asset, an item of PPE should be measured on the cost model i.e. carried at its cost less any accumulated depre-

ciation and any accumulated impairment losses.

#### Depreciation

- The depreciable amount of an item of property, plant and equipment should be allocated on a systematic basis over its useful life.
- The depreciation method used should reflect the pattern in which economic benefits or potential service provisions are consumed by the municipality;
- The depreciation charge for each period will be recognised as an expense against the budget or the relevant Asset Controller unless it is included in the carrying amount of another asset; and
- The depreciation method will be straight-line unless the CFO is convinced that another method is more appropriate
- All PPE, except land and heritage assets, shall be depreciated
- The depreciation method applied to PPE shall be viewed periodically and, if there has been a significant change in the expected pattern of economic benefits or service potential from these assets, the method shall be changed to reflect the changed pattern.
- When a change in depreciation method is necessary the change shall be accounted for as a change in accounting estimate.

#### Useful life

The CFO shall assign useful life to each depreciable asset that must be recorded

on the municipality's asset register. In determining such a useful life, the CFO shall adhere to the useful lives set out in this policy. In the case of an asset which is not listed in the policy, the CFO shall determine a useful life. The useful life of an item of PPE shall be reviewed periodically.

#### Land and buildings

Land traditionally has an unlimited lifespan and is not depreciated. Buildings have a limited life and are depreciable.

#### Retirement and disposals

In accordance with GRAP, PPE shall be eliminated from the Statement of Financial Position on disposal or when the asset is permanently withdrawn from use and be included in the statement of financial performance as an item of revenue or expense, whichever is applicable.

#### Heritage Asset

Some assets are described as "heritage assets"

- Cultural
- Environmental
- Educational or
- Historical significance

GRAP 17 does not require a Municipal entity to recognize heritage assets that would otherwise meet the definition of, and recognition criteria for PPE.

If the Municipal entity does recognize heritage assets, it must apply the disclosure requirements of GRAP 17 and May, but is not required to, apply the

measurement requirements of GRAP 17.

## 10.2 INVESTMENT PROPERTY

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by a Municipality. The distinguished investment property from other land or buildings controlled by entities, including owner-occupied property. The production or supply of goods or services (or the use of property for administration purpose) can also generate cash flows that are attribute not only property, but also to other assets used in the production or supply process.

The following are examples of investment properties

- a) Land held for long capital appreciation rather than for short term sale in the ordinary course of operations. For example land held by the entity for capital appreciation which may be sold at beneficial time in the future
- b) A building owned by the entity( or held by the entity under finance lease) leased out under one or more operating leases on a commercial basis
- c) A building that is vacant but is held to be leased out under one or more operating leases on the commercial basis to external parties

### Recognition criteria

GRAP states that investment property shall be recognised as an asset only when

- a) It is probable that the future economic benefits that are associated with the investment property will flow to the entity and
- b) The cost of investment can be measured reliable

## MEASUREMENT AT INITIAL RECOGNITION

GRAP states that

- Investment property shall be measured initially at cost ( including transaction costs)
- The initial cost of a property interest held under a lease and classified as an investment property shall be as prescribed for a finance lease by GRAP ie the asset shall be recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount shall be recognised as a liability in accordance with the same paragraph

## AFTER INITIAL RECOGNITION

The entity chooses the cost model to measure investment subsequent to initial recognition

## DISPOSALS

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the proceeds and the carrying amount of the asset and shall be recognised in

surplus or deficit in the period of the retirement or disposal.

#### Transfers

Transfers to, or from investment property shall be made when and only when there is a change in use evidenced by:

- a) Commencement of owner-occupation, for a transfer from investment property to owner – occupied property
- b) Commencement of development with a view to sale, for a transfer from investment property to inventories
- c) End of owner-occupation, for a transfer from own –occupied property to investment property
- d) Commencement of an operating lease( on a commercial basis) to another party, for a transfer from inventories to investment property or
- e) End of construction or development for a transfer from property in the course of construction or development

### 10.3 INVENTORY

Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by a municipal entity and held for resale, or land and other property held for sale. Inventories also encompass finished goods produced, or work in progress being produced, by the Municipality. Inventories also include materials and supplies awaiting use in the production process and goods purchased or produced by a municipality, which are for distribution to other parties for no charge or for a normal charge.

#### Recognition

Inventories shall be recognised as an asset only and only if

- a) it is probable that future economic benefits or service potential associated with the item will flow to the entity
- b) the cost of the inventories can be measured reliably

#### Measurement and recognition

Inventories that qualify for recognition as an asset shall initially be measured as cost. Where the inventories are acquired at no cost or for nominal consideration, their cost shall be their fair value as at the date of acquisition

#### Measurement after recognition

Inventories shall be measured at the lower of the cost and net realizable value inventories shall be measured at the lower of cost and current replacement cost where they are held for

- a) distribution at no charge or for a nominal charge or
- b) consumption in the production process of goods to be distributed at no charge or for a nominal charge

#### Cost of inventories

The cost of inventories shall comprise all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location or condition

#### Cost of purchase

The cost of purchase of inventories comprise the price, import duties and other taxes (other than those subse-



quently recoverable by the entity from the taxes authorities) and transport, handling and other costs directly attributed to the discounts, rebates and other similar items are deducted in determining the cost of purchase.

#### **10.4 INTANGIBLE ASSETS**

##### **Identifiable**

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- a) Is separable, i.e. is capable of being separated or divided from the municipal entity and sold, transferred, licensed, related contract, asset or liability; or
- b) Arises from contractual rights (including rights arising from binding arrangements) or the legal rights (excluding rights granted by statute), regardless of whether those rights are transformable or separable from the Municipal entity or from other rights and obligations

##### **Recognition**

An intangible asset shall be recognised if, and only if:

- a) It is possible that the expected future economic benefits or service potential that the expected future economic benefits or service potential that are attributed to the asset will flow to the municipality; and
- b) The cost or fair value of the asset can be measured reliably

The municipal entity shall assess the probability of expected future economic benefits or services potential using reasonable and supportable assumptions

that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

#### **INITIAL MEASUREMENT**

An intangible asset shall be measured initially at cost. Expenditure on an intangible item shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Expenditure on an intangible asset that was initially recognized as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

#### **MEASUREMENT AFTER RECOGNITION**

The municipal entity adopts the cost model. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses.

#### **USEFUL LIFE**

The Municipal entity will assess whether the useful life or service potential of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the Municipal entity as having an indefinite useful life when, based on analysis of all the relevant factors, there is expected to generate net cash inflows or service potential for the Municipality.

#### **REVIEW OF AMORTIZATION PERIOD AND AMORTIZATION METHOD**

The amortization period and the amortization method for an intangible asset

with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortization method shall be accounted for changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

### 10.5 BIOLOGICAL ASSETS

Accounting for biological assets (living animals or plants) shall take place in accordance with the requirements of IAS 41 where applicable.

The CFO, in consultation with the head(s) of the department concerned, shall ensure that all biological assets, such as livestock and crops, are valued at 30 June each year at fair value less estimated point-of-sale costs. Such valuation shall be undertaken by a recognized value in line of the biological assets concerned.

Any losses on such valuation shall be debited to the department or vote concerned as an operating expense, and any increase in the valuation shall be credited to the departments or vote concerned as operating revenue.

If any biological asset is lost, stolen or destroyed, the manner- if material- shall be reported in writing by the HOD concerned in exactly the same manner as thought the asset were an ordinary asset. Records of the details of biological

assets shall be kept in a separate section of the asset register or in a separate section of the asset register or in a separate accounting record altogether and such details shall reflect the information which the CFO, in consultation with the HOD concerned at the internal auditor, deems necessary for accounting and control purpose. The CFO shall annually insure the municipality's biological assets, in consultation with the HOD's concerned, provided the board of the municipal entity considers such insurance desirable and affordable.

#### Recognition

- a) Inventories shall be recognised as an asset if, and only if,
- b) It is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and
- c) The cost of the inventories can be measured reliably.

#### Measurement at recognition

Inventories that qualify for recognition as assets shall initially be measured at cost. Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition.

#### Measurement after recognition

Inventories shall be measured at the lower of cost and net realizable value inventories shall be measured at the lower of cost and current replacement cost where they are held for:

- a) Distribution at no charge or for a nominal charge, or

- b) Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

#### Cost of purchase

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than these subsequently recoverable by the Municipal entity from the taxing authorities), and transport, handling and other costs directly attributed to the acquisition of finished goods, materials and supplies. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

#### 11. EFFECTIVE DATE

The effective date of this policy or any amendments thereto, shall be the first of July 2015 after it has been adopted by the board in June 2015.

#### 12. NON COMPLIANCE

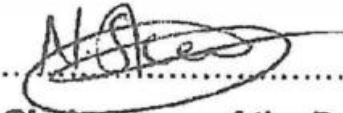
Non-compliance with the policy shall constitute a case of misconduct and will be dealt with in line with the disciplinary code of the entity

#### 13. REVIEW OF POLICY

The policy shall be reviewed annually

#### ADOPTED BY ORDER OF THE BOARD

This Asset Management Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## ATTENDANCE & LEAVE POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	17 March 2015	First Draft, Formatting	v.1.0
FM Tiso	18 June 2015	Second Draft, Comments from HR Committee 29 April 2015	v.2.0
	25 August 2017	Approved by the Board	v.3.0

## 1. OVERVIEW

**Introduction:** Reporting for duty daily and on time is one of the most important aspects of the contract of employment which is very often disregarded by employees. The agency also recognizes the need for all employees to take paid leave on a regular basis to promote the well-being of employees and to ensure that we have motivated and productive employees.

**Legal Framework:** All leave granted is regulated by the Basic Conditions of Employment Act No. 75 of 1997, which sets the minimum requirements.

**Objective:** To provide a workplace rule for ensuring standard time for commencing duty by all employees of the Agency.  
To introduce administrative control mechanism in the event of violation of the set standards of attendance and leave.

**In this section:** This section contains the following topics:

1. Attendance Register
2. Administration
3. Annual Leave
4. Family Responsibility Leave
5. Public Holidays
6. Sick Leave
7. Stay-away
8. Study Leave
9. Unpaid Leave
10. Other Leave
11. Termination of Service
12. Maternity Leave



<b>1. Attendance Register</b>	<p>1.1 Employees must use attendance register to document work time and breaks from work</p> <p>1.2 In an event of an employee that did not arrive at a workplace by 10:00 is considered as be absent and should be taken as annual leave.</p> <p>1.3 Absence, late arrivals. Early departures and extended breaks in the workday are accounted for on employee time record.</p> <p>1.4 Line managers and supervisors are responsible for monitoring of attendance in the workplace</p> <p>1.5 Failure to adhere to time reporting procedures may be grounds for instituting disciplinary proceedings.</p> <p>1.6 It is the responsibility of the HR department to reconcile attendance register and leave book at the end of each month not later than the first week of the following month.</p>
<b>2. Administration</b>	<p>1.7 All leave (with the exception of sick leave) must have the prior approval of the employee's Head of Department <b><u>BEFORE</u></b> the employee embarks on leave.</p> <p>1.8 Employees absent on sick leave must notify their Head of Department immediately. On returning to work, the employee is required to immediately complete and submit a leave application form (endorsed as "sick leave") for approval. A medical certificate must be attached where the number of days' sick leave is 2 days or more, or if the sick leave falls on a Friday or a Monday.</p> <p>1.9 Employees are responsible for completing the "Leave Application Form", and obtain signed approval from their Head of Department</p> <p>1.10 Leave balances are closely monitored to ensure that employees take the mandatory leave as prescribed in section 2.4 below, and in order to ensure that leave credits for all the employees are within the allowable number of days to manage the risk of fatigue / burnout, as well as costs to the agency.</p>

	<p>1.11 <u>The corporate services / HR department is responsible for:</u></p> <ul style="list-style-type: none"><li>• Monitoring receipts of attendance registers and leave forms</li><li>• Capturing leave on the HR payroll system</li><li>• Keeping Heads of Departments up to date on the leave status of their employees on a monthly basis, with particular emphasis on accrued annual leave and sick leave taken in excess of the minimum set.</li></ul> <p>1.12 Advising Heads of Department of long service leave due to an employee</p>
<b>2. Annual Leave</b>	<p>2.1 The Agency shall grant the employee annual leave of 24 days for a five day worker and an employee is required to take a minimum of 16 days leave with each leave cycle.</p> <p>2.2 The annual leave cycle commences from January to December</p> <p>2.3 <u>Leave Encashment</u></p> <ul style="list-style-type: none"><li>• Employees may encash accumulated leave after taking into account the compulsory 16 days in a leave cycle</li><li>• Any encashment shall be restricted to the minimum of 5 days to the maximum of 8 days once in a leave cycle, subject to leave encashment application bearing the employee's written reason/s for encashment</li><li>• The value of the encashment will be based on the salary rate applicable at the time of encashment</li></ul> <p>2.4 <u>Accumulated Leave</u></p> <ul style="list-style-type: none"><li>• Should an employee have leave in excess of 44 days may be encashed should an employee be an able to take such leave due to operational reasons</li><li>• If despite being afforded an opportunity to take leave an employee fails or refuse or neglects to take the remaining leave due during</li></ul>

	this period such remaining leave shall fall away
<b>2 Family Responsibility Leave</b>	<p>2.5 An employee is entitled to a maximum number of 5 days, as specified below, for paid family responsibility leave during each annual leave cycle, in the event of:</p> <ul style="list-style-type: none"> <li>• The birth/adoption of an employee's child,</li> <li>• The employee's child being sick,</li> <li>• The death of the spouse/life partner, parent, adoptive parent adoptive parent grandparent, child, adopted child, grandchild or sibling</li> </ul> <p>2.6 Reasonable proof must be supplied at all times.</p> <p>2.7 This leave is not cumulative and employees are not entitled to pay in lieu of this leave.</p>
<b>3 Public Holidays</b>	<p>3.5 A day is deemed to be a public holiday if it is specified in the Public Holidays Act.</p> <p>3.6 If a public holiday falls on a Sunday, the Monday immediately following will be observed as a holiday</p>
<b>4 Sick Leave</b>	<p>4.5 <u>The Sick Leave Cycle</u></p> <ul style="list-style-type: none"> <li>• An employee is entitled to 36 days paid sick leave for each 36-month/3 year cycle of employment worked (i.e. sick leave cycle).</li> <li>• During the first six months of employment, sick leave accrues at a rate of one day's paid sick leave for every 26 days</li> <li>• Any sick leave taken is to be deducted from the 36 days</li> </ul>

granted per sick leave cycle.

- Sick leave may not be cashed in or accumulated, beyond a current cycle

#### 4.6 Extended Sick Leave

- In extreme cases of illness, or where an employee has to undergo an operation and requires sick leave over and above the maximum period set out above, an additional 14 days sick leave may be granted based on the recommendation of the registered presiding doctor, taking into consideration the use of sick leave by the employee. Employees who are deliberately misusing sick leave will not be entitled to the extended sick leave. Periods of absence beyond this limit will be covered by Paid Annual, Long Service or Unpaid Leave.

#### 4.7 Notification

- The employee must notify their Head of Department immediately, if they are absent due to illness.
- On the employee's return to work, they are required to complete a "Leave Application Form" (Refer Clause 1, "Administration").

#### 4.8 Sick Leave During Annual Leave

- Should an employee be incapacitated during his/her annual leave as a result of serious illness or accident, all or part of these days may be regarded as sick leave and not annual leave, provided that the employee has not used up his/her sick leave allocation. A medical certificate will be required as proof of incapacity.

#### 4.9 Incapacity Management

- 4.9.1 Heads of Department are responsible for informing the HR Department of any employee who is absent from work due to incapacity for four or more weeks or who

	<p>has been absent for 25 days over a six month period.</p> <p>4.9.2 Should it be felt that there is a possibility that the incapacity will be for an extended period (as in 5.5.1) or permanent, the HR Department will advise the CEO</p> <ul style="list-style-type: none"> <li>▪ If the employee's incapacity is found to be permanent, the departmental manager will be required to investigate the possibility of transferring the employee to another position or adapting the duties or work circumstances to accommodate the employee.</li> <li>▪ Should termination of employment be contemplated, this should be done in terms of the Agency Policy on Termination due to Incapacity</li> </ul>
<b>5 Stay - Away</b>	<p>5.5 Where employees wish to support stay-away called in response to the socio economic interests of workers, they may either take annual leave or unpaid leave.</p> <p>5.6 Employees who do come to work on such days, but who wish to leave early to avoid victimization, should be allowed to do so wherever possible</p>
<b>6 Study Leave</b>	<p>6.5 Any study leave granted will be done in terms of the Study Bursary Policy, if applicable, and this application will be extended to those employees paying for their own studies, provided the agency is furnished with proof of registration or similar documentation.</p> <p>6.6 Employees who have worked for the agency for at least three months will be entitled to study leave.</p> <p>6.7 Paid leave may be granted to employees writing examinations at a South African university, Technikon or institution of higher education approved by the organization, on the following basis:-</p> <ul style="list-style-type: none"> <li>• Two days off before an examination.</li> <li>• One day off for the actual writing of the examination.</li> </ul>

	<p>6.8 No more than 10 working days leave will be granted for study leave for examinations in any calendar year, irrespective of the number of study qualifications being pursued</p> <p>6.9 No more than two weeks (10 working days) will be granted for study leave for study block attendance in any calendar year, irrespective of the number of study qualifications being pursued</p> <p>6.10 Study leave cannot be accumulated.</p> <p>6.11 An employee repeating an examination shall be granted paid study leave on the day of writing only, and this leave is deducted from the annual study leave granted for examinations</p> <p>6.12 No study leave will be processed without formal proof from the study institution (proof of registration and timetable of examinations and study blocks)</p>
<p><b>7 Unpaid Leave</b></p>	<p>7.5 Unpaid leave will only be granted in exceptional circumstances and once all other paid leave has been exhausted.</p> <p>7.6 Unpaid leave may be granted for a period not exceeding one month (with the exception of maternity leave).</p> <p>7.7 The following will apply with regard to remuneration and allowances:</p> <ul style="list-style-type: none"> <li>• <b>Remuneration:</b></li> </ul> <p>The agency will not pay the employee any remuneration.</p> <ul style="list-style-type: none"> <li>• <b>Medical Aid:</b></li> </ul> <p>The employee must remain on the Agency appointed medical aid scheme (if applicable) and will be responsible for the payment of 100% of the contributions. The employee can make arrangements with the Salaries department to have these contributions deducted prior to going on unpaid leave or can pay on a monthly basis.</p> <ul style="list-style-type: none"> <li>• <b>Pension:</b></li> </ul>



	<p>Full contributions may be retained. The employee can make arrangements with the Salaries department to have these contributions deducted in advance.</p> <p>7.8 This period of unpaid leave will be construed as a period of employment for the purpose of calculating service. Salary reviews and performance bonuses (if any) must take place as normal based on the employee's performance prior to unpaid leave.</p> <p>7.9 Unpaid leave must have the prior approval of the employee's Head of Department BEFORE the employee embarks on leave.</p> <p>7.10 This period of unpaid leave will not qualify for leave accumulation and therefore the leave balance will not accrue during the unpaid leave period.</p>
<b>8 Other Leave</b>	<p>9.1 <u>Sports Leave</u></p> <ul style="list-style-type: none"> <li>Employees will be granted 5 days sports leave when they have been selected to represent their Province in a bona fide sport.</li> <li>When selected for a bona fide National sport, leave will be granted on merit and as leave as determined by the CEO.</li> </ul> <p>9.2 <u>Court attendance /Witness Protection</u></p> <ul style="list-style-type: none"> <li>If an employee has been summoned to court to give evidence or they are under a Witness Protection scheme, they will qualify for Special Leave.</li> </ul> <p>9.3 <u>Quarantine</u></p> <ul style="list-style-type: none"> <li>Employees will be granted Special Leave if instructed to do so either by CHDA or by a registered medical practitioner.</li> </ul>
<b>9 Termination of Service</b>	<p>9.5 An employee, who retires from the agency, may elect to cash in credit service leave or a portion thereof on the date of retirement, or take the leave due. This will mean that the employee remains in service of the agency until the end of the period of</p>

	<p>leave, and the retirement benefits due to that employee should be calculated accordingly.</p>
	<p>9.6 The nominated beneficiary shall be paid out the deceased employee's credit leave at the date of death, when an employee dies in service.</p>
	<p>9.7 If an employee's services are terminated as a result of resignation or dismissal, all credit leave to employees will be paid out based on cost to agency.</p>

**10 Maternity Leave****10.5 Introduction:**

- CHDA recognizes the need for employees who will be giving birth to attend to the immediate needs of their new child and for a time of bonding. This policy covers maternity leave provisions for employees and includes a section on adoption benefits as well.

**10.6 Policy:**

- This policy applies to "employees" as defined in the "Definitions" section of this Policy.
- All employees are entitled to four months maternity leave as prescribed by the Basic Conditions of Employment Act. (See clause 4).
- Maternity leave embarked on before the completion of one year's service within CHDA will be unpaid by the agency (see clause 5). The employee must claim maternity benefits from the Unemployment Insurance Fund (UIF) who will decide what benefits are due.
- Maternity leave embarked on after the completion of one year's service within CHDA will be subsidized by the agency for 3 months at full pay, and 1 month unpaid. Employees, who wish to extend the maternity leave period beyond their legal entitlement, may take an additional two months unpaid leave in terms of Clause 5 of this document.
- The intention of the policy is to ensure that no discrimination, in any way, takes place against an employee who goes on maternity leave for any length of period as stipulated in the policy.

**10.7 Notice:**

- An employee must notify the agency in writing (using the "Application for Maternity Leave" document) at least four weeks before proceeding on maternity leave, of the date on which the employ-

ee intends to

- commence maternity leave;
- Return to work after maternity leave.
- Shorter notice may be given if it is not reasonably practical to give four weeks' notice, for instance, when a medical practitioner or midwife recommends that the employee commence maternity leave early.

#### 10.8 Commencement

The commencement of maternity leave shall be granted in accordance with the Basic Conditions of Employment Act, 1997, as amended. An employee may commence maternity leave either:

- at any time from four weeks before the expected date of birth, unless otherwise agreed; or
- On a date from which a medical practitioner or midwife certifies that it is necessary for the employee's health and that of her unborn child.
- Prior to maternity leave, the employee should be granted reasonable time off for "check-ups" at doctors/ clinics as required during pregnancy.

#### 10.9 Duration

The duration of maternity leave shall be granted in accordance with the Basic Conditions of Employment Act, 1997.

- An employee is entitled to FOUR consecutive months' maternity leave.
- An employee is not required to remain away from work for the full four-month period and may choose to return earlier. However, she may not work within six weeks of the birth of her child unless a medical practitioner or midwife certifies that she is fit to do

so.

- An employee who has a miscarriage during the third trimester of the pregnancy or gives birth to a stillborn child is entitled to six weeks maternity leave after the miscarriage or birth of a stillborn child.

#### 10.10 Unpaid Leave

This clause applies to:

10.10.1 Employees with under one years' service with CHDA who wish to go on maternity leave; and

10.10.2 Employees with over one years' service who wish to extend their leave period beyond the legal entitlement by not more than two months.

- The agency will not pay the employee any remuneration during this period.
- The employee must remain on the agency appointed medical aid scheme (if applicable) and will be responsible for the payment of 100% of the contributions. (The employee can make arrangements with the Salaries Department to have these contributions deducted prior to going on leave or can pay on a monthly basis).
- This period of unpaid leave will be construed as a period of employment for the purpose of calculating service. Salary reviews and performance bonus payments (if any are to be paid) must take place as normal based on the employee's performance prior to leave.
- If the employee pays their portion of the Provident Contribution, the agency shall contribute its portion in full. If the employee chooses to make no contribution at all, the agency will continue to pay only that portion of the agency's contribution required to retain death and disability benefits.

#### 10.11 Optional Utilization of Annual Leave

- Subject to management approval in addition to maternity leave, employees may use annual leave instead of unpaid
- Employees are advised however, that they should retain a minimum of five working days leave

#### 10.12 Illness / Injury During Maternity Leave

- In general should illness due to pregnancy complications or illness not connected with pregnancy occur during maternity leave, the illness shall be regarded as forming part of maternity leave and shall not extend it?
- However, if the normal maternity leave period is exceeded, then:
- If the employee has sick leave due to them in terms of Clause 7 of the "Leave Policy" this will apply.
- If the employee's sick leave benefits are exhausted, then the sick leave will be handled in terms of Clause 5 of the "Leave Policy".
- Management reserve the right, if it deems necessary, to request the employee to submit herself for examination by a nominated doctor, paid for by the agency, whose decision shall be final

#### 10.13 Re-commencement of Employment

10.13.1 An employee must advise her head of department, in writing, at least four weeks prior to completion of maternity leave, of when she intends to return to work after taking her maternity leave.

- The employee must forward to the agency a copy of the newborn child's birth certificate as soon as possible after the birth of the child in order that the child may be placed on medical aid (if applicable).
- In general, on returning to work the employee is guaranteed an equivalent job on the same grade, same level, same status



and nature and without loss of benefits

10.13.2 Should a restructure of the agency take place in the employee's absence, she will be consulted. Should the agency require an employee to attend meetings at the office regarding the restructuring, the employee will be credited with an extra day's leave

#### 10.14 Remuneration and Benefits

10.14.1 The following remuneration and benefits are payable to those employees who have worked for the agency for more than one year continuously.

10.14.2 The agency will pay the employee in full for a 3-month period as follows:

- **Salary:**

The employee will be paid her cost-to-agency package -in full for a period of 3 months

- **Allowances:**

Any additional allowances that are based on the type of work the employee does, e.g. night shift, acting allowance, inconvenience, etc. will not be included, as the employee is not actually carrying out the function.

- **Medical Aid:**

Employees who proceed on maternity leave and who are members of the agency appointed medical aid scheme would be required to contribute their usual monthly contributions.

- **Provident Fund:**

Membership of a provident fund is compulsory.

- **Leave & bonus payment:**

The period of maternity leave will be construed as a period of employment

for the purposes of calculating leave and incentive bonus payments (if any).

- **Salary Reviews:**

Employees who are on maternity leave at the same time that annual salary reviews (if any) take place, must have their salaries reviewed at this time, taking their performance in the period before their maternity leave into account.

#### 10.15 Adoption

10.15.1 In terms of Part E of the Unemployment Insurance Act 63 of 2001, a contributor who adopts a child below the age of two is entitled to adoption benefits from the UIF under the following conditions:

- Only one contributor of the adopting parties may claim UIF benefits in terms of Part E;
- The child is adopted in terms of the Child Care Act. (The entitlement to benefits will only commence on the date that a competent court grants an order for adoption).
- The period the contributor does not work is spent caring for the child.
- Application is made in the manner prescribed by the UIF.

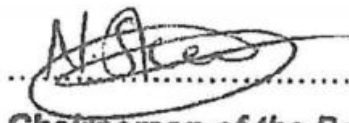
10.15.2 Where the child to be adopted is under the age of 24 months at the time the court grants an order for adoption, the agency will apply clause 10 of this policy.

10.15.3 Older than two years, the employee will be required to apply for annual leave or unpaid leave should they wish to take time off at the time of the adoption.


10.15.4 The provisions of clauses 10 and 11 shall apply to employees under this.

**ADOPTED BY ORDER OF THE BOARD**

This Attendance and Leave Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## BUDGET POLICY

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### VERSION CONTROL

Author	Date	Status / Reason For Changes	Version
N Mayekiso	15 March 2015	First Draft presented to Board	v.1.0
	25 August 2017	Approved by the Board	v.2.0

## DEFINITIONS

### **“Accounting Officer”**

- (a) Means the Chief Executive Officer

### **“Allocation”, means-**

- (a) A entity's share capital from the parent municipality;
- (b) An allocation of money to a entity in terms of section 214(1) (c) of the constitution;
- (c) An allocation of money to a entity in terms of a provincial budget; or
- (d) Any other allocation of money to a entity by an organ of state, including by another entity, otherwise than in compliance with a commercial or other business transaction;

**“Annual Division of Revenue Act”** means the Act of Parliament, which must be enacted annually in terms of section 214(1) of the Constitution.

**“Approved Budget”** means an annual budget-

- (a) Approved by a board, and the parent municipality or

**“Budget transfer”** means transfer of funding within a function/vote.

**“Budget Year”** means the financial year of the entity for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

**“Chief Financial Officer”** means a person designated in terms of section 80(2) (a) of the MFMA;

**“Creditor”** means a person to whom money is owed by the entity;

**“Current Year”** means the financial year, which has already commenced, but not yet ended;

**“Delegation”** in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**“Financial Recovery Plan”** means a plan prepared in terms of section 141 of the MFMA

**“Financial statement”** means statements consisting of at least-

- (a) A statement of financial position;
- (b) A statement of financial performance;
- (c) A cash-flow statement
- (d) Any other statements that may be prescribed; and
- (e) Any notes to these statements;

**“Financial Year”** means a twelve months period commencing on 1 July and ending 30 June each year.

**“Finance Agreement”** includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a entity undertakes to repay a long-term debt over a period of time;

**“Fruitless and wasteful expenditure”** means expenditure that was made in vain and would have been avoided had a reasonable care been exercised;

**“Irregular Expenditure”** means-

- (a) Expenditure incurred by an entity in contravention of or that is not been condoned in terms of section 170 of the MFMA;
- (b) Expenditure incurred by an entity in contravention of, or that is not in accordance with, a requirement of the Entity Systems Act, and which has not been condoned in terms of that Act;

(c) Expenditure incurred by an entity in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No.20 of 1998) or

(d) Expenditure incurred by an entity of or that is not in accordance with, a requirement of the supply chain management policy of the entity or entity or any of the entity's by-laws giving effect to such policy and which has not been condoned in terms of such a policy or by-law, but excludes expenditure by an entity which falls within the definition of "unauthorised expenditure"

**"Investment"** in relation to funds of an entity, means-

- (a) The placing on deposit of funds of an entity with a financial institution, or
- (b) The acquisition of assets with funds of an entity not immediately required, with the primary aim of preserving those funds;

**"Lender"** means a person who provides debt finance to an entity;

**"Local Community"** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998(Act No.117 of 1998);

**"Municipal Systems Act"** means the Local Government: Municipal Systems Act 2000 (Act No.32 of 2000);

**"Long-term Debt"** means debt repayable over a period exceeding one year;

**"Executive Mayor"** means the councillor elected as the executive mayor of the entity in terms of section 55 of the Municipal Structures Act;

**"Entity"**

- (a) When referred to as a corporate body, means an entity as described in section 2 of the Municipal Systems Act; or
- (b) When referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No.27 of 1998);

**"Municipal service"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"tariff"** means a tariff for services which an entity may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**"National Treasury"** means the National Treasury established by section 5 of the Public Finance Management Act;

**"Official"** means-

- (a) An employee of the entity
- (b) A person seconded to the entity to work as a member of staff of the entity or
- (c) A person contracted by the entity to work as a member of the staff of the entity otherwise than as an employee;

**"Overspending"**

- (a) Means causing the operational or capital expenditure incurred by the entity during a financial year to exceed the total amount



appropriated in that year's budget for its operational or capital expenditure, as the case may be;

- (b) In relation to a vote, means causing expenditure under a vote to exceed amount appropriated for that vote; or
- (c) In relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

**"Past financial year"** means the financial year preceding the current year;

**"Quarter"** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**"Annual performance plan"** means a detailed plan approved by the board of the entity in terms of section 53(1) (c) (ii) of the MFMA for implementing the entity's delivery of municipal services and its annual budget, and which must indicate-

- (a) Projections for each month of-
  - (i) Revenue to be collected, source; and
  - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Any other matters that may be prescribed and includes any revisions of such plan by the executive mayor in terms of section 54(1)(c) of the MFMA;

**"Short-term debt"** means debt repayable over a period not exceeding one year;

**"Standards of generally recognised accounting principles"** means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

**"Unauthorised expenditure"** means expenditure incurred by the entity otherwise than in accordance with section 15 or 11(3) of the MFMA and includes-

- (a) Overspending of the total amount appropriated in the entity's approved budget;
- (b) Overspending of the total amount appropriated for a vote in the approved budget;
- (c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose
- (e) Spending of an allocation referred to in paragraph (b)(c)(d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) A grant by the entity otherwise than in accordance with the MFMA;

**"Virement"** means transfer of funds between functions/vote

**"Vote"** means-

- (a) One of the main segments into which a budget of the entity is divided for the appropriation of money for the different departments or functional areas of the entity; and
- (b) Which specifies the total amount that is appropriated for the pur-

pose of the department or functional area concerned.

## INTRODUCTION

In terms of the Municipal Finance Management Act No.56 of 2003, Chapter 4 on Municipal Budgets, Subsections (16), states that the council of the municipality must for each financial year approve an annual budget for the entity before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection (1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this, the formulation of the municipality budget must take into account the government's macro-economic and fiscal policy fundamentals. In brief, the conceptualisation and operationalisation of the budget must be located within the national government's policy framework.

### 1. OBJECTIVE

The objective of the budget policy is to set out:

- The principles which the entity will follow in preparing each medium term revenue and expenditure framework budget,
- The responsibilities of the executive mayor, the accounting officer of the parent municipality, the chief executive officer, the chief financial officer

and the senior managers in compiling the budget.

- To establish and maintain procedures to ensure adherence to CHDA Strategic Plan review and budget processes.

## 2. BUDGETING PRINCIPLES

- The entity shall not budget for a deficit and should also ensure that revenue levels projections in the budget are realistic taking into account actual income of the entity collection levels.
- Expenses may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- CHDA shall prepare three-year budget (medium term revenue and expenditure framework (MTREF) and that be reviewed annually and approved by the board.
- The (MTREF) budget must at all times be within the framework of the Municipal Entities Strategic Plan.

## 4. BUDGET PREPARATION PROCESS

### 4.1 Formulation of the budget

(1) The board of directors of a municipal entity must for each financial year submit a proposed budget for the entity to its parent municipality not later than 150 days before the start of the entity's financial year or earlier if requested by the parent municipality.

(2) The parent municipality must consider the proposed budget of the entity and assess the entity's

priorities and objectives. If the parent municipality makes any recommendations on the proposed budget, the board of directors of the entity must consider those recommendations and, if necessary, submit a revised budget to the parent municipality not later than 100 days before the start of the financial year.

(3) The mayor of the parent municipality must table the proposed budget of the municipal entity in the council when the annual budget of the municipality for the relevant year is tabled.

(4) The board of directors of a municipal entity must approve the budget of the municipal entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality.

(5) The budget of a municipal entity must—

- (a) Be balanced;
- (b) Be consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality;

(c) Be within any limits determined by the entity's parent municipality, including any limits on tariffs, revenue, expenditure and borrowing;

(d) Include a multi-year business plan for the entity that—

(i) Sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent municipality;

(ii) is consistent with the budget and integrated development plan of the entity's parent municipality;

(iii) is consistent with any service delivery agreement or other agreement between the entity and the entity's parent municipality; and

(iv) Reflects actual and potential liabilities and commitments, including particulars of any proposed borrowing of money during the period to which the plan relates; and

(e) Otherwise comply with the requirements of section 17(1) and (2) to the extent that such requirements can reasonably be applied to the entity.

## 4.2 PUBLICATION AND PUBLIC PARTICIPATION PROCESS

A municipal entity's approved budget or adjusted budget must be made public in substantially the same way as the budget of the parent municipality must be made public.

## 4.3 Approval of the budget

The budget of the entity must be tabled and approved in terms of the MFMA section 87 sub section 3 and 4 detailed in 4.1 above

## 5. OPERATING BUDGET

(a) The entity shall budget in each annual and adjustments budget for the contribution to:

- i. Provision for accrued leave entitlements equal to 100% of the accrued leave
- ii. Entitlement of officials as at 30 June of each financial year
- iii. Provision for bad debt in accordance with tariffs policies
- iv. Provision for the obsolescence and deterioration of stock in accord-

- ance with its stores management policy
- v. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the project relates.
- vi. At least 5% of the operating budget components of each annual and adjustments budgets shall be set aside for maintenance
- (b) Considering the draft annual budget, council shall consider the impact, which the proposed increases in service tariffs will have on monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of capital component and;
  - Depreciation charges
  - Repairs and maintenance expenses
  - Interest payable on external borrowings
  - Other operating expenses

#### **Capital Replacement Reserve (CRR)**

- The entity shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:
  - unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purpose

- interest on investment of the CRR appropriated in terms of the investments policy;
- additional amounts appropriated as contributions in each annual or adjustment budgets; and
- Sale of land and profit or loss on the sale of assets

- Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash-backed;
- If there is insufficient cash available to fund the CRR this reserve fund must be adjusted to equal the cash available.
- Transfers to the CRR must be budgeted for in the cash budget.

### **6. FUNDING OF BUDGET**

- (a) The budget may be financed only from
  - i. Realistically expected revenues, based on current and previous collection levels;
  - ii. Cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
  - iii. Borrowed funds in respect of the capital budget only

### **7. UNSPENT FUNDS/ ROLL OVER OF BUDGET**

- (a) The appropriation of funds in an annual or adjustment budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure,
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital

budget may be rolled over to the next budget year

- (c) Conditions of the grant fund shall be taken into account in applying for such roll over funds
- (d) Application for roll over funds shall be forwarded to the budget office by the 15<sup>th</sup> of April each year to be included in next year's budget for adoption by council in May.
- (e) Adjustment to the rolled over budget shall be done during the 1st budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- (f) No funding for projects from the Capital Replacements Reserve shall be rolled over to the next budgeted year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.
- (g) No unspent operating budget shall be rolled over to the next budget year

## 8. BUDGET TRANSFERS AND VIREMENTS

- (a) Budget transfers within the same vote shall be recommended by the head of the section and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Departments.
- (b) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Director Corporate Services.
- (c) In cases of emergency situations virements shall be submitted by the accounting officer to

the Executive Mayor for authorization and be reported by the Executive Mayor to Council at its next meeting

- (d) The budget for personnel expenditure may not be increased without prior approval of the Chief Financial Officer
- (e) Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of council.
- (f) Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, with the approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.
- (g) The amount of a saving under main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten percent of the amount appropriated under that main expenditure category.
- (h) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure
- (i) Virements between votes shall be included in the adjustment budget.

## 9. BUDGET IMPLEMENTATION

### 9.1 Monitoring

- (a) The accounting officer with the assistance of the chief financial officer and other senior manag-

ers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

- Funds are spent in accordance with the budget;
  - Expenses are reduced if expected revenues are less than projected; and
  - Revenues and expenses are properly monitored.
- (b) The Accounting Officer with the assistance of the chief financial officer must prepare any adjustment budget when such budget is necessary and submit it to the executive mayor for consideration and tabling to council.
- (c) The accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget as well as any impending overspending, together with the steps taken to prevent or rectify these problems.
- i. The remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - ii. Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed.

## **9.2 Reporting on Budget**

(1) The accounting officer of a municipal entity must by no later than seven working days after the end of each month submit to the accounting officer of the parent municipality a statement in the

prescribed format on the state of the entity's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source
- (b) Actual borrowings;
- (c) Actual expenditure;
- (d) Actual capital expenditure;
- (e) The amount of any allocations received;
- (f) Actual expenditure on those allocations, excluding expenditure on allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) When necessary, an explanation of—
  - (i) Any material variances from the entity's projected revenue by source, and from the entity's expenditure projections;
  - (ii) Any material variances from the service delivery agreement and the business plan; and
  - (iii) Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the entity's approved budget.

(2) The statement must include a projection of revenue and expenditure for the rest of the financial year, and any revisions from initial projections.

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the entity's approved budget.



(4) The statement to the accounting officer of the municipality must be in the format of a signed document and in electronic format.

### 9.3 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

(1) The accounting officer of a municipal entity must by 20 January of each year—

(a) Assess the performance of the entity during the first half of the financial year, taking into account—

(i) The monthly statements referred to in section 87 for the first half of the financial year and the targets set in the annual performance plan other agreement with the entity's parent municipality; and

(ii) The entity's annual report for the past year, and progress on resolving problems identified in the annual report; and

(b) Submit a report on such assessment to—

(i) The board of directors of the entity; and

(ii) The parent municipality of the entity.

(2) A report referred to in subsection (1) must be made public.

### 12. ADJUSTMENT BUDGET

(1) The board of directors of a municipal entity may, with the approval of the mayor, revise the budget of the municipal entity, but only for the following reasons:

(a) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) To authorise expenditure of any additional allocations to the municipal entity from its parent municipality;

(c) To authorise, within a prescribed framework, any unforeseeable and unavoidable expenditure approved by the mayor of the parent municipality;

(d) To authorise any other expenditure within a prescribed framework.

(2) Any projected allocation to a municipal entity from its parent municipality must be provided for in the annual budget of the parent municipality, and to the extent not so provided, the entity's budget must be adjusted.

(3) A municipal entity may incur expenditure only in accordance with its approved budget or an adjustments budget.

(4) The mayor must table the budget or adjusted budget and any adjustments budget of a municipal entity as approved by its board of directors, at the next council meeting of the municipality.

### 1. CONCLUSION

The communications unit must place on the entity's official website the following:

- The annual and adjustment budgets and all budget-related documents;
- All budget-related policies;
- The annual report;
- All performance agreements;
- All long-term borrowing contracts;
- All quarterly and mid-year reports submitted to the parent municipality on the implementation of the budget and financial state of affairs of the entity.

**2. REVIEW OF POLICY**

This policy on investments will be reviewed annually or earlier if so required by legislation. Any changes to the budget policy must be adopted by Board and be consistent with the Act and any National Treasury regulations

**14. Application**

The policy shall apply to the following:-

- a. Board members
- b. Officials

**15. EFFECTIVE DATE**

The effective date of this policy, or any amendments thereto, shall be the date on which it was adopted by the board.

**16. NON COMPLIANCE**


Non-compliance with the policy shall constitute a case of misconduct and will be dealt with in line with the disciplinary code of the entity

**17. Review of Policy**

The policy shall be reviewed annually

**ADOPTED BY ORDER OF THE BOARD**

This Budget Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

25 August 2017  
**DATE**

  
.....  
**CEO**

25 August 2017  
**DATE**



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## CHRIS HANI DEVELOPMENT AGENCY EMPLOYEE CODE OF CONDUCT

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	17 March 2014	First Draft, Formatting	v.1.0
	25 August 2017	Approved by board	v.2.0

## PURPOSE

The purpose of Chris Hani Development Agency (CHDA)'s code of conduct is to ensure that all staff members of the agency at all times:

- a) Loyally execute the applicable policies of CHDA
- b) Perform the functions of the agency in good faith, diligently, honestly and in a transparent manner
- c) Act in such a way that the spirit, purpose and objects of this policy are promoted
- d) Act in the best interest of CHDA, and in such a way that the credibility and integrity of the agency are not compromised
- e) Act impartially and treat all people including all members of staff equally, with respect, and without favor or prejudice

## 1. POLICY

### 1.1 *Dealing with People*

#### 1.1.1 *Respect for the Individual*

- Mutual understanding is built on respect for the individual's rights, dignity and valuing diversity. CHDA is committed to honoring its commitment to provide a work environment that is free from discrimination based on race, color,

religion, nationality, gender, disability, marital status or any other unlawful factor.

- This means that we comply with applicable human rights legislation and do not permit conduct that creates an intimidating or offensive environment.
- Such conduct includes, but is not limited to racist, sexist or ethnic comments, jokes or statements.

#### 1.1.2 *Equal opportunities*

- As a commitment to recognizing that exceptional quality begins with individuals, CHDA will afford individuals freedom to use their capabilities to the fullest, to satisfy CHDA's stakeholders and clients. CHDA's environment thus supports personal growth and continuous learning for all its employees.
- There will be equal opportunity for all employees without unlawful discrimination. This includes recruitment, working conditions, training and development, compensation and benefits, as well as promotion.
- Employees may not hinder employment equity activities, processes and efforts to redress the imbalances of the past.
- Employees are encouraged to actively support the agency's policy.

- All the agency's employees have a right to work in a pleasant and safe environment where the individual rights and dignity of each employee are respected. This includes the right to work in an environment which is free from conduct of an abusive nature.

### **2.1.3 Sexual Harassment**

- CHDA prohibits any sexual harassment of its employees in any form.
- All employees are responsible for ensuring that the workplace is free from sexual harassment.
- Any sexual advances, jokes, inappropriate physical contact or sexually oriented gestures, pictures, literature, jokes or statements may result in disciplinary action which could lead to a dismissal.

## **2 Open and Honest Communication**

- We commit ourselves as both the agency and its employees to communicate frequently, frankly and honestly, listening to each other regardless of level or position.
- This we commit ourselves to doing, through giving one another accurate and timely information about

the agency and its issues.

- We also commit ourselves to listen to CHDA stakeholders, clients and service providers because we believe that communication is as much about listening as it is about presenting our own positions / opinions.
- Differing opinions are welcomed and respected. While we may hold different opinions on certain issues, we know and acknowledge the fact that healthy debate is important.
- We commit ourselves to keep communication channels open. We further encourage communication through the line of command to highest level possible within the agency.
- Our communication with one another, our stakeholders and clients will always be professional and courteous and any commitments made will be kept.

### **2.1.4 Privacy of Personal Information**

- CHDA places a high value on privacy of the individual. In the light of the above, we commit ourselves to keep personal information regarding our employees strictly confidential.
- Access and knowledge of employ-

ee records will be limited to persons of the agency, who need the information for legitimate or business or legal purposes.

- If anyone within the agency has any doubt or question about disclosure, such a doubt or question must be cleared with the CEO before the disclosure is made. Ignorance is neither acceptable nor enough to plead innocence in the event of a breach of this provision.

#### **2.1.6 Conflict of Interest**

- It is every employee's duty to act in the exclusive interest of the agency and not for personal gain. Conflict of interest may arise from certain activities in which employees engage as private individuals. Competition with the agency is prohibited. Employees must refrain from allowing their dealings on behalf of the agency to be influenced or even appear to be influenced by personal or family interests.
- Employees are prohibited from entering into unauthorized business relations with CHDA's competitors.
- While it is acknowledged that employees may own business/s or render services outside CHDA,

such involvement must be declared to the CEO, whose prerogative it will be (in consultation with the Board) to give permission for such involvement.

- Employees may not have an interest (financial or otherwise) in CHDA's suppliers, clients, distributor or in any organization that could cause conflict of interest, nor should non- public information about the agency or any other agency be used for the employee's own benefit or disclosed to anyone outside the agency.
- Employees may not perform outside work (remunerative) outside their scope of activities in the agency without the agency's permission (this includes directorships on boards, etc.). Employees may further neither perform such outside work or solicit business while in the agency's premises or during the agency's time, nor may they utilize the agency's equipment, resources, materials or proprietary information for any outside work.
- Should the employee's spouse, another member of their immediate family, a relative or someone close to the employee be a competitor or a supplier that may pose opposition /competition to the



agency, employees are advised to review the particular situation with the CEO with a view to resolving any problem that may arise a conflict of interest

### **2.1.7 Health and Safety in the Workplace**

- CHDA is strongly committed to make the working environment safe and healthy for its employees and others. To achieve the foregoing, the agency commits itself to comply with all applicable legislation relating to occupational health and safety.
- Employees involved in the procurement, installation and maintenance of products, services and equipment will ensure that the item or process is safe for those who come into contact with it.
- The CEO (and the Board) will also ensure that employees are adequately trained to perform their tasks in a safe manner. Sufficient safety and emergency equipment will be made available in the workplace at all times and these will be regularly inspected for safety practices in their functional areas.
- It must be known to all the employees of the agency that, safety in the workplace is not the sole responsibility of the agency, but every employee is bound to ensure full awareness of the safety

rules and regulations. Any instruction given to employees regarding safety, must be carried out and the prescribed safety measures applied at all times. If any employee believes that an unsafe condition exists in the workplace, such condition must be reported to the CEO without delay.

- The CEO is committed to preserving the environment. All employees share in the responsibility to conserve our country's natural resources and are to employ environmentally safe and friendly practices in the performance of their duties.

### **2.1.7 Threats and Violence in the Workplace**

- CHDA is deeply concerned about the safety of its employees. Physical violence or any perceived threat of violence shall be dealt with severely in accordance with the disciplinary code.
- Any employee who witnesses or overhears prohibited conduct or has concerns regarding his/ her safety or the safety of a colleague, client or service provider/supplier should immediately report such concerns to the CEO who, in turn must contact security and or the South African Police Services.
- Unauthorized possession of any weapon or instrument which might be

used as a weapon, including but not limited to handguns, knives, explosives, firearms, is strictly prohibited from the agency's premises, in the agency's vehicles, or while conducting official agency business outside the premises.

### **2.1.8 Substance Abuse**

- CHDA is committed to a drug-free workplace. Misuse of drugs (both legal and illegal), alcohol while on the agency's premises or while conducting agency business is prohibited.
- CHDA specifically prohibits the use, possession, distribution or sale of drugs on its premises, in its vehicles and while conducting agency business. Furthermore, no employee may conduct any agency business or liaise with stakeholders while under the influence of drugs or alcohol.

## **1.2 Safeguarding our Assets**

### **1.2.1 Agency Funds and Property**

- We are all responsible for safeguarding and making proper and efficient use of the agency's funds and property. The agency's funds and property include: the agency's time, money, land, buildings, records, vehicles, equipment, including fax machines,

copiers, telephones, computer hardware and software, scrap and obsolete items and all other items belonging to the agency.

- When travelling on the agency's business, employees should take special care as regards travel and accommodation expenses. It is unacceptable for instance, for an employee who is entitled for higher expenses such as business class flight or accommodation in a four star hotel to exchange such reservation for a lower category, and pocket the difference or use it for personal or family travel/ accommodation. Such practices are against the agency code of conduct and policy and could result in disciplinary action.
- Actual or suspected loss, damage, misuse, theft, embezzlement or destruction of the agency's funds or property must be reported immediately, and could be investigated if the reasons surrounding such losses are deemed to be suspect in any kind.

### **1.2.2 Unauthorized Disclosure of Information**

- A staff member of CHDA may not, without permission, disclose any Privileged or Confidential information obtained as a staff member of CHDA to any unauthorized person.

- For the purpose of this policy "Privileged or Confidential information" includes but is not limited to:
  - a) (Information determined by CHDA or functionary of CHDA to be privileged or confidential.
  - b) Discussed in closed sessions.
  - c) Disclose of which may violate a person's rights to privacy, or
  - d) Declared to be privileged confidential or secret in terms of any law.
  - e) CHDA business, financial marketing and service plans.
  - f) Research and development activities and results.
  - g) Client and employee records.
  - h) Minutes of management and board meetings
  - i) Non- public information about CHDA business, and
  - j) Any other confidential organizational information.
- It is expected of the agency's employees to protect this information during and even after their employment with the agency. Security measures and procedures for computer usage must always be complied with. All disclosures are to be authorized by the CEO or any person delegated or authorized to do so.

### **1.2.3 Agency Records**

- Agency records include employee and payroll records, vouchers, bills, performance records and other essential documentation
- Records must be retained according to legal requirements and the agency's filing / archiving system. Disclosure must only be done when authorized by the agency or in response to a legal requirement.

### **1.2.4 Security Devices to Safeguard Assets**

- Where security devices such as alarms, arcographs, safes, tracking devices, etc. have been installed to protect the agency's assets, be it money or immovable / movable assets, proprietary information or the agency's records, such equipment must be used at all times.
- Non-compliance with the above or any negligence committed in this regard, is viewed seriously and will be dealt with as a disciplinary matter which could lead to, inter alia, dismissal of the transgressor.

### **1.2.5 Copyright**

- Copyright laws protect the original expression in, inter alia, written material, works of art, etc. and prohibits its

unauthorized duplication, distribution, display and performance. Employees of the agency are prohibited from producing, distributing or altering copyrighted materials from literature, computer software, or play visual or audio recordings thereof without the permission of the copyright owners or their authorized agents.

- Computer software used in connection with the agency's business must be properly licensed and used only in accordance with the license. Using unlicensed software could constitute copyright infringement.
- Violation or suspected violation of computer security measures, controls or software licensing agreements should be reported to information technology management. Violation could lead to disciplinary action with a consequence of possible dismissal

#### **1.2.6 Financial Reporting**

- It is important that the agency's accounting, financial and other systems provide accurate and timely reporting and transactions involving the agency's assets. Every accounting or financial record, as well as the underlying support data, must accurately describe the transaction without omission, concealment or falsification of information.

#### **1.2.7 Contact with / State-**

#### ***ments to the Media***

- Contact and communication with the media is extremely important to CHDA. It is therefore necessary that this relationship is handled in a professional manner:
  - (1) The Director of Corporate Services / Communications Officer / COO, in conjunction with the Chief Executive Officer, is responsible for handling media matters for the agency
  - (2) No employee should therefore deal directly with the media, without first consulting with or getting the support of the individuals mentioned above
  - (3) When approached by the media, employees must refer them to the above persons, notwithstanding that they may have the correct answer. This is because that, there may be other factors which may influence the agency's response to the question raised by the media

- (4) It is not only inappropriate but unacceptable as well, for any employee of the agency to make statements or to speculate on any subject to the media or at public gatherings. If in doubt, the individuals above must be contacted
- (5) Employees must strictly adhere to this policy as deviation will not be tolerated. It is important that the agency's accounting, financial and other systems provide accurate and timely reporting and transactions involving the agency's assets.

### **1.3 Business Relations**

#### **1.3.1 Clients**

- CHDA recognizes that integrity and client satisfaction go hand in hand. The agency, it is acknowledged, can only be successful in its endeavors by delighting its clients and customers with our service and by strictly adhering to the highest ethical standards. In this way, all will contribute both to the professionalism and success of the agency
- Each employee is therefore expected to exercise sound judgment in deciding which would be the most ethical

means of dealing with any given situation involving clients, competitors, suppliers, the public, fellow employees and agency matters in general

- The following guidelines for ethical conduct according to which CHDA business should be conducted, must be observed at all times:
  - (1) Complete honesty, integrity and open communication are fundamental to ethical behavior. We communicate clearly and precisely so that our clients understand the terms of our agreements/ contracts, including performance criteria, schedules, prices and responsibilities;
  - (2) Credibility is essential for sound and lasting relationships, and misrepresentation of our services must be avoided at all times;
  - (3) Whenever we act or do business on behalf of the agency, it must be remembered, whoever we do business with is entitled to fair and equitable treatment;
  - (4) Details of services/ business that have not yet been announced may not be divulged without prior authority of the CEO.

#### **1.3.2 Privacy of Customer Communications**

- Privacy of customer communications is fundamental to the agency's business and must be adhered to.
- Except when compelled by law, CHDA staff do not disclose customer information including their location, to unauthorized person/s;

### **1.3.3 Other Organizations**

- Many organizations have different and at times, more than one relationship with the agency. They may be service providers, customers, competitors, etc.
- It is imperative therefore, that employees of the agency understand the particular relationship involved in any dealings they have on behalf of the agency;
- It is suggested that, should the organization with whom an employee is dealing with at any given time, has more than one relationship with the agency, the employee should deal in none relationship at a time, as any reciprocity could be misconstrued for preferential treatment. This guideline should be looked at with the same light as that relating to

conflict of interest.

### **1.3.4 Competitors**

- CHDA and its competitors, it is inevitable, will meet, have discussions and attend same business meetings from time to time. In all contacts with the agency competitors, it is a general rule to avoid discussing proprietary and / confidential information

### **1.3.5 Selection of Suppliers / Service Providers**

- The agency strives to build healthy relations with its suppliers and /or service providers. They are partners in helping the agency achieve its goals while maintaining the highest standards of quality. The choice of suppliers/service providers must at all times be based on merit and the value of their products and/or service.
- The following must, among others be taken into account when making the choice:
  - (1) Price and quality of product or service
  - (2) Delivery capability
  - (3) Reputation for good service

and integrity

- Never must a decision be based on the condition that they have a relationship with the employee making the decision. Again, this guideline should be read in conjunction with notes under conflict of interest.
- Selection of suppliers and service providers must always be done on a level playing field, applying fair, legally sound, equitable, consistent and transparent procurement processes.

#### **1.3.6 Stakeholders, Government and the Regulator**

- The link between the agency's stakeholders, the government and its partners should aid the principle of transparency and assist in forging a good working relationship.
- The agency should keep its stakeholders, government and partners informed of major developments. The various reports, namely, monthly or annual, should serve this purpose and provide the main link between the agency and its stakeholders.

#### **1.3.7 Business Courtesies, Gifts,**

#### **Invitations and Favors**

- Invitations to meals, local sporting events, the theatre, cocktail parties or other forms of modest entertainment from customers and suppliers, extended as a courtesy during the normal course of business, may only be accepted if it is not being offered to influence the employees' business decision /s
- While employees are advised not to accept gifts or money from suppliers and customers, where, for reasons of cultural sensitivity it is considered rude and /or inappropriate to return a gift or present which is not permissible in terms of this policy, such a gift or present should be declared to the agency. The CEO has the prerogative whether or not to allow the employee to retain or offer such gifts or presents to charity. In the event of the latter, the donor must be diplomatically advised of the action taken and the reason thereof

- ***N B: The above provisions apply to all employees even if such employees are on vacation at the time the offer is made.***

#### **1.3.8 Competition**



- It is CHDA's policy to observe fully with competition laws
- The agency, in view of the above, prohibits the following behavior:
  - (1) Reaching agreements or understandings with competitors to set minimum or maximum terms to allocate customers, products, services or territories, or to set production /service levels for any product or service;
  - (2) Reaching agreements or understandings with competitors not to deal with any customer, supplier or competitor or any group of customers, suppliers or competitors;
  - (3) If in doubt in the above regard, it is advisable to raise the matter with the CEO.
- Gathering information about competitors is a legitimate business practice when it is done legally and ethically. It broadens our knowledge of the market place/s in which the agency operates;
- It is imperative that our employees understand and note that, proprietary information of

competitors should never be obtained directly or indirectly by improper means such as bribing a competitor's employee or misrepresenting the fact that one is an employee of the CHDA.

#### **1.3.9 Advertising**

- The way in which we advertise and market the agency and its services is central to maintaining the trust of our clients, stakeholders and the public in general.
- To maintain this trust, our advertisements and other communications must always accurately and fairly describe what we intend communicating. Anything that could be construed as deceptive could harm the agency's name and image.

#### **1.4 Patent Rights**

- If an employee during his/ her employ by CHDA invents or discovers something that is related to the agency's product or service, such an invention will be regarded as the exclusive property of CHDA.
- If the invention is however, not related to the product/s or service/s of the agency, the employee

may obtain patent rights at his/ her own expense and be permitted to retain the profits that may accrue to him/her from the source.

## **1.5 Community Support**

### **1.5.1 Community Activities**

- CHDA encourages its employees to participate in community activities. It is the employee's responsibility though, to ensure that no conflict of interest - be it actual or potential exists between their employment duties and the community affairs rest, whether elective, appointed, paid or voluntary. Employees may for instance find themselves in situations where they are called upon to participate in decisions that might affect the agency. If any employee finds himself in such a situation, the employee is advised either to recuse himself / herself or abstain from voting.

### **1.5.2 Involvement in Political Activities**

- The agency acknowledges the rights of its employees to participate in the political process, however, employees are prohibited from using their position/s with the agency or the assets of the agency to try to influence the personal decisions of others to contribute to

or otherwise support a political party or candidate

- The agency's employees participate in politics as private citizens and not as the employees of the agency. It is therefore the policy of CHDA not to make contributions of resources such as money, goods or services to political parties or candidates.
- If an employee has been elected to a political position which requires him / her to be absent from work to attend meetings or if an employee is required to undertake any other political activity during normal working hours, such absences will be regarded as leave without pay/condoned absence. Alternatively, he/she may take vacation leave to cover absence in that regard. Prior approval of the absence must be obtained;
- The guiding principle for the approval should always be that the interest of the agency as well as that of the political activity with which the employee is involved, must not be unfairly/ unduly prejudiced.

## **1.6 Responsibilities**

### **1.6.1 Responsibilities of Supervisors**

- Every employee in either a supervisory or management position has the following responsibilities with regard to the administration of this

code of conduct:

- (1) Ensure that all employees under his/her control receive a copy of this code;
- (2) Ensure that this code forms part of inducting new employees
- (3) Ensure that any standards and procedures comply with communicated code of conduct
- (4) Report any violation of the code
- (5)

### **1.6.2 Responsibilities of Employees**

- All the agency's employees must commit themselves to the following requirements:
  - (1) Read the code and familiarize themselves with its contents;
  - (2) Abide by the standards embodied in the code;
  - (3) Keep a copy of the document for personal reference;
  - (4) Seek information and advice when needed;
  - (5) Report violations of the code;
  - (6) Learn the details of the policies, especially those that pertain to their work.

### **1.7 Private Work**

- Any employment, other than the contractual obligations binding the employer and the employee, should

be regarded as private work.

- Any private employment is allowed subject to the fact that no conflict of interest exists between the private work and the employment with CHDA.
- The employee is to advise the employer in respect of any private work currently being undertaken by the employee.
- All employees are expected at all times during normal working hours, to devote their attention to the carrying out of their duties, unless prior consent has been obtained from CHDA to the contrary

### **1.8 Nepotism**

- For the purpose of this policy unless the context otherwise indicates: - "Nepotism" means favoritism on the basis of family relationship or friendship.
- The basic criteria for the appointment and promotion of employees in CHDA shall be appropriate qualifications and appropriate performance as set forth in the policies of CHDA
- Relationship by a family or marriage shall constitute neither an advantage nor a disadvantage.

- Any poor performance or loss of prod activity which is a direct result of conflict between two family members both employed in the organization can result in severe disciplinary action being implemented against both employees.
- For the purpose of this policy, rela-


tives are defined as husbands and wives, parents and children, brothers, sisters, and any in-laws of any of the foregoing. Any employment, other than the contractual obligations binding the employer and the employee, should be regarded as private work.

### **ADOPTED BY ORDER OF THE BOARD**

This Code of Conduct was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**

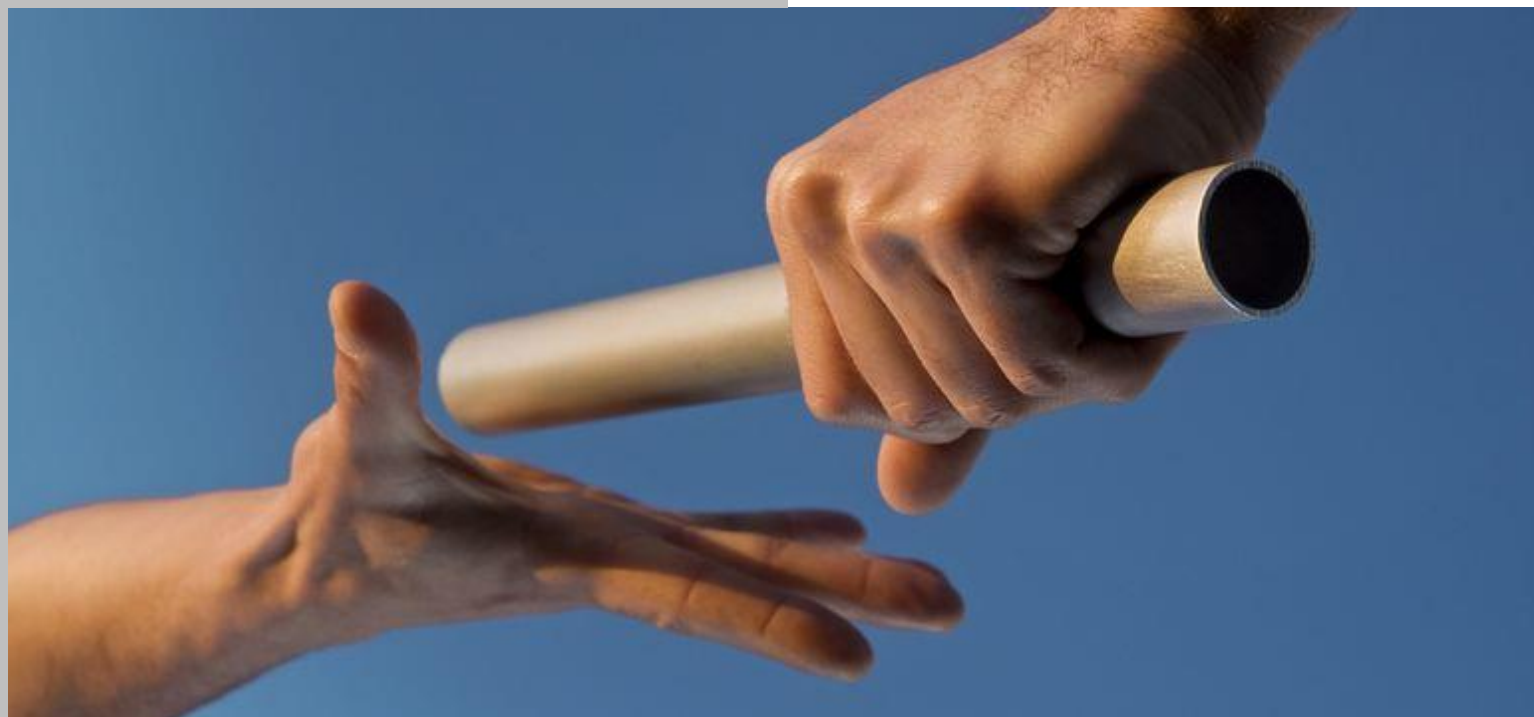
**ACKNOWLEDGEMENT:**

I,.....(Employee's name), an employee of the CHDA (SOC), employed in the capacity of .....(job title) hereby acknowledge and confirm that I read and understood the contents of this Code of Conduct. I further confirm and undertake to abide by the behavioral standards as set.

I know and understand that non-compliance could result in disciplinary action taken against me which may lead to the termination of my services.

SIGNED BY..... (NAME) at ..... on

this the ..... day of 2 .....



## DELEGATIONS FRAMEWORK AND POLICY

### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
N.B Mhlaba	06 June 2012	First Draft, Formatting	v.1.0
N.B Mhlaba	24 August 2012	Amendments After Benchmarking of Delegations of Other Development Agencies, Formatting	v.1.1
N.B Mhlaba	31 August 2012	Amendments CHDA Board for Approval	v.1.2
T. Mas-hologu	28 October 2015	Amendments After Review for CHDA Board Approval	V1.3
	25 August 2017	Approved by Board	v. 1.4

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## 2. SCOPE OF POLICY

This policy will be applicable to the Board of Directors, the Sub-Committees, Chief Executive Officer and all management of CHDA.

## 3. PURPOSE OF POLICY

In terms of Section 79 of the MFMA, it outlines that a municipal entity must develop an appropriate system of delegation that will both maximise administrative and operational efficiency, and also provide adequate checks and balances within the Agency's financial administration.

The Companies Act also provides a unique set of obligations for directors to act in the best interest of the company and also to act within their scope of powers vested on them. This set of obligations (duties and liabilities) must be formalized between the Chris Hani District Council and CHDA.

## 4. OBJECTIVES OF POLICY

The objectives of this policy are listed below:

- 4.1 Develop appropriate system of delegations
- 4.2 Outline the powers and duties assigned to the Accounting Officer, Board and its Sub-Committees, Chris Hani District Council, and CHDA's Senior Management
- 4.3 Outline the powers and duties necessary to assist the Accounting Officer in complying with the specific provisions of the MFMA.

## 5. DUTIES OF THE BOARD OF DIRECTORS

- 5.1 The Scheme of Delegation of functions and Powers constitute a guideline to the

nature of function and powers that are delegated by the Board and the manner in which this is accomplished. It is subject at all times to CHDA's Memorandum and Articles of Association which in turn, are subject to the requirements of the Companies Act, 1973 and local government legislation, as defined in CHDA's Governance Framework.

- 5.2 The functions and powers of the board are also defined in:

- Local Government Municipal Structure Act: Act 117 of 1998 and in terms of section 32 of the said ACT
- Local Government Municipal Systems Act: Act 32 of 2000 and in terms of section 59 of the said Act
- Local Government Municipal Finance Management Act: Act 56 of 2003 and in terms of section 56 of the said Act.
- The Board of Directors must perform its duties in accordance with section 93H(1) and (2) of the Local Government: Municipal System Amendment Act, Act 44 of 2003, which states:

“(1) The Board of Directors of a municipal entity must-

- (a) provide effective, transparent, accountable and coherent corporate governance and conduct effective oversight of the affairs of the Municipal entity;
- (b) ensure that it and the Municipality comply with all applicable legislation and agreements;
- (c) communicate openly and promptly with the parent Municipality of the municipal entity; and
- (d) deal with the parent Municipality of the municipal entity in good faith.

(2) A director must -

- (a) disclose to the Board of Directors, and to representatives of the parent municipality, any direct or indirect personal business interest that the director or his or her spouse or partner may have in any matter before the board, and must withdraw from the proceedings of the Board when that matter is considered, unless the board decides that the director's direct interest in the matter is trivial or irrelevant; and
- (b) At all times act in accordance with the Code of Conduct for directors."

4.2 In this regard, a guideline to the performance and exercise of the aforesaid

functions and powers is contained in the provisions of the CHDA Governance Framework. Overall, the Board is responsible for the leadership of CHDA

and for determining its strategic objectives, targets, and resource framework to ensure the efficiency, effectiveness and quality of the services it provides.

4.3 The following functions and powers are reserved by the Board:

- 4.3.1 The approval and revision of CHDA's Strategies, for submission to the Executive Mayor;
- 4.3.2 Approval of the business plan of CHDA, for submission to the District Municipal Council;
- 4.3.3 Agreement of an annual budget for CHDA, for submission to the District Municipal Council.
- 4.3.4 Approval of the Annual report and accounts of CHDA, to be sent to District Municipal Council;
- 4.3.5 The making and amending of CHDA's Memorandum and Articles of Association and associated codes of corporate practices and conducts;
- 4.3.6 The submission of formal comments on behalf of CHDA to government departments where the matter is strategic of fundamental to the interest of the CHDA;
- 4.3.7 Approval of the financial regulation and delegation for CHDA;
- 4.3.8 Monitoring and reviewing the CHDA's performance
- 4.3.9 Appointment of the Chief Executive Officer of CHDA, it is to be noted that all appointments to the position of the Chief Executive Officer shall be made by the Board with the consent of the Executive Mayor of CHDM.
- 4.3.10 Substantial changes to the organisational structure of CHDA;

- 4.3.11 Changes to the number of responsibilities of the executive committee of CHDA;
- 4.3.12 The appointment of Directors to outside bodies;
- 4.3.13 Establishment of subordinate bodies of the Board, Committees or other bodies and changes to their terms of references;
- 4.3.14 Anything that is reserved by the Board in terms of laws.

4.4 The Board may from time to time delegate to the Chairperson, Deputy Chairperson,

The Chief Executive Officer, Directors, subordinate bodies or any other officer or employees of CHDA (in consultation with the Chief Executive Officer) such of its functions and powers, on such of its functions and powers, on such terms and subjects to such conditions as the Board deems fit.

4.5 The Board reserves the right to deal with any functions and powers previously delegated. The Board may also vary or revoke such delegation.

4.6 All delegations will be in writing or minuted.

4.7 The Board may, from time to time and upon request or recommendation, appoint more Directors to represent CHDA on an external body. The CEO shall provide advice to Directors on their legal and governance obligations as appointees to external bodies.

4.8 The CEO shall maintain a register of Directors appointments to external bodies.

## **5. DUTIES OF THE CHAIRPERSON**

The Chairperson has particular responsibility for matters including:

5.1 Providing strategic leadership on the development of strategies, policies and plans to discharge CHDA's statutory purposes;

5.2 Ensuring CHDA, in reaching decisions, takes proper account of CHDA's statutory purposes, strategic and regulatory framework, and guidance provided by the Executive Mayor;

5.3 Monitoring the performance of CHDA, ensuring that it meets strategic objectives and targets;

5.4 Monitoring the performance of Directors and undertaking annual performance

Appraisals;

5.5 Representing CHDA

The Board may by resolution authorize the Chairperson to take action on a particular matter otherwise reserved by the Board.

## **6. DUTIES OF THE DEPUTY CHAIRPERSON**

The Deputy Chairperson has particular responsibility for matters including:

- 6.1 The role of the Deputy Chairperson is to support the Chairperson in discharge of her or his responsibilities as required. The Board may by resolution authorize the Deputy Chairperson, action in conjunction with the Chairperson, or in the absence of the Chairperson, to take action on a particular matter otherwise reserved by the Board.

## **7. COMMITTEES AND OTHER SUBORDINATE BODIES**

- 7.1 The Board may appoint such Committees and other subordinate bodies with such terms of reference and delegate authority, as it considers necessary for the efficient discharge of its functions.
- 7.2 The purpose of the aforesated Committees and other subordinate bodies is to provide opportunity for in-depth and specialist discussion in order to make recommendations and guide decisions of the full Board or the executive committee.
- 7.3 Unless specifically provided for hereunder, no executive or decision making authority is delegated to Committees or other subordinate bodies.
- 7.4 When establishing any Committee or other subordinate body, the Board shall pass a resolution specifying:
- 7.4.1 The terms of reference for the Committee or other subordinate body.

- 7.4.2 The Chair and membership thereof.

- 7.4.3 Whether the Committee or other subordinate body is established permanently or for a fixed period.

- 7.4.4 Whether any decision-making authority is delegated thereto.

- 7.5 The Board may from time to time review, vary. Amend or revoke the terms of reference, membership of and delegations to any such Committees or other subordinate bodies.

- 7.6 The CEO shall ensure that minutes are kept and maintain details of all Committees and other subordinate bodies together with their terms of reference, membership and delegated authority.

- 7.7 The CEO shall give notice of any changes made by the Board to the members of such Committee or other subordinate body.

- 7.8 The Committees and other subordinate bodies shall have power to establish special purpose working groups to deal with specific matters within specified terms of reference. The special purpose working group shall be task and time limited.

## **8. DUTIES OF THE CHIEF EXECUTIVE OFFICER**

- 8.1 The Chief Executive Officer's responsibilities include the provisions contained in the CHDA's Governance Framework and local government legislation.
- 8.2 The Board shall support the Chief Executive Officer at all times in undertaking these responsibilities.
- 8.3 The Chief Executive Officer's responsibilities Include;
  - 8.3.1 Overall day to day administration and management of the Development Agency;
  - 8.3.2 Overall strategic and operational direction of the Development Agency;
  - 8.3.4 Manage the overall budget of the Development Agency;
  - 8.3.5 Keeping a record of all Board matters;
  - 8.3.6 Receiving/signing for funds payable to the Development Agency, and disbursement thereof as authorised by the Board;
  - 8.3.7 Maintaining accurate and complete records and accounts of all financial matters;
  - 8.3.8 Regulate and manage the work programme and schedules of all professional staff;
  - 8.3.9 Execute contracts on behalf of the Development Agency;
  - 8.3.10 Recruit and employ a strategic professional team;
  - 8.3.11 The approval of conditions of employment for the staff and the alternation of staff benefits;
  - 8.3.12 Implementation of performance and risk management arrangements;
  - 8.3.13 The provision of information to the Board on policies, programmes, projects, activities and performance of CHDA;
  - 8.3.14 Implementation of decisions taken by the Board;
  - 8.3.15 The exercise of functions delegated him or her by the Board
- 8.4 The official lines of communications between CHDA and the Council of the parent Municipal shall be from (or through) the Chairperson of the Board to (or through) the Executive Mayor of the parent Municipal and vice versa.
- 8.5 The official lines of communication between the Management of CHDA and Management of the parent Municipal shall be to (or through) the CHDA to (or through) the Municipal Manager or the parent Municipal and vice versa. On day-to-day matters members of staff who have been authorised to act on behalf of CHDA within the mandate area in liaison with the municipal representative shall do so.
- 8.6 The Chief Executive Officer is the Accounting Officer of CHDA and shall undertake such responsibilities as are set out in CHDA's Article of Association
- 8.7 For the purpose of assisting the Accounting Officer in the performance of his or her responsibilities, the Board

shall ensure that an appropriately qualified employee is designated as the Chief Financial Officer of CHDA.

8.9 The Chief Financial Officer shall, when necessary, have the right of independent report to the Board.

8.10 It shall be the responsibility of the CEO, in consultation with the CFO (or Accountant or Financial Manager) to:

8.10.1 Prepare and keep under review all financial measures necessary for the supervision and control of finances, income, expenditure, assets and liabilities of CHDA,

8.10.2 Monitor and report on CHDA's compliance with the afore stated financial measures the Audit Committee

8.10.3 Ensure that proper financial procedures are implemented,

8.10.4 Ensure that, in considering proposals relating to income and expenditure, all relevant financial considerations are taken into account.

## 9. LEGAL AGREEMENT, ADVICE & PROCEEDINGS

## 10. FINANCIAL DELEGATIONS

10.1 All financial delegations made under this heading and transactions contemplated in terms hereof shall be subject to the provisions of the CHDA's Governance Framework and the MFMA.

9.1 All legal agreements and similar documents must be approved by the CEO.

9.2 The CEO shall maintain a register of all legal agreements and similar documents entered into by CHDA.

9.3 The CEO is authorized to institute or defend formal legal proceedings on behalf of CHDA.

9.4 Any document that is necessary for formal legal proceedings, including any affidavit made on behalf of CHDA, shall be signed by the Chief Executive Officer.

9.5 The CEO, alternatively the COO, is authorised to accept service of formal legal proceedings on behalf of CHDA.

9.6 The CEO shall maintain, monitor and review, from time to time, a panel of external professional advisors, including but not limited to accountants, architects, attorneys and engineers.

9.7 The CEO may appoint such professional advisors as necessary in relation to the conduct of CHDA's

	Increase of approval & responsibility
Board	Revised budget over R500 000
CEO	Up to 10% over original approval but revised budget under R500 000
COO/ CFO	Up to 10% over original approval budget And for budget under R100 000
Other Managers, as properly delegated	Up to 10% over original approval budget and budget under R25 000

- 10.2 The terms of reference for all property transactions must be confirmed by an external professional advisor instructed by CHDA for this purpose once approval for the property transaction in question has been given by the Board. Approval for the acquisition and disposal of property is governed by the delegations.
- 10.3 The Chief Financial Officer, alternatively Chief Operations Officer or properly delegated member of staff, shall approve personal expenses claims provided that sufficient proof thereof is submitted by the claimant.
- 10.4 There must be a separation of duties between the commitment of expenditure and the authorization of payment. With the exception of the Chief Executive Officer and the Chief Financial Officer, a member of staff who authorizes the commitment of expenditure through a contract or purchase order for works, goods or services cannot also authorize payment therefore.

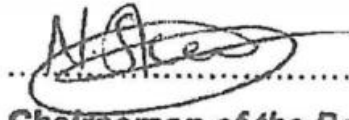
## **11. MISCELLANEOUS PROVISIONS**

- 11.1 It is the responsibility of all Directors and staff to comply with the provisions of this Scheme of Delegation of Powers of Functions and Powers, as amended from time to time.
- 11.2 It is the responsibility of the Chief Executive officer to take steps to ensure that the provisions of this document are brought to the attention of all management and staff.
- 11.3 Failure to comply herewith shall constitute a breach of the Scheme of Delegation of Functions and Powers. For Directors and staff alike, such a breach may result in disciplinary action being taken in accordance with Chapter 19 of CHDA's Governance Framework.
- 11.4 Where any uncertainty exists about the application of this Scheme of Delegation of Functions and Powers, the advice of the Company Secretary should be sought.
- 11.5 The delegations policy will be reviewed on an annual basis



**ADOPTED BY ORDER OF THE BOARD**

The Delegations Framework and Policy was formally approved as per resolution of the Board of Directors Meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



## DISCIPLINARY POLICY AND PROCEDURE

### VERSION CONTROL

POLICY OWNER:		Chris Hani Development Agency			
POLICY EFFECTIVE DATE:		TBA			
VERSION/REVIEW CONTROL					
Section	Version	Revision	Date	Page	Reason for change
Finance / Admin	1.0	n/a	1Feb2017	n/a	First draft

## 1. INTRODUCTION

It is in the interests of both the employee and the CHDA to observe a disciplinary procedure for the purpose of establishing a common and uniform procedure for the management of employee discipline and contravention of the CHDA code of conduct, and related policies by employees

## 2. PURPOSE

The purpose of a disciplinary policy and procedure is to provide a fair, transparent, and uniformly applied method of addressing employee discipline by the employer. This policy will ensure that the discipline of employees is applied fairly and consistently across all employees, and employee groups in the organisation.

## 3. SCOPE AND REVIEW OF POLICY

The policy is peremptory and applies to all CHDA personnel and will be reviewed yearly and as and when the need arises.

## 4. SCOPE AND REVIEW OF POLICY

This policy has been developed taking into national legislative and policy framework that include among other the following:

- a) The Labour Relations Act, 1995 (Act 66 of 1995)
- b) Basic Conditions of Employment Act, 1997
- c) Employment Equity Act, 1998
- d) The Promotion of Administrative Justice Act, 2000

## 5. DISCIPLINARY POLICY

The following considerations will be made in conjunction with the CHDA's disciplinary procedure:

- a) Discipline is to be effected fairly, consistently, progressively and promptly
- b) The maintenance of discipline is the responsibility of management, and falls within the control function of any supervisory position
- c) The principles of natural justice and fair procedure must be adhered to notwithstanding any criminal and / civil action having been instituted
- d) Subject to the requirements of substantive and procedural fairness, the Tribunal has the right to determine the sanction to be applied, having regard to the seriousness of the offence, provided it is consistent with the provisions set out herein

- e) This procedure must be published and issued to all employees in the workplace so that they are made aware, explicitly, of the standard of conduct required from all employees at the workplace
- f) This procedure, as amended from time to time, will define the disciplinary process and the rights and obligations of management and employees.

## 6. DISCIPLINARY TRIBUNAL

- a) In general, a person appointed to serve as the Presiding Officer should be a senior employee in the employ of the employer (herein referred to in all aspects as the CHDA).
- b) During the conduct of the disciplinary enquiry the employer may, with good cause, make an application for the recusal of the Presiding Officer.
- c) The Presiding Officer shall not consult, confer, or have casual contact with any of the parties or representatives while handling a matter without the presence or consent of the other
- d) The determination of the Disciplinary tribunal shall be final and binding on the employer

- e) In general, a person appointed to serve as Prosecutor should be a person in the employ of the employer. However, if this is not desirable, any suitably qualified person may be appointed.

## 7. DISCIPLINARY PROCEDURE

### 7.1 General

The following shall be observed in all action of disciplinary action against CHDA employees:

- a) An accusation of misconduct against an employee shall be brought in writing before the CHDA management for investigation. If management is satisfied that there is *prima facie* cause to believe an act of misconduct has been committed, management may institute disciplinary proceedings. The employer shall proceed forthwith or as soon as reasonably possible with a disciplinary enquiry
- b) If, in the opinion of management the misconduct is serious a Tribunal shall be established to conduct the enquiry, in which event:
  - i) The employer representative shall constitute a Disciplinary Tribunal by appointing a suitable qualified person to serve as the Presiding Officer. The Presiding Officer

should be a senior employee. However, if this is not possible or desirable, any suitable qualified person may be appointed in this role

- ii) Management shall also appoint a person to be referred to as the Prosecutor to represent the employer and serve the function of prosecution in the disciplinary process. In general, a person appointed to serve as prosecutor should be a person in the employ of the employer. However, if this is not possible or desirable, any suitable qualified person may be appointed in this role
- iii) The Prosecutor shall, within 5 days of his appointment, formulate and present the charges to be brought against the employee. The charge(s) is (are) to be set out in a notice of misconduct, detailing as a minimum:
  - The alleged misconduct as is contemplated (Form DCF1)
  - The time, date and venue at which the enquiry will be conducted (Form DCF1-A)
  - The name of the Presiding Officer and the prosecutor as well as their contact numbers, address at which notices and correspondence may

be served on the disciplinary Tribunal

- The fact that the employee may appoint a representative of choice who may be a fellow employee, or legal counsel
  - The fact that if the employee or his representative fail to attend the enquiry it may be conducted *in absentia*
  - The employee should, whenever possible, acknowledge receipt of the notice
- iv) The disciplinary enquiry should commence on a date not less than 15 working days calculated from the date of service of the notice of misconduct on the employee
  - v) The period referred to above may be varied by agreement and failing agreement, either party may apply to the Disciplinary Tribunal for an extension of the period
  - vi) The Disciplinary Tribunal may, on good cause shown, extend accordingly, but such extension will remain fixed and made certain.

## 7.2 Conduct of the Enquiry

The hearing shall be conducted by the Presiding Officer who may de-

termine the procedure to be followed subject to the following:

- a) The rules of natural justice shall be observed in the conduct of the proceedings
- b) Unless otherwise agreed by the parties, the hearing must be adversarial in nature and character
- c) The Presiding Officer, in discharging his obligation, is to exercise care, proceed diligently and act impartially
- d) The Presiding Officer shall bear the duty to commence and the burden to prove each and every allegation(s) on a balance of probability set out in the notice of misconduct
- e) In discharging these duties, the Prosecutor shall be entitled to call before the Disciplinary Tribunal witnesses and produce any books, documents or things, and
  - i) Subject to legal objection cross – examine any witness called to testify on behalf of the employee and inspect any books, documents or things produced, and

- ii) Present argument based on the evidence in support of any submission.

- f) The employee summoned before the Disciplinary Tribunal shall have the right to be heard in person or through a representative and to call before the Disciplinary Tribunal any witness, and produce any books, documents or things, and

- i) Cross examine any witness subject to legal objection called to testify on behalf of the employer and inspect any books, documents or things, and

- ii) Present argument based on the evidence in support of any objection.

- g) The Presiding Officer shall have the power to:

- i) Put questions, without cross – examination, to the parties or witnesses on any matter relevant to the issues raised

- ii) Proceed with the enquiry in the absence of a party who is in wilful default or fails to attend any meeting despite

- the expiry of a notice to attend
- iii) Make such interim determinations or rulings as he deems necessary
  - iv) Propose to the parties compromise settlements in disposal of the whole or portion of the issues
  - v) Make a finding of fact after having considered the evidence
  - vi) Invite and hear any plea in mitigation, aggravation or extenuation prior to deciding on the sanction to impose, and
  - vii) Impose, *inter alia*, any of the following sanctions:
    - *Written warning*
    - *Final written warning*
    - *Transfer to another position either with or without financial loss*
    - *Suspension without pay for a maximum 5 working days recommendation, or any other period deemed fit by the Disciplinary Tribunal for the nature of offence or misconduct*

- *The withholding of any salary increment for a period nor exceeding 12 consecutive months*
  - *Demotion to another post with or without financial loss, or*
  - *Dismissal.*
- h) The Presiding Officer shall within 10 working days of the last hearing confirm in writing the findings of fact, sanction imposed and the reasons in support thereof and provide a copy of the determination to the management and to the employee or his representative.

## 8. RECORDING

The proceedings of the Disciplinary Tribunal shall be recorded by means of a mechanical device.

The record of the proceedings shall be kept in safe custody by the employer and on request a copy thereof may be provided to the employee, or his representative.

## 9. NON ATTENDANCE

In the event of failure by the employee, or his representative, to attend an enquiry without good cause, in instances where the proper service of the notice was



affected, the enquiry may be conducted *in absentia* and applicable discipline effected by the Presiding Officer.

## 10. REPRESENTATION

An employee shall be entitled to representation at any enquiry by a fellow employee, or legal representation.

## 11. SUSPENSION

- a) The employer may at any time before or after an employee has been charged with misconduct, suspend the employee or utilise him temporarily in another capacity, should the management be of the opinion that it would be detrimental to the interest of the employer if the employer remains in active service.
- b) If the employer intends to suspend the employee, he shall give notice of such intention and afford the employee with an opportunity to make representation as to why he should not be suspended.
- c) The suspension or utilisation in another capacity shall be fixed for a pre-determined period and at any rate shall not exceed a period of 2 months. Any suspension effected shall be on full remuneration.

## 12. RIGHT OF RESIGNATION

An employee who receives a notice of misconduct shall be entitled to resign from employment providing that;

- a) The employee does so prior to the handing down of determination, or
- b) The employee consents in writing to the deductions of all and any amounts owing by him to the employer from any monies payable to him by the employer. In such an event the disciplinary enquiry shall not proceed.

## 13. CONDUCT AND SANCTIONS

### 13.1 Standards of Conduct

- a) Employees are expected to comply in every aspect with the Conditions of Employment, Code of Conduct, and any related regulation, order, policy and practice of the CHDA, and to refrain from any conduct which would give just cause for discipline.
- b) In particular, employees should:
  - i) Attend work regularly and punctually
  - ii) Conform to the reasonable dress and uniform requirements of the employer

- iii) Perform their tasks and job responsibilities diligently, carefully, and to the best of their ability
- iv) Obey all lawful and reasonable instructions given by a person having the authority to do so
- v) Conduct themselves with honesty and integrity
- vi) Request permission in advance for any leave of absence whenever possible, and
- vii) Refrain from being absent from duty without leave or permission, except on good cause
- viii) Refrain from accepting any other employment outside of normal working hours without the prior permission of the employer which permission shall not be unreasonably withheld
- ix) Refrain from any rude, offensive, abusive, provocative, intimidatory or aggressive behaviour to a fellow employee, member of the public, management, supervisors and CHDA clients
- x) Refrain from wilful or negligent behaviour which may result in the damage or loss of CHDA property
- xi) Refrain from participating either individually or with others, in any form of action, which will have the effect of disrupting the operations of the employer, other than actions contemplated by the Labour Relations Act
- xii) Refrain from wrongfully disclosing privileged information, and
- xiii) Refrain from carrying weapons, and consuming alcohol, intoxicating drugs and other banned substances whilst on duty.

### 13.2 Sanctions for Misconduct

- a) In accordance with the Disciplinary Policy and Procedure, any sanction that is imposed for misconduct will be intended to deter future repetition of that behaviour. The sanction imposed must be based on the seriousness of the offence, and in consideration of the employee's disciplinary record.
- b) The imposition of discipline is progressive in that sanctions are to be applied with increasing severity with the repetition of the offence, sanctions will generally be applied by first issuing written warning and then final warning, except in the cases of misconduct which would constitute grounds of immediate imposition of a final warning, or immediate dismissal.

The following progressive disciplinary action should apply depending on the severity of the transgression:

Progressive Discipline		
Step	Disciplinary measure	Period
<b>1</b>	Warnings: <ul style="list-style-type: none"> <li>○ A verbal warning</li> <li>○ A formal written warning</li> <li>○ A final written warning</li> </ul>	3 months 6 months
<b>2</b>	Suspension without pay	No longer than 2 months
<b>3</b>	Dismissal	

Where,

Verbal Reprimands / Warning	
Step	Action
<b>1</b>	Warn the employee that his/her behaviour is undesirable, unacceptable or a transgression.
<b>2</b>	Tell the employee that this behaviour must improve or be corrected.
<b>3</b>	Inform the employee what the desirable or acceptable behaviour, norms, standards, rules et cetera are.
<b>4</b>	Warn the employee that action will be taken against him/her if the undesirable or unacceptable behaviour continues.
<b>5</b>	Determine whether there is a reasonable explanation for the employee's behaviour.
<b>6</b>	Provide counselling for the employee
<b>7</b>	Make sure that the employee understands the reprimand

Written Warning	
Step	Action
<b>1</b>	<p>A formal written warning is issued when:-</p> <ul style="list-style-type: none"> <li>• One or more reprimands have failed to produce the desired results or;</li> <li>• An employee repeats a transgression.</li> <li>• The nature and circumstances of the transgression are such that a verbal reprimand would not be an appropriate disciplinary measure.</li> </ul> <p>The number of recurrences of the written warning will be determined at the supervisor/manager's discretion, bearing in mind the extent to which the employee has responded positively to the warning.</p>
Final Written Warning	
Step	Action
<b>1</b>	A final written warning usually follows one or more written warnings that have failed to produce the desired result; except where the circumstances of the transgression are such that only a final written warning would be an appropriate disciplinary measure.

- c) All written warnings and suspensions are to be recorded in the employee's personal file
- d) A written warning will remain valid and on the record of the employee's personal file for a period of 6 months from date of imposition.
- e) The employer may impose as a sanction a suspension without pay, having regard either to the serious nature of the misconduct, or the fact that there has been a previous warning(s) for the same behaviour, in which event:
  - i) The maximum period recommended without pay be 5 days
  - ii) The period of suspension will run consecutively
  - iii) In the event of suspension in excess of 5 working days, the suspension without pay shall be spread over 2 monthly pay periods as a maximum
  - iv) A suspension without pay shall be regarded as a sanction more serious than a final written warning, but less severe than immediate dismissal
- f) As a guideline, an employee will be dismissed on the first occasion for, inter alia:
  - Intimidation, fighting and / assault
  - Theft, unauthorised possession of or malicious damage to the employer's, fellow employees', or client's property
  - Being under the influence of alcohol, intoxicating drugs whilst on duty such that performance is seriously impaired or diminished
  - The consumption of alcohol or intoxicating drugs whilst on duty
  - Any act of gross dishonesty
  - Any act of gross negligence
  - Gross insubordination
  - Wrongful disclosure of privileged information
  - Any act of corruption or bribery, and
    - Any act of misconduct which would constitute just cause for dismissal.
- g) After the decision to dismiss an employee has been taken, the employee must be informed of this decision in writing as well as of the following information:-
  - When the employee's service will be terminated;
    - Which the employee's last day of service will be;

- Whether or not the employee will be required to work during the notice of dismissal;
- When the employee's remuneration, payment of leave, portion of bonus if applicable will be available

#### 14. FORMS

The grievance form, together with all relevant supporting documentation, if applicable, shall be submitted by the employee concerned to the relevant line manager / direct supervisor. If the grievance is against the line manager / direct supervisor, this may be submitted to the second line manager

The grievance form shall be completed and signed by the aggrieved employee prior to the initiation of each stage of the grievance procedure:

*Form 1:* Report of Misconduct Form

*Form 2:* Notice to Attend Disciplinary Enquiry Hearing Form

*Form 3:* Verbal Warnings Form

*Form 4:* Written Warning Form

*Form 5:* Final Written Warning Form

*Form 6:* Desertion / Abscondment Ultimatum Form

*Form 7:* Notice of Termination of Services Form

#### ANNEXURE A – Disciplinary Procedure Application Guide

CATEGORY	NATURE OF OFFENCE	DISCIPLINARY ACTION			
		1 <sup>st</sup> OFFENCE	2 <sup>nd</sup> OFFENCE	3 <sup>rd</sup> OFFENCE	4 <sup>th</sup> OFFENCE
Timekeeping Offences	Poor timekeeping such as reporting late for work or leaving work early and extended or unauthorised breaks during work hours	Verbal warning	Written warning	Final written warning	Request for Dismissal / Enquiry
	Unwarranted absence from place of work without good reason	Verbal warning	Written warning	Final written warning	Request for Dismissal/Enquiry

	Desertion: away from work for three working days without permission, or without good reason or without notifying a Line Manager during the period of absence. A medical certificate must be produced if the absence is for medical reasons. Note: It is the responsibility of every employee to communicate immediately with his Line Manager during any period of absence.	Final written warning	Requesting for dismissal		
	Fraudulent time-keeping, including clocking in or other employee's cards and allowing another to clock in one's clock card	Request for Dismissal			
Work output offences	Sleeping on duty	Written warning	Final written warning	Request for Dismissal	
	Refusal to work	Request for Dismissal			
	Refusal to obey reasonable instructions related to work	Request for Dismissal			
Quality of work offences	Poor maintenance of vehicle or machine for which employee is responsible	Verbal warning	Written warning	Final written warning	Request for Dismissal
	Wastage of material	Verbal warning	Written warning	Final written warning	Request for Dismissal
	Damage to equipment or materials	Written warning	Request for Dismissal		
	Injury to another through negligence or horseplay	Final written warning	Request for Dismissal		

<b>Social offences</b>	Under the influence of alcohol or intoxicating drugs at work	Final written warning	Request for Dismissal		
	Unauthorised consumption of alcohol and/or the administration of drugs for non-medical purposes on CHDA premises during normal working hours	Final written warning	Request for Dismissal		
	Assault	Request for Dismissal			
	Threat of assault to fellow employee or client	Final written warning	Request for Dismissal		
	Possession of dangerous weapons at work or on CHDA building.	Final written warning	Request for Dismissal		
	Intimidation or incitement to violence	Final written warning	Request for Dismissal		
	Sexual Harassment	Request for Dismissal			
	Non-observance of non-smoking areas	Final written warning	Request for Dismissal	Dismissal	
	Committing unsanitary acts	Final written warning	Request for Dismissal		
<b>Attitude offences</b>	Breach of employee's duty of good faith	Request for Dismissal			
	Failure to carry out a reasonable and lawful instruction	Final written warning	Request for Dismissal		
	Use of abusive and/or derogatory and/or offensive language and signs	Written warning	Final written warning	Request for Dismissal	
	Insubordination, serious disrespect, impudence or insolence	Final written warning			
	Gross Insubordination, serious disrespect	Request for Dismissal			




		spect, impudence or insolence	missal			
		Gross negligence: Any act where an employee, through carelessness or negligence, cause CHDA property to be lost or is unable to account for it properly.	Request for Dismissal			
Other offences		Wilful damage to material, equipment, possessions or property	Request for Dismissal			
		Unlawful possession of CHDA property	Request for Dismissal			
		Driving CHDA vehicle or operating machinery without authority	Written warning	Request for Dismissal		
		Wilful Divulgence of confidential information	Request for Dismissal			
		Fraud	Request for Dismissal			
		Deliberately supplying incorrect or falsified information	Request for Dismissal			
		Any other reason recognised in law as being sufficient grounds for dismissal	Request for Dismissal			
Safety offences						
	Category 1	Offences punishable by law under the OHSA – Act including common and criminal acts of sabotage / arson – these offences will or may cause:				
		Financial loss	Final written warning	Request for Dismissal		
		Disablement or serious injury to an-	Request for Dis-			

		other through negligent conduct	missal			
<b>Category 2</b>		Offences of a less serious nature and would not warrant dismissal. These offences would include:				
		Damage to machinery, equipment and property.	Verbal warning	Written warning	Final written warning	Request for Dismissal
		Failure to obey and instruction/regulation	Final written warning	Request for Dismissal		
<b>Category 3</b>		Minor offences such as:				
		Failure to obey safety rules/regulations/job work instruction where no damage has been suffered and behaviour may be corrected by counselling	Verbal warning	Written warning	Final written warning	Request for Dismissal
<b>Quality of work offences</b>		Poor maintenance of vehicle or machine for which employee is responsible	Verbal warning	Written warning	Final written warning	Request for Dismissal
		Wastage of material	Verbal warning	Written warning	Final written warning	Request for Dismissal
		Damage to equipment or materials	Written warning	Request for Dismissal		
		Injury to another through negligence or horseplay	Final written warning	Request for Dismissal		
<b>Serious</b>		Refusal to work	Request for Dismissal			
		Refusal to obey reasonable instructions related to work	Request for Dismissal			

**ADOPTED BY ORDER OF THE BOARD**

This Disciplinary Policy and Procedure was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## FLEET MANAGEMENT POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
F. Tiso	01 January 2016	First Draft, Formatting	v.1.0
	25 August 2017	Approved by the board	v.2.0

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## INTRODUCTION

In order to ensure that Staff and officials fulfil their work obligations, Chris Hani Development Agency is required to create means by which Staff and officials can travel so as to fulfil municipal entities duties. To achieve this objective, Agency has provided an allowance for travelling for full-time and part-time Staff and officials.

## 2. LEGAL FRAMEWORK

The constitution of the RSA

Municipal Systems Act 32 of 2000 as amended

Municipal Finance Management act 53 of 2003

## 3. DEFINITIONS

In this policy, words used in the masculine gender include the feminine, the singular includes the plural and versa and unless the context otherwise indicates-

“Code of Conduct” means the Code of Conduct for Staff or officials, as the case may be, being seclude 1 or 2 to the Local Government Municipal Systems Act, 2000 (Act No.32);

“Agency” means a Municipal Agency referred to in items of section 157 of the Constitution;

“Fleet” means a number of motor vehicles operating together or owned by the agency for use by Staff and officials or the purpose of carrying out agency’s duties;

“Fleet Manager “means an official of the entity who has been authorised to ad-

minister implement and enforce the provision of this policy;

“Full-time Employee “ means an Employee who has been elected or appointed to an office which has been designated as full-time in terms of Section 18(4) of the Local Government : Municipal Structures Act, 1998 (Act No. 7 of 1998);

“Part-time Employee “means an Employee other than a full-time Employee”

“Regulations” means regulations promulgated in terms of the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998);

“SALGBC” means the South African Local Government Bargaining Agency;

“Section 57 employee” means a person appointed as a Manager directly accountable to the CEO;

“Travel allowance “means the allowance allocated to a Staff Member in respect of travel requirements, as determined by the regulations;

“Driver” means an Official Staff Member, contract or temporary employees of the Chris Hani Development Agency entrusted with a fleet asset of any given time.

“Trip authority” means a form to allow a driver to drive a municipal vehicle as per route detailed in such form;

“Log Book” give details of the purpose of the trip the route travelled, fuel filled and the kilometres travelled.

“Management Pool of Vehicles” means management will include servicing, maintenance, issuing of vehicles, purchasing and disposal thereof;

“Agency Vehicle” means a vehicle registered under the ownership of CHDA.

#### **4. ADMINISTRATION AND ENFORCEMENT**

4.1 The Fleet Manager is responsible for the administration and enforcement of this policy.

4.2 Where no Fleet Management has been appointed in terms of the policy the CEO or his or her nominee shall be responsible for the administration and enforcement of this policy.

#### **5. DELEGATION**

The CEO may delegate any power granted to him or her in terms of this policy, in accordance with the system of delegation of the municipality developed in terms of Section 59 of the Municipal Systems Act.

#### **6. REPORTING**

6.1 The Fleet Manager shall submit a monthly fleet management report to the Chief Financial Officer.

6.2 The Fleet Manager shall submit a Quarterly Fleet Management Report to the Chief Financial Officer.

6.3 The Fleet Manager shall submit the Fleet Management Report as the Audit Committee Item to the Chief Financial Officer when requested.

6.4 The Chief Financial Officer shall include the afforested fleet management report in his or her quarterly report to the board.

#### **7. USE OF AGENCY VEHICLES**

7.1 Agency vehicles shall be used by Staff and officials only for Agency busi-

ness, except when there is a written approval by the CEO.

7.2 Directors and Managers who are receiving travel allowance must not drive fleet vehicle unless proven that they have exhausted their deemed 500 km per month

7.3 Only Agency employees and Staff on official duty and work related passengers and project members may be carried in the Agency vehicle. The driver of the vehicle must ensure that no unauthorised passengers are transported. Passengers must be listed on Trip Authority prior to approval by head of the unit or authorised official's Indemnity forms shall be completed for passengers not employed by CHDA. (Article 40 of the Public Service Act, 1994) CHDA will not accept any responsibility for unauthorised passengers.

7.4 Only members of the Co-operatives that are working with CHDA may be included in the trip authority as and when there is a need

7.5 No eating and drinking is allowed in Agency vehicles

7.6 No person shall smoke in any Agency vehicle

7.7 No intoxicating medicine or liquor may be consumed whilst driving an Agency vehicle. Any official can at any time be subjected to a breathalysing test by the Fleet Manager or a law enforcement official.

7.8 Any employee can at any time be subjected to an Evaluation of driving skills in terms of Regulation 79(2) (d) of the Road Traffic Act, even if it has to be done at Agency expenses.



7.9 Authorisation for the usage of vehicles can only be authorised by head of the unit or authorised officials or by delegated senior officials within his/her department. The head of the unit or authorised official authorising a trip authorisation must ensure that the driver is in possession of a valid driver's licence.

7.10 If a vehicle is based with a member of staff away from the office, a trip authority can be issued against a weekly work plan. Trip authorities must not run longer than one week.

7.11 The Agency is required to make an Agency Vehicle available to staff in line with the requirements of S & T policy on managers and executive management with car allowance.

## **8. DUTIES OF THE DRIVERS**

The driver of an Agency vehicle must:

8.1 Book the Agency vehicle 3 days in advance with the Fleet Manager and prepare a Trip Authority.

8.2 Trip Authority form will always be available with the Fleet Manager

8.3 Be in possession of a valid unendorsed driver's licence in terms of Regulation 239 of the Road Traffic Act (Act 29 of 1989) and where necessary a professional drivers permit. The driver must have no outstanding transport related disciplinary action against him/her when using a vehicle.

8.4 If there are traffic offences against the driver, the driver will be liable for the fines and if the driver get arrested because of the fine CHDA will not be held liable for that

8.5 Ensure that all trips with the Agency vehicle are authorized by the head of the unit or authorised official

8.6 Each Vehicle will have its own log-book.

8.7 Ensure that the logbook is completed after each trip and that the vehicle is refuelled.

8.8 Hand over any petrol slips to the Fleet Manager or authorised official for inspection.

8.9 Ensure that Agency vehicle is only used for Agency business ONLY.

8.10 Ensure that there is not littering in Agency vehicle.

8.11f there are traffic offences against the driver while driving CHDA vehicle the agency will not be liable for payment of those fines

8.12 All vehicles are fitted with a tracker which the Fleet Manager can use to monitor the movement of the vehicle or its report will be used if we identify misuse of vehicles

## **9 KEEPING AND PACKING OF AGENCY-OWNED VEHICLES**

9.1 After use return the vehicle to the Fleet Management Officer, CHDA 64 Prince Alfred Street Queenstown.

9.2 Permission can only be granted by the CEO for Agency Vehicle to be parked over night at a home of an Employee under the following circumstances:

9.2.1 The member of staff who will be leaving early morning or returning late at night. The actual times that this would come into force would be the time when

public transport starts/stops. Exceptions can also be made if the personal security of the individual is also at stake.

9.2.2 If the home of the individual is at a place between the offices of their destination such that it is not sensible to come into the office (normally a journey saving of at least 15km would be expected).

9.2.3 Other circumstances deemed necessary by the CEO.

9.2.4 A signed authority form to park the vehicle at home must be recommended by the head of the unit or authorised official and approved by the CEO. It will normally be issued for each occasion. The permission is subject to review and can be withdrawn at any time

9.3 Permission shall only be granted if parking is considered safe/adequate and the official has assured the head of the unit or authorised official on the safety of the vehicle allocated, e.g. there is a lockable garage or lockable gates.

9.4 Airport parking/toll fees – where an official makes use of airport parking meters or an employee has paid tollgate fees, claims for reimbursement for airport parking tollgate fees will only be considered when Staff and officials have produced cash slips or receipts.

## 10. ACCIDENTS

10.1 With regard to duties of a driver in an accident:

10.1.1 The driver shall call the police or traffic officer. If not available, then the driver shall report the accident to the nearest police station and obtain a case number, and

10.1.2 The driver shall not, under any circumstances, admit liability at the scene of the accident unless it is upon the instruction of the Fleet Manager or the CEO. The driver must obtain the following:

10.1.2.1 Names, addresses, telephone numbers and ID numbers of other persons involved in the accident;

10.1.2.2 Names, address, ID numbers and telephone numbers of witnesses; and

10.1.2.3 Registration number, make and type of other vehicle.

10.2 The driver of an Agency vehicle shall obey all traffic laws and shall be 100% liable for traffic fines, which may be attributed to his/her negligence.

10.3 If an employee is the sole cause of the accident damage, he/she will be held liable for an accident insurance excess payment for repair costs if less than excess payment.

10.4 Fleet Management Accident Committee must be formed by head of the unit and their duties are to be defined in terms of policy.

10.5 Make available a copy of the identity document and driver's licence when required for the purpose of the insurance claim form whenever an accident report is completed;

10.6 Prior to using a vehicle, the driver must check the vehicle for damage/defects and make note on a check sheet form and also report it to the Fleet Manager. An employee who does not comply with the requirements above will be deemed to have received the vehicle in good order.

## 11. INTERNAL ACCIDENTS REPORTING

11.1 The driver must immediately report any accident to the Fleet Manager and they must also submit an accident report.

11.2 The driver shall within 24 hours after the accident, ensure that the accident report form is completed and submitted to the Fleet Manager with all the relevant information such as SAPS case number and statements by witnesses.

11.3 The Fleet Manager shall investigate all vehicle accidents and gather documentation, tracker report, photographic and other evidence

11.4 The Fleet Manager shall after receiving an accident report submit a report to the Chief Financial Officer, Insurance official and relevant Head of the Unit in which the employee belong.

11.5 The relevant head of the unit or authorized person shall after evaluating the circumstances regarding the accident determine whether any further action is deemed necessary. An accident Investigation Report formatted as follows shall be completed:

11.5.1 Introduction

11.5.2 Statement of case

11.5.3 Findings

11.5.4 Recommendations

11.5.5 Signature

11.6 A copy of the Accident Investigation Form must be submitted to the Chief Financial Officer and Fleet Manager.

11.7 All Heads of Departments and Line Managers are responsible for the disciplinary action arising from the misuse of

Agency vehicles by the employees. Remedial and corrective actions will be subjected to and governed by CHDA's disciplinary procedures.

## 12 DUTIES OF THE FLEET MANAGER

12.1 The Fleet Manager shall:

12.1.1 Plan and avail Agency vehicles on a daily basis

12.1.2 Ensure that offenders are dealt with in terms of the policy

12.1.3 Compile an annual budget for maintenance and fleet requirements

12.1.4 Ensure that the licences of Agency vehicles are renewed annually

12.1.5 Ensure that vehicles are kept in roadworthy condition at all times

12.1.6 Ensure that mechanical checks on all Agency vehicles are carried out

12.1.7 Assist in the determination of specifications for the purchase and selling of vehicles

12.1.8 Ensure that the driver of Agency vehicle as a valid driver's licence

12.1.9 Ensure that all Agency vehicles are equipped with power Track vehicle management systems.

12.1.10 Submit a Monthly Fleet Management Report to the Chief Financial Officer.

12.1.11 Submit a quarterly Fleet Management Report to the Chief Financial Officer.

12.1.12 Submit a Fleet Management Standing Committee Items to the Chief Financial Officer when requested.

12.2 The Fleet Manager shall at all-time take reasonable steps to ensure the safety of drivers and passengers of Agency vehicles.

12.3 The fleet manager shall ensure that the agency vehicles are properly branded

### 13. HIRE OF VEHICLES

13.1 In the case of pool vehicles being unavailable, the CEO may approve the hiring of vehicles in terms of the SCM Policy.

### 14 DISPOSAL AND ACQUISITIONS OF AGENCY VEHICLES

14.1 Vehicles will be acquired in terms of the Supply Chain Management Policy.

14.2 Disposal of vehicles will take place after 150 000km or 5 years after acquiring. Mechanical condition and expenses to maintain vehicles must also be considered. Disposing will take place by means of public auction, donating or trading-in of vehicles. The supply Chain Management Policy outlines the process.

### 15. SUSPENSION OF EMPLOYEE FROM DRIVING AGENCY VEHICLES.

15.1 Any person who:

15.1.1 Contravenes any of the provisions of this policy or fails to comply therewith will be disciplined in term of disciplinary procedures.


15.1.2 If found guilty of any of the following offences, such person can be issued with a written/final written warning or be suspended from driving Agency vehicles

### OFFENCES

<b>15.2.1</b>	<b>The disobeying of traffic signs</b>
<b>15.2.2</b>	Driving too fast
<b>15.2.3</b>	Negligent and reckless driving
<b>15.2.4</b>	Transporting unauthorised passengers, material or equipment
<b>15.2.5</b>	Driving the Agency vehicle without a trip authority
<b>15.2.6</b>	Driving the Agency vehicle under the influence of alcohol or drugs
<b>15.2.7</b>	Using the Agency vehicle and not completing the logbook
<b>15.2.8</b>	Not submitting petrol slips
<b>15.2.9</b>	Smoking in the Agency vehicle
<b>15.2.10</b>	Deviating from an authorised trip
<b>15.2.11</b>	Not Reporting an accident
<b>15.2.12</b>	Not reporting driver's licence endorsement
<b>15.2.13</b>	Not reporting defects of the vehicle
<b>15.2.14</b>	Failing to perform a checklist

**ADOPTED BY ORDER OF THE BOARD**

This Fleet Management Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## FRAUD AND PREVENTION POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
T. Mas-hologu	8 March 2015	First Draft, Formatting	v.1.0
	25 August 2017	Reviewed and approved by the board	v.2.0

**PREAMBLE**

In an attempt of ensuring that all fraudulent activities are discouraged, mitigated and attended to in a coherent and integrated manner, and promoting ethical conduct or behaviour, the Chris Hani Development Agency is hereby adopting a Fraud Prevention Policy, which will go a long way in strengthening a culture of honesty, reliability, transparency and care amongst all key/critical stakeholders (internal and external) with any relationship with the Agency. Chris Hani Development Agency subscribes to the principles of good corporate governance, which requires the conducting of business in an honest and transparent fashion.

This Policy supersedes any Council or Board Resolutions taken previously, regarding the issue of fraud prevention. The success or failure of this policy rests with all key stakeholders working together to ensure that the objectives of this policy are attained.



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8. Application of prevention controls and detection mechanisms
9. Creating awareness 1
10. Administration and revision of the Policy
11. How will this Policy be communicated?

## 1. SCOPE OF THE POLICY

1.1 This Policy applied to all employees' board and audit committee members of the Chris Hani Development Agency and relates to all attempts and incidents of fraud impacting negatively or having the potential to impact negatively on Chris Hani Development Agency. This policy also applies to service providers who are doing business with Chris Hani Development Agency, through its tender processes, etc.

1.2 Actions constituting fraud refer to, but are not limited to:

- a) Any dishonest, fraudulent or corrupt activity;
- b) Theft of funds (directly or indirectly), supplies or other assets of the Agency;
- c) Maladministration or financial misconduct in handling or reporting of money, financial transactions or other assets;
- d) Making a profit from insider knowledge;
- e) Disclosing confidential or proprietary information to outside parties for financial or other advantage
- f) Requesting or accepting anything of material value (free of charge) from contractors suppliers or other persons providing goods or services to the Chris Hani Development Agency;

- g) Irregular destruction, removal or abuse of records and equipment;
- h) Deliberately omitting or refusing to report or act upon reports of any such irregular or dishonest conduct;
- i) Bribery, blackmail, secret commissions and / or extortion involving the Chris Hani Development Agency employee in the performance of her or his duties;
- j) Abuse of Chris Hani Development Agency's facilities
- k) Irregular theft of time without authority from the supervisor/s;
- l) Non-disclosure of financial or related interest when in the process of awarding tenders;
- m) Accepting being taken out by a prospective service provider, who is bidding / competing in a tender process;
- n) Wilfully or knowingly deviating from the documented policies, procedures and guidelines of the Agency, for the benefit of an individual; and
- o) Any similar or related irregularity.

## 2 BACKGROUND

South Africa is engulfed with alarming proportions of fraud, resulting from white collar crime. Companies must ensure that they develop fraud prevention strategies (or plans) in order to mitigate chances of fraud, within their workplaces, hence the development of this policy. Agencies are also not im-

mune to the occurrences of fraud, as they also operate in a global village. In many instances fraudulent activities are orchestrated by officials who can read and write, who know exactly that their actions are indeed illegal, such as in the instances where an official deviates purposefully from the requirements of an approved Agency policy, guidelines, procedures, resolutions, etc. (eg Supply Chain Management Policy).

**In short “FRAUD” can be defined as “an act of deception carried out for the purpose of unfair, undeserved, and / or unlawful gain, especially financial gain, and the results of their act are injurious to another party”.**

- 2.1 This policy is intended to set down the stance of Chris Hani Development Agency to “fraud”, as well as to reinforce existing systems, policies, procedures, rules and regulations of Chris Hani Development Agency aimed at deterring, preventing, reacting to and reducing the impact of fraud.
- 2.2 Furthermore, the purpose and spirit of this document is to confirm that the Chris Hani Development Agency supports and fosters a culture of zero tolerance to fraud in all its manifestations.
- 2.3 The Chris Hani Development Agency recognises the fact that acts of fraud by its employees seriously deplete the

scarce resources available to the Agency in fulfilling its mandate.

- 2.4 The Chris Hani Development Agency recognises that the debilitating effect of fraud extends beyond the loss of cash and other assets which have severe negative repercussions on the ability of Chris Hani Development Agency to achieve its objectives.
- 2.5 Although difficult to quantify, such acts, if left unchecked, seriously impact on:

- The quality and effectiveness of service delivery;
- The strength of business relationships with clients, suppliers and the public;
- Employee morale; and
- Reputation and image of Chris Hani Development Agency

### **3 THE OBJECTIVES OF THE FRAUD PREVENTION POLICY (POLICY STATEMENT/POLICY STANCE)**

The key objective of this policy is to ensure that fraudulent activities are discouraged, exposed, mitigated and dealt with in the Chris Hani Development Agency in an integrated approach or manner. Every effort should be made to ensure that service providers or potential service providers and agency employees are discouraged to become involved in any fraudulent activities.

- 3.1 “Zero Tolerance to fraud” serves as the basis of the Chris Hani Devel-

opment Agency Fraud Prevention Policy. In addition, all fraudulent activities will be investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules and regulations of the Chris Hani Development Agency.

- 3.2 It is the responsibility of all employees of Board Members and employees to report all incidents of fraud to their immediate superior/s, if for any reason it is suspected that even the superior is involved in fraudulent activities, the case must be referred to the Accounting Officer as the case may be.
- 3.3 All employees within the Chris Hani Development Agency are responsible for the prevention and detection of fraud.
- 3.4 Members of the public are also encouraged to report suspected cases of fraudulent activities, either by agency employees (eg abuse of agency assets such as agency fleet).

## **4 REPORTING PROCEDURES AND RESOLUTION OF REPORTED INCIDENTS**

### ***4.1 What should board and employees do if they suspect fraud?***

- 4.1.1 It is the responsibility of all board members and employees to immediately report all allegations or incidents of fraud. Employees are required to report any incidents of fraud to the Chief Executive Officer or his/her nominee, in his/her absence. Board Members are also at liberty to report any fraudulent activities directly to the Chief Executive Officer, in writing or personally.
- 4.1.2 All employees are required to report any incidents of fraud directly to their immediate superior/s, and in cases where they suspect that their immediate superior/s is or are involved in fraudulent activities; employees are free to report these cases to the Chief Executive Officer, Chief Financial Officer or even the Executive Manager Operations. The Chief Financial Officer will then initiate an investigation into the matter.

***4.1.3 Nothing prevents anyone, be it an employee, municipal councillor, member of the public or any other key stakeholder in report-***

*ing fraudulent activities to other Organs of State, such as the South African Police Service (SAPS), the National Investigating Agency (NIA), relevant Minister in Government, etc.*

#### **4.2 What should a member of the public do if they suspect fraud impacting the Chris Hani Development Agency?**

4.2.1 Should members of the public wish to report allegations of fraud anonymously, they can contact the Chief Executive Officer, or any member of the Senior Management or even the national hotline at 0800 701 701, the SAPS' Crime Stop Hotline at 0800 010 111. The complaints could also be addressed to:- **(Chief Executive Officer, 64 Prince Alfred Street, Queenstown, 5320) or phone 045 838 2012).**

4.2.2 The Chris Hani Development Agency encourages members of the public who suspect fraud impacting the agency to contact the Chairman of the Board, any Board Member, Chief Executive Officer and any member of the senior management or any state agent (such as South African Police Service, National Intelligence Agent,

Auditor General, Internal Audit Unit, Government Minister, etc).

#### **4.3 How will allegations of fraud be dealt with by Chris Hani Development Agency?**

4.3.1 For issues raised by employees or members of the public, the action taken by the Chris Hani Development Agency will depend on the nature of the concern. The matters raised may:-

- Be investigated internally; or
- Be referred to the SAPS or any relevant government or state agent.

4.4 All supervisors and management within the Chris Hani Development Agency have the advisory and supporting assistance from other units which include the following:

- Internal Audit Unit (IAU);
- Audit Committee
- Human Resources
- The Office of the Auditor-General; and
- The Public Protector

4.5 The IAU provides a mechanism for a more integrated strategic intelligence effort to:

- Support policy-making and the co-ordination of fraud control policy;
- Conduct investigations via its Risk Management division; and

- Co-ordinate processes among law enforcement agencies involved in combating fraud

4.6 Any fraud committed by employees of Chris Hani Development Agency will be pursued by thorough investigation and to the full extent of the law, including consideration of the following:

- a) Taking disciplinary action, in terms of internal Human Resource Policies, within a reasonable period of time after the incident;
- b) Instituting recovery of financial losses, including formal civil action;
- c) Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
- d) Any other appropriate and legal remedy available

4.7 The Chief Executive Officer is also required to ensure that losses or damages suffered by the Chris Hani Development Agency as a result of all reported acts of fraud committed or omitted by any employee are recovered from such an employee or other person if he or she is found to be liable.

4.8 The Chief Executive Officer or his/her delegated representative will, upon receiving a report of fraud from an external person, write to the person (unless the report has

been made anonymously) who submitted the report or has made the allegations:

- Acknowledging that the concern has been received; and
- Informing her or him whether any further investigations will take place, and if not, stating the reasons as to “why not”.

4.9 The Chris Hani Development Agency accepts that those people, including employees who reported the alleged fraud need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, information about outcomes of any investigation will be disseminated on a “need to know” basis.

4.10 The Chris Hani Development Agency will regularly review the matters reported and actions taken, in dealing with each and every case.

## **5 CONFIDENTIALITY**

5.1 All information relating to fraud that is received and investigated will be treated confidentially. The progression of investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information.

This is important to avoid harming the reputation (or integrity of suspected persons who are subsequently found innocent of wrongful conduct, and also the safety or security of the informant who has supplied the agency with the allegation/s.

- 5.2** No person is authorised to supply any information with regard to allegations or incidents of fraud to the media without the express permission of the Municipal Manager.

## **6 PUBLICATION OF SANCTIONS**

- 6.1** The Chief Executive Officer will decide, in consultation with appropriate senior managers, whether any information relating to corrective actions taken or sanctions imposed regarding incidents of fraud should be brought to the direct attention of any person or made public through any means.

## **7 PROTECTION OF WHISTLE BLOWERS**

- 7.1** The Whistle Blowing strategy is intended to encourage employ-

ees, or other key stakeholders to raise relating to specific matters (including fraud), without fear of victimisation or compromising their safety and security.

- 7.2** No person will suffer any penalty or retribution for reporting in good faith, any suspected or actual incident of fraud.

- 7.3** Managers should discourage employees or other parties from making allegations which are false and made with malicious intentions. Where such allegations are discovered, the person who made the allegations will be subjected to firm disciplinary or other appropriate action.


## **8 APPLICATION OF PREVENTION CONTROLS AND DETECTION MECHANISMS**

- 8.1** In respect of all reported incidents of fraud, the Chief Executive Officer and Senior Managers are required to immediately review, and where possible, improve the effectiveness of the controls which have been breached in order to prevent similar irregularities from taking place in future.



**ADOPTED BY ORDER OF THE BOARD**

This Fraud and Prevention Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**

**CHRIS HANI DEVELOPMENT AGENCY**

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## INFORMATION TECHNOLOGY POLICY

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in accordance with

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
Ms F Tiso	29 April 2016	Approved by the Board	v.1.0
	25 August 2017	Approved by Board	v.2.0

## PREAMBLE

All communication using technology records should meet legal and regulatory compliance and professional practice. Chris Hani Development Agency (CHDA) endeavours for this policy to adhere to the **HORUS** model:

- **Holding** information through technology securely and confidentially;
- **Obtaining** electronic information fairly and efficiently;
- **Recording** electronic information effectively and ethically;
- **Using** electronic information effectively and ethically;
- **Sharing** electronic information appropriately and lawfully;

In committing to these, CHDA will ensure that anyone processing data in relation to the organisation will comply with the eight enforceable principles of good practice:

1. Fairly and lawfully processed;
2. Processed for limited purposes;
3. Adequate, relevant and not excessive;
4. Accurate;
5. Not kept for longer than necessary;
6. Processed in accordance with the data subject's rights;
7. Secure
8. Not transferred to countries without adequate protection and permission.

## 1. DEFINITIONS

**“Computer equipment”** – a work tool designed to enhance the ability of employees to carry out their responsibilities and also to communicate with stakeholders. This is commonly known as a desktop PC, a laptop or tablet.

**“Hardware”** – CHDA will acquire computers including laptops for the purpose of enhancing employees ability to fulfil their roles and responsibilities. The physical object known as computer equipment is defined as hardware.

**“Software”** – computer program packages appropriate for the core business of CHDA. This is known as software.

**“Internet”** – the CEO shall authorise to have access to the World Wide Web (internet). Such access shall primarily be to add value to the core business of CHDA and allow employees access to information.

## 2. LEGAL FRAMEWORK

Municipal Finance Management Act 56 of 2003

The Promotion of Access to Information Act, 2000 (Act no. 2 of 2000)

The Protection of Information Act, 1982 (Act no. 84 of 1982).

The State Information Technology Act, 1998 (Act no. 88 of 1998)

Minimum Information Security Standards (MISS)

Guidelines for the Handling of Classified Information (SP/2/8/1)

Electronic Communications and Transaction Act, 2002 (Act no. 25 of 2002)

### 3. SCOPE AND APPLICATION

CHDA employees will ensure that:

- Records are created, maintained and stored to standards which meet legal and regulatory compliance and professional practice recommendations;
- Stakeholders can be assured of appropriately completed records and that all information is managed within CHDA to ensure confidentiality. Information will be made available on how to access records and issues governing consent.

Everyone needs to be aware of his/her responsibilities for safeguarding confidentiality and preserve information security.

The principle behind the policy is that no-one shall misuse any information through technology or allow others to.

### 4. OBJECTIVES

This policy to manage information technology is a framework for handling information in a confidential and secure manner to appropriate ethical and quality standards as determined by the Board of

Directors of CHDA. The focus on the policy is to ensure that the requirements of:

- i) Business Continuity,
- ii) User and IT Vendor Access,
- iii) System Change Management,
- iv) Disaster Management and
- v) Security / Information Sharing and Confidentiality, are maintained and observed.

### 5. POLICY CONTENT AND PROVISIONS

#### a. Data protection

##### i. Storage and Backup

Any data stored on a computer hard drive is vulnerable to the following:

- Loss due to a computer virus;
- Physical loss or damage of the computer e.g. theft, water damage, fire or physical destruction, faulty components, software.

In particular, there is a risk of breach of confidentiality where computer equipment is stolen or otherwise falls into unauthorised hands.

Precautions to be taken include:

- The server should not be used as regular workstation for any application;
- Access to the server should be based on the work requirements of the employee;
- A full backup must be taken daily of the server and kept off site;

- All computer equipment is to be completely shut down at the end of the working day unless otherwise decided by the CEO;
- CHDA may introduce a system security procedure;
- The user shall ensure that important data on the hard drive is backed up regularly and any confidential data is password protected.

## ii. **PROTECTION AGAINST VIRUSES**

Data is vulnerable to loss or corruption caused by viruses. Viruses may be introduced from flash discs, CDROM/DVDROM, other storage media and by direct links via email and web browsing.

Precautions to be taken include:

- Ensure virus protection software is installed on ALL computer equipment;
- Anyone discovering a virus must report this to the Finance Manager;
- All software must be purchased, installed and configured by the specialist Outsourced Provider. This includes all software packages, software upgrades and add-ons, however minor. It also includes shareware, freeware and any items downloaded from the internet.
- No document or file from any source outside the organisation can be used

unless it has been scanned for viruses using the virus scanning software.

- Employees should treat email attachments that they are not expecting with extreme caution- it does not matter if the sender is known. If unsure what an attachment is for, or why someone has sent it, this should not be opened;
- Employees should note that intentionally introducing files which cause computer problems could result in disciplinary procedures being instituted against them;
- Employees shall not violate licence agreements by making illegal copies of software. It is not permissible to download software from the internet or install from CD or disc without prior authorisation. Software licensing will be arranged and recorded as part of the procurement and/or installation process. Any unlicensed software found on computer equipment must be deleted or disabled.

## iii. **INSTALLATION OF SOFTWARE**

Software purchases will be authorised by the Finance Manager and the specialist outsourced provider will supervise the loading of the software onto the system or individual computer equipment in accordance with the software licence.

Employees are prohibited from installing or upgrading personal or purchased software without permission.

Employees are prohibited from downloading software, upgrades or add-ins from the internet without permission.

#### **iv. INTERNET AND EMAIL USE**

Employees should not create, store, transfer (from any media or via email) or deliberately receive material that could be judged to be offensive.

Offensive/inappropriate material or activities can include:

- Material that is abusive, threatening, serves to harass or bully, discriminates, encourages discrimination on racial/ethnic grounds, or on grounds of gender, sexual orientation, marital status, disability, political or religious beliefs;
- Material that may be obscene, indecent or tasteless;
- Material that may cause distress, inconvenience or anxiety;
- Material about illegal activities, including pornography, drugs, computer hacking, militant/extremist behaviour, violent or weapons – unless it is clearly related to our professional role.

If employees receive inappropriate email or become unintentionally connected to a

website, which contains offensive or inappropriate material, the member of employees should disconnect from the site immediately and inform their Line Manager.

Employees should not undertake activities which could result in the corruption or inappropriate destruction of data.

Employees should not use computer equipment in a way that makes systems unavailable to others.

Employees should not introduce any weakness to, or compromise IT security.

Employees should not download and/or install any software unless authorised by the CEO and supervised by the Outsourced Provider.

#### **v. PROHIBITED USE**

Staff must not create, send or access information that could damage the CHDA's reputation, be misleading or deceptive, result in victimisation or harassment, lead to criminal penalty or civil liability, or be reasonably found to be offensive, obscene, threatening, abusive or defamatory. This includes pornography and other offensive material. Possession of certain kinds of pornography (such as child pornography) is a crime and (such activity should be reported to the supervisor). The transmission, storage or downloading of obscene or offensive material may also



put staff at risk of breaching discrimination laws

#### **vi. PROTECTION AGAINST PHYSICAL HAZARDS**

Employees must be aware of and comply with the following:

##### Water

- Ensure that the computer equipment or server is not at risk of pipes and radiators which, if damaged, could allow water onto the equipment;
- Do not place computer near to taps/sinks;
- Do not place computer equipment close to windows subject to condensation and water collection on windowsills;
- Ensure that the computer equipment is not kept in a damp or steamy environment.

##### Fire / Heat

- Computer equipment generates quite a bit of heat and should be used in a well-ventilated environment. Overheating can cause malfunction, as well as creating a fire hazard;
- Try to place the computer equipment away from direct sunlight and as far as possible from radiators or other sources of heat.
- Normal health and safety protection of the building against fire, such as smoke alarms and CO<sub>2</sub> fire extinguishers should be sufficient for computer equip-

ment. If backup tapes are kept on the premises they must be protected against fire in a fireproof safe;

- Have wiring and plugs checked annually;
- Ensure that ventilators on computers are kept clean;
- Do not stack paper on or near computer equipment.

##### Environmental Hazards

- Computer equipment is vulnerable to malfunction due to poor air quality, dust, humidity and grease. A normal working environment should not affect safe running of the computer, but if any of the above are present consider having an air filter. Ensure that the environment is generally clean and dust free. The system shall be visually inspected and the unit cleaned by a professional to reduce risk of failure or damage;
- Protect against power surges by having an uninterrupted power supply fitted to the server.

#### **b. MOBILE COMPUTING**

Laptops, palmtops and any other portable devices are vulnerable, because they are easier to pick up and remove and therefore more desirable to the opportunist thief. It is also less likely, in some circumstances, that their loss will be noticed immediately. However, because of their size, it is possible to provide extra protection:



- When the device is not in use, it should be stored in a secure location;
- Where it is left on the premises overnight, it should be stored in a locked safe, cupboard or drawer;
- Where the device is shared, have a mechanism for recording who is responsible for it at any particular time.

Computer equipment should not be left unattended in cars. Where this is unavoidable, ensure that the car is locked and the computer is out of sight in the boot or at least covered up if there is no boot. The responsible employee should take the device with them if leaving the vehicle for any length of time. Where a device is being used in a public place it should remain with the employee at all times and care should be taken to ensure that confidential data cannot be viewed by members of the public, e.g. on public transport.

#### **c. CONFIDENTIALITY**

Any information given or received in confidence for one purpose may not be used for a different purpose or passed to anyone else without the consent of the provider of the information.

Staff should be aware that unauthorised disclosure of classified or sensitive information is prohibited.

Storage of classified or sensitive information electronically requires care. For

example, carrying information on a disk or other removable storage device means that the device must be treated with the same care as a classified file. Extreme care must be taken with the use of email in these circumstances to avoid unauthorised publication of classified and sensitive official information.

#### **d. USER TRAINING**

Employees are required to develop good IT skills and are used to working with information systems, business and office packages as required by their job roles.

#### **e. NETWORK SECURITY**

CHDA ensures that its local network is protected by authentication, encryption and network connection controls which prevent unauthorised access including via wireless technology.

My Documents and the Desktop are used as CHDA network drives.

Network drives, including personal drives (usually the C drive) are part of the resources provided for official CHDA business use.

Staff must not save software and/or large personal files on any network drive. These drives are regularly monitored, particularly when disk space is at a premium. In particular, pictures, graphics, music, video files and '.exe' files will be targeted. Such personal files will be deleted from the network drives

on occasional basis. When required to do so to free up server space, this will be done without notice.

Personal use of CHDA ICT resources is not considered private. Staff do not have the same personal privacy rights when using these devices as they would if they were using private communication devices. This means that employees reasonably suspected of abusing personal use of employer-supplied communication devices may be subject to disciplinary action.

Staff should be aware that the same general restrictions apply to external Hard Drives and recording devices provided by CHDA. In particular, they must not store on their external hard drives prohibited or inappropriate material, software or material that is subject to copyright.

Staff should also be aware that the same general restrictions and policies apply to personal computers and devices (including tablets and iPads) plugged into CHDA network.

#### **f. SECURE LOGON PROCEDURES AND MONITORING**

All computer systems should have a logon procedure that includes at least a unique user ID and password. The following features should be put in place for all CHDA systems:

- System/application identifiers are not to be displayed until the logon procedure has been successfully completed;
- Where login errors are made there should be no indication as to which part of logon information is incorrect. This prevents unauthorised users identifying patterns when attempting to gain access to systems;
- The number of unsuccessful consecutive logon attempts is limited to 3;
- There is no limit as to the maximum time allowed for any one logon. However, password protected screens savers are used to prevent unauthorised use;
- The password being entered is not displayed in clear text. The systems show a number of asterisk characters;
- Passwords should not be transmitted in clear text over the network under any circumstances.

CHDA monitors staff use of CHDA ICT resources by:

- maintaining logs, backups and archives of computing activities including workstations, laptop computers, servers, printers, and network connected devices, including and tablets;
- monitoring email server performance and retention of logs, backups and archives of emails sent and received through CHDA servers; and
- Retaining logs, backups and archives of all Internet access and network usage.

- CHDA ICT Network Administrator has the authority to access the logs of all of staff members' activity including:
- backups and archives of all files, including emails, which are current and those that have been deleted by the user,
- email messages and attachments and
- The URLs or website addresses of sites visited, the date and time they were visited and the duration of site visits and logs.
- ICT Network administrator has authority to audit ICT equipment for installed software and hardware

The accounting officer may authorise access to user logs in the event that there is a perceived threat to:

- CHDA ICT system security,
- the privacy of CHDA staff and Councilors,
- the privacy of others, or
- The legal liability of the CHDA.

These records can be called up and cited as a chain of evidence in legal proceedings and actions following virus attacks. Access will be fully logged and documented.

A report of internet usage logs will be submitted to Board on ad-hoc intervals

#### **g. INFORMATION ACCESS AND RESTRICTIONS**

File storage systems should be constructed in order to ensure all and only appropriate personnel have access to a folder which can then be viewed, altered, copied or deleted.

Data file owners are required to password protect all files which contain identifiable employees data.

Access to CHDA ICT resources is to be used only for the purpose for which staff are authorised. This means that staff must not attempt to access any data or programs that they do not have authorisation or explicit consent to access.

Any type of unethical or unlawful access may result in immediate suspension of their access to these services and they may be subject to disciplinary actions and legal proceedings. Before suspension of access to services, the employee will be notified, before stopping delivery of the access to the website, of this Policy in a way that it is reasonable to assume that the worker is aware of and understands the Policy.

In particular, access to pornography, hate sites and gambling sites is prohibited. Staff are reminded that by accessing some Internet sites, they may inadvertently be re-directed to an inappro-

priate site. If this occurs, they should immediately exit the site. Staff must not create, send or access information that could damage the CHDA's reputation, be misleading or deceptive, result in victimisation or harassment, lead to criminal penalty or civil liability, or be reasonably found to be offensive, obscene, threatening, abusive or defamatory.

This includes pornography and other offensive material. Possession of certain kinds of pornography (such as child pornography) is a crime and (such activity should be reported to the supervisor). The transmission, storage or downloading of obscene or offensive material may also put staff at risk of breaching discrimination laws

Software of any description may not be copied or installed on CHDA computers unless staff have been given specific approval to do so. This applies to all software, including software that is privately owned or obtained from the Internet, on-line services or portable media such as CDs/DVDs and USB.

If a staff member has a need to install any software, they should obtain permission in writing from their Head of Department.

#### **Exit Procedure:**

The following process is to be followed when notification is received from HR of

an employee leaving the institution. On receipt of a document notifying IT of an employee's resignation/termination the following must be complied with

- Removal of privileges
  - Internet,
  - Email,
  - Network Access
  - VPN security codes
- Surrendering of Data
- Return of all asset

### **h. PERSONAL USE OF IT EQUIPMENT**

Employees can use IT equipment and facilities for personal use, provided that it is of an appropriate nature, is not during work time, and cannot be considered as 'excessive' based on the following:

#### **I. TIMING OF PERSONAL USE**

Employees may make personal use of email and internet, provided that they only do so during 'unpaid' break periods, such as lunchtime, coffee break or outside of 'general work' hours.

#### **II. EXCESSIVE USE**

- Sending large 'attachments' (such as letters, photographs) in personal emails takes up system storage space and communication capacity that is required for business purposes;

- Sending large number of personal emails, especially if this is likely to stray into general work hours;
- Downloading large files from the internet.

### III. LARGE FILES:

- Any file (or combination) that is larger than 5 megabytes.

Any breach of the above provisions may be considered as misuse and an investigation may take place.

## 6. IMPLEMENTATION

This policy will become effective once approved and adopted by the CHDA Board of Directors.

## 7. POLICY REVIEW

Policies and plans should be reviewed from time to time to ensure that they take any system and procedure changes into

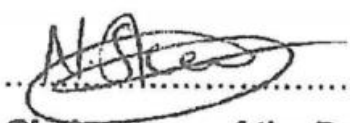

account. More specifically, policies and procedures should be reviewed when any of the following events occur:

- A new system is implemented.
- A major component of a system has changed or a component change would result in a different security procedure.
- A change in staff occurs or a re-allocation of responsibilities is required.
- A change of supplier takes place or a supplier contract is moved to a different vendor.
- There is a major change in the cost components and budget requirements to administer and secure a system.
- A higher level of efficiency in the security procedures is required to reduce risks to the data and systems. This policy will be reviewed annually.

APPROVED BY THE BOARD:

YES	NO
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DATE APPROVED/ADOPTED: 25 August 2017

  
.....  
**Chairperson of the Board**  
.....  
**CEO**



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## INVESTMENT POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
N Mayekiso	15 March 2015	First Draft presented to Board	v.1.0
	25 August 2017	Approved by the Board	v. 2.0



## DEFINITIONS

In this policy, unless the context indicates otherwise-

**“Act”** - means the Local Government: Municipal Finance Management Act, 2003 (Act

No. 56 of 2003);

**“Board”** - means the Municipal Board of Chris Hani Development Agency referred to in section 18 of the Municipal Structures Act;

**“Gazette”**- means the Government Gazette;

**“Investee”** - means an institution with which an investment is placed, or its agent;

**“Investment”** – means -

(a) The placing on deposit of funds with a financial institution: or

(b) The acquisition of monetary assets with funds not immediately required, with the primary aim of preserving those funds.

**“Investment manager”** - means a natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, 1989 (Act No. 55 of

1989), and Stock Exchanges Control Act, 1985 (Act No.1 of 1985), contracted by a municipal entity to –

(a) Advise it on investments;

(b) Manage investments on its behalf; or

(c) Advise it on investments and manage investments on its behalf

## Introduction and background

Section 13(1) and (2) of the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) requires that an entity establish an appropriate

and effective cash management and investment policy within which the entity must

(a) Conduct its cash management and investments, and

(b) Invest money not immediately required, in accordance with any framework which is prescribed.

National Treasury has issued municipal investment regulations dated 1st April 2005 (Gazette no. 27431 -) which set out a framework within which all municipalities and municipal entities shall conduct their cash management and investments.

This policy is consistent with the Act and the gazetted framework

## Adoption of Investment Policy

The CHDA board must formally adopt an investment policy which shall be consistent with the Act and its regulations. All investments made by CHDA, or by an investment manager on behalf of the entity, must be in accordance with this investment policy, and with any investment regulations promulgated by national government. The effective date of this policy or any amendments thereto, shall be the date of its adoption by Board.

## 1. Purpose of Policy

To ensure the highest return on funds invested with a tolerable risk level within periods for which funds are not required through the use of an effective Cash Flow Management Programme. The purpose being to increase the revenue base of the entity to fund service delivery objectives.

## Scope and Application

The policy governs the investment of money not immediately required by the entity for the payment of expenditure. The policy applies to all new and existing investments made by –

- (a) The entity; and
- (b) All investment managers acting on behalf of the entity in making or managing investments.

### Objectives

The objectives of the policy are –

- (a) To ensure compliance with the relevant legal and statutory requirements relating to cash management and investments;
- (b) To ensure the preservation and safety of the Chris Hani District Entity's investments;
- (c) To ensure diversification of the Chris Hani District Entity's investment portfolio across acceptable investees, permitted types of investments and investment maturities; and
- (d) To ensure timeous reporting of the investment portfolio as required by the Act in accordance with generally recognised accounting practice.
- (e) To ensure that the liquidity needs of the Chris Hani Development Agency are properly addressed.

## 2. Legislative Framework

- 2.1 According to the Municipal Financial Management Act no 56 of 2003 chapter 3, sec. (13)
- (1) The minister acting with the concurrence of the cabinet member responsible for local government may prescribe a framework within which Municipalities must-
  - (a) Conduct their cash management and investments, and
- (b) Invest money not immediately required.
- (2) A entity must establish an appropriate and effective cash management and investment policy in accordance with any framework that any be prescribed in terms of subsection (1)

- 2.2. A entity or municipal entity may invest funds only in any of the following investments types-

- 2.2.1. Securities issued by the national government.
- 2.2.2. Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency.
- 2.2.3. Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990)
- 2.2.4 . Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No 54 of 1984)
- 2.2.5 Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No 46 of 1984)
- 2.2.6 Bankers acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990.
- 2.2.7 Guaranteed endowment policies with the intention of establishing sinking fund.
- 2.2.8 Repurchase agreements with banks registered in terms of the Banks Act, 1990
- 2.2.9 Municipal bonds issued by the entity
- 2.2.10 any other investment type as the Minister may identify by the regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

A entity must, within 30 days after an investment with a currency of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction full details of any investment so made.

## 3. Delegation of Authority

The Board may, in terms of Section 59 of the Municipal Systems Act 2000, dele-

gate any of its functions and responsibilities in respect of this policy to a Committee of the Board, the Investment Committee referred to herein, the Chief Executive Officer, the Financial Officer or any political functionary of the Board provided that such delegation will not absolve the person to whom such a function or responsibility has been delegated from complying with any statutory reporting requirement or such reporting requirement as may be contained in this policy.

### 3.1 Investment Committee

3.1.1 The Board shall appoint an investment Committee referred herein.

3.1.2 The committee shall consist of the following:-

3.1.2.1 The Chief Executive Officer

3.1.2.2 The Chief Financial Officer

3.1.2.3 Two (2) members within the entity, who shall serve on the committee shall form a quorum and will have authority to make decisions within the powers granted to the committee by the board.

3.1.2.4 The Chief Executive Officer will be the Chairperson of the Investment Committee.

3.1.2.5 The Investment Committee may co-opt any member for technical input when the need arises.

### 3.2 Responsibilities of the Investment Committee

The Investment Committee, interalia, shall be responsible for advising the Board quarterly on the status of existing investments and provide proposals on new investments which may be made.

The term of the Investment Committee will be two years.

Investments

## 4. Investment Ethics

In dealing with Financial Institutions, the following ethical principles must be observed:

4.1.1 Under no circumstances may inducements to invest be accepted; A entity must, within 30 days after an interview with a currency of 12 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction full details of any investment so made.

4.1.2 Interest rates quoted by one Institution must not be disclosed to another institution.

4.1.3 The business ethics controlling body of which the relevant Financial Institution is a member must be observed by such Institution or body at all times. Including the values of CHDA

4.1.4 No fee, commission or other reward may be paid to a board member or official of the entity or to a Director or Official of a municipal entity or to a spouse or close family member of such board member, Director or Official in respect of any investment made or referred by the municipal entity.

4.1.5 If an investee pays any fee, commission or other reward to an investment manager in respect of any investment made by the entity, both the investee and the investment manager must declare such payment to the Board of the entity or the board of directors of the municipal entity by way of a certificate disclosing full details disclosing full details of the payment.

4.1.6 must be made whilst maintaining a strict code of ethics and standards;

4.1.7 (b) must be a genuine investment and not an investment made for speculation;

4.1.8 (c) must be made with primary regard to the security of the investment, secondly to the liquidity needs of the Chris Hani District Entity, and lastly to the income or return from the investment;

- 4.1.9 (d) must be made without internal or external interference whether such interference comes from individual officials, board members, agents, investees or any other external body.
- 4.1.10 No fee, commission or other reward may be paid to a board member or official of CHDA, or to a spouse or close family member of such board or official, in respect of any investment made by Chris Hani District Entity. This shall be confirmed annually by all investees to the Auditor-General.
- 4.1.11 All investments made by or on behalf of the Chris Hani Development Agency must be made in the name of Chris Hani District Entity.
- 4.1.12 The Chris Hani Development Agency shall take reasonable steps to diversify its investment portfolio across investees, type of investment and investment maturities

### Confidentiality

- (a) Although alternative rates on offer need to be disclosed when negotiating a rate on an investment, the disclosure of a specific rate from a specific named investee to another investee shall be strictly prohibited.
- (b) Chris Hani Development Agency current cash position and its projected future cash flows shall not be discussed with or disclosed to investees.

### Permitted investments

Chris Hani Development Agency shall invest only in the following instruments or investments:

- (a) Securities issued by the national government;
- (b) Listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency;
- (c) Deposits with banks registered in terms of the Banks Act, 1990 (Act no. 94 of 1990);
- (d) Deposits with the Public Investment Commissioners as contemplated by the Public

Investment Commissioners Act, 1984 (Act no. 45 of 1984);

- (e) Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act no. 46 of 1984);
- (f) Bankers acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;
- (g) Guaranteed endowment policies with the intention of establishing a sinking fund;
- (h) Repurchase agreements with banks registered in terms of the Banks Act, 1990;
- (i) Municipal bonds issued by a entity;
- (j) Any other investment type as the Minister of Finance may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

### Prohibited investments

Chris Hani Development Agency shall not be permitted to make the following investments:

- (a) Investments in listed or unlisted shares, or unit trusts;
- (b) Investments in stand-alone derivative instruments;
- (c) Investments denominated in, or linked to, foreign currencies;
- (d) Investments in market linked endowment policies.

1. Chris Hani Development Agency shall not borrow for the purpose of investing.

2. Any investment in capital or money market instruments shall be held until maturity.

3. Chris Hani Development Agency shall not buy and sell these instruments, to speculate with a view to making capital profits.

### 4.2 Investment Principles

The following guiding principles are to be adhered to in order to facilitate the administration of Board's investment portfolio.

4.2.1 Limit exposure to a single institu-

tion

Investment of funds, where this involves large amounts, should be distributed over more than one Institution in order to limit Board's risk exposure.

It is considered prudent that not more than 35% of Board's investment portfolio should be held with any specific Institution identified as one of the three largest banking institutions in South Africa, at any given time.

With regard to other banking institutions, not more than 20% of Board's investment portfolio should be held at such institutions at any given time.

#### 4.2.3 Risk and Return

As a general principle, it must be accepted that the greater the return, the greater the possible risk.

#### 4.2.4 Borrowing for Re-Investment

CHDA should refrain from borrowing monies for the purpose of re-investment, as this is tantamount to speculation with public funds.

#### 4.2.5 Nominee Accounts

All monies shall be invested directly with the relevant institutions. On no account may moneys be placed in a nominee account.

#### 4.2.6 Registered Financial Institutions

When investments are made with Financial Institutions, CHDA should ensure that the Institution is registered in terms of the Deposit Taking Institutions Act of 1990 and/or other applicable legislation.

## 5. General investment practice

### 5.1 General

Should it be ascertained that funds are available for investment, and then written quotations including faxed quotations should be obtained from financial institutions for various forms of investment, investment terms and rates of interest.

The investment shall be placed with an institution offering the most favourable rate provided in such investment is in

accordance with the terms and conditions of this policy.

Institutions should be advised that, in submitting quotations, they must offer their best rates of interest and that no further negotiation or discussion will be entered into with them after they have submitted their quotation.

#### 5.1.1 *Payment of Commission*

A certificate shall be issued in respect of each and every investment and no payment of any commission or payment in kind will be made to any party in respect of the investment so made.

#### 5.1.2 *External Investments*

Before planning to use funds externally, consideration must be given to whether the funds may be utilized at an equivalent rate to substitute external borrowing as there is normally a margin between the rate at which Board may borrow funds and the rate at which investments may be made over similar periods.

#### 5.1.3 *Cash at Bank*

When funds are held in a current account, it is a good business practice to operate a call account. The overriding principle is that funds in the current account are to be kept at an absolute minimum.

#### 5.1.4 *Credit Worthiness*

Prior to investigating in registered financial institutions, the Investment Committee must ensure that the Board is not over-exposed and should satisfy itself as to the credit-worthiness and previous track record of the Institution before placing funds.

In order to reduce risks in this regard, Investments must only be made with financial institutions with a shareholder's equity of at least R750m and with an office within the Board's area of jurisdiction. The shareholder's equity figure must be obtained from the latest available financial statements of the relevant financial institution.



## **6. Control over Investments**

A proper record must be maintained of all investments made indicating at least the Institution, fund, interest rate, maturing date and purpose of investment.

The Chief Financial Officer must retain all quotations received for record and audit purposes.

Interest must be correctly calculated, received and recorded timeously.

All investment certificates are to be kept in a securities file which shall be safeguarded in a fire proof safe.

In respect of grant funds, a separate file must be kept of the letter of grant and other pertinent information. Regular reports must be submitted to all grant agencies.

The Chief Financial Officer must compile and will be responsible for the maintenance of an investment Register complying with audit requirements.

## **7. Internal control over investment function**

### **7.1 Delegations**

In terms of section 59 of the Local Government: Municipal Systems Act (no.32 of 2000),

Board has delegated to the Chief Financial Officer (CFO) the power, function and duty

to make investments on behalf of Chris Hani Development Agency within a policy framework determined by the Minister of Finance, and the investment of surplus funds in terms of CHDA policy.

### **7.2 Obtaining quotations and concluding deals**

Written mandates, signed by the authorised signatories, shall be issued to all investees with whom Chris Hani Development

Agency invests funds setting out the following:

- Authorised Dealers: names and particulars of Chris Hani Development Agency officials who are authorised to transact investment deals telephonically with the investees;

- Authorised Signatories: names and particulars of Chris Hani Development Agency officials who are authorised to sign written confirmations or any other correspondence in respect of investment deals.

A dealing sheet, signed by an authorised dealer, shall be prepared in all instances for each individual investment, detailing the quotations received and the recommended investee. The Manager: Treasury, or, in his absence, any of the authorised signatories referred to above, shall be authorised to approve the deal. An Authorisation of Investments Made form shall be prepared each day detailing the terms of each new investment made on that day.

### **7.3 Approved investees**

Any additions to or deletions from the list of approved investees, or any changes to the investment limits assigned to each investee, shall be approved jointly by the Chief Executive Officer

### **7.4 Electronic Funds Transfer (EFT)**

Investments shall be made electronically by EFT. Strict segregation of duties shall be maintained between the creator of a payment file and the payment authoriser/releaser. Investment EFT payments shall be authorised/released by the Chief Executive Officer: Treasury or by one of the authorised signatories referred to above.

## **7.5 Control over Investment Portfolio**

A proper record shall be maintained of all investments made indicating, at a minimum, the investee, capital amount, interest rate and maturity date. Interest must be correctly calculated and receipted

timeously together with any capital which matures. Investment papers and certificates must be kept in a locked, fireproof safe. Investments must be recorded in the name of Chris Hani Development Agency by the investee

## 8. Core Focus of Cash Management Programme

The core focus of the CHDA's Cash Management Program shall be as follows:

### Cash Collection

- i. All monies due to Board must be collected as early as possible and banked daily.
- ii. Special deposits should be made for large receipts to ensure that they are banked on the date of receipt thereof.
- iii. It is essential for:
  1. all amounts owed to Board to be raised by way of a debit in the appropriate debtor system;
  2. Effective banking control systems to be introduced to ensure that moneys received by the Board are deposited timeously.
- iv. In addition to any other statutory analysis requirements, monthly reviews of debt collections must be performed by comparing current debt due to the Board in relation of total income, as compared to the position in previous years in order to ascertain whether the debt collection process is improving or deteriorating. Any deterioration in the debt collection ratio must be dealt with in accordance with the Credit Control Policy of the Board and the required remedial action to rectify the position must be taken by the Board.

### PAYMENT OF SUPPLIERS

As creditors have an impact on working capital, the following matters must be borne in mind with regard to the adequate control over and the timing of payment of creditor accounts:

- v. Cost factors are to be investigated in so far as it concerns the medium of payment, be it electronically or by cheque;
- vi. Adequate steps must be taken to avoid excessive bank charges.
- vii. In the case of electronic transfers, strict controls must be implemented to safeguard Board from any losses that may be incurred as a result of the use of this payment;
- viii. When considering when to pay a creditor, due regard must be given to the terms of credit offered. When cash discounts are offered on early settlement, the discount given and the time scale involved, would in most cases outweigh any investment benefit that could be obtained by the temporary placement of funds in an investment;
- ix. In order to reduce bank charges, salaries and allowances should be paid whenever possible on a single date in a month and preferably electronically.
- x. When Creditors are paid, the payment voucher must be clearly endorsed to this effective order to a duplicate payment.

## INVENTORY MANAGEMENT

Cash flow can be enhanced through an adequate system of inventory management.

To this end:

- xi. stock levels held in a stores system must be constantly reviewed;
- xii. only essential levels of stock are to be maintained where supplies are readily available, against annual supplies contracts from local suppliers;
- xiii. cognizance must be taken of the fact that stock held for any length of time is dead capital which has an opportunity cost associated with it;
- xiv. Cognizance must be taken of the fact that stocks held in excess of requirements long periods of time may become obsolete.
- xv. Obsolete stock must be disposed of at regular intervals to derive additional



revenue in line with the Supply Chain Management Policy.

- xvi. Where possible, the Board ownership of stock must be clearly marked on such stock;
- xvii. Adequate control and documentation must be maintained over stock issues.

Cash flow Reporting and Management Board, prior to effecting an investment, must ascertain whether funds exist and the period for which funds may be invested.

A cash flow forecast is essential to determine the availability of potential investment funds.

In developing cash flow forecasts, Board must be aware of the expected cash inflows and when they are likely to occur, as well as the timing of the outflows in terms of the operating and capital estimates.

#### **(a) Daily**

A summary of the preceding day, and month to date, closing bank account and investment balances, cash receipts, payments and inter-bank transfers.

A detailed schedule of investment capital and interest maturing on the current day. A summarised schedule of daily investment maturities for all existing investments.

A summarized monthly projected cash flow over the next 12 months.

A summary of daily cash receipts and payments, actual against forecast, for the month to date.

A daily projection of cash receipts and payments through to the end of the current month.

#### **(b) Monthly**

A comparison of actual cash flow with forecast, current month and year to date.

An explanation of variances in the above.

An analysis of actual year to date cash receipts and payments, and projected cash flows for the remaining months of

the current financial year, to be submitted to National Treasury.

The cash backing of statutory funds and reserves balances at month end.

#### **(c) Quarterly**

A revised detailed cash flow projection for the next 12 months.

#### **(d) Annually**

Preparation of the annual cash flow budget for the new financial year.

### **Petty Cash Management**

The Petty Cash Float of the entity shall not exceed R 5000 a day.

### **9. Bank current account balance**

The balance on Chris Hani District Entity's current account shall be maintained at the minimum level possible taking into account daily cash requirements. Surplus cash shall be immediately invested in order to maximize interest earnings

### **10. Investment Reporting**

The Chief Financial Officer shall monthly submit a report to the Board on the CHDA's investment portfolio, including the type of investment, interest rates, period of investment and summary of the exposures to particular financial institutions.

### **11. Accountability**

As Trustees of public funds, Officials have an obligation to ensure that cash resources are managed in the most efficient and cost – effective manner possible.

Officials serving on the Investment Committee have a responsibility and are accountable to the community to exercise due care when investing public funds.

### **12. Review of Policy**

This policy on investments will be reviewed annually or earlier if so required by legislation. Any changes to the investment policy must be adopted by

Board and be consistent with the Act and any National Treasury regulations

### **13. Application**

The policy shall apply to the following:-

- c. Board members
- d. Officials

### **14. Effective date**

The effective date of this policy, or any amendments thereto, shall be the date on which it was adopted by the board.

### **15. Non Compliance**

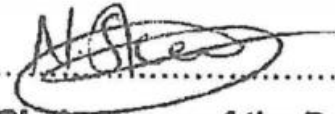
Non-compliance with the policy shall constitute a case of misconduct and will be dealt with in line with the disciplinary code of the entity

### **16. Review of Policy**


The policy shall be reviewed annually.

## **ADOPTED BY ORDER OF THE BOARD**

This Investment Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## CHRIS HANI DEVELOPMENT AGENCY MATERIAL TERMS AND CONDITIONS OF SERVICE

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	17 March 2015	First Draft, Formatting	v.1.0
FM Tiso	18 June 2015	First Draft, Formatting	v.1.1
	25 August 2017	Approved by board	v.2.0

## 1. APPOINTMENT

Employees will be appointed with the CHDA in 2 (two) categories of employees namely permanent and fixed term contract employees. Permanent and fixed term contract employees shall sign written contracts of employment with the CHDA.

### 1.1 *Permanent Employment*

- Permanent employees will be defined as those employees appointed on a permanent basis, for an indefinite period of time.

### 1.2 *Fixed Term Contract Employment*

1.2.1 Fixed term contract employees appointed with the CHDA shall be defined as such employees who are appointed for a fixed term. A fixed term employment contract shall not be renewed or continued after the contract end date, and should the employee and the CHDA wish to continue the employment relationship after the end date; such relationship shall be the subject to: the agreement of the parties on the terms and conditions or renewal; and authorization by the CEO, and the Board in cases of Senior Managers and the CEO. Fixed term employees should thus not have any expectation of renewal of contracts or continuation of employment.

1.2.2 Fixed Term contract employment will automatically end at the expiry of the determined period or at completion of

the work/project/contract which initiated the fixed term employee's appointment.

1.2.3 The policies related to any additional remuneration, bonus, incentives and other benefits or entitlements over and above those stipulated in the fixed term employee's employment contracts will not apply to such employees unless specifically otherwise agreed to in the employment contracts of such employees.

## 2. PERSONAL DATA

At the beginning of employment all employees are required and agree to provide the human resources division with the following personal information:

- a) copy of identity document or passport
- b) marital status and spouses name;
- c) physical address details;
- d) dependants, beneficiaries and next of kin;
- e) telephone numbers;
- f) educational qualifications;
- g) bank account details;
- h) income tax number / office;
- i) medical aid dependents;

To ensure that personnel files are kept up to date and salary information remains accurate, the employee should notify human resources immediately, in writing, of any changes to the above-mentioned.

### 3. PROBATION

Unless otherwise stated in an employment contract all permanent employee appointments shall be on probation for the first 3 (Three) months of employment.

- a) During the probationary period the employee shall be obliged to satisfy the CHDA that he/she has the competence and ability to perform the positions' responsibilities in accordance with the standards and requirements laid down by the CHDA.
- b) During or at the expiry of the probationary period, an assessment will be made of whether the employee is suitable for the appointment. This assessment shall encompass all aspects of the employee's performance and relationships with other employees of the CHDA and other persons with whom the CHDA and employee had dealings.
- c) If, as a result of the assessment and having taken into account the employee's representations, the CHDA determines that the employee is not suitable for the appointment, it may terminate the employment agreement on 1 (one) weeks' notice.

### 4. COMPENSATION

The compensation payable to employees will be structured on a "total cost of employment" basis

The TCTC of an employee may include the following:

- a) Basic cash salary
- b) Contributions to Medical aid and Pension Funds;

The TCTC will specifically exclude the following:

- a) Variable allowances;
- b) Discretionary Performance Bonus.

### 5. PAY DAY AND ACCOUNT DETAILS

5.1 The compensation due to an employee for a completed working month shall be paid monthly in arrears on or before the 25th day of every month.

5.2 Employees must provide the human resource division with the necessary information to enable payment of compensation due to the employee into the employee's personal bank account.

### 6. COMPENSATION REVIEW

6.1 The compensation payable to employees shall be reviewed annually and increase to the remuneration package shall be implemented with effect from 1 July of each year.

6.2 Any adjustments to the employee's compensation package shall be at the sole discretion of the CEO and CHDA BOARD and shall be determined by, amongst others, market forces, the individual's performance, skills, qualifications and work experience.

## 7. PERFORMANCE BONUS

7.1 Employees may be entitled to an annual discretionary performance bonus based on individual performance. The discretionary performance bonus is not guaranteed compensation and should not be seen as a right, entitlement or benefit of the contract of employment.

7.2 The Performance bonus if payable will be paid 6 (six) months after the end of the CHDA's financial year end.

7.3 Employees that are in the employ of the CHDA for less than 12 (twelve) months at the payment date of the performance bonus will be entitled to receive a prorated bonus, in circumstances where it is paid.

7.4 To be entitled to a performance bonus payment, employees have to be in the permanent full time employment of the CHDA at the time of the approval and actual payment of the bonus. Employees serving out their notice period will not be entitled to any bonus payments unless

specifically authorised otherwise by the CEO.

## 8. ADDITIONAL BENEFITS, ALLOWANCES AND REIMBURSEMENTS

### 8.1 Pension Fund

Membership of a pension fund as selected by the CHDA from time to time is compulsory for all permanently employed

staff under the normal retirement age of 65 (sixty five) years.

8.1.1 Contributions to the pension fund are funded through employer contribution of 10% of Salary Package with employee contribution that range between 1-5% of total

### 8.2 Medical aid

8.2.1 . Membership of a medical aid fund is compulsory for all permanently employed staff of the CHDA unless covered as a dependant under another medical scheme.

8.2.2 . Employees may select a benefit package from the medical aid that best suits their respective needs.

8.2.3 . Expenses not reimbursed by the medical aid are for the employee's own account.

8.2.4 . CHDA employer contributions to medical aid are at 60% while employee contributions are at 40%, ratio 60; 40 not exceeding R2100.00 by the company.

### 8.3 Life and Disability Insurance

8.3.1 All employees will be entitled to life and disability benefits as established for the CHDA, subject to the rules and regulations of the life and disability policy. A summary of the life and disability policy benefits may be obtained from the human resources division.

### 8.4 Acting Allowance



8.4.1 An acting allowance, subject to prior authorisation by the CEO, will be paid when an employee is required to act in a more senior capacity for a continuous period of 10 working days or more.

8.4.2 The calculation of the acting allowance is based on 10% of the annual basic salary of the higher position. The payment of an allowance is further subject to the following conditions:

- ✓ The higher post must be a vacant post, budgeted for, or a filled post where the current incumbent of the post will be absent for more than 40 working days and payment will be from the first day of acting.
- ✓ No acting allowance shall be paid for acting periods of less than 40 working days, inclusive of public holidays which fall on a normal working day;
- ✓ The acting incumbent shall be appointed in writing to the acting position prior to the commencement of the period of acting;
- ✓ In order to qualify for the acting allowance the employee is required to assume responsibility for the full range of duties of the member of staff in whose place he/she is to act;
- ✓ The key performance areas for which the acting incumbent will be responsible, in terms of a partial acting allowance, shall be clearly defined in writing;

- ✓ The acting incumbent shall sign a suitable undertaking assuming all the responsibilities and key performance areas normally associated with the post.

8.4.3 The payment of an acting allowance shall be reviewed on an on-going basis, but shall initially not exceed a period of three months. The allowance may be extended for a further period if this is operationally justified.

8.4.4 The acting allowance payable to an employee in terms of this policy shall be fully taxable, and will be included in the monthly total cost of employment of the acting employee.

## 9. **SUBSCRIPTION TO PROFESSIONAL ASSOCIATIONS**

9.1.1 The CHDA will pay on the employees behalf entrance fees and subscriptions to professional institutions or associations whose membership is in the interest of the particular work performed by the employee and an inherent requirement of the position held by the employee.

9.1.2 Any tax liability that may arise from the payment of an employee's subscription to a professional society will be for the employee's account.

9.1.3 In the event of an employee having been transferred to another department or division within the CHDA, where



membership of a specific association is no longer deemed to be of relevance in his new position, the subscription will cease.

## 10. LONG SERVICE AWARDS

10.1 In support of the CHDA's undertaking to recognise and reward loyal and meritorious service, it shall award long serving employees in cash as follows:

YEARS OF SERVICE	AWARD
5	R1500
10	R2000
15	R2500
20	R3000
25	R3500
30	R4000

10.2 Normal employee tax may be payable on long service awards received by the employee.

## 11. REIMBURSEMENTS FOR TRAVEL (EXCLUDING THE USE OF PRIVATE VEHICLES),

11.1 Accommodation and other business related expenses is dealt with in the Travel and SNT policy.

## 12. WORKING HOURS

### 12.1 Normal working hours

12.2 Normal working hours will be as follows

12.2.1 From 08h00 to 16h30 from Monday to Friday which includes 1 (one) hour for lunch and tea breaks.

12.2.2 Notwithstanding the abovementioned, actual work, start and end times may be determined and amended from time to time with reference to the needs and any changes will be communicated to employees by line managers.

12.2.3 Travelling to and from work does not form part of normal working hours. Travelling to and from meetings and other work related premises on work related matters may be included as part of normal working hours.

12.2.4 Employees are not entitled to deduct time not taken for lunch from the working day in order to leave work early or come to work late, unless by prior arrangement with the line manager. Lunch breaks not taken may not be accumulated and shall be forfeited by employees.

12.2.5 In order to enhance sufficient operations in the office, lunch breaks may be scheduled between the hours of 13h00 and 14h00, unless otherwise agreed with line management.

12.2.6 Time off for personal matters that is not taken as leave in terms of the leave policy, may only be taken with prior arrangement with the line manager. The

decision to grant such time off is at the discretion of the line manager.

### 13. FLEXTIME

#### 13.1 Definition

Flexitime is a system of working a set number of hours with the starting and finishing times chosen within agreed limits.

##### 13.1.1 Fundamental and non-negotiable guiding principles

##### 13.1.1.1 Operational Requirements of the CHDA Business

##### 13.1.1.2 Client Service Delivery such as the following:

- ✓ Pre-scheduled meetings (namely, Operational and Management Committees)
- ✓ Stakeholder engagements (Auditor-General, CHDA Board, MUNICIPAL MANAGER, etc)

##### 13.1.2 Legislative Compliance, e.g. BCEA 75 of 1997

##### 13.1.2.1 In the aforementioned circumstances staff will be required to be in office irrespective of their flexitime arrangements.

##### 13.1.2.2 Although the use of flexi-time depends to a large extent on the operational requirements or circumstances within departments/units, care must be taken that

normal services are available during office hours.

##### 13.1.2.3 In case of certain services such as the switchboard, reception, secretarial and other services to be rendered continuously during normal working hours, additional arrangements have to be made whenever flexible working hours are used.

##### 13.1.2.4 The needs of the users and/or clients must always receive first preference.

### 14. STRUCTURE OF THE ARRANGEMENT

#### 14.1 Reference Point

CHDA normal working hours are 08h00-16h30 (Monday to Friday except Public holidays)

#### 14.2 Office Work

Start Times	Knock off times
<b>08h00 and earlier (but not before 07h00)</b>	16h30
<b>08h01 to 08h30</b>	17h00
<b>08h31 to 09h00 (but not after 9h00)</b>	17h30

**NB:** A minimum of 7, 5 hours must have been worked in the day. This excludes the lunch break of 1 hour. Circumstances and the period will be the considerations. Any arrangement must be agreed with the line manager in writing.

### 14.3 Out of Town Travel

If travel must be undertaken before or at 08h00 coupled with a planned return to the office, knock off is 16h30, except if it is not possible to return to the office by 15h30.

### 14.4 Overtime work

#### 14.4.1 This must be preauthorized

#### 14.4.2 Payment for overtime worked shall be in terms of the BCEA and CHDA policy.

## 15. OVERTIME WORK AND WORK ON SATURDAYS, SUNDAYS AND PUBLIC HOLIDAYS

15.1 Overtime will be worked by agreement if so required by operational needs of the CHDA

15.2 Overtime will be defined as time spent on tasks at the request of a manager outside of the normal working hours (45 hours per week).

15.3 Overtime which is payable in terms of the provisions of paragraph 2.5.2.5 must be agreed and authorised by the employee's manager prior to being worked and claimed.

15.4 Overtime claims must be submitted on the last working day of each month by submission of Annexure B3 in section B

of the Manual. Overtime payments will be made with the following month's salary.

15.5 Overtime pay will apply to all employees who earn below the threshold remuneration published by the Minister of Labour from time to time in terms of section 6(3) of the Basic Conditions of Employment Act 75 of 1997 ("BCEA"). Overtime pay if payable in terms of section 6(3) of the BCEA will be calculated as follows:

Mondays to Saturdays:	1½ time's normal pay calculated to an hourly or half-hourly rate.
Sundays and Public Holidays:	2 times normal pay calculated on an hourly or half-hourly rate.

## 16. LEAVE ENTITLEMENTS

Leave will be dealt with as per Attendance and Leave Policy.

## 17. ELECTRONIC MAIL AND INTERNET USE

### 17.1 Introduction

- The CHDA respects the individual privacy of its employees. However, employee privacy does not extend to the employee's work-related conduct or to the use of the CHDA provided equipment.
- In all circumstances, the use of all telephonic, internet and electronic mail messages or communication by em-

employees shall be considered and regarded as for business use only.

### **17.2 *Management's Right to Access Information***

17.2.1 The electronic mail and internet system has been installed to facilitate business communications.

17.2.2 Although each employee has an individual password to access this system, it belongs to the CHDA and the contents of e-mail and internet communications are accessible at all times by management for any business purpose.

17.2.3 These systems may be subject to periodic unannounced inspections, and should be treated like other shared filing systems.

17.2.4 All system passwords and encryption keys must be available to management, and the employee may not use passwords that are unknown to the employee's supervisor or install encryption programs without turning over encryption keys to their supervisor.

17.2.5 All e-mail messages and internet usage history are CHDA records. The contents of e-mail, or internet usage, properly obtained for legitimate business purposes, may be disclosed within the CHDA without the employee's permission. Therefore, the employee should not assume that messages or their internet usage is confidential. Back-up copies of e-mail or internet usage may be main-

tained and referenced for business and legal reasons.

17.2.6 Personal, private and/or confidential information belonging to an employee, which the employee wishes to keep private, should preferably not be saved on any computer or network of the CHDA, because CHDA computers and networks are meant for work and business purposes only. Any personal, private and/or confidential information belonging to an employee, which is nonetheless saved on a CHDA computer or network will therefore not be deemed private or confidential, and may be accessed and/or monitored by the CHDA.

### **17.3 *Personal Use of E-Mail & internet***

17.3.1 Because the CHDA provides the electronic mail and internet system to assist the employee in the performance of their work, they should use it for official CHDA business.

17.3.2 Incidental and occasional personal use of e-mail and the internet is permitted, but this usage will be monitored and treated the same as any other business usage. Any personal abuse shall lead to disciplinary steps taken against the employee.

17.3.3 The CHDA reserves the right to access and disclose as necessary all messages sent over its e-mail system, without regard to content. Since the employees personal messages can be accessed by

management without prior notice, the employee should not use e-mail to transmit any messages that they would not want read by a third party. For example, they should not use the e-mail for gossip, including personal information about themselves or others, for forwarding messages under circumstances likely to embarrass the sender, or for emotional responses to business correspondence or work situations.

17.3.4 In any event, the employee should not use these systems for such purposes as soliciting for or seeking to grow commercial ventures, religious or personal causes or outside organisations or other similar, non-job-related solicitations.

17.3.5 If management discovers that the employees are misusing the e-mail or internet system, they will be subject to disciplinary action.

#### 17.4 **Forbidden Content**

17.4.1 Employees may not use the e-mail or internet system in any way that may be seen as insulting, disruptive, or offensive by other persons, or harmful to morale.

17.4.2 Examples of forbidden usage include sexually-explicit, cartoons, jokes; unwelcome propositions, love letters; ethnic or racial slurs; or any other message or internet site that can be construed to be unlawful, harassment or disparagement of others based on, inter alia, their sex,

race, sexual orientation, age, national origin, or religious or political beliefs.

17.4.3 Access to and receipt of any pornographic material of any nature whatsoever is strictly prohibited.

17.4.4 Use of the CHDA-provided e-mail and internet system in violation of this guideline will result in disciplinary action taken against that employee, taking into the CHDA disciplinary code and procedure.

#### 17.5 **Password and Encryption Key Security and Integrity**

17.5.1 Employees are prohibited from the unauthorized use of the passwords and encryption keys of other employees to gain access to the other employee's e-mail messages, computers or networks.

#### 17.6 **Corporate Policy Guideline**

17.6.1 Acceptable uses of the internet and e-mail

- ✓ The CHDA internet and e-mail access is intended to be for business reasons only;
- ✓ Every staff member has a responsibility to use CHDA e-mail and access to the internet in a productive manner;
- ✓ Any improper use of the internet or e-mail is not acceptable and will not be permitted.
- ✓ The CHDA e-mail and internet access may not be used for transmitting, retrieving or storage of any communications of

a discriminatory or harassing nature or materials that are obscene or pornographic;

- ✓ Harassment of any kind is prohibited;
- ✓ No messages with derogatory or inflammatory remarks about an individual's race, age, disability, religion, national origin, physical attributes or sexual preference shall be transmitted;
- ✓ No abusive, profane or offensive language is to be transmitted through the CHDA's e-mail or internet system;
- ✓ Electronic media may also not be used for any other purpose, which is illegal, or against CHDA policy or contrary to the CHDA's best interest;
- ✓ Solicitation of non-CHDA business or any use of the CHDA e-mail or internet for personal gain is prohibited.

### 17.7 **Communications**

- ✓ Each employee is responsible for the content of all text, audio or images that they place or send over the CHDA's e-mail and internet system;
- ✓ No e-mail or other electronic communications may be sent which hides the identity of the sender or represents the sender as someone else or someone from another company;
- ✓ All messages communicated on the CHDA's e-mail and internet system should contain the employee's name.

- ✓ Any messages or information sent by an employee to another individual outside of the CHDA via an electronic network (e.g., bulletin board, online service or internet) are statements that reflect on the CHDA. While some users include personal "disclaimers" in electronic messages, there is still a connection to the CHDA, and the statements may be tied to the CHDA.

- ✓ All communications sent by employees via the CHDA's e-mail and internet system must comply with this and other CHDA policies and may not disclose any confidential or proprietary CHDA information, and shall at all times be subject to the level of authority of the employee concerned to transact for and on behalf of the CHDA.

- ✓ The CHDA shall not accept any liability of the employee for any communication to third parties in breach of this policy; as such communication shall be considered and regarded to be outside the course and scope of the employee's normal duties with the CHDA.

- ✓ The employee shall also be subject to disciplinary action in such event.

## 18. **SOFTWARE**

- 18.1 To prevent computer viruses from being transmitted through the CHDA's e-mail and internet system, there will be no unauthorized downloading of any unauthorised software;

18.2 All software downloaded must be registered to the CHDA;

18.3 Employees should contact management if they have any questions.

## 19. COPYRIGHT ISSUES

19.1 Employees on the CHDA's e-mail and internet system may, not transmit copyrighted materials belonging to entities other than the CHDA;

19.2 All employees obtaining access to other companies' or individuals' materials must respect all privacy laws and copyrights and may not copy, retrieve, modify or forward copyrighted materials, except with permission, or as a single copy to reference only;

19.3 Failure to observe copyright or license agreements may result in disciplinary action.

## 20. SECURITY

20.1 The CHDA routinely monitors usage patterns for its e-mail and internet communications;

20.2 All messages created, sent, or retrieved over the CHDA's e-mail and internet are the property of the CHDA and should be considered public information;

20.3 The CHDA reserves the right to access and monitor all messages and files on the CHDA's e-mail and internet system. Employees should not assume electronic communications are totally private and should transmit highly confidential data by other means.

## 21. VIOLATIONS

21.1 Any employee who abuses the privilege of CHDA facilitated access to e-mail or the internet will be subject to corrective action up to and including termination;

21.2 If necessary, the CHDA also reserves the right to advise the appropriate government officials of any unlawful violations.

## 22. TELEPHONE USE

### 22.1 Fixed Lines

22.1.1 Communication and information transmitted on fixed lines are to be used for job related communications only or otherwise to advance the CHDA's best interest.

22.1.2 Personal use of the fixed lines are limited to local or fixed line telephone numbers only, but such calls must be infrequent and of a short duration.

22.1.3 An employee's access to the use of a fixed line telephone line may be suspended or revoked immediately upon the discovery of any abuse of this policy and the individual user of the phone may be subject to the appropriate disciplinary action.

## 23. DRESS CODE AND CORPORATE UNIFORM

23.1 The dress code adopted by the CHDA is Business Casual.



23.2 CHDA employees must project a professional image while at work by being appropriately dressed.

23.3 All clothing must be consistent with the standards for a professional environment and not attract undue attention or severe distraction to others.

23.4 Jewellery that interferes with the employee's ability to perform his/her job duties is not permitted. Some jewellery has the potential to offend clients and/or other co-workers and may not be worn. Examples include tongue rings, lip rings, eye rings and any other rings that might offend clients or other co-workers.

23.5 Casual days – CHDA declares Friday a casual day for the Agency. On this day, employees may wear anything other than CHDA corporate attire.

23.6 Religious and cultural dress – The CHDA accepts that it is policy that the wearing of religious and cultural dress is allowable and acceptable and must not be discouraged. The exception to this protocol is where health and safety will be compromised by the wearing of such dress and/or where this attire does not conform to the general code of business casual.

## 24. PERSONAL LOANS AND ADVANCES

No staff loans or salary advances will be allowed.

## 25. EMPLOYEE RELOCATION

### 25.1 Relocation Costs

For all new employees that require a household relocation, the employee shall be entitled to the following:

#### 25.1.1 **Removal and Storage of Personal and Household Effects:**

The employee will be required to submit three (3) quotations from reputable removal companies; these quotations MUST include insurance cover. Quotations obtained from one Removal Company must not be disclosed to another removal company. The CHDA will cover the cost of packing and removal of all personal and household effects to the Queenstown. If suitable accommodation cannot be found immediately, then the CHDA will pay for the storage of furniture to a maximum of two (2) months.

#### 25.1.2 **Interim accommodation:**

The CHDA will carry the cost of temporary accommodation for the employee and dependants (partner and biological children living under the same roof) for a period of up to two (2) months at the rate applicable to a hotel of not more than a 3 star rating whilst searching for permanent accommodation (where necessary). For the first month the CHDA will be liable for accommodation and meals. For the second month the CHDA will be liable for accommodation only. The CHDA will not pay for the following expenses: room service, bar accounts, telephone and non-essential costs. Extension on interim accommo-

dation where permanent accommodation is still sought will only be considered when it is approved by the CEO.

25.1.3 Should the employee leave the CHDA of his/her own accord or as a result of misconduct or poor performance, within 24 months from the date of relocation, then the employee will be obliged to reimburse the CHDA for all costs incurred as follows

0 – 6 months	100%
6 – 12 months	75%
12 – 18 months	50%
18 – 24 months	25%

Thereafter no re-imbursement amount will be payable.

25.1.4 The employee will not be obliged to reimburse the CHDA under the following circumstances

- ✓ The case of retrenchment or termination due to ill health, no re-imbursement period will apply.
- ✓ Any other expenses outside of this policy are for the employee's own account. The company will not be responsible for the cost of lights, water, key or other deposits.

## 26. RESIGNATION

26.1 The Agency shall ensure that any employee who resigns feels welcome to

return to the Agency in the future, should a suitable vacancy arise.

A contract of employment may be terminated on notice of not less than:

- One week, if the employee has been employed for six months or less;
- Two weeks, if the employee has been employed for more than six months but not more than one year;
- Four weeks, if the employee has been employed for one year or more.
- Two Months, if the employee is in Executive Management positions

26.2 If an employee does not provide notice as stipulated above, the Agency may deduct payment in lieu of notice from the employee's final salary.

26.3 Notice must be given in writing

26.4 Termination of fixed term contracts will be in accordance with the terms of the contracts. If a contract does not specify the resignation notice period, then the contractor must be informed that this policy will apply.

26.5 Any property belonging to or money owing to the Agency must be returned or repaid before an employee leaves. If this is not done, the value of the property or money owing may be deducted from the employee's final salary.


## 27. RESPONSIBILITY

27.1 All permanent and contract employees and managers at all levels in the organi-

sation are expected to comply with this policy. All managers and supervisors must ensure compliance with this policy.

### ADOPTED BY ORDER OF THE BOARD

This Material Terms and Conditions of Service Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## PETTY CASH MANAGEMENT POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>

## INTRODUCTION

The management of expenditure of the entity in an effective and controlled manner is the responsibility of the accounting officer of the entity. Therefore the following petty cash policy is adopted by the Chris Hani Development Agency.

Chris Hani Development Agency is a municipal entity of Chris Hani District Entity.

### 1. OBJECTIVES

To comply with regulatory framework in terms of sound management of financial affairs of the entity

### 2. REGULATORY FRAMEWORK

- a) The Municipal Finance Act (56 of 2003)
- b) Municipal Supply Chain Management Regulations of 2005
- c) CHDA Supply Chain Management Policy

### 3. APPLICATION

The policy shall apply to the following:-

- e. Board members

- f. Officials

## 4. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA (Section 65) are:

- 1) The accounting officer of an entity is responsible for the management of the expenditure of the entity
- 2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure-
  - (a) That the entity has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;
  - (b) That the entity has and maintains a management, accounting and information system which-
    - i. Recognises expenditure when it is occurred;
    - ii. Account for creditors of the entity; and
    - iii. Accounts for payment made by the entity;
  - (c) That the entity has and maintains a system of internal control in respect of creditors and payments;
  - (d) That payments by the entity are made-
    - i. Directly to the person to whom it is due unless agreed otherwise for reasons as may be prescribed; and

- ii. Either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit;

The Entity Manager hereby delegates authority to the Chief Financial Officer.

## 5. PETTY CASH PURCHASES

Petty cash purchases request will be made to the designated Petty Cash Officer in writing by filling a petty cash request form and it must be approved by the relevant manager. The applicant must ensure that the items requested must be approved Petty Cash items. Petty cash officers will be held accountable for the safe guarding of petty cash.

- (a) Petty cash is strictly restricted to cash purchases up to a transaction value of R 2 000.00 (VAT Included).
- (b) Approved list of petty cash purchases are as follows:
  - i. Condolences, well wish cards, bouquets and flowers; keys for offices;
  - ii. Temporary vehicle licencing and public driver permits
  - iii. Tollgate fees when an employee is driving with an official vehicle registered in the name of the council
  - iv. Refunds
  - v. Refreshments and catering

- vi. Stationery
- vii. Purchase other than that specified in (i) to (iv) above, may be approved by the CFO in exceptional cases where it is impractical or impossible to follow the official procurement processes provided that:

- 1) No approved store items may be purchased by means of petty cash transaction;
- 2) No fixed asset may be purchased by means of petty cash transaction;
- 3) Purchases are not split over two or more cash purchase claims;

## 6. MAXIMUM AMOUNT OF PETTY CASH PER MONTH

Petty cash will only be held in the entity. The maximum float may not exceed R5 000.00 at any point in time. The maximum amounts of petty cash purchases are limited to R10 000.00 per month unless there as prior approval from the CEO for the monthly limit above R 10 000.00.

## 7. REPORTING

A monthly reconciliation report must be provided within 5 working days after month-end to the Chief Financial Officer, including:

- (a) The total amount of petty cash purchases for that month: and

- (b) Receipts and appropriate documents for each purchase

## 8. REVIEW OF POLICY

This policy on petty cash will be reviewed annually or earlier if so required by legislation. Any changes to the Petty Cash policy must be adopt-


ed by Board and be consistent with the Act and any National Treasury regulations

## 9. EFFECTIVE DATE


The effective date of this policy, or any amendments thereto, shall be the date of the approval by the board of directors.

## APPROVED BY ORDER OF THE BOARD

This Petty Cash Management Policy with its amendments was formally approved as per the Resolution of the Board of Directors.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**





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## PERFORMANCE MANAGEMENT AND DEVELOPMENT POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
T. Mashologu	8 March 2015	First Draft, Formatting	v.1.0
	25 August 2017	Approved by board	v.2.0

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## Abbreviations

Term	Definition
APR	Annual performance Review
CMC	Core Management Criteria
DEDEAT	Department Economic Development Environment & Tourism
CHDA	Chris Hani Development Agency
EEA	Employment Equity Act
EXMA	Executive Management
HR	Human Resources
HRD	Human Resource Development
ID	Identity Document
IDP	Individual Development Plan
KRAs	Key Results Areas
KPIs	Key Performance Indicators
PA	Performance Agreement
PDP	Personal Development Plan
PMD	Performance Management and Development
PMP	Performance Management Plan

## Definitions

Term	Definition
Annual Performance Review (APR)	The process to review annually the employee's performance against agreed targets.
Company Values	This is the set of <b>CHDA</b> values, namely: Commitment, Honesty, Respect, Innovation, Sincerity, Humanity, Accountability, Nurturing, and Innovation (CHRIS HANI).
Fundamental Skills	This is a generic set of skills identified for all participants of the performance management process and consists of communication, client service, teamwork, problem solving, management/ leadership and professional competence.
Key Performance Areas (KPA's)	These are the on-going accountabilities identified in each job profile. KPAs should be measurable and have indicators that would give evidence on what was expected versus what was delivered.
Participant	An individual/employee of CHDA who is a participant of the performance management.
Performance Management & Development	Performance management is about establishing a <b>culture</b> in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It is about <b>sharing</b> expectations. Managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It is also about <b>planning</b> defining expectations expressed as objectives and in business plans - and about <b>measurement</b> ; the old dictum is 'If you can't measure it, you can't manage it.
Performance Management Plan (PMP)	The PMP is the comprehensive framework to ensure performance is managed within the Company on an individual and collective basis.
Core Management Competencies	Provides a vision, sets direction for the Agency and inspires others to deliver on the organisational mandate.

## 1. INTRODUCTION

CHDA has been managing for development results since inception. In recent years, this pursuits of development results has been deepened and accelerated by number of important CHDA, Chris Hani District Municipality (CHDM) initiatives, mostly notably:

- An important consensus on key development results emerged after some forty years of collective experience.
- Agreements to emphasise partner-municipality ownership as well as mutual accountability
- Recently the Auditor General; has commenced applying a performance based audit where it is a requirement for the Agency to submit together with Annual Financial Statements (AFS) and Annual Performance Report looking at performance measures of organisations and which are applicable to CHDA at the programme level
- Budget allocations highlighted the importance of better delivering and demonstrating development results
- CHDA is moving forward on a corporate performance plan in order to place itself among the province's most effective and accountable development agencies

This policy aims to further strengthen the focus, efficiency and accountability of CHDA's development efforts.

### 1.1 Scope and Review of the Policy

The Policy is peremptory and applies to all CHDA personnel (excluding those on an internship or learnership contract)

and will be reviewed yearly and as and when the need arises.

### 1.2 Legislative and Policy Framework

This Policy has been development taking into national legislative and policy framework that include among other the following:

- e) Municipal Finance Management Act, 2003 ( 56 of 2003)
- f) The Labour Relations Act, 1995 (Act 66 of 1995)
- g) Skills Development Act, 1998 (Act of 97 of 1998)
- h) Basic Conditions of Employment Act, 1997
- i) Employment Equity Act, 1998
- j) The Promotion of Administrative Justice Act, 2000

## 2. Key Considerations of the Performance Management System

In designing performance management system, linkages must be made to other aspects of employee motivation and development, including training, development and promotion.

- This policy provides for a developmental model of performance management in which objectives and outcomes are focused on the professional development of staff. Issues of discipline or capability

should be handled separately under the relevant local specific procedural agreement. This policy is solely intended to outline the performance management system to be used for management of individual and company performance, and the payment of aligned bonuses, where applicable. Issues of pay and salary increases should be determined through the organization's pay review policy.

- All employees irrespective of status, hours worked, or type of contract must be able to participate in the scheme. In the case of seconded staff and volunteers, performance will be evaluated under this system and the outputs forwarded to the staff member's relevant employer.
- The system must ensure that no bias or unfair discrimination is permitted either directly or indirectly
- The scheme should be owned by all parties with ownership created through involvement in the design, implementation and review.
- Appropriate training should be provided to all staff (appraisers and appraisees) on the operation of the scheme and the skills needed.
- When managing the performance of teams and individuals, it is recommended that inputs and outputs, as

well as the means of achieving them, are taken into account.

- Clear and detailed information should be provided to all staff prior to the introduction of a scheme

## 2.1 Objectives

Performance management should encourage the development and maintenance of a culture of continuous improvement within a productive, positive and harmonious work environment, where staff and supervisors work in partnership to achieve personal and professional goals aligned with the strategic and operational objectives of CHDA. Performance management should:

- Reiterate the importance of basic results-based performance management principles of CHDA.
- Adjust the context for the performance management policy in response to evolving national and international environments
- Better align the performance management vocabulary used at CHDA with the requirement of CHDM, the AG as well as international standards

The objectives of the performance management scheme are as follows:



- To ensure role clarity and reach agreement on annual goals of the individual's position
- To link individual performance and development planning to goals and priorities of the work unit/department and CHDA more broadly
- To provide feedback to the staff member and supervisor on a regular basis throughout the annual performance and review cycle (hereafter "annual cycle")
- To determine appropriate training in relation to the position and for the career development purposes
- To formally review, at least six monthly, achievement of agreed goals and provide feedback on performance based on self-assessment and discussion with the supervisor and/or the CEO

## **2.2 Policy Statement**

Performance Management is integral to the Agency's management philosophy and practice. CHDA focuses on results to ensure that it employs management practices that optimize value for money and the prudent use of its human and financial resources. CHDA will report on its results in order to inform its Board, CHDM and other stakeholders of its development achievements in line with the Agency's strategy.

This performance management policy is the underpinning of a sound corporate programme, project planning, implementation, monitoring and evaluation, as well as the CHDA's reporting to CHDM and stakeholders on its development achievements.

## **2.3 Principles**

### **2.3.1 Accountability**

The agency will provide a work environment in which accountability includes delivering on results, and will ensure that performance management principles feature in Performance Management of its staff. The organisation will foster accountability in its activities through all programming mechanisms, including those involving national and other partners. CHDA recognizes that it contributes to the efforts of others and thus shares accountability with its development partners, and the rest of the development community, for achieving development results and progress on its commitments.

### **2.3.2 Simplicity**

The performance management approach implemented by CHDA will

be easy to understand by its staff and stakeholders

### **2.3.3 Realistic implementation**

CHDA will implement performance management on an iterative basis, refining approaches as it learns from experience, and adapting realistically to circumstances (including necessary capacity building in some development partners). CHDA will support its staff in implementing performance management by providing appropriate guidelines and training, which will be updated regularly on the basis of lessons learned.

### **2.3.4 Broad Application**

CHDA will identify expected results, performance indicators (quantitative and qualitative), baselines and targets for its programs and projects. It will develop cost-effective means to monitor and measure results, and learn from the best practices of the international community.

### **2.3.5 Partnership**

CHDA will identify, in collaboration with its partners, its respective roles and responsibilities. CHDA will share the responsibility for achieving results at the programme and projects levels with its partners in Chris Hani District Municipality and its local municipalities. CHDA will work with its partners to ensure a common understanding of the principles and vocabulary of performance management.

### **2.3.6 Transparency**

CHDA's implementation of performance management will lead to better reporting on more clearly identified development results to CHDM, local municipalities, donors and other partners.

## **2.4 Alignment of Organisational Performance with Individual Performance**

The alignment of organisational and individual performance is achieved in practice by developing a PMS system that links organisational and individual performance. The following diagram outlines how this is accomplished.



### 3. ORGANISATIONAL PERFORMANCE INFORMATION

Organisational performance linked to both approved annual SLA with parent municipality, and related approved APP and to individual performance of staff members, per individual contribution / weightings allocated to key indicators, and individual outputs CHDA has committed to the following 5 key strategic performance areas (goals) as an organisation.

These are

- DEVELOP A PROFICIENT AND VIABLE INSTITUTION
- DEVELOP VIABLE AND SUSTAINABLE AGRICULTURAL CLUSTERS
- FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT
- DEVELOPMENT OF SKILLS BASE IN THE DISTRICT
- FACILITATE PARTNERSHIP BUILDING AND STAKEHOLDER RELATIONS

#### 3.1 Collection of organisational performance information:

- Organisational performance information is collected from responsible staff members as individual portfolios of evidence linked to performance outputs

- Performance information is collected on a quarterly basis, before the 7th of each month for inclusion in the quarterly organisational performance report
- Performance information is collected and submitted to the Manager Responsible for Performance for collation and update of quarterly performance report
- Evidence acceptable for the performance indicator is indicated in the APP to keep reporting and related evidence standardised during the year, for tracking of progress from period to period

### 3.2 Collation of organisational performance information:

- Organisational performance information is collated by the employee responsible for performance management after all information / portfolios of evidence have been submitted by responsible staff members
- The evidence is collected, and sorted per related key performance indicator item on the APP, and indexed accordingly using the indicator number in the performance evidence file for the quarter, mid-year or annual report
- The finalised or approved evidence is summarised in an evidence summary control sheet, detailing strategic area, indicator information, applicable targets, and movement in the performance review period. This covering control sheet is signed by the collator of performance information, reviewed by the applicable HOD (CFO/ EMO) and approved as acceptable measure of periodic performance information by the CEO

### 3.3 Assembly and consolidation of organisational performance information:

- The collated and approved evidence is then reviewed, and the performance report updated accordingly, based on evidence information provided
- The performance information is updated in the performance report, and the respective budget information and expenditure amounts are updated as well, per the finalised closing figures in the quarterly financial reports, mid-year and annual AFS
- The performance information is reflected with previous periodic information, to track movement from quarters 1 to 4, with % movement per quarter, as well as annual reflected
- A summary report for the period is also done, to summarise the detailed performance report. This report summarises number of indicators achieved, partial achieved or not achieved, giving a high-level information on contents of detailed performance report
- The indexed evidence is filed in chronological order from first to last item as annexures accompanying the consolidated performance report, and is reviewed by internal audit and AGSA to confirm reports on organisational and individual performance.
- Minimum information to be included in the organisational performance report is:
  - 1) Strategic goals
  - 2) Strategic objectives
  - 3) Key performance indicators
  - 4) Target / performance metrics for indicators, and whether targets are cumulative upwards, or downward in nature

- 5) Budget allocation and budget expenditure for reporting period
- 6) Due dates / terminal date for indicator achievement
- 7) Method of scoring / portfolio of evidence items required for verification of achievement
- 8) Actual achieved / done during the reporting period, and whether items classified as achieved, partially achieved or not achieved
- 9) Remedial action / mitigation strategies in areas where performance below expected or planned outcomes

### 3.4 Calculation of Organisational Performance Score:

The table below provides a comprehensive guideline for allocating quarterly and annual performance scores, based on the number of achieved performance targets on planned organisational activities on the annual performance plan (APP).

<b>Table 1 _ Guideline to Awarding of Organisational Performance Score</b>			
<b>Rating</b>	<b>Norm</b>	<b>Description</b>	<b>Percent</b>
<b>5</b>	Outstanding organizational performance	<ul style="list-style-type: none"> <li>Delivered on all commitments &amp; exceeded expectations</li> </ul>	Target met for 85% or more of planned activities
<b>4</b>	Fully satisfactory organizational performance	<ul style="list-style-type: none"> <li>Delivered on all commitments</li> </ul>	Target met for 75 – 84.99% of planned activities
<b>3</b>	Satisfactory organisational performance	<ul style="list-style-type: none"> <li>Delivered on important commitments but not all</li> <li>Need for development in some areas</li> </ul>	Target met for 60- 74.99% of planned activities
<b>2</b>	Unsatisfactory organisational performance	<ul style="list-style-type: none"> <li>Delivered on some commitments but not important ones</li> <li>Performance below standard</li> </ul>	Target met for 30- 59.9% of planned activities
<b>1</b>	Unable to assess organisational performance	<ul style="list-style-type: none"> <li>Did not perform major commitments</li> <li>Corrective action must be taken</li> </ul>	Target met for less than 30% of planned activities

### 3.5 Review and approval of organisational performance information:

- The finalised performance report is presented to the CEO for final approval, and submitted to internal audit for verification of performance information, and presented to the ARE committee for review and approval.

proval. All performance reports are submitted to the board on a quarterly basis. The reports are also kept on file for AGSA's review, and are compared to the final annual performance report to verify and confirm annual performance to predetermined objectives. The final performance report is approved by the CEO and Chairman of the board, prior to submission to AGSA.

### 3.6 Storing of organisational performance information:

- The organisational information is stored in hard copy on site / archived.
- The performance information is also stored electronically, and all evidence indexed items scanned and filed electronically as an additional back-up.
- All system information is backed up weekly, and stored off-site as part of agency's disaster recovery/ business continuity management process.

- These contracts will contain performance targets applicable to each employee during the specified financial period.
- The performance contracts will be reviewed during mid-year, to ensure that all targets are still applicable, and in line with organisational performance deliverables.
- All CHDA employees will be evaluated on 3 areas, which are to be considered in all performance contracts:

**Organizational performance** targets or achievement of the overall corporate goals (how the agency has performed on its APP), and

**Individual job – related performance targets** (operational, linked to job description). These are individual performance targets which each staff member is responsible to deliver, and

**Generic competencies** - an assessment of the individuals competency in their job based on job insight, responsibility and appearance, teamwork, leadership, use of resources, as can be expected from all CHDA employees, based on their levels of seniority and job complexity, etc.

## 4. INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

### 4.1 Employee Performance Contracts

Performance contracts will be developed at the start of the financial year for all CHDA employees, and must describe targets to be achieved, dates and list acceptable means of verification (POE's).

The performance areas are weighted, based on level of seniority, level of decision making, and complexity of operational activities of each individual as follows:

Position	Weighting Individual JD	Weighting Company ORG	Weighting Job Competency GC
CEO	10%	80%	10%
Executive Managers	20%	70%	10%
Managers	50%	30%	20%
Specialists	50%	30%	20%
Project Officers	50%	30%	20%
Support Personnel	40%	20%	40%

All performance contracts are to be signed by the employee, their immediate line manager, the head of department (HOD) and accounting officer / CEO, to be binding.

The performance contracts of all executive managers are to be signed by the employee and the accounting officer / CEO, and the performance contract of the accounting officer / CEO to be signed by him / herself, and the Chairperson of the CHDA board of directors.

#### 4.2 Employee Evaluation and Performance Score:

Employees will be evaluated on performance, in line with signed performance contracts.

All employees to be evaluated on a quarterly basis to allow for proactive management of performance, and timely remedial action for non-performing employees

Evaluation will include awarding a score on individual performance deliverables, and below is the scoring guideline that will be applied in the awarding of scores in line with identified process of determining final performance score:

<b>5</b>	Outstanding performance	<ul style="list-style-type: none"> <li>Indicator achieved and far exceeded above minimum outcomes, to almost double of planned outcomes</li> <li>Seen as an organizational role model</li> </ul>	
<b>4</b>	Commendable performance	<ul style="list-style-type: none"> <li>Indicator achieved above minimum outcomes, up to +25 -50% of planned outcomes</li> <li>Strong contributor, and demonstrates leadership</li> </ul>	
<b>3</b>	Satisfactory performance	<ul style="list-style-type: none"> <li>Indicator achieved as per planned outcomes</li> <li>Meets required contribution level</li> </ul>	
<b>2</b>	Marginal performance	<ul style="list-style-type: none"> <li>Indicator partially achieved , and actual below minimum of planned outcomes, and falls in range of 51 – 99.9% of planned outcomes</li> <li>Performance below standard</li> </ul>	
<b>1</b>	Unsatisfactory performance / unable to assess	<ul style="list-style-type: none"> <li>Indicator not achieved, and actual performance between 0 – 50% of planned outcomes</li> <li>Corrective action must be taken</li> </ul>	

The final performance score is then determined as follows:



- Each employee is given an opportunity to score themselves on each target (own score)
- Each employee's own scores are reviewed by the applicable manager, who then, in consultation with the employee, awards a score in line with presented portfolio of evidence / adequate verification (manager score)
- The 2 scores are then averaged, to determine the consensus score, which is then used to determine the final score by applying the weight attributed to that deliverable / target in the performance agreement
- A sum-total of these scores will provide the total scores for each category of job performance and generic competencies. The organizational score is applied as determined earlier in this document
- All 3 scores (job deliverable, generic competency and organizational scores) are then weighted per the approved weights, to determine the final evaluated score
- Quarter 1 and 2 performance scores to be weighted, to develop the mid-year performance score
- Quarter 3 and 4 performance scores to be weighted, to develop the end-year performance score

The final assessed annual performance score is a weighted average of the mid-year and end-year scores, and is used to determine the applicable bonus percentage.

In instances where employees are allocated a final assessed performance score of between 2.50 to 2.99, the score is automatically rounded up to the nearest whole number.

### 4.3 Performance Bonus Percentage

Those staff members who are eligible to receive staff bonuses/ incentives receive these based on the outcome of their individual performance assessment, and final assessed performance score, in line with Table 3 above.

The performance bonus percentages are determined by the performance level of the employee, and can be applied as follows:

Rating	Norm	Bonus description of norm
<b>5</b>	Outstanding performance	20% of earning (actual CTC) over the review period
<b>4 to 4.99</b>	Commendable performance	16% of earning (actual CTC) over the review period
<b>3 to 3.99</b>	Satisfactory performance	10% of earning (actual CTC) over the review period
<b>2 to 2.99</b>	Marginal performance	No bonus
<b>1 to 1.99</b>	Unsatisfactory performance / unable to assess	No bonus

#### 4.4 Calculation of Bonus Payable

##### 4.4.1 The bonus payable to each employee shall be calculated as follows:

The Performance Bonus percentage (PB %) payable as stipulated above shall be multiplied by the **actual** Total Cost to Company (CTC) (exclusive of any bonuses, overtime or leave pay) paid to the employee for the period under review, to determine the Bonus payable.

**As a formula:**

**Individual Performance Bonus = PB% X Actual Total Cost to Company**

Where:

PB% = Performance Bonus percentage as per bonus percentage determined by level of performance

CTC = Actual earnings paid to employee, as a total of basic salary, total allowances, company and contributions, excluding overtime, leave pay, acting allowances, and bonuses or advances paid

#### 5. Staff Performance Management Scheme

##### 5.1 Foundation

CHDA's sets its corporate targets in March of the year preceding its financial year. As such the long time frame should allow the organization to plan in detail for the different activities required to meet its mandate and goals. On approval of its macro organizational goals, CHDA management and staff need to meet and undertake the steps as outlined in 5.1.1 -5.1.3 below.

##### 5.1.1 Initial meeting-establishing performance and development plans

The staff member and the supervisor will meet to agree on manageable goals and objectives to be pursued during the forthcoming annual performance and

review cycle. The goals, against which to assess whether or not satisfactory progress has been made and method of assessment, will be documented in "the plan" and a copy kept by supervisor and the staff member.

Prior to undertaking supervisory responsibilities of the performance management scheme, each supervisor should complete training in the scheme and methods of giving feedback.

- 5.1.2** Regular discussion and ongoing, informal feedback
- The supervisor and staff member will meet regularly during the performance management cycle to discuss:
  - Progress in achieving the goals and the support required
  - Where necessary, any updated goals to reflect the changes to the work unit/department's plans and priorities

(the method of establishing satisfactory progress towards them will also be updated to take into account the shortened time-frame available)

Where applicable, changes to the staff member's performance and development plan will be noted, including reason for any changes required and a copy kept by supervisor and the staff member.

### 5.1.3 Formal review meeting

At least 1 month, and no more than 2 months, before the incentive bonus of a staff member falls the supervisor will convene a meeting at a mutually agreeable time, to review the staff member's performance over the past review period against plan.

Where the staff member has made a satisfactory progress, this will be noted in writing and a copy provided to both supervisor and staff member at the conclusion of the interview and the incentive bonus will be paid at the due date.

Where a staff member has not made a satisfactory progress towards meeting the goals of the plan for reasons which are within the staff member's control, supervisor will identify in writing the factors which have not been satisfactorily met. The report will specify the improvement required to achieve the goals and objectives, or satisfactory progress towards them, within the remaining time frame and a copy will be provided to the supervisor, the CEO and the staff member within 5 days of the interview.

Two weeks before an incentive bonus falls due, a staff member in receipt of advice under clause above, will again meet with his or her supervisor to con-

firm whether or not the performance factors set have been met. Where they have not, the staff member will be advised in writing of the reasons that an incentive will be withheld.

A recommendation to withhold an incentive bonus may only be made by supervisor or Chef Executive Officer.

## 5.2 Staff appointed during the financial year

All staff members appointed in the course of the financial period (excluding interns and learners) are entitled to performance bonus on condition they have completed probation for a period of 3 months after which the line manager will assess performance to confirm full appointment. The calculation of the performance bonus however will be on the entire period worked.

## 5.3 Input into Personal Development Plan

All staff should have a personal development plan. The plan should be related to their specific area of work and/or to the broader objectives of CHDA.

When contracting for performance management and under the area of personal competencies, staff and their respective supervisors need to agree on a personal development plan. In the case of assessments especially for those scoring 1 and 2, improvements that may be required should be formalized into an individual's personal development plan.

## 5.4 Bonus Timing Approval

Assessments are done on a quarterly basis but formal reviews will be done on mid-year and end of the year. Bonuses (if any) will be paid on an annual basis after the finalization of the organizational score. After the assessment reviews have been performed by management they must follow the following approval process

1. Be submitted to internal audit for review
2. Internal audit must present their report to the Joint Audit Committee and Performance Committee
3. On recommendation by the committee it must be submitted to the board for approval before payment can be made to staff

All of such bonus scores by the relevant supervisory individual, i.e. staff bonus approved by CEO and CEO bonus approved by Chair of the Board

## 6. Managing Outcomes of Performance Reviews

### 6.1 Managing unsatisfactory or poor performance

Should a supervisor, as a result of the assessment/ review process, or at any time during the performance cycle, be of the opinion that an employee's performance is markedly below what is required, the supervisor must complete a full and formal assessments? In this regard the Agency shall be obliged to provide performance counselling support. Whilst steps should have been taken to manage poor performance during the coaching sessions and the quarterly reviews, it is at the final review that decisive action must be taken regarding continued poor performance.

In the case of unacceptable performance, the employer shall:

- a) Provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- b) After appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, the employer may consider steps to terminate the contract of employment of the employee on the grounds of unfitness or incapacity to carry out his or her duties.

#### 6.1.1 Employees on probation

Employees who perform unsatisfactorily during probation must be dealt with in the following manner:

- a) Training/re-training.
- b) Counselling/coaching.
- c) Be given a verbal and subsequently a written notice on extension of their period of probation.
- d) Supervisors should be able to determine during the process of assessment of performance what the reason for unsatisfactory performance is. Corrective measures should be designed accordingly and suitable action be taken.

#### 6.1.2 Employees permanently employed

Supervisors are responsible for dealing with unsatisfactory performance within the period of assessment. Supervisors should take into consideration of the following:

- a) The need to set clear performance standards.
- b) Provision of enabling working facilities and resources.
- c) Counselling/coaching.
- d) Training/re-training.

### 6.1.3 Personal Development Plan


- (1) To address the gap that exists between the required competency profile and actual competencies needed, a training and development plan will be designed for the individual member. The training and development needs will not only be identified during performance reviews and assessments, but also on initial appointment when the work plan is developed.
- (2) Employees should have on-going and equitable access to development. Development should support work performance and career development, driven by the needs of individual employees linked to their department's strategic plan and operational plans.
- (3) Training and development activities will focus on equipping employees with the competencies they require to perform effectively in their current jobs and to prepare them for the future.
- (4) The training and development needs of the employees will be determined through continuous monitoring, quarterly reviews and annual assessments.

## 6.2 Dispute resolution

Agency will at all times make all endeavours to ensure that the Performance Review process is done in a transparent and fair manner. If for any reason there is a dispute in the results of the performance review the following process will be followed:

- (a) Disputes include any differences which might arise out of the assessment of work performance;
- (b) On dispute the employee is entitled to bring his representative which must be colleague and the dispute be resolved first closer to the incident with Employee Relations ensuring proper procedures being followed; and
- (c) Persons selected to resolve disputes should preferably be chosen on the basis of their functional expertise and people skills and not their legal qualifications since dispute resolution should preferably be an informal process.
- (d) Any disputes about the outcome of the employee's performance evaluation must be mediated by the formal dispute resolution mechanisms in line within applicable legislative framework and policy provisions.
- (e) The decision of the mediators shall be final and binding on both parties.

The Performance Management policy was finally approved as per resolution of the Board of Directors meeting held on the 25 August 2017.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## RECRUITMENT POLICY

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### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	19 March 2014	First Draft, Formatting	v.1.0
FM Tiso	18 June 2015	Second Draft – Comments from HR Committee 29 April 2015	v. 2.0



### 3. PURPOSE AND OBJECTIVE

- 3.1 The overall aim of the recruitment, selection and appointment process is to attract, obtain and retain people with required competencies at minimum cost in order to satisfy the Human Resources needs of the agency.
- 3.2 Recruitment is attuned to establishing a positive image of the agency as an employer in the labour market.
- 3.3 To give effect to the Affirmative Action Policy Principles and adhere to the Employment Equity Act and the labour relations Act 66 of 1995.
- 3.4 To provide a tool in recruitment and appointment for all employees.
- 3.5 To ensure that candidates are selected and appointed in terms of the agency's priorities.

### RECRUITMENT PROCESS

#### 2.1 Determine need to fill the vacancy

The need to fill a vacancy which has arisen should be based on:

- ✓ Necessity
- ✓ Budget constraints
- ✓ Reservation of vacancy for a candidate still in training
- ✓ Redeployment possibilities

#### 2.2 Implement the recruitment procedure within prescribed recruitment guideline.

Principle	Procedural guideline
1. Equal opportunity:	<ul style="list-style-type: none"> <li>✓ All posts indicated in the organogram of the agency shall be equal opportunity positions. Recruitment activities should be dependent on the entity's human resource requirements as identified through its organogram and operational requirements.</li> <li>✓ Advertisements should target South Africans, unless the position requires specialized skills not immediately available in South Africa</li> <li>✓ There will be no lobbying and canvassing for positions. Any candidate who is found lobbying and canvassing for positions will be disqualified or disciplined.</li> <li>✓ Career exhibitions and visits to schools, universities, etc. can also be considered for certain target groups.</li> </ul>
2. Communication of employment opportunities / vacancies	<ul style="list-style-type: none"> <li>✓ Internal sources of recruitment (where possible should be considered, since it is cost effective and services as motivation for existing employees). <b><i>Only the following categories of employees will be considered for internal vacancies advertised:</i></b> <ul style="list-style-type: none"> <li>• Permanent Employees</li> <li>• Temporary Employees appointed on a month-to-month basis</li> <li>• Fixed Term Contract Employees.</li> <li>• Students, Interns and other Contract Workers_are not regarded as internal employees for the purpose of applying for internal vacancies.</li> <li>• Therefore, an employee's status at the time of applying for a vacancy will determine his/ her eligibility to apply for a vacancy.</li> </ul> </li> <li>✓ External recruitment may be undertaken by means of advertisements</li> <li>✓ All adverts should be posted as a minimum on the agency notice board, website and suitable newspaper</li> </ul>

	<ul style="list-style-type: none"> <li>• Advertisements for non - specialist positions should be restricted to the local media (e.g. Daily Dispatch)</li> <li>• Advertisements for positions at senior management or executive level may be advertised in the regional newspaper, in addition to minimum requirements (e.g. Herald)</li> <li>• Advertisements for the position of CEO may be advertised in the national media, in addition to minimum requirements (e.g. Mail &amp; Guardian, Sunday Times)</li> </ul> <p>✓ Effort should be made to distribute information on advertisements to local communities within the district municipality</p> <p>✓ An employment notice / vacancy should be advertised for a minimum of 2 weeks, and a maximum of 1 month</p>
3. Controlled dealing with applicants	<p>✓ All queries and applications should be received and handled by the manager responsible for human resources</p> <p>✓ All applications should be addressed to this person</p> <p>✓ All applications should be recorded in an applications register for each vacancy advertised</p>
4. Turnaround times	<p>✓ The recruitment cycle should not exceed 90 days / 3months, in which the maximum notice period allowed for employees will be possible</p>

## 3.2 SELECTION AND APPOINTMENT PROCESS

### 3.2.1 *Gathering applicant's data*

- ✓ Applicant's information must include all relevant data, such as: CV, certified personal documentation, certified educational certificates, and references from previous employers
- ✓ The agency reserves the right to confirm qualifications and employment credentials
- ✓ False information furnished by an applicant is his/her application for a vacancy, shall disqualify him/her and make him/her liable to summary dismissal, should he/she be appointed.

### 3.2.2 *Screening of applicants*

- ✓ Employees and applicants for vacant positions shall undergo any screening tests, psychometric evaluation or competency assessments (relevant to the inherent job requirements) required by the agency. Those being screened take part in all tests at their own responsibility. The result of any screening test is strictly confidential.
- ✓ A person shall not be considered for any appointment, unless he/she has reached the age of 16 (Sixteen) years and complies with the required qualifying requirements as stipulated in the advertisement.
- ✓ The appointment or retention of the services of any employee older than the compulsory retirement age of 65 (Sixty Five) shall be approved annually by the

CEO, subject to the submission of a satisfactory medical report.

### 3.2.3 *Shortlisting of applicants*

- ✓ It is the responsibility of the CEO to establish short listing and interviewing panels for various categories of posts
- ✓ All applications will be transferred to an applications master - list, summarizing details of each application
- ✓ When compiling the short-list, a healthy balance should be struck between the data provided by the applicant and the job requirements. In the absence of imperative documentation (e.g. Senior Certificate) careful consideration should be given to the short listing of such candidates.
- ✓ It is unethical to promise a job prior to the finalization of the recruitment and selection process. Under no circumstances should a job offer be made at this stage.

### 3.2.4 *Selection of applicants (assessment and panel interviews)*

- ✓ The assessment results should not be the only tool used to decide on the best candidate for a position, but should form part of the selection process and be utilized during the final decision making phase.
- ✓ The CEO will establish assessment and interview panels for various categories of posts. Such Committees should develop criteria to be considered in the assess-

ment for the appointment of candidates.

- ✓ Unions may have observer status in shortlisting and interviews
- ✓ Councillors and or board members may not be part of an interview panel, except to the interview of the CEO.
- ✓ Impressions gained during the interview should be clearly documented and stored for future reference. To facilitate this, the panel will be issued copies of CV's of all interview candidates, as well as an interview scoring sheet to be completed with recommendations for candidate
- ✓ All interviewed candidates should be informed in writing about the outcome of the interviews.

### **3.2.5 Competence for appointment**

- ✓ Prior to appointment, a successful applicant shall furnish satisfactory proof (certified copies) of his/her date of birth, marital status, academic or educational qualifications, identity document, training and any other relevant documentation as may be required.
- ✓ Nobody should be appointed to the service of the entity unless he/she complies with the legal requirements applicable to such an appointment.
- ✓ Appointment on an acting capacity will not be considered in assessing the competence of a candidate for appointment to the said post.

### **3.2.6 Appointment**

- ✓ A written offer of employment (including conditions of service) must be made to the successful candidate and his/her formal (written) acceptance thereof, obtained, ensuring that all logistical arrangements regarding date, time and place of assumption of duty are clear.
- ✓ An employee shall furnish his/her permanent residential address, as well as that of his/her next of kin, to the human resources office in writing and any changes thereof.
- ✓ All appointments made should be confirmed in writing with an employment contract.
- ✓ All appointments should be followed by detailed job profiles, and performance agreements to be reviewed on an annual basis.

## **4. Recruitment Costs**

### **a. Relocation Costs:**

- a) The cost of relocation on appointment shall be subsidized to a maximum of 100% after submission of 3 quotations in respect of expenditure incurred.
- b) The agency reserves the right to approve the cheapest quotation or to request new quotation should the prices of the submitted quotations be too high.
- c) Prior to finding suitable accommodation for out of town candidates, the agency will assist the candidate with accommodation

requirements in line with the agency SCM policy

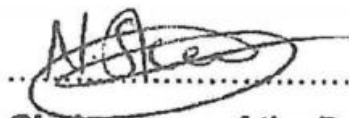
**b. Travel to Assessments and Interviews:**

- a) The cost of travel to assessments and in-

terviews will be re-imbursed at the applicable rates per the agency S&T policy. This includes only candidates coming in from out of town, or the district.

**ADOPTED BY ORDER OF THE BOARD**

This Recruitment Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**





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## RISK MANAGEMENT POLICY

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in accordance with

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**VERSION CONTROL**

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
Ms. F Tiso	20 March 2017	First Draft	v.1.0
	25 August 2017	Approved by board	v.2.0

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## 1. **PREAMBLE**

Risk Management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the CHDA environment. Risk is inherent in all academic, administrative and business activities. Every member of CHDA continuously manages risk. Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practice.

As a consequence, CHDA acknowledges that the adoption of strategic and formal risk management will improve decision-making, enhance outcomes and accountability.

## 2. **DEFINITION OF KEY WORDS**

In this policy the following words shall have the meanings assigned as follows: -

### **Risk**

Risk refers to the possibility that an event will occur and adversely affect the achievement of the entity's objectives. The risks are assessed or measured in terms of impact and likelihood of the risk occurring.

### **Risk Management**

Risk Management refers to the process of identification of potential negative events and development of plans to mitigate or minimise the likelihood of the negative event occurring and/or the consequences in the event it does occur.

### **Impact**

Impact was defined as the effect on the entity's objectives should the risk occur (the potential effect on the Municipality of the risk event). The identified risks were subject to the following impact ratings:

Score	Impact	Consequence
5	Critical	Leads to near and/or collapse of the Entity
4	Major	Cost increase > 20% or threat to long term sustainability of the Entity
3	Moderate	Cost increase > 10%
2	Minor	Cost increase < 10%
1	Insignificant	Minimal or no impact on cost. No monitoring required

## Likelihood

Likelihood is defined as the possibility that a given event in the form of risk will occur (the probability of the occurrence of the risk event). The identified risks are subject to the following likelihood ratings:

## Risk index

Rating	Assessment	Definition
1	Rare	The risk is conceivable but is only likely to occur in extreme circumstances
2	Unlikely	The risk occurs infrequently and is unlikely to occur within the next 3 years
3	Moderate	There is an above average chance that the risk will occur at least once in the next 3 years
4	Likely	The risk could easily occur at least once within the next 12 months
5	Common	The risk is already occurring, or is likely to occur more than once within the next 12 months

The risk index is the overall rating given to a risk as assessed by the entity and management representatives. This score is an indication of whether the risk is perceived to be high, medium or low.

The table below indicates the distinction between the various risk categories:

Risk index	Risk Magnitude
20 – 25	Maximum
15 – 19	High risk
10 – 14	Medium risk
5 – 9	Low risk
1 – 4	Minimum risk

The risk index is determined as follows:

### Impact x Likelihood = Risk Index

#### Residual Risk

The residual risk is the level of risk remaining after the mitigating influence of the existing control interventions is considered. Normally, management would introduce sufficient control to reduce the risk to within a pre-determined level, as informed by the risk appetite. The residual risk is a critical indicator of whether the existing controls are effective in reducing the risk to an acceptable level. Monitor refers to continual assessment of what has been implemented using documented methodology.

**Review** refers to an annual assessment of the effectiveness and environment.

**Accounting Officer** refers to the Chief Executive Officer of CHDA

**CFO** refers to Chief Financial Officer.

**MFMA** refers to the Municipal Finance Management Act, (Act 56 of 2003).

reasonable action to remove or reduce those risks.

Reasonable action will be that which is acceptable, average, fair, honest, and proper and would be considered reasonable for a similar organization to take, considering the nature and severity of the risk of harm or loss.

### 3. LEGAL FRAMEWORK

The Accounting Officer has committed CHDA to a process of risk management that is aligned to the principles of good corporate governance, as supported by section 95 of Municipal Finance Management Act (MFMA), Act No 56 of 2003

CHDA will categorise risk under the sub headings of:

- 1) Physical Risk,
- 2) Operational Risk,
- 3) Financial Risk,
- 4) Governance Risk,
- 5) Human Resources Risk,
- 6) Information Technology and
- 7) Environmental Risk.

### 4. SCOPE AND APPLICATION

The Board and staff have a responsibility to make themselves aware of situations where someone or something might be at risk of harm or loss and will result in CHDA not achieving its objective. They must then take

The key parties involved in the management of risk at CHDA and their roles are as follows;

- 4.1 **Board of Directors** is responsible for ensuring that CHDA's decisions and practices comply with the requirements of the relevant legislation, regulations and codes of practice.
- 4.2 **Audit Committee** will oversee the implementation of the risk management process and for advising the Board of Directors as necessary.
- 4.3 **Accounting Officer** is responsible for ensuring that a risk management system is established, implemented and maintained in accordance with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the Accounting Officer.
- 4.4 **Internal Audit** to assist management in the process of identifying, assessing, reviewing and consolidating the risk register. Internal audit will also be required to develop risk based audit plan, execute the plan and report accordingly.
- 4.5 **Executive Managers** are accountable for strategic and operational risk management within areas under their control, including the devolution of the risk management process to operational managers.
- 4.6 **Chief Financial Officer.** In addition to the functions as Head of Finance, the CFO will be accountable for co-ordination of the whole risk manage-

ment process and ensuring that the risk register is continuously updated.

- 4.7 **Managers** are accountable to the Accounting Officer via their line supervisors for:

- Implementation of this policy within their respective areas of responsibility;
- Ongoing maintenance of the risk register insofar as it impacts on their respective responsibilities; and
- Ensuring compliance with risk assessment procedures.

## 5. OBJECTIVES

As part of sound management practices, this policy provides guidelines to the Board of Directors, management and staff of CHDA for a process of planning and mitigating all possible risks, problems or disasters that might affect CHDA before they occur.

**The purpose of this policy is for CHDA to set up procedures that will negate or avoid the risk or minimise its impact.**

Specifically, this policy is intended to:

- Prevent risk
- Minimise harm
- Reduce liability
- Improve the functioning of the organization

## 6. POLICY CONTENT AND PROVISIONS

## 6.1 Methodology

A methodology whereby the participants are first provided with brief awareness training on risk management to ensure all the participants have a similar understanding of the terminology used during the workshop regarding the identification and assessment of risks. The participants review the risk register in terms of the entity's strategic objectives. The inherent risk matrix was calculated using the criteria setting method, the probability of occurrence and severity of impact for each risk is established.

**Likelihood** is rated from 1 – 5, with 1 representing the least possible chance and 5 the most likelihood of occurrence, taking into account the skill involved, the procedures utilised as well as the external and internal business environment.

**Impact** is rated from 1 – 5, with 1 representing the lowest and 5 the highest, taking into account the impact the risk would have on assets, people, operational processes and finance.

The likelihood and impact assessment by each participant is used to calculate and average likelihood and impact for each risk. The overall inherent risk index will then be calculated as the average of likelihood and impact score for each risk.

**The Residual risk** is established by using the following methodology. Each participant

**Risk index = impact x likelihood**

has to assess the control environment and measures for each risk using the following criteria: **Strong, Moderate** and **Weak**.

A control factor should be allocated for each risk based on the following criteria:

1 – Poor or weak control environment is applicable to the risk

0.8 – Moderate control environment is applicable to the risk

0.5 – Strong control environment is applicable to the risk

The residual risk should be calculated by using the formula:


**Residual risk = Inherent risk X control factor**

## 6.2 Risk Treatment

In order for management to understand the implication of the risks that have been evaluated, the graphic illustration below divides the risks into three distinct areas, which could be classified as either high, medium or low risk. Depending on the category within which a risk falls, a selected number of risk management options are available from which various risk management strategies can be developed. These strategies generally form the basis of all risk improvement plans.



I	5	5	10	15	20	25
M	4	4	8	12	16	20
P	3	3	6	9	12	15
A	2	2	4	6	8	10
C	1	1	2	3	4	5
T		1	2	3	4	5
LIKELIHOOD						



Risk index	Risk Magnitude
20 - 25	Maximum
15 - 19	High risk
10 - 14	Medium risk
5 - 9	Low risk
1 - 4	Minimum risk

### 6.3 Risk Acceptability

The next step entails the entity determining the risk acceptance criteria by identifying the risks that will not be tolerated.

**The National Treasury Risk Management Framework suggests that risks with a risk index of 10 or greater are considered unacceptable risks.** Risks with a risk index of less than 10 are generally considered acceptable risks.

The table below should be used as a guide for determining the level of risk acceptability of CHDA:

Risk Index	Risk magnitude	Risk acceptability	Proposed actions
20 – 25	Maximum risk	Unacceptable	Take action to reduce risk with highest priority, accounting officer and executive authority attention.
15 – 19	High risk	Unacceptable	Take action to reduce risk, inform senior management
10 – 14	Medium risk	Unacceptable	Take action to reduce risk, inform senior management.
5 – 9	Low risk	Acceptable	No risk reduction – control, monitor, inform management.
1 – 4	Minimum risk	Acceptable	No risk reduction – control, monitor, inform management.

## 6.4 Risk Priority Setting

It would not be cost effective to manage all the identified risks simultaneously, thus some form of risk priority setting is essential to assist in focusing the time and effort on high risks, which pose the most serious impact.

The following risk priority setting will be used to divide the risks into three categories, namely HIGH, MEDIUM and LOW critical risks:

- **High critical risks** will be those within the upper **AVOID** quadrant i.e. those with a risk index equal or greater than 15.
- **Medium critical risks** will be those within the lower **AVOID** and within the **TRANSFER & CONTROL** quadrant i.e. those with risk index between 10 and 14.
- **Low critical risks** will be those within the **RETAIN** quadrant i.e. those with a risk index below 9.

## 6.5 Risk Assessment Register

A risk assessment register must be developed by the CHDA annually, and reviewed on a quarterly basis.

The risk assessment register must include the following information as a minimum:

- The strategic objective in which the risk has been identified
- The category of the risk identified
- The likelihood, impact, risk index and priority rating of the risk
- Identify root causes of each risk
- Identify current controls in place for each risk
- List recommendations for improvement to the control environment / action plans, responsible parties and key delivery dates

The schedule attached under annexure “A” should be used to compile a Risk Assessment Register

## 7. IMPLEMENTATION

The policy and any revisions will be implemented upon approval by the Board of Directors of CHDA.

## 8. REVIEW OF THE POLICY

This Risk Management Policy will be reviewed annually.

## 9. REFERENCES

Section 95, 165 and 166 of the MFMA.


**APPROVAL**

APPROVED/ADOPTED BY THE BOARD:

YES	NO
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DATE APPROVED/ADOPTED:

25 August 2017

  
.....  
**Chairperson of the Board**  
.....  
**CEO**



**Shiloh Irrigation Scheme in Whittlesea**

**Chris Hani Development Agency**  
**DELEGATION OF POWERS AND DUTIES - SUPPLY CHAIN MANAGEMENT**  
**i.t.o. MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS**  
**Notice 868 of 2005**

REG. Nr.	DESCRIPTION OF POWER OR DUTY	POWER CURRENTLY RESIDING	DELEGATED	SUB-DELEGATED
3(1)(a)	Prepare and submit a draft supply chain management policy for adoption.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
3(1)(b)	Review at least annually the implementation of the policy.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
3(1)(c)	Submit when considered necessary, proposals for the amendment of the policy to the Board of Directors.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
3(2)(a)	Make use of any Treasury guidelines determining standards for municipal supply chain management policies, and submit to the Board that guideline standard, or any modified version thereof, as a draft policy.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
3(2)(b)	Ensure that a draft policy submitted to the Board that differs from the guideline standard complies with Regulation 2.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management

REG. Nr.	DESCRIPTION OF POWER OR DUTY	POWER CURRENTLY RESIDING	DELEGATED	SUB-DELEGATED
3(2)(c)	Report any deviation from the guideline standard to the National Treasury and relevant provincial treasury.	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
3(4)	Must, in terms of section 62(1)(f)(iv) take all reasonable steps to ensure that the Agency has and implements a supply	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management

	<b>chain management policy as set out in Regulation 2.</b>			
<b>5(2)(a)</b>	<b>Make a final award above R10 million (VAT included).</b>	<b>Board</b>	<b>Chief Executive Officer (after considering recommendation of Bid Adjudication Committee)</b>	<b>May not be sub-delegated.</b>
<b>5(2)</b>	<b>Make a final award above R200 000 (VAT included), but not exceeding R10 million (VAT included).</b>	<b>Board</b>	<b>Chief Executive Officer</b>	<b>Bid Adjudication Committee</b>
<b>5(2)</b>	<b>Make a final award not exceeding R200 000 (VAT included)</b>	<b>Board</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>
<b>5(2)</b>	<b>Make a final award not exceeding R 30 000 (VAT included)</b>	<b>Board</b>	<b>Chief Executive Officer</b>	<b>Head of Department</b>

5(3)	<p><b>Submit to the official referred to in subsection (4) within five days of the end of each month a written report containing particulars of each final award, except procurements made out of petty cash, made during that month, including-</b></p> <ul style="list-style-type: none"> <li><b>(a) the amount of the award;</b></li> <li><b>(b) the name of the person to whom the award was made;</b></li> <li><b>(c) the reason why the award was made to that person; and</b></li> <li><b>(d) the BBBEE/HDI status of that entity/person</b></li> </ul>		<p><b>Applicable to the relevant entities or individuals delegated with the power to make a final award in terms of Regulation 5 (2).</b></p>	
6(1)	<b>Maintain oversight over the implementation of the supply chain management policy.</b>	<b>Board</b>	<b>Power reserved by the Board</b>	
6(2)(a)(i)	<b>Submit a report to the Board within 30 days of the end of each financial year on the implementation of the supply chain management policy of the Agency.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
6(2)(a)(iii)	<b>Immediately submit a report to the Board whenever there are serious and material problems in the implementation of the supply chain management policy</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>



6(3)	<b>Submit a report to the Board within ten days of each quarter on the implementation of the supply chain management policy.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
7(1)	<b>Establish a supply chain management unit.</b>	<b>Municipal Council</b>	<b>Chief Financial Officer</b>	<b>No- sub delegation</b>
11(3)	<b>Must make public the fact that the Agency procures goods or services contemplated in section 110(2) of the MFMA.</b>	<b>Board</b>	<b>Manager: Supply Chain Management</b>	<b>Officer: Supply Chain Management</b>
12(2)(a)	<b>Allow the Accounting Officer to lower, but not to increase, the different threshold values specified in sub regulation (1).</b>	<b>Chief Executive Officer</b>	<b>No delegation</b>	

12(2)(b)	<p>Direct that:</p> <p>(i) written quotations be obtained for any specific procurement of a transaction value lower than R2000;</p> <p>(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10</p>	Chief Executive Officer	Chief Financial Officer	Manager: Supply Chain Management
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	000;			
14(1)(a)	Invite prospective providers of goods or services at least once a year through newspapers commonly circulating locally, the website of the Agency	Chief Executive Officer	Manager: Supply Chain Management	
17(1)(c)i	Record the reasons for not obtaining at least three formal written price quotations.		To the relevant delegate	
17(1)(c)ii	Approve the recorded reasons for not obtaining at least three written price quotations.	Chief Financial Officer	Manager: Supply Chain Management	
17(1)(d)	Record the names of the potential formal written price quotation providers and their written quotations.	Chief Executive Officer	To the relevant delegate	
17(2)	Report to the CFO within three days of the end of the month on any approvals given during that month by that the designated official referred to in sub regulation (1)(c).		Manager: Supply Chain Management	

18(b)	<b>Must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis, when using the list of accredited prospective providers.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
18(c)	<b>Must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
18(d)	<b>Notify the Accounting Officer or CFO in writing on a monthly basis of all written quotations and formal written price quotations accepted by the official acting in terms of a sub-delegation.</b>		<b>To the relevant delegate.</b>	
22(2)	<b>Determine a closure date for submission of bids which is less than the 30 or 14 day requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
23(c)	<ul style="list-style-type: none"> <li>(i) record in a register all bids received in time;</li> <li>(ii) make the register available for public inspection;</li> <li>(iii) publish the entries in the register and the bid results on the website of</li> </ul>	<b>Chief Executive Officer</b>	<b>Manager: Supply Chain Management</b>	<b>Officer: Supply Chain management</b>

	<b>the Agency.</b>			
24(1)	<b>Negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such</b>	<b>Chief Executive Officer</b>	<b>Bid Adjudication Committee</b>	
	<b>negotiation-</b>  <b>(a) does not allow any preferred bidder a second or unfair opportunity;</b>  <b>(b) is not to the detriment of any other bidder; and</b>  <b>(c) does not lead to a higher price than the bid submitted.</b>  <b>Minutes of such negotiations must be kept.</b>			
26(b)	<b>Appoint the members of the bid specification, evaluation and adjudication committees, and taking into account section 117 of the MFMA.</b>	<b>Chief Executive Officer</b>		
26(1)(c)	<b>Appoint a neutral or independent observer to a bid specification, evaluation or adjudication committee for an attendance and oversight process when this is appropriate for ensuring fairness and pro-</b>	<b>Chief Executive Officer</b>	<b>Manager: Supply Chain Management</b>	

	<b>moting transparency.</b>			
26(3)	<b>Apply the committee system to formal written price quotations.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
27(1)	<b>Compile specifications for the procurement of goods or services by the Agency.</b>	<b>Bid Specification Committee</b>	<b>Bid Specification Committee</b>	<b>Not to be sub-delegated</b>
27(2)(g)	<b>Approve specifications compiled by the bid specification committee prior to publication of the invitation for bids.</b>	<b>Chief Executive Officer</b>		
28(1)(a)	<b>Evaluate bids in accordance with-</b> <ul style="list-style-type: none"> <li><b>(i) the specifications for a specific procurement; and</b></li> <li><b>(ii) the points system as must be set out in the supply chain management policy of the municipality in terms of Regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act.</b></li> </ul>	<b>Bid Evaluation Committee</b>	<b>Bid Evaluation Committee</b>	<b>Not to be sub-delegated</b>
28(1)(b)	<b>Evaluate each bidder's ability to execute the contract.</b>	<b>Bid Evaluation Committee</b>	<b>Bid Evaluation Committee</b>	<b>Not to be sub-delegated</b>

28(1)(c)	<b>Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.</b>	<b>Bid Evaluation Committee</b>	<b>Bid Evaluation Committee</b>	<b>Not to be sub-delegated</b>
28(1)(d)	<b>Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.</b>	<b>Bid Evaluation Committee</b>	<b>Bid Evaluation Committee</b>	<b>Not to be sub-delegated</b>
29(1)(a)	<b>Consider the report and recommendations of the bid evaluation committee where the award value exceeds R200 000 and up to R 10 million (VAT incl)</b>	<b>Chief Executive Officer</b>	<b>Bid Adjudication Committee</b>	<b>Not to be sub-delegated</b>
29(1)(b) (i)	<b>For bids above R10 million, the SCM BAC will make recommendation to the Chief Executive Officer to make the final award.</b>	<b>Chief Executive Officer</b>		<b>Not to be sub-delegated</b>
29(1)(b) (ii)	<b>Make another recommendation to the accounting officer on how to proceed with the relevant procurement.</b>	<b>Bid Adjudication Committee</b>	<b>Bid Adjudication Committee</b>	<b>Not to be sub-delegated</b>
29(3)	<b>Appoint the chairperson of the bid adjudication committee.</b>	<b>Chief Executive Officer</b>		
29(5)(a)	<b>If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-</b>  <b>(i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service</b>	<b>Bid Adjudication Committee</b>	<b>Bid Adjudication Committee</b>	<b>Not to be sub-delegated</b>

		<b>charges are not in arrears; and</b>			
	<b>(ii)</b>	<b>notify the Chief Executive Officer.</b>			
29(5)(b)	<b>(i)</b>  <b>(ii)</b>	<b>After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in Regulation 29(5)(a); and</b>  <b>If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.</b>	<b>Chief Executive Officer</b>		
29(6)	<b>Refer any recommendation made by the evaluation committee or adjudication committee back to that committee for reconsideration of the recommendation.</b>		<b>Chief Executive Officer</b>		
29(7)	<b>Comply with section 114 of the MFMA within ten working days.</b>		<b>Chief Executive Officer</b>		
31(1)	<b>Request the State Information Technology Agency (SITA) to assist the Agency with the acquisition of IT related goods or services through a competitive bidding pro-</b>		<b>Chief Executive Officer</b>	<b>Manager: Supply Chain Management</b>	



	<b>cess.</b>			
31(2)	<b>Enter into a written agreement to regulate the services rendered by, and the payments made to, SITA.</b>	<b>Chief Executive Officer</b>		
31(3)	<b>Notify SITA together with a motivation of the IT needs of the Agency if-</b>  <b>(a) the transaction value of IT related goods or services required by the Agency in any financial year will exceed R50 million (VAT included); or</b>  <b>(b) the transaction value of a contract to be procured by the Agency whether for one or more years exceeds R50 million.</b>	<b>Chief Executive Officer</b>	<b>Chief Executive Officer</b>	
31(4)	<b>Submit to the Board, the National Treasury, the relevant provincial treasury and the Auditor General the SITA comments and the reasons for rejecting or not following such comments if the Agency disagrees with SITA's comments.</b>	<b>Chief Executive Officer</b>	<b>Chief Executive Officer</b>	

32(1)	<p><b>To procure goods or services for the Agency under a contract secured by another organ of state, but only if-</b></p> <p><b>(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;</b></p> <p><b>(b) the municipality has no reason to believe that such contract was not validly procured;</b></p> <p><b>(c) there are demonstrable discounts or benefits for the municipality; and</b></p> <p><b>(d) that other organ of state and the provider have consented to such procurement in writing.</b></p>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	
35(1)	<b>Procure consulting services up to the value of R200 000 (VAT included) provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.</b>	<b>Chief Executive Officer</b>	<b>Manager: Supply Chain Management</b>	
35(1)	<b>Procure consulting services above the value of R200 000 (VAT included) provided that any Treasury guidelines in re-</b>	<b>Chief Executive Officer</b>	<b>Bid Adjudication Committee</b>	

	<b>spect of consulting services are taken into account when such procurements are made.</b>			
<b>35(4)</b>	<b>Ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Agency.</b>	<b>Board</b>	<b>Manager: Supply Chain Management</b>	
<b>36(1)(a)</b>	<p><b>Dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-</b></p> <ul style="list-style-type: none"> <li><b>(i) in an emergency;</b></li> <li><b>(ii) if such goods or services are produced or available from a single provider only;</b></li> <li><b>(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;</b></li> <li><b>(iv) acquisition of animals or</b></li> </ul>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	

	<b>zoos; or</b>  <b>(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.</b>			
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REG. Nr.	DESCRIPTION OF POWER OR DUTY	POWER CURRENTLY RESIDING	DELEGATED	SUB-DELEGATED
36(1)(b)	Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.	Chief Executive Officer	Chief Financial Officer	
36(2)	Record the reasons for any deviations in terms of Regulations 36(1)(a) and (b); and  report them to the next meeting of the board and include as a note to the annual financial statements	Chief Executive Officer	Manager: Supply Chain Management	Officer: Supply Chain management

37(2)	<p><b>Decide to consider an unsolicited bid but only if-</b></p> <ul style="list-style-type: none"> <li><b>(a) the product or service offered is a demonstrably or proven unique innovative concept;</b></li> <li><b>(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages for, the municipality;</b></li> <li><b>(c) the person who made the bid is the sole</b></li> </ul>	<b>Board</b>	<b>Chief Executive Officer</b>	
	<p><b>provider of the product or service; and</b></p> <ul style="list-style-type: none"> <li><b>(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.</b></li> </ul>			

37(3)	<p><b>Make public in accordance with section 21A of the Municipal Systems Act the decision to consider an unsolicited bid that complies with Regulation 37(2) together with-</b></p> <ul style="list-style-type: none"> <li><b>(a) reasons as to why the bid should not be open to other competitors;</b></li> <li><b>(b) an explanation of the potential benefits for the Agency were it to accept the unsolicited bid; and</b></li> <li><b>(c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.</b></li> </ul>	<b>Board</b>	<b>Chief Executive Officer</b>	
37(4)	<p><b>Submit written comments received pursuant to Regulation 37(3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.</b></p>	<b>Board</b>	<b>Chief Executive Officer</b>	

37(5)	Consider the unsolicited bid.	Bid Adjudication Committee	Bid Adjudication Committee	Not to be sub-delegated
37(5)	Award the bid or make recommendations to the accounting officer depending on the delegations to the adjudication committee.	Chief Executive Officer or Adjudication committee	Bid Adjudication Committee for bids up to R10 million (VAT included) and Chief Executive Officer for bids above R10 million (VAT included) after consideration of recommendation of Bid Adjudication Committee	
37(7)	<p>Take into account when considering an unsolicited bid-</p> <ul style="list-style-type: none"> <li>(i) any comments submitted by the public; and</li> <li>(ii) any written comments and recommendations of the National Treasury or the relevant provincial treasury.</li> </ul>	Bid Adjudication Committee	Bid Adjudication Committee	Not to be sub-delegated



REG. Nr.	DESCRIPTION OF POWER OR DUTY	POWER CURRENTLY RESIDING	DELEGATED	SUB-DELEGATED
37(8)	<b>Submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following any recommendations of the National Treasury or provincial treasury in regard to the unsolicited bid.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	
38(1)(a)	<b>Take all reasonable steps to prevent abuse of the supply chain management system.</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain Management</b>
38(1)(b)	<b>Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the supply chain management policy, and when justified-</b>  (i) <b>take appropriate steps against such official or other role player;</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	<b>Internal Audit</b>

	<p>or</p> <p>(ii) report any alleged criminal conduct to the South African Police Service.</p>			
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REG. Nr.	DESCRIPTION OF POWER OR DUTY	POWER CURRENTLY RESIDING	DELEGATED	SUB-DELEGATED
38(1)(c)	Check the National Treasury's data-base prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector.	Chief Executive Officer	Bid Evaluation Committee	
38(1)(d)	<p>Reject any bid from a bidder-</p> <p>(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any directors</p>	Chief Executive Officer	To all relevant delegates	

	<p>to their municipality are in arrears for more than three months;</p> <p>(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Agency or any other organ of state after written notice was given to that bidder that performance was unsatisfactory.</p>			
38(1)(e)	Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract.	Chief Executive Officer	To all relevant delegates	

38(1)(f)	<p><b>Cancel a contract awarded to a person if-</b></p> <p><b>(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or</b></p> <p><b>(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.</b></p>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>	
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38(1)(g)	<b>Reject the bid of any bidder if that bidder or any of its directors-</b>  <b>(i) has abused the supply chain management system of the Agency or has committed any improper conduct in relation to such system;</b>  <b>(ii) has been convicted for fraud or corruption during the last five years;</b>  <b>(iii) has wilfully neglected or re-neged on or failed to comply with</b>	<b>Chief Executive Officer</b>	<b>To all relevant delegates</b>	
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	<p>any government, Agency or other public sector contract during the past five years; or</p> <p>(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (no 12 of 2004).</p>			
38(2)	Inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of Regulation 38(1)(b)(ii), (e) or (f).	Chief Executive Officer	Manager: Supply Chain Management	
43(2)	Check with SARS whether a person's tax matters are in order before making an award to such person	Board	To all relevant delegates	

45	<p><b>Disclose on the notes to the annual financial statements of the municipality particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including-</b></p> <p><b>(a) the name of that person;</b></p> <p><b>(b) the capacity in which that person is in the service of the state; and</b></p> <p><b>(c) the amount of the award.</b></p>	<b>Board</b>	<b>Chief Financial Officer</b>	
46(3)(a)	<b>Keep a register of all declarations in terms of Regulation 46(2)(d) and (e).</b>	<b>Chief Executive Officer</b>	<b>Manager: Supply Chain management</b>	
46(3)(b)	<b>Ensure that declarations from the accounting officer in terms of Regulation 46(2)(d) and (e) are recorded in the register.</b>	<b>Board</b>	<b>Chief Financial Officer</b>	<b>Manager: Supply Chain management</b>
46(5)	<b>Adopt the National Treasury's code of conduct for supply chain management practitioners and other role players</b>	<b>Board</b>	<b>Chief Financial Officer</b>	



	involved in supply chain management.			
47(2)	Report any alleged contravention of Regulation 47(1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.	Chief Executive Officer	Manager: Supply Chain management	
48	<p>Disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted to the municipality whether directly or through a representative or intermediary, by any person who is-</p> <p>(a) a provider or prospective provider of goods or services to the Agency; or</p>	Chief Executive Officer	Manager: Supply Chain Manager	

	(b) a recipient or prospective recipient of goods disposed or to be disposed, of by the Agency.			
50(1)	Appoint an independent and impartial person to assist in the resolution of disputes and to deal with objections, complaints or queries as described more fully in Regulation 50(1).	Chief Executive Officer		
50(3)	Responsible to assist the person appointed in terms of Regulation 50(1) to perform his or her functions effectively.	Chief Executive Officer	Chief Financial Officer	


**APPROVAL BY THE CHDA BOARD OF DIRECTORS:**

The Chris Hani Development Agency Supply Chain Management Delegations of Authority were approved b line with the approved CHDA Supply Chain Management Policy Version 3.



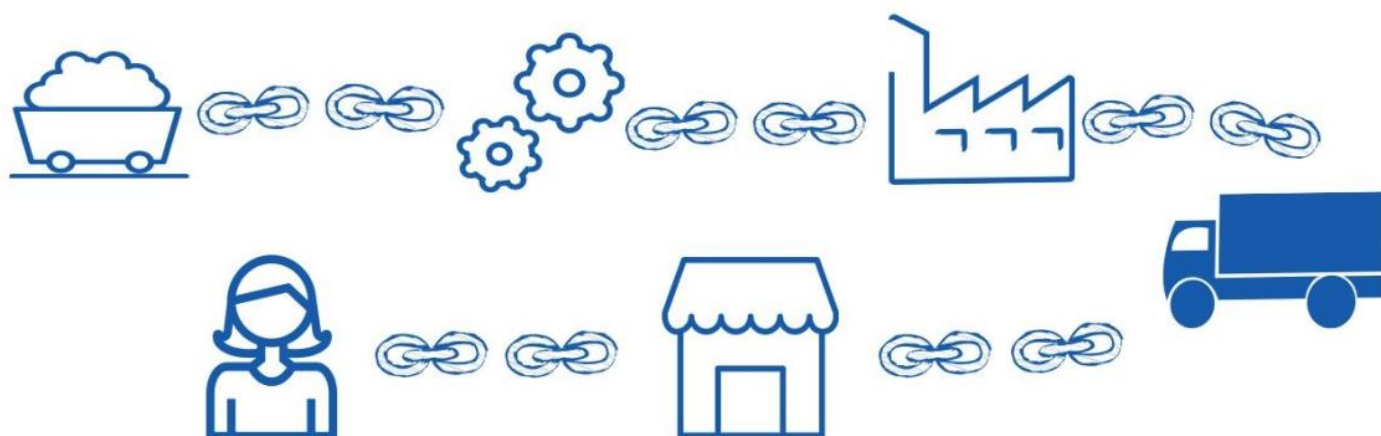
.....  
Chairperson of the Board

**25 August 2017**  
DATE



.....  
CEO

**25 August 2017**  
DATE



## SUPPLY CHAIN MANAGEMENT POLICY

### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
Ms F Tiso	31 March 2014	First Draft, formatting	v.1.0
Ms N Nom-nganga	19 March 2015	Amendment, Second Draft	v.2.0
Mr. S. Singeni	30 June 2017	Alignment with MFMA: SCM Regulations of 2005, Preferential Procurement Policy Framework Act No. 5 of 2000, MFMA Circular No. 62 of July 2013; National Treasury (NT) MFMA Circular No. 81 of March 2016 (CSD), NT Supply Chain Management (SCM) Circular 5 of 2016/17 (B-BBEE Certificates and Sworn Affidavits), Preferential Procurement Regulations, 2017, CHDA Petty Cash Policy and CHDM SCM Policy	v.3.0

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#### **DEFINITIONS**

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the

Act, and –

- ✓ **“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- ✓ **“B-BBEE status level of contributor”** means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- ✓ **“black designated groups”** has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- ✓ **“competitive bidding process”** means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;
- ✓ **“competitive bid”** means a bid in terms of a competitive bidding process;
- ✓ **“co-operative”** means a co-operative registered in terms of section 7 of the Co-operatives Act, 2005 (Act No. 14 of 2005);
- ✓ **“designated group”** means –
  - (a) Black designated groups;
  - (b) Black people;
  - (c) Women;
  - (d) People with disabilities; or
  - (e) Small enterprises, as defined in section 1 of the National Small Enterprise Act; 1996 (Act No. 102 of 1996);
- ✓ **“EME”** means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- ✓ **“emergency”** means something dangerous or serious that happens suddenly or unexpectedly and needs fast action to avoid harmful results;
- ✓ **“final award”**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- ✓ **“formal written price quotation”** means quotations referred to in paragraph 12 (1)(c) of this Policy;
- ✓ **“fronting”** means deliberate circumventing or attempted circumventing of the B-BBEE Act and the Codes;
- ✓ **“functionality”** means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents;
- ✓ **“in the service of the state”** means to be -
  - (a) a member of -
    - any municipal council;
    - any provincial legislature; or
    - the National Assembly or the National Council of Provinces;
  - (b) a member of the board of directors of any municipal entity;
  - (c) an official of any municipality or municipal entity;
  - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
  - (e) a member of the accounting authority of any national or provincial public entity; or
  - (f) an employee of Parliament or a provincial legislature;
- ✓ **“long term contract”** means a con-

tract with a duration period exceeding one year;

- ✓ **"list of accredited prospective providers"** means the list of accredited prospective providers which the Agency must keep in terms of paragraph 14 of this policy;

- ✓ **"military veteran"** means the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

- ✓ **"official"** means-

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

- ✓ **"other applicable legislation"** means any other legislation applicable to municipal supply chain management, including -

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

- ✓ **"proof of B-BBEE status level of contributor"** means –

- (a) The B-BBEE status level certificate issued by an authorized body or person;

- (b) A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or

- (c) Any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;

- ✓ **"project manager"** means an official acquiring the goods or service.

- ✓ **"QSE"** means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;

- ✓ **"Rand value"** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

- ✓ **"rural area"** means-

- (a) A sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
- (b) An area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

- ✓ **"stipulated minimum threshold"** means the minimum threshold stipulated in terms of regulation 8 (1)(b) of the Preference Procurement Regulations, 2017;

- ✓ **"Township"** means an urban living area that any time from the late 19<sup>th</sup> century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

- ✓ **"treasury"** has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

- ✓ **"Treasury guidelines"** means any guidelines on supply chain management issued by the Minister in terms of



section 168 of the Act;

- ✓ **"the Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- ✓ **"the Regulations"** means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;
- ✓ **"written or verbal quotations"** means quotations referred to in paragraph 12(1) (b) of this Policy.
- ✓ **"youth"** has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008);
- ✓ **"senior manager"** means a manager directly accountable to the chief executive officer of CHDA

## CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

### 2. SUPPLY CHAIN MANAGEMENT POLICY

2.1 All officials and other role players in the supply chain management system of the Agency must implement this Policy in a way that –

- (a) gives effect to –
  - section 217 of the Constitution; and
  - Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with –

- the Regulations; and
  - any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2 The Agency must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that and that is consistent with the supply chain management policy of the parent municipality

2.3 This Policy applies when the Agency –

- (a) procures goods or services;
- (b) disposes goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Sys-



tems Act applies

2.4 This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services from other organs of state as contemplated in section 110(2) of the Act and includes –

- (a) water from the Department of Water Affairs or a public entity, another municipality or an Agency; and
- (b) electricity from Eskom or another public entity, another municipality or an Agency

### **3. AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY**

#### **3.1 *The accounting officer must -***

- (a) at least annually review the implementation of this Policy; and
- (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the board of directors

3.2 If the accounting officer submits proposed amendments to the board of directors that differs from the model policy issued by the National Treasury, the accounting officer must -

- (a) ensure that such proposed amendments comply with the Regulations; and
- (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

3.3 When amending this supply chain management policy the need for uniformity in supply chain practices, proce-

dures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

### **4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES**

4.1 The board of directors hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -

- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Act; and this Policy;
- (b) to maximize administrative and operational efficiency in the implementation of this Policy;
- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and
- (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

4.2 Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

4.3 The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Agency or to a committee which is not exclusively composed of officials of the Agency;

4.4 This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

## 5. SUB DELEGATIONS

5.1 The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

### 5.2 *The power to make a final award -*

(a) Above R10 million (VAT included) may not be sub-delegated by the accounting officer;

(b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to -

- the Chief Financial Officer;
- a senior manager.; or
- a bid adjudication committee of which the Chief Financial Officer or a senior

manager is a member; or

(c) Not exceeding R2 million (VAT included) may be sub-delegated but only to

- the Chief Financial Officer;
- a senior manager;
- a manager directly accountable to the Chief Financial Officer or a senior manager; or
- a bid adjudication committee.

5.3 An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including-

(a) the amount of the award;

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

5.4 A written report referred to in subparagraph (3) must be submitted -

(a) to the accounting officer, in the case of an award by -

- the Chief Financial Officer;
- a senior manager; or
- a bid adjudication committee of which

the Chief Financial Officer or a senior manager is a member; or

(b) to the Chief Financial Officer or the senior manager responsible for the relevant bid, in the case of an award by -

- a manager referred to in subparagraph (2)(c)(iii); or
- a bid adjudication committee of which the Chief Financial Officer a senior manager is not a member.

5.5 Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

5.6 This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5.7 No supply chain management decision-making powers may be delegated to an advisor or consultant.

## **6. OVERSIGHT ROLE OF BOARD OF DIRECTORS**

6.1 The board of directors reserves its right to maintain oversight over the implementation of this Policy.

6.2 For the purposes of such oversight the accounting officer must

(a) within 20 days of the end of each financial year, submit a report on the implementation of this Policy to the board of

directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council; and

(b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council.

6.3 The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the board of directors.

6.4 The reports must be made public in accordance with section 21A of the Municipal Systems Act.

## **7. SUPPLY CHAIN MANAGEMENT UNIT**

7.1 A supply chain management unit is hereby established to implement this Policy.

7.2 The supply chain management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

## **8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS**

8.1 The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management train-

ing.

## **CHAPTER 2: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT SYSTEM**

### **9. *Format of the Supply Chain Management System***

This Policy provides systems for -

1. demand management;
2. acquisition management;
3. logistics management;
4. disposal management;
5. risk management; and
6. performance management.

## **10. PART 1 - DEMAND MANAGEMENT**

### ***System of demand management***

10.1 The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Agency support its operational commitments and its strategic goals outlined in the Strategic Plan.

10.2 The demand management system must -

- (a) include timely planning and management processes to ensure that all goods and services required by the Agency are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

- (c) provide for the compilation of the required specifications to ensure that its needs are met.

- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

10.3 All user departments or units are required to submit their procurement plans in respect of the procurement of goods, services and infrastructure projects which exceed R 30 000 (all applicable taxes included) to the Supply Chain Management Manager to improve planning and management of resources.

10.4 The Supply Chain Management office must compile the procurement plans schedule for the Agency

10.5 The procurement plans schedule of the Agency must be approved by the accounting officer or his or her delegate.

10.6 The Accounting officer of the Agency must submit the procurement plans to the accounting officer of the parent municipality.

## **11. PART 2 - ACQUISITION MANAGEMENT**

### ***System of acquisition management***

11.1 The accounting officer must implement the system of acquisition management set out in this Part in order to ensure -

- (a) that goods and services are procured by the Agency in accordance with authorized processes only;
- (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.

11.2 When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than

through the Agency's supply chain management system, including -

- (a) the kind of goods or services; and
- (b) the name of the supplier.

### ***Range of procurement processes***

12.1 Goods and services may only be procured by way of -

- (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
- (b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
- (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
- (d) a competitive bidding process for-
  - procurements above a transaction value of R200 000 (VAT included); and
  - the procurement of long term contracts.
- (d) the range of procurement processes, the minimum procurement methods and procurement approval authority can be summarized as follows:

STRUCTURE OF APPROVAL			
Goods / Service Value (VAT included)	Procurement Method Minimum	Recommendation done by	Approval Authority
<b>RO - R2 000</b>	One Quote (verbal or written)	SCM Officer	<b>Head of Department</b>
<b>R2 001 - R10 000</b>	Three Quotations (verbal or written)	SCM Manager	<b>Head of Department</b>
<b>R10 001 - R30 000</b>	Three Quotations (written)	SCM Manager	<b>Head of Department</b>
<b>R30 001 - R200 000</b>	1 week bulletin notice advertisement via website and notice board	SCM Manager	<b>Chief Financial Officer</b>
<b>R200 001 - R10 million</b>	Competitive Bidding Process	Bid Evaluation Committee	<b>Bid Adjudication Committee</b>
<b>Above R10 million</b>	<b>Competitive Bidding Process</b>	<b>Bid Adjudication Committee</b>	<b>Chief Executive Officer</b>

12.2 The accounting officer may, in writing-

(a) lower, but not increase, the different threshold values specified in subparagraph (1); or

(b) direct that -

- written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
- formal written price quotations

be obtained for any specific procurement of a transaction value lower than R10 000; or

- a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

12.3 Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of differ-

ent parts or items must as far as possible be treated and dealt with as a single transaction.

#### 12.4 *Special considerations for procurement of certain goods and/or services*

- a) Panels of service providers,
  - i. May be established for professional services, procurement of goods, services which are in high demand, special goods or services, in order to promote Small, Micro and Medium Enterprises (SMME's), Exempted Micro-Enterprise (EME's) or Qualifying Small Enterprises (QSE) or any other special procurement requirements,
  - ii. Services agreements with standardized pricing rates may be developed for the selected or appointed panel members,
  - iii. One quotation may be invited from one panel member at a time of each procurement need on a rotational basis in a transparent, fair and cost effective manner.
- b) Catering,
  - (i) The Agency is situated in a rural area and seeks to empower and develop SMME's in the region. As a result, the Agency may standardized the services provided by the catering companies and the rate charged for each meal per person through the establishment of **a panel of caterers**. In addition, from time to time the Accounting Officer guided by the Consumer Price Index and Treasury Price Index must determine

the maximum acceptable price per plate. Suppliers will be render catering services on a rotational basis. Therefore, only one quotation will be sourced for each required service.

- (ii) Due to the geographical location of the Agency, there are limited
- (iii) fast food and chain stores interested to deal with the Agency which makes it impracticable to obtain 3 quotes when the need arises to utilize these fast food and chain stores. Therefore, only one quotation will be sourced from these fast food and chain stores
- (iv) when their service is required according to the end users' type of food preferences.
- c) Public Transportation (Taxi or Bus Associations):
  - (i) The Agency runs programs and events that may require the use of external transport services due to unavailability of the municipality's vehicles. Some programs are conducted per Local Municipality which are situated in the rural areas and where there is only one taxi or bus association operating per Local Municipality (LM). In such instances the Taxi or bus owners affiliating in that Taxi or Bus Association and the association will be utilized as a sole provider for taxis/buses therefore the quotations will be sourced amongst the taxi/buses owners of the Associations in that LM. One quotation may be invited for



each required service at any particular time since the pricing rates are standardized by the Taxi/bus industry but the orders will be made to the individual taxi/bus owners only if their tax matters are in good standing with SARS. Taxi/bus owners must be registered to the National Treasury Central Supplier Database in order to be eligible for doing business with the Agency.

d) Servicing and repairing of the Agency machinery, equipment and vehicles:

(i) Machinery and equipment of a specialized nature will be serviced and repaired by the manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard.

(ii) Vehicles will be serviced by the manufacturer's agents in order to protect the validity of their warranty and avoid compromising the useful life of the vehicles. Therefore, one quotation will be obtained in this regard.

(iii) Parts, punctures and other consumables relating to vehicles, machinery and equipment of specialized nature will be sourced from the manufacturer or an agent appointed by the manufacturer. Therefore, one quotation will be obtained in this regard.

(iv) After the expiry of the vehicles, equipment or machinery's warranty and ser-

vice plans, the Agency will apply for extended services plans for vehicles or machinery to be serviced by the accredited agents and invite one quotation for any other required additional repairs from only accredited service providers who can render the specific required repairs.

(v) In the event where an agency vehicle, machinery and/or equipment needs to be repaired as a result of an accident or a similar event, the appointed Agency insurance company will appoint an approved panel beater to which the insurance excess will be paid directly to panel beater by the Agency, therefore one quotation will be sourced in this regard.

e) Trainings and workshops

i. Trainings and workshops providers including private institutions and institutions of higher learning offer specific and unique training programmes separately and independent from each other, these are required as part of skills development program of the Agency. These programmes are normally unique to that particular institution and the unit standards differ from institution to institution. These include conferences; professional registrations and workshops provided by these institutions. This makes it difficult to compare them; therefore one quotation will be sourced in this regard in line with accreditation by accrediting institutions.



## f) Standardized Commodities

## (i) Fuel and related consumables

There are standardized commodities that are essential to the Agency service delivery initiatives. As the Agency is within a rural district, some of the irrigation schemes and mechanization center operations are operated by generators, machines, tractors and vehicles that are consuming fuel to ensure that they remain operational. Since fuel is a standardized commodity whose price is governed by department of trade and industry together with energy department depending on the price of oil on the JSE, this makes it futile and not cost effective to follow the required procurement process; therefore one quotation will be sourced in this regard from service providers which are registered on the Central Supplier Database (CSD).

### GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid -

- (a) has furnished that provider's -
  - full name;
  - identification number or company or other registration number; and
  - tax reference number and VAT registration number, if any;
- (b) has authorized the Agency to obtain

a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated -

- whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph above is in the service of the state, or has been in the service of the state in the previous twelve months.

### LISTS OF ACCREDITED PROSPECTIVE PROVIDERS

14.1 The accounting officer must -

- (a) access the National Treasury web based central supplier database's (CSD) list of accredited prospective providers that must be used for the procurement requirements through written or verbal quotations and formal written price quotations on [www.csd.gov.za](http://www.csd.gov.za); and
- (b) encourage service providers to self-register onto the CSD in order to be eli-

gible for conducting business with the Agency;

- (c) use the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations.

14.2 The CSD will automatically validate the following registration documents for the Agency:

- ☐ Confirmation and status of Business Registration Documents
- ☐ Proof of Bank Account Registration
- ☐ Tax compliance status
- ☐ Employee in the service of state as defined in the Municipal SCM Regulations with information only available in the PERSAL system, namely National and Provincial government officials
- ☐ Identity Documentation
- ☐ Tender defaulters and restrictions status

### **PETTY CASH PURCHASES**

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows-

- (a) The Agency recognizes the necessity for the Chief Financial Officer to regularly incur petty cash expenditure on behalf of the Agency. Due to the aforementioned, it will be impractical to limit the number and amount of transactions that may be approved by the Chief Financial Officer.
- (b) The Chief Financial Officer may delegate in writing the responsibility for petty cash to an official reporting to the manager;
- (c) The petty cash amount on hand is limited to a maximum amount of R5 000.
- (d) With the exception of staff related expenditure no other types of expenditure from petty cash purchases are excluded; and
- (e) a monthly reconciliation report from each manager must be provided to the Chief Financial Officer, including -
  - the total amount of petty cash purchases for that month; and
  - receipts and appropriate documents for each purchase.

### **WRITTEN OR VERBAL QUOTATIONS**

- 16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:
  - (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited

prospective providers of the Agency, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

#### FORMAL WRITTEN PRICE QUOTATIONS

17.1 The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Agency;
- (b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing cri-

teria set out in paragraph 14(1) (b) and (c) of this Policy;

- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

17.2 A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that subparagraph.

#### PROCEDURE FOR PROCURING GOODS AND SERVICES THROUGH WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS

**18. *The procurement of goods or services through written or verbal quotations or formal written price quotations procedures are as follows –***

- a) all requirements in excess of R 30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of Section 17, be advertised for at least 7 (seven) days on the website and an official notice board;
- b) when using the list of accredited prospective providers the accounting of-

ficer must promote ongoing competition among providers, including by inviting providers to submit quotations on a rotation basis;

- c) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused;
- d) The accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation; and
- e) Records must be kept properly.

## COMPETITIVE BIDDING PROCESS

19.1 Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

19.2 No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## PROCESS FOR COMPETITIVE BIDDING

**20. *The procedures for the following stages of a competitive bidding process are as follows:***

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (h) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (i) Proper record keeping
- (j) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

## BID DOCUMENTATION FOR COMPETITIVE BIDS

**21. *The criteria to which bid documentation for a competitive bidding process must comply, must -***

- (a) take into account -
  - (i) the general conditions of contract and any special conditions of contract, if specified;
  - (ii) any Treasury guidelines on bid documentation; and
  - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used, points awarded for attaining the BBBEE status level as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements -for the past three years; or
  - (ii) since their establishment if established during the past three years;
  - (iii) a certificate signed by the bidder certifi-

ying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

- (iv) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (v) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or Agency is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law

**PLANNING, STIPULATION OF PREFERENCE POINT SYSTEM AND PUBLIC INVITATION FOR COMPETITIVE BIDS**

**22.1 *The Agency must, prior to making an invitation for tenders-***

- (a) properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for tenders is to be made;

- (b) determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the tenders; and
- (c) determine whether the services, works or goods for which an invitation for tenders is to be made has been designated for local production and content.

22.2 The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the Agency or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include -
  - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
  - (ii) a statement that bids may only be submitted in the format as specified by the Agency; and

- (iii) date, time and venue of any proposed site meetings or briefing sessions.

22.3 The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

22.4 Bids submitted must be sealed.

22.5 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

#### **PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS**

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids-
  - (i) should as far as practical be opened in public;
  - (ii) should as far as practical be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has

the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must -
  - (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website

### **NEGOTIATIONS WITH PREFERRED BIDDERS**

24.1 The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a higher price than the bid as submitted.

24.2 Minutes of such negotiations must be kept for record purposes.

### **TWO-STAGE BIDDING PROCESS**

25.1 A two-stage bidding process is allowed for -

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years.

25.2 In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

25.3 In the second stage final technical proposals and priced bids should be invited.

### **COMMITTEE SYSTEM FOR COMPETITIVE BIDS**

26.1 A committee system for competitive bids (as described in section 19) is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee;

Until otherwise resolved by the Accounting officer or alternatively the Board, the



functions and responsibilities of the abovementioned committees will reside with the Procurement Sourcing Team.

26.2 The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

26.3 A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

26.4 The committee system must be consistent with -

- (a) paragraph 27, 28 and 29 of this Policy; and
- (b) any other applicable legislation.

26.5 The accounting officer may apply the committee system to formal written price quotations.

### **BID SPECIFICATION COMMITTEES**

27.1A bid specification committee must compile the specifications for each procurement, which will be subject to a tendering process, of goods or services by the Agency.

27.2 Specifications -

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- (c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";

- (f) must indicate the points to be awarded to a tenderer for attaining the BBBEE status level as set out in the Preferential Procurement Regulations 2011; and



- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

27.3A bid specification committee must be composed of one or more officials of the Agency preferably the specialist responsible for the function involved, and may, when appropriate, include external specialist advisors.

27.4 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

## **BID EVALUATION COMMITTEES**

28.1 A bid evaluation committee must -

- (a) evaluate bids in accordance with - (i) the functionality criteria (if any), and (ii) the applicable points system as set out in paragraph 30 and 31 respectively
- (b) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (c) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

28.2A bid evaluation committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the Agency.

## **BID ADJUDICATION COMMITTEES**

29.1 A bid adjudication committee must –

- (a) consider the report and recommendations of the bid evaluation committee and either
  - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
  - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

29.2A bid adjudication committee must consist of at least four senior Managers, of the Agency which must include -

- (a) the Director of Finance or, if the Director of Finance is not available, another senior official reporting directly to the Director of Finance and/or designated by the Director of Finance; and
- (b) if the Agency has appointed an official who is not the Director of Finance as a senior supply chain management practitioner, then such official; and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

29.3 The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

29.4 Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

29.5 If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and
- (ii) notify the accounting officer.

The accounting officer may -

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

29.6 The accounting officer may at any stage of a bidding process, refer any recom-

mendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

29.7 The accounting officer must comply with section 114 of the Act within 10 working days.

### **PART 3 - PREFERENCE POINTS SYSTEM, EVALUATION OF BIDS, AWARDING OF BIDS NOT SCORING HIGHEST POINTS, CANCELLATION AND RE-INVITATION OF BIDS**

#### **IDENTIFICATION OF PREFERENCE POINT SYSTEM, DESIGNATED SECTOR, PRE-QUALIFICATION CRITERIA, OBJECTIVE CRITERIA AND SUBCONTRACTING**

30. The Agency must-

- a) Determine and stipulate in the tender documents:
  - i. the preference point system applicable to the tender as envisaged in 2017 preferential procurement regulation 6 or 7; or
  - ii. if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
- b) determine whether pre-qualification criteria are applicable to the tender as envisaged in regulation 4;

- c) determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in regulation 8;
- d) determine whether compulsory subcontracting is applicable to the tender as envisaged in regulation 9; and
- e) determine whether objective criteria are applicable to the tender as envisaged in regulation 11.

### **PRE-QUALIFICATION CRITERIA FOR PREFERENTIAL PROCUREMENT**

31.1 If the Agency decides to apply pre-qualifying criteria to advance certain designated groups, the Agency must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

- a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
- b) an EME or QSE;
- c) a tenderer subcontracting a minimum of 30% to-
  - i. an EME or QSE which is at least 51% owned by black people;
  - ii. an EME or QSE which is at least 51% owned by black people who are youth;
  - iii. an EME or QSE which is at least 51% owned by black people who are women;
  - iv. an EME or QSE which is at least 51% owned by black people who with disabilities;
  - v. an EME or QSE which is 51% owned

by black people living in rural or underdeveloped areas or townships;

- vi. a cooperative which is at least 51% owned by black people;
- vii. an EME or QSE which is at least 51% owned by black people who are military veterans;
- viii. an EME or QSE.

31.2 A tender that fails to meet any pre-qualifying criteria stipulated in the tender document is an unacceptable tender.

### **EVALUATION OF TENDERS ON FUNCTIONALITY**

32.1 The Agency must indicate in the invitation to submit a tender if that tender will be evaluated on functionality.

32.2 The evaluation criteria for measuring functionality must be objective.

32.3 The tender documents must specify -

- a) the evaluation criteria for measuring functionality;
- b) the points for criteria and, if any, each sub-criterion; and
- c) the minimum qualifying score for functionality.

32.4 The minimum qualifying score for functionality for a tender to be considered further-

- a) must be determined separately for each tender; and
- b) may not be so-low that it may jeopardise the quality of the required goods or services; or

ii. high that it is unreasonably restrictive.

32.5 Points scored for functionality must be rounded off to the nearest two decimal places.

32.6 A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

32.7 Each tender that obtain the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.

32.8 The following evaluation criteria for measuring functionality may be considered by the Agency, but not limited to-

- (a) The promotion of South African owned enterprises;
- (b) The promotion of export orientated production to create jobs;
- (c) The promotion of SMME's;
- (d) The creation of new jobs or the intensification of labour absorption;
- (e) The promotion of enterprises located in the Eastern Cape Province for work to be done or services to be rendered in the aforesaid province;
- (f) The promotion of enterprises located within the jurisdiction of the CHDM for work to be done or services to be rendered

within the aforesaid jurisdiction;

- (g) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area;
- (h) The promotion of enterprises located in rural areas;
- (i) The empowerment of the work force by standardizing the level of skill and knowledge of workers;
- (j) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills; and
- (k) The up-liftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organizations

#### **80/20 PREFERENCE POINT SYSTEM FOR ACQUISITION OF GOODS OR SERVICES FOR RAND VALUE EQUAL TO OR ABOVE R30 000 AND UP TO R50 MILLION**

33.1 The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to, or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

$$P_s = 80 [1 - \frac{(P_t - P_{min})}{P_t}]$$

**P<sub>min</sub>**

Where

P<sub>s</sub> = Points scored for comparative price of tender or offer under consideration

P<sub>t</sub> = Comparative price of tender or offer under consideration; and

P<sub>min</sub> = Comparative price of lowest acceptable tender or offer.

33.2 The following table must be used to calculate the score out of 20 for B-BBEE:

BBBEE status level of contributor	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
<b>Non-compliant contributor</b>	<b>0</b>

33.3 A tenderer must submit proof of its B-BBEE status level of contributor.

33.4 A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-

- May only score points out of 80 for price; and
- Scores 0 points out of 20 for B-BBEE.

33.5 A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

33.6 The points scored by a tenderer for B-BBEE in terms of section 33.2 must be added to the points scored for price under section 33.1.

33.7 The points scored must be rounded off to the nearest two decimal places.

33.8 Subject to section 33.9 and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

33.9 (a) If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer.

(b) The Agency may –

- i. Negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
- ii. If the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
- iii. If the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

(c) If the market related price is not agreed as envisaged in paragraph (b) (iii), the organ of state must cancel the tender.

**90/10 preference point system for acquisition of goods or services with Rand value above R50 million**

34.1 The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 [1 - \frac{(Pt - Pmin)}{Pmin}]$$

**Pmin**

Where

Ps = Points scored for comparative price of tender or offer under consideration

Pt = Comparative price of tender or offer under consideration; and

Pmin = Comparative price of lowest acceptable tender or offer.

34.2 The following table must be used to calculate the points out of 10 for B-BBEE:

BBBEE status level of contributor	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

34.3 A tenderer must submit proof of its B-BBEE status level of contributor.

34.4 A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-

- c) May only score points out of 90 for price; and
- d) Scores 0 points out of 10 for B-BBEE.

34.5 A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.

34.6 The points scored by a tenderer for B-BBEE in terms of section 33.2 must be

added to the points scored for price under section 33.1.

34.7 The points scored must be rounded off to the nearest two decimal places.

34.8 Subject to section 34.9 and regulation 11, the contract must be awarded to the tenderer scoring the highest points.

34.9 (a) If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer.

- (d) The Agency may –
  - iv. Negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
  - v. If the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
  - vi. If the tenderer scoring the second highest

points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

- (e) If the market related price is not agreed as envisaged in paragraph (b) (iii), the organ of state must cancel the tender.

### **LOCAL PRODUCTION AND CONTENT**

35.1 The Department of Trade and Industry may, in consultation with the National Treasury

- a) Designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
- b) Stipulate a minimum threshold for local production and content.

35.2 The Agency must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

35.3 The National Treasury must inform organs of state of any designation made in terms of section 35.1 through a circular.

35.4 (a) If there is no designated sector, an organ of state may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.

(b) The threshold referred to in paragraph (a) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.

35.5A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

35.6 The relevant bid documentation must also stipulate:

- a) That the exchange rate to be used for the calculation of local content or local production will be the exchange rate published by the South African Reserve Bank at 12h00 on the date, one week (7 calendar days) prior to the closing date of the invited bid;
- b) That only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x will be used to calculate local content in accordance with the following formula:

$$LC = 1 - \frac{x}{y} \times 100$$

Where

x imported content

y bid price excluding value added tax (VAT)



- c) And that the prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid);
- d) That form MBD 6.2 (Declaration Certificate for Local Content) issued by National Treasury, duly completed and signed, must form part of the bid documentation;
- e) That the Agency reserves the right to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the aforesaid Certificate.

35.7 The accounting officer may decide to include in any bid documentation a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered on that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by National Treasury in consultation with the Department of Trade and Industry and, in such event, the requirements stipulated in section 35.6 shall be in the relevant bid documentation.

## **SUBCONTRACTING AS CONDITION OF TENDER**

36.1 If feasible to subcontract for a contract above R30 million, the Agency must apply

subcontracting to advance designated groups.

36.2 If the Agency applies subcontracting as contemplated in section 36.1, the Agency must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to –

- (a) An EME or QSE;
- (b) An EME or QSE which is at least 51% owned by black people;
- (c) An EME or QSE which is at least 51% owned by black people who are youth;
- (d) An EME or QSE which is at least 51% owned by black people who are women;
- (e) An EME or QSE which is at least 51% owned by black people with disabilities;
- (f) An EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
- (g) A cooperative which is at least 51% owed by black people;
- (h) An EME or QSE which is at least 51% owed by black people who are military veterans; or
- (i) More than one of the categories referred to in paragraphs (a) to (h).

36.3 The Agency must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in section 36.2 from which the tenderer must select a supplier.

## CRITERIA FOR BREAKING DEADLOCK IN SCORING

37.1 If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for B-BBEE.

37.2 If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.

37.3 If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

## AWARD OF CONTRACTS TO TENDERERS NOT SCORING THE HIGHEST NUMBER OF POINTS

38.1 A contract may be awarded to a tenderer that did not score the highest total number of points, only in accordance with section 2 (1)(f) of the Act which state that ***the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and @) of section 2 of the Act justify the award to another tenderer.***

38.2 If the Agency intends to apply objective criteria in terms of section 2 (1) (f) of the Act, the Agency must stipulate the objective criteria in the tender documents.

## SUBCONTRACTING AFTER AWARD OF TENDER

39.1 A person awarded a contract may only enter into a subcontracting arrangement with the approval of the Agency.

39.2 A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced below the stipulated minimum threshold.

39.3 A person awarded a contract may not subcontract more than 25% of the value of the contract to any enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capacity and ability to execute the subcontract.

## CANCELLATION OF TENDER

40.1 The Agency may, prior to the award of a tender, cancel a tender invitation if:

- (a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation ;
- (b) funds are no longer available to cover the total envisaged expenditure;
- (c) no acceptable bids are received; or
- (d) there is a material irregularity in the tender process.

40.2 The decision to cancel a tender invitation in terms of section 40.1 must be

published in the same manner in which the original tender invitation was advertised.

40.3 The Agency may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

## **REMEDIES**

41.1 Upon detecting that a tenderer submitted false information regarding its B-BBEE status of contributor, local production and content, or any other matter required in terms of the MFMA: SCM Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the Agency must-

- (a) Inform the tenderer accordingly;
- (b) Give the tenderer an opportunity to make representations within 14 days as to why-
  - i. The tender submitted should not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part;
  - ii. If the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalized up to 10 percent of the value of the contract; and
  - iii. The tenderer should not be restricted by National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and
- (c) If it concludes, after considering the representations referred to in Section 40.1(b), that-

i. Such false information was submitted by tenderer-

- (aa) disqualify the tenderer or terminate the contract in whole or in part; and
- (bb) if applicable, claim damages from the tenderer; or

ii. The successful tenderer subcontracted a portion of the tender to another person without disclosing, penalize the tenderer up to 10 percent of the value of the contract.

41.2(a) The Agency must-

- i. Inform the National Treasury, in writing, of any actions taken in terms of Section 40.1;
  - ii. Provide written submissions as to whether the tenderer be restricted from conducting business with any organ of the state; and
  - iii. Submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.
- (b) The National Treasury may request the Agency to submit further information pertaining to Section 40.1 within a specified period.

41.3 The National Treasury must-

- (a) After considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
- (b) Maintain and publish on its official website a list of restricted suppliers.

41.4 Contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.

41.5 Anything beyond the abovementioned thresholds must be reported to the board of directors.

41.6 Any expansion or variation of contracts in excess of the thresholds which are stipulated by section 40.4 must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

41.7 The contents of the above paragraph are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and municipal entities and, specific term contracts.

41.8 The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

## **GENERAL CONDITIONS**

42.1 Only a tenderer who has completed and signed the declaration part of the bid documentation may be considered.

42.2 The Agency must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

42.3 A discount which has been offered

conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected

42.4 In the event that different prices are tendered for different periods of a contract, the price for each period must be regarded as a firm price if it conforms to the definition of a "firm price".

42.5 Points scored, must be rounded off to the nearest 2 decimals.

42.6 A trust, consortium or joint venture will qualify for points for their BBBEE status level as a legal entity, provided that the entity submits their BBBEE status level certificate or Sworn Affidavit.

## **DECLARATIONS**

43. A tender must, in the manner stipulated in the tender document, declare that-

(a) the information provided is true and correct;

(b) the signatory to the tender document is duly authorized; and

(c) documentary proof regarding any tender issue will, when required, be submitted to the satisfaction of the Agency.

(d) false declarations by bidders can be viewed as a criminal offence and charges must be laid by the Agency with the South African Police Services for further investigation.

- (e) should it come to light that a false declaration was made by the bidder after the Agency had awarded the bid, the contract must be immediately suspended and payments made, recovered.

## PROCUREMENT OF BANKING SERVICES

### 44.1 A contract for banking services –

- (a) must be procured through competitive bids;
- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

44.2 The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract

44.3 The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

44.4 In accordance with the requirements and specifications of the Act, and as specified under section 44, the Agency may elect to utilize the banking services of its parent municipality's banking service provider without following a competitive bidding process.

## PROCUREMENT OF IT RELATED GOODS OR SERVICES

45.1 The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

45.2 Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

45.3 The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

45.4 If SITA comments on the submission and the Agency disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Board of Directors, the National Treasury, the relevant provincial treasury and the Auditor General.

## PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE

46.1 The accounting officer may procure goods or services under a contract secured by another organ of state, but only if—

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state has agreed to such procurement in writing,

46.2 Subparagraphs 46.1 (c) and (d) do not apply if -

- (a) Agency procures goods or services through a contract secured by its parent municipality; or
- (b) municipality procures goods or services through a contract secured by a Agency of which it is the parent municipality

## **PROCUREMENT OF GOODS AND SERVICES NECESSITATING SPECIAL SAFETY REQUIREMENTS**

47.1 The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

47.2 Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be

approved by the accounting officer.

## **PROUDLY SA CAMPAIGN**

48. The Agency supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly -suppliers and businesses within the district;
- Secondly -suppliers and businesses within the relevant province;
- Thirdly -suppliers and businesses within the Republic.

## **APPOINTMENT OF CONSULTANTS**

49.1 The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made

49.2 Consultancy services must be procured through competitive bids if:

- (a) The value of the contract exceeds R200 000 (VAT included); or
- (b) The duration period of the contract exceeds one year.

49.3 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of

- (a) All consultancy services provided to an organ of state in the last five years; and
- (b) Any similar consultancy services pro-



vided to an organ of state in the last five years.

49.4 The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Agency.

#### **DEVIATION FROM AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES**

50.1 The accounting officer may -

(a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) Acquisition of animals for zoos and/or nature and game reserves; or

(v) In any other exceptional case where is impractical or impossible to follow the official procurement processes; and

(b) Ratify any minor breaches of the procurement processes by an official or

committee acting in terms of delegated powers or duties which are purely of a technical nature.

50.2 The accounting officer must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the Board and include as a note to the annual financial statements.

50.3 Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy

#### **UNSOLICITED BIDS**

51.1 In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

51.2 The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if -

(a) The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) The person who made the bid is the sole provider of the product or service; and

(d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

51.3 If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with -

- (a) reasons as to why the bid should not be open to other competitors;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

51.4 The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

51.5 The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

51.6 A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

51.7 When considering the matter, the adjudication committee must take into account -

- (a) any comments submitted by the public; and

- (b) Any written comments and recommendations of the National Treasury or the relevant provincial treasury.

51.8 If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

51.9 Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Agency to the bid may be entered into or signed within 30 days of the submission.

## **COMBATING OF ABUSE OF SUPPLY CHAIN SYSTEM**

52.1 The accounting officer must-

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified -
  - (i) take appropriate steps against such official or other role player; or
  - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure



that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

- (d) (d) reject any bid from a bidder-
- (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Agency, or to any other municipality or Agency, are in arrears for more than three months; or
- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Agency or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (d) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (e) cancel a contract awarded to a person if -
- (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
- (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person;
- (f) act against the tenderer or person awarded the contract, upon detecting that:
- (i) the BBBEE status level of contribution has been claimed or obtained on a fraudulent basis; or
- (ii) any of the conditions of the contract have not been fulfilled, and

(g) reject the bid of any bidder if that bidder or any of its directors -

- (i) has abused the supply chain management system of the Agency or has committed any improper conduct in relation to such system;
- (ii) has been convicted for fraud or corruption during the past five years;
- (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
- (iv) Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

52.2 The Agency may in addition to any other remedy it may have against the person contemplated in paragraph 48:

- (a) Disqualify the person from the tendering process;
- (b) Recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
- (c) Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- (d) restrict the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from the Agency for a period not exceeding 10 years, after the audi alter am partum

(hear the other side) rule has been applied;  
and

(e) forward the matter for criminal prosecution.

52.3 The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

#### **PART 4: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**

##### ***Logistics management***

53. The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

##### **DISPOSAL MANAGEMENT**

54.1 The accounting officer must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act. For purposes of the disposal management process, the accounting officer must ensure that the following steps are undertaken in respect of movable assets:

- (a) Obsolescence planning must be effected; alternatively depreciation rates per item must be calculated;
- (b) A data base of all redundant assets must be compiled and maintained;
- (c) Assets identified for disposal must first be inspected for potential re-use;

- (d) A strategy must be determined for the disposal of assets; and,
- (e) The actual disposal of assets must be effected in compliance with this chapter.

#### 54.2 Assets may be disposed of by -

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (ii) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) Selling the asset; or
- (iv) Destroying the asset.

#### 54.3 The accounting officer must ensure that -

- (a) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

- (e) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

### RISK MANAGEMENT

55.1 The accounting officer must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

#### 55.2 Risk management must include -

- (a) The identification of risks on a case-by-case basis;
- (b) The allocation of risks to the party best suited to manage such risks;
- (c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a proactive manner and the provision of adequate cover for residual risks; and

- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

## PERFORMANCE MANAGEMENT

56. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.

## PART 5: OTHER MATTERS

### **Prohibition on awards to persons whose tax matters are not in order**

57.1 No tender may be awarded in terms of this Policy to any person whose tax matters have not been declared by the South African Revenue Service to be in order.

57.2 Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

## AWARDS TO PERSONS IN THE SERVICE OF THE STATE

58. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy -

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant

contracted with the Agency.

## AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

59. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including -

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) The amount of the award.

## ETHICAL STANDARDS

60.1 A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the Agency in order to promote -

- (a) Mutual trust and respect; and
- (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.

*60.2 An official or other role player involved in the implementation of this Policy*

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;

- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350
- (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate may have in any proposed procurement or disposal process of, or in any award of a contract by, the Agency;
- (f) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate has any private or business interest;
- (g) Must be scrupulous in his or her use of property belonging to the Agency;
- (h) Must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) Must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including -

- Any alleged fraud, corruption, favouritism or unfair conduct;
- Any alleged contravention of paragraph 47(1) of this Policy; or
- Any alleged breach of this code of ethical standards.

#### 60.3 Declarations in terms of subparagraphs (2)(d) and (e) -

- (a) Must be recorded in a register which the accounting officer must keep for this purpose;
- (b) Disclosure by the accounting officer must be made to the board of directors of the Agency who must ensure that such declarations are recorded in the register.

#### 60.4 The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

#### 60.5 A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the Agency envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

60.6 The instances and circumstances mentioned here are mere examples, the list is not closed. The employee is required to exercise his or her judgment bearing in mind the requirements of section 217 of the Constitution Act 108 of 1996 and section 112 (1) of the MFMA.

Inducements, rewards, gifts and favours to municipal entities, officials, and other role players

61.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant

- (a) any inducement or reward to the Agency for or in connection with the award of a contract; or
- (b) Any reward, gift, favour or hospitality to -
  - Any official; or
  - Any other role player involved in the implementation of this Policy.

61.2 The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

61.3 Subparagraph (1) does not apply to gifts less than R350 in value

## **SPONSORSHIPS**

62. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is -

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

## **OBJECTIONS AND COMPLAINTS**

63. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

## **RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES**

64.1 The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -

- (a) to assist in the resolution of disputes between the Agency and other persons regarding -
  - (i) any decisions or actions taken in the implementation of the supply chain man-



agement system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract;

(c) the person so appointed may be an official of the parent municipality of the Agency.

64.2 The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

64.3 The person appointed must -

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved

64.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -

(a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 day

64.5 If the provincial treasury does not or

cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

64.6 This paragraph must not be read as affecting a person's rights to approach a court at any time.

### **CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER**

65. If a service provider acts on behalf of an Agency to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Agency must stipulate –

(a) A cap on the compensation payable to the service provider; and

(b) That such compensation must be performance based.

### **FRONTING**

66. For the purpose of this policy, “fronting” shall include the under-mentioned acts on the part of a bidder or any person or party associated with a bidder:

i. Window-dressing: This includes cases in which black people are appointed or introduced to an enterprise on the basis of token and may subsequently be discouraged or inhibited from substantially partic-

ipating in the core activities of the enterprise concerned and /or be discouraged or inhibited from substantially participating in the declared areas and /or levels of their participation;

- ii. Benefit Diversion: This includes initiatives where the economic benefits received by an organization for having B-BBEE Status do not flow to black people in the ratio specified by law;
- iii. Opportunistic Intermediaries: This includes enterprises that have concluded agreements with other enterprises in order to leverage the opportunistic intermediary's favorable B-BBEE status in circumstances where the agreement involves:
  - a. Significant limitations or restrictions on the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;
  - b. The maintenance of their business operations in a context reasonably considered improbable having regard to resources; and
  - c. Terms and conditions that are not negotiated at arms-length on a fair and reasonable basis.

65.1 Where the accounting officer detects fronting, he must:

- a) Notify the affected bidder and request representation within 14 days;

- b) If no representation is submitted, the accounting officer may act against the bidder concerned in terms of section 29 (6) and, in addition, report such fronting to the Fraud Hotline and/ or the Department of Trade and Industry.

### **Revision**


67. The accounting officer must -

- (a) at least annually review the implementation of this Policy; and
- (b) When the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the board of directors.



**APPROVAL:**

The board of directors resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt this Supply Chain Management Policy of the CHRIS HANI DEVELOPMENT AGENCY SOC (CHDA)

**APPROVED / ADOPTED BY:**  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DA**



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## TELEPHONE & CELLPHONE POLICY & PROCEDURE

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### VERSION CONTROL

Author	Date	Status / Reason For Changes	Version
T. Mas-hologu	8 March 2015	First Draft, Formatting	v.1.0
	25 August 2017	Approved by board	v.2.0

## 1. PURPOSE

To regulate the administration and usage of telephone and cellular phones by employees of the Agency and to provide for matters connected therewith.

## 2. USE OF TELEPHONE AND ETIQUETTE

### 2.1 *Official telephone calls*

2.1.1 The telephone system (Telkom fixed line system), is provided for official communication purpose

2.1.2 The CHDA's telephones are provided for the conduct of its business

2.1.3 Any use of the CHDA's telephones for the conduct of any other business for the financial gain of any other party is expressly prohibited;

2.1.4 Ringing telephones should be answered within a maximum of three rings;

2.1.5 An official nearest to the ringing telephone must answer the call

2.1.6 The telephone is not to be use in any way that offends any person or is in breach of any law or as device for delivery of offensive or objectionable communication;

### 2.2 *Personal telephone calls*

2.2.1 CHDA does recognize that staff may have a need to make and receive some personal telephone calls during official working hours

2.2.2 The following guidelines govern the making and receiving of private telephone calls during working hours:

2.2.3 All personal calls should be kept as short as possible in the interest of minimizing disruption to work.

2.2.4 Personal calls should be taken on telephones which are away from the public's view;

2.2.5 Consistent with the previous point, no personal telephone call shall exceed maximum of three minutes;

The amount allocated for personal calls shall be determined by the CEO, however this decision may be reviewed to be in line with Treasury guidelines/cost cutting measures applicable in that financial year.

## 3. PAYMENT OF PRIVATE CALLS

3.1 All private calls need to be recorded. The attached form, Annexure A shall be utilized to monitor private calls.

3.2 These forms must be submitted to the relevant head of section for scrutiny where after the head of section shall forward the form to the relevant office (Finance Department) at the end of each month for the amount to be deducted from the employee's salary or an employee may privately make payment into the CHDA's bank account and submit the proof of payment.

- 3.3 The cost of all calls can be obtained from the Office Manager
- 3.4 All employees will be allocated a fixed amount of telephone usage and will be subject to review by management as and when necessary

#### **4. TELEPHONE INSTRUMENTS AND MAINTENANCE**

- 4.1 All telephone instruments are and remain property of Chris Hani Development Agency
- 4.2 All faults must be reported to the office of the Office Manager who will contact the service provider (Telkom or other future fixed line supplier)
- 4.3 Requests for moving of extensions, unbarring and/ or barring of extensions, new extensions and new lines must be submitted in writing to the Office Manager by the Head Section concerned.

#### **5. RESPONSIBILITY FOR TELEPHONE EQUIPMENT**

- 5.1 Each and every employee is responsible for his/her own telephone extension and instrument. If the extension is abused or the instruments are stolen or damaged due to the negligence of the person at that extension, they will be held responsible.

#### **6. USE OF CELLULAR PHONES**

- 6.1 Chris Hani Development Agency is characterized by diversity of activities and functions some of which are carried outside the permanent working stations. This sometimes necessitates continual communication by officials of the entity with their colleagues, clients or members of the public.
- 6.2 It is therefore in recognition of the diversified nature of the activities and the need to ensure continual communication that the entity adopts this policy for those employees whose nature of work requires regular contact outside their permanent working premises or after hours.
- 6.3 Chris Hani Development Agency contained recognise that the utilization of cellular phones for official purposes is regarded as a working tool or facility which must be used as the most practical and economic instrument under the circumstances.

#### **7. OFFICIALS WHO QUALIFY**

CHDA officials who qualify for the usage of cellular phones as provided for in this policy are the following:

- 7.1 Executive Management
- 7.2 Management Team responsible for project management
- 7.3 Executive Personal Assistant

- 7.4 Any other official recommended by the relevant Programme Manager and approved by the Head of Department

## **8. QUALIFYING CRITERIA AND INFORMATION NECESSARY FOR CONSIDERING APPLICATIONS**

The following criteria shall be applied and adhered to in all cases except for those who qualify in terms of the above mentioned, item 8:

- 8.1 A cellular phone must be vital and necessary for the execution of the official duties
- 8.2 The detailed reasons and motivation for the request must be furnished.

- 8.3 Details of other means of communication considered

- 8.4 Comparative cost estimates of other means of communication

- 8.5 A motivation as to why the cellular phone is the most economical means of communication

- 8.6 Financial implications and availability of funds in the Directorate's budget.

## **9. PROCEDURE**

The following option is offered in terms of this policy:

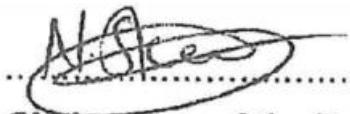
- 9.1 CHDA will make a direct payment through the payroll system a Cell phone allowance as per the rates approved by the board as per category of employee.

## APPROVAL OF ALLOCATIONS


If the official does not qualify in line with the provisions of item 8 the Program Manager whom the official reports will submit a request to the Business Unit Head. The CEO will consider all requests for allocations on the basis of motivation based on the conditions.

## ADOPTED BY ORDER OF THE BOARD

This Telephone and Cell phone Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



## TERMINATION OF EMPLOYMENT POLICY

### VERSION CONTROL

<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	17 March 2015	First Draft, Formatting	v.1.0
FM Tiso	18 June 2015	Second Draft, HR Committee Comments 29 April 2015	v. 2.0
	25 August 2017	Approval by the Board	v. 3.0



## 1. INTRODUCTION

It is CHDA intentions to ensure are handled in a professional manner with minimum disruptions to on-going work functions. Subject to compliance with fair labour practice there are four types of terminations, namely:

- a) Voluntary
- b) Involuntary
- c) Death
- d) Retirement

## 2. VOLUNTARY TERMINATION

- a) Voluntary termination occurs when an employee informs his/her supervisor of employee resignation or when an employee is absent from work for three consecutive work days and fails to notify supervisor (work abandonment), by mutual agreement between the employee and the CHDA; On completion of the project where the employee was appointed on a temporary or fixed term contract in terms of a limited duration employment agreement;
- b) The Agency shall ensure that any employee who resigns feels welcome to return to the Agency in the future, should a suitable vacancy arise.
- c) A contract of employment may be terminated on notice of not less than:
  - One week, if the employee has been employed for six months or less;
  - Two weeks, if the employee has been employed for more than six months but not more than one year;
  - Four weeks, if the employee has been employed for one year or more.
  - Two Months, if the employee is in Executive Management positions
- d) If an employee does not provide notice as stipulated above, the Agency may deduct payment in lieu of notice from the employee's final salary.
- e) Termination of fixed term contracts will be in accordance with the terms of the contracts. If a contract does not specify the resignation notice period, then the contractor must be informed that this policy will apply.
- f) Any property belonging to or money owing to the Agency must be returned or repaid before an employee leaves. If this is not done, the value of the property or money owing may be deducted from the employee's final salary.
- g) Procedure for termination of employment will include the following:
  - a) Upon receipt of resignation letter the Line Manger must notify Human Resources, by sending the copy of the resignation letter to HR with pertinent information like i.e. (reasons for leaving, last day of work e.t.)
  - b) On receipt of the correspondence HR will coordinate employees out processing. This process will includes:

- ✓ Returning all company property
- ✓ Review status benefits and
- ✓ Completion of an employee exit Interview Questionnaire. The exit Interview is intended to provide an opportunity for the employee to freely express views about working in the company and will be held in strict confidence.

### **3. INVOLUNTARY TERMINATION**

An involuntary termination of employment is management initiated dismissal as a result of the following circumstances

- a) If the employee is found guilty of misconduct;
- b) As a result of the incapacity of the employee due to:
  - the employee's ill health or injury;
  - the persistent non-performance of the employee;
  - incompatibility of the employee;
  - Statutory requirements (for example, but not limited to work permits).
  - The retirement of the employee;
- c) As a result of operational requirements.

#### **3.1 TERMINATION DUE TO THE MISCONDUCT OF THE EMPLOYEE**

Employees whose employment is terminated for reasons related to misconduct will

be affected in accordance with the CHDA's policy and procedure on discipline and dismissal

#### **3.2 TERMINATION FOR INCAPACITY ILL HEALTH AND POOR PERFORMANCE**

**3.2.1** Incapacity Ill health and poor performance will be distinguished from deliberate conduct or omissions by an employee than can be attributed to fault on behalf of the employee. Such deliberate conduct or omissions to perform the employee's job does not qualify as incapacity or poor performance but as misconduct which will be dealt with in terms of the CHDA's disciplinary code and procedure.

**3.2.2** There are two main types of incapacity. These are:

- ✓ Incapacity as a result of ill health or injury; or
- ✓ Poor performance (where the employee is not directly at fault for the poor performance).

**3.2.3** Poor performance may be due to:

- ✓ a lack of skills, training, natural ability or the ability to work with fellow employees; or
- ✓ The incompatibility of the employee.

**3.2.4** In incapacity (including ill health) and poor performance cases outlined above, a counselling procedure will be

affected in compliance with fair labour practice. The guidelines contained in the various Codes of Good Practice for such terminations of employment as contained in the Labour Relations Act shall be applicable.

### 3.3 TERMINATION FOR OPERATIONAL REQUIREMENTS

Although the CHDA is committed to attempting to secure continued employment for all its employees, it is possible that a situation may arise requiring the number of jobs in the CHDA to be reduced, due to operational requirements.

This policy is intended to deal with such an occurrence as it may affect employees.

#### 3.3.1 Meaning of Operational Requirements

- ✓ **“Operational Requirements”** means requirements based on the economic, technological, structural or similar needs of the CHDA.

#### 3.3.2 Policy Objectives

- a) Subject to economic realities and requirements, the CHDA will endeavour to avoid retrenchments wherever possible, through planning and efficient management.

- b) CHDA will effect retrenchment as fairly as possible and in compliance with the requirements of the LRA and the Code of Good Practice on Dismissals Based on Operational Requirements.

#### 3.3.3 Consultation and Selection

- a) Should the CHDA at any time contemplate a situation where one or more of its employees may be retrenched as a result of the CHDA's operational requirements, the CHDA will without delay consult the employees likely to be affected by such operational requirements.
- b) The consulting parties will attempt to reach consensus on:
  - ✓ appropriate measures to avoid any retrenchments,
  - ✓ appropriate measures to minimise the number of possible retrenchments,
  - ✓ The timing of the retrenchments and generally on methods to mitigate the adverse effects of any possible retrenchments.
- c) The main purpose of these consultations will be to consider alternatives to avoid a compulsory retrenchment of employees.
- d) Should it become apparent following the above consultations that compulsory retrenchments are unavoidable, the consulting parties will attempt to reach consensus on the method by which

employees will be selected (selection criteria) for retrenchment and the severance pay to be received by any retrenched employees. Employees who are to be retrenched will be identified by applying objectively fair selection criteria having due regard to commercial and economic factors and the operational requirements of the CHDA. Although dependent upon consultation and the particular circumstances of each operational requirement retrenchment, employees who are to be retrenched will in most cases be identified on the basis of 'last in', 'first out' (LIFO), subject however to the operational requirements of the CHDA to retain employees with the required qualifications, skills, training and experience.

### **3.3.4 Severance Pay and Termination Benefits**

- a) Unless otherwise agreed retrenched employees will receive a severance package equivalent to two week's pay for every completed year of service with the CHDA.
- b) A retrenched employee will be required to work out his/her contractual notice period or the CHDA may decide to pay the employee in lieu of such notice.
- c) A retrenched employee will be paid all outstanding and accrued leave due and owing up to the date of retrenchment.

d) The CHDA shall as far as possible attempt to assist retrenched employees with:

- ✓ assistance with UIF claims and other administrative problems;
- ✓ assistance, wherever reasonably possible, with finding alternative employment;
- ✓ the provision of a certificate of service confirming that the cause of termination of employment was retrenchment;

### **3.3.5 Re-Employment**

- a) If the CHDA finds it necessary after retrenchment to recruit employees, preference will be for a period of 24 months from the date of retrenchments, as far as is reasonably practical, be given to retrenched employees for re-employment provided that applicants are able to satisfy the minimum job requirements.
- b) Should a retrenched employee accept the offer of employment, the employee will report for work within the time period stipulated by the CHDA, failing which such employee will forfeit any right to re-employment.

## **4. DEATH OF EMPLOYEE**

- 4.1 The death of the employee shall bring an automatic end to the employment relationship upon the certified date of death of the employee

4.2 The human resources division will assist the deceased's family where possible and may arrange for an immediate cash advance, where required, against monies due to the deceased employee. The Agency also arranges transportation of staff to the funeral of the deceased employee.

4.3 Monies due to the employee, depending on circumstances of death, employment level, benefits due according to employment contract, may include:

- ✓ Salary;
- ✓ Leave pay;
- ✓ CHDA life insurance benefits (if applicable);
- ✓ CHDA personal accident benefits (if applicable);
- ✓ CHDA personal Provident Fund (if applicable)
- ✓ Workman's compensation benefits;

4.4 Monies owed by the deceased employee to the CHDA will be offset against the above payments due.

4.5 The human resources division are responsible for the processing of all CHDA related death benefit claims on behalf of the deceased's family and submit completed documentation to the salaries department.

## **5. RETIREMENT OF EMPLOYEE**

Employees who retire on pension do so in accordance with the rules and regulations of the retirement fund to which they belong, except where otherwise agreed by means of a supplementary contract.

### **5.1 Normal retirement**


- a) Normal retirement shall be on the first day of the month following the month in which the normal retirement age of 65 (Sixty - five) is reached;
- b) All permanent employees will retire when they reach the stipulated retirement age.

## **6. FINAL PAY**

An employee who resigned or discharged would be paid on the last day of work.

**ADOPTED BY ORDER OF THE BOARD**

This Termination of Service Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

25 August 2017  
**DATE**

  
.....  
**CEO**

25 August 2017  
**DATE**



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## CHRIS HANI DEVELOPMENT AGENCY TRAINING AND STAFF DEVELOPMENT POLICY VERSION CONTROL

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<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
FM Tiso	17 March 2015	First Draft, Formatting	v.1.0
	25 August 2017	Approved by board	v.2.0



## 1. INTRODUCTION

This policy affirms the commitment of CHDA has towards staff Development through education and training. This commitment has to be in return results in an improved work performance to all those whom CHDA has invested through education and training.

## 2. PURPOSE

The purpose of this policy is to link staff, their performance and development to the achievements of the Chris Hani Development Agency operational and strategic objectives and its commitment to continuous improvement and excellence.

### 1. TRAINING AND DEVELOPMENT PRIORITIES

- 1.1 Employees must undergo Competency Assessments and skills audit to identify priority training needs.
- 1.2 The Unit Head/ HOD must in negotiation with the staff member approve the training needs before submission to Human Resources.
- 1.3 The HR Department will then arrange training needs for each staff member in order of priority as determined by the Training Committee.
- 1.4 In the event of two or more staff members are identified to have common training and development needs the Training Committee will then recom-

mend for group training as a cost cutting exercise.

- 1.5 Staff Development and priority training needs will be regularly reviewed by the Training Committee, which has a responsibility for training and staff development policy.

### 2. PERSONAL DEVELOPMENT PLANS (PDP'S)

- 2.1 In the beginning of the financial year the Unit Heads will be required to prepare training and development plans, which will reflect the achievements and outcomes of different categories of staff.
- 2.2 These plans will be approved and reviewed annually by the training committee.
- 2.3 Unit Heads will plan and manage the provision of staff development and training within their directorates

### 3. TRAINING RECORDS

- 3.1 Training Record (e.g. Attendance register, certificates etc.) must be submitted by the Individual Unit Heads to Human Resources Department within five working days after training has taken place.
- 3.2 Training records will be maintained and kept by Human Resources Department, subject to data protection requirements of the Agency

#### **4. FUNDING**

- 4.1 Funding for training and development will come from the Agency operational budget in line with the requirements of the Skills Development Act
- 4.2 Finance and Corporate Services is the sole custodian of the training budget and as such, training should be centralized to Finance and Corporate Services.
- 4.3 These funds are allocated to achieve the objectives of the policy and funding is not available per individual
- 4.4 No department/individual is allowed to commit the training budget without the knowledge of the Corporate Services Department.

#### **5. CHARGES FOR TRAINING**

- 5.1 Attendance to training, courses, conferences, seminars and workshops will not be imposed to individual staff members;

however individuals who have confirmed attendance and booked a place for the course but fail to attend without satisfactory reasons will be charged the full unit price of that training, seminar, conference, workshop or course


- 5.2 An exception will only be made on cases of illness, hospitalization and other mitigation instances.

#### **6. DISPUTE RESOLUTION ON THE POLICY**


- 6.1 Disputes on this policy should be attended as prescribes by the relevant legislation and that should be within the ambit of law and

#### **7. ADOPTED BY ORDER OF THE BOARD**

This Training and Staff Development Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
.....  
**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



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## SUBSISTENCE AND TRAVEL POLICY

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<i>Author</i>	<i>Date</i>	<i>Status / Reason For Changes</i>	<i>Version</i>
CHDM	15 March 2015	First Draft presented to Board	v.1.0
FM Tiso	18 June 2015	Second Draft, HR Committee Comments 29 April 2015	v.2.0
	25 August 2017	Approved by the Board	v.3.0

## PURPOSE OF THE POLICY

The purpose of this policy is to provide reimbursement of employees for unforeseen and incremental expenses that are incurred on lodging, meals, refreshments, laundry, hotel board levies, service charges and travelling whilst away on official Company business. The approach towards expenditure of this nature should be that costs must be minimised where possible.

This policy will also provide guidance on the application of compensation for travelling time of board and sub-committee members.

## 2. INTENT OF POLICY

This policy covers all official subsistence and travel (S&T) and it must be beneficial and in the best interest of CHDA. It is an enabling tool and not to benefit for staff and this policy therefore should not be seen as enriching employees, but rather that employees are being restored to the same financial position on their return as they were before the trip. Travel should only take place if the business cannot be conducted in another way, namely telephonically, in writing etc.

## 3. SCOPE OF POLICY

- 3.1 All employees must adhere to the policy and employees who are absent on official company duties that include overnight stay from their place of residence are entitled to claim subsistence expenses.
- 3.2 The categories of staff are listed below:
  - (i) Non Executive & Executive Director (CEO) and all other employees or staff members.

## 4. INTRODUCTION

- 4.1 The policy may not deal with all matters, where clarification is required an employee must present details or undertaking prior to a trip being made. The CEO is permitted to make a decision in the best interest of the Agency and must report to the board within 90 days.
- 4.2 Approval and authorisation of S&T claims shall only be granted on the basis of an officially pre-approved travel itinerary. Approval of the said itinerary shall be granted in writing by the Executive Manager of that unit on the CHDA standard itinerary template (see Annexure A), if the position has not been filled then the Accounting officer according to the operational lines. Where the travel involves the Accounting Officer, the said travel itinerary shall be approved by the Chairperson of the Board.

Subsistence and travel rates for the purposes of compliance to the section 8(1) of the income tax act, 1962 (Act No 58 of 1962) shall be in compliance with government gazette notice 32973 of 26th February 2010.

- 4.4 Where possible, all supporting documentation pertaining to the trip must be made out to CHDA and preferably these invoices / receipts must be tax invoices..
- 4.5 Valid proof of expenditure shall be furnished as a prerequisite for refund or payment of any claims due to any staff member of CHDA. In instances where no documentation exists, justification must be provided in writing.
- 4.6 Advances will only be considered and authorised in exceptional circumstances where the contracted travel agency, and the expenditure cannot be covered utilising the SCM policies and procedures. A

written request must be made for any advance payment.

- 4.7 Any employee who received an advance payment will be held personally responsible for any expenditure for which no documentary proof can be provided. All the foregoing supporting documentation shall strictly be submitted within five working days of concluding the trip. In instances where no documentation exists, justification must be provided in writing. Any advance monies utilized not however submitted to the Finance Department within the said five working days will be recovered from the employee's salary on the immediately following payday of the following month.
- 4.8 Any monies not utilised must be paid back to the finance section within three working days of the conclusion of the trip.

## 5. TRAVEL

- 5.1 Accommodation and travel arrangements shall be made only through a contracted in-house travel agency. The contracted travel agency will settle actual bed and breakfast accounts, all air travel and vehicle hire costs and business telephone calls within reason. All other expenses shall be for the account of the individual employee.

Where confirmation in writing of the booking is not given to the Board member at least 10 days before the event, then the Board member can arrange his own travel arrangements within the framework of this policy and claim expenditure by providing valid proof of expenditure documentation.

## HOTELS & B&B's

- 5.1.1 Non Executive & Executive Directors are entitled to stay in 3-5 star graded accommodation (hotels & B&B's).
- 5.1.2 All other staff members are entitled to stay in 3 star graded accommodations (hotels & B&B's).
- 5.1.3 In the event that an employee makes use of alternative accommodation, the applicable SARS rates (maximum of R353 per day for incidental costs and meals) may be claimed with valid receipts. A maximum of R 109 per day may be claimed for incidental costs alone, without the requirement of receipts. The balance for meals may be claimed, up to the maximum, with proof, should the employer not have included meals in the accommodation or training package. It is to be noted that subsistence costs are reimbursed on the basis that employees have conducted CHDA work outside of the District.

## CAR HIRE & AIR TRAVEL

- 5.1.4 All employees undertaking business trips within the country shall fly economy class.
- 5.1.5 When transferring (travelling) from the airport and to the final official business trip destination and private vehicle use is not possible, staffs are encouraged to use shuttle services. Metered taxis shall only be used in extremely rare emergency situations and shall at least be telephonically pre-approved by the Accounting Officer or his / her delegate. Where such metered taxi has been used a metered taxi receipt shall be produced as a means of proof of payment.
- 5.1.6 Parking of privately owned vehicles at the airport during official business trips is



claimable on production of valid proof of payment.

**5.1.7 Car hire vehicle groups shall be hired according to the following table:**

The principle is that staff members and directors should make use of the most reasonable car rental packages at the time of travel.

**CATEGORY VEHICLE GROUP MAKE OF VEHICLE**

Executive and Non- Executive Directors  
Group D or equivalent in other rental companies 1.8 engine capacity or equivalent

All other employees Group C or equivalent in other rental companies 1.6 engine capacity or equivalent

Employees with disabilities D or equivalent in other rental companies Automatic vehicle with engine capacity 1.6 engine capacity or equivalent

Group of five (5) employees or more employees Z or equivalent in other rental companies Microbus or equivalent engine capacity

**5.1.8 Directors / staff members making use of their private vehicles for official business trips away from their work place shall be reimbursed for the return trip kilometres travelled at the rates guideline indicated by the South African Department of Transport's Amendment No 03 of 2015 of the Annexure to Transport Circular No 1 of 1977 (Transport Handbook on Tariffs for the use of Motor Transport) as amended. Rates for 2016 to be Annexed to this document.**

**5.1.9 Actual fuel costs, any damages to vehicles, service or repairs to personal vehicles occurring during the trip will be**

for the individual staff member's responsibility as these costs are included in the per kilometre costs reimbursement.

**5.1.10 Other travel expenses, bus, train etc. will be reimbursed on submission of actual invoices / receipts.**

**5.1.11 Prior approval for using private vehicle is mandatory, this as part of the pre-trip authorisation process referred to in 4.2 above, however staff members are encouraged to actively and consciously minimise travel costs. Where more than one employee are travelling to the same destination, they should utilise one vehicle instead of each employee using their individual vehicle.**

**5.1.12 Where employees prefer to make use of personal vehicle instead of air travel for an official business trip the employee shall be reimbursed the lesser of:**

(a) The current rate for kilometres driven for the said business trip; or

(b) The lowest equivalent airfare plus vehicle hire based on the date and time of day the employee would normally make the trip.

**5.2 Employees are entitled to claim R109 per day for incidental costs without any proof of payment being submitted and this applies only to employees who are away on official duty from their usual place of residence this, inclusive of overnight stay. A director or employee who is required to be away from home office on official business for a period exceeding twenty four hours where the accommodation is paid for by the Agency shall be paid an amount at an applicable daily rate as determined and amended in line with the SARS rate changes.**

5.3 Employees travelling for a period that includes overnight stay may claim a maximum of R353 (SARS amended rates) per day for meals and incidental costs. Receipts for all 3 meals (including liquid refreshments) may not exceed R244 per day in the event that meals are not included in the hotel package.

5.4 Meals may not be claimed in incidences where such are included in the workshop, seminar, meeting or any aspect of the trip. Claims will be accepted where a special diet is followed.

5.5 Employees who are travelling on official company business and choose to not make use of hotel or B&B accommodation facilities procured through a travel agent, may claim without any proof the applicable SARS rates per night.

## 6. INTERNATIONAL TRAVEL

6.1 Accommodation and travel arrangements shall be made only through a contracted in-house travel agency. The contracted travel agency will settle actual bed and breakfast accounts, all air travel and vehicle hire costs and business telephone calls within reason. Other expenses such as dry cleaning when staying for more than 3 days can be settled by the travel agency.

6.2 Officials travelling abroad will submit an S&T Advance request for expected expenditure associated with the trip.

6.3 The daily allowance applicable to the relevant country, as per tariff guidelines of SARS will cover meals, porter fees and tips. etc.

6.4 The daily allowance applicable for international travel will be based on the applicable SARS rates for that particular destination, and may be claimed and is

payable prior to departure. The number of days is calculated from the date of departure up until the day of arrival back in the country. The currency converter will apply on day of departure (which is considered the first day).

6.5 Employees will not be reimbursed for the following miscellaneous expenses:

6.5.1 Bar expenses (liquor)

6.5.2 Medical expenses while travelling

6.5.3 Personal entertainment and sports events etc.

6.5.4 Traffic violation

6.5.5 Loss of cash advances

6.5.6 Hotel in-house movies

6.5.7 Personal calls while on business trip

6.5.8 Loss of baggage beyond CHDA Insurance/Airline limits

6.6 Exchange rate conversions, where applicable, will be based on the exchange rate applicable on the date of a departure. As an alternative, the exchange rate as per documentation of proof, may also be used (e.g. as reflected on a bank statement).

6.7 A completed S&T Advance form must be attached to all advance requests. A completed S&T Claim form must be attached to all S&T claims. The Payment advice and supporting documentation must reflect the signature of the CEO authorizing the trip, and the subsequent payment, of the advance/claim, as well as the expenditure allocation details.

6.8 Payments in respect of S&T Advances, and/or S&T Claims, will be deposited to the SA bank account of the relevant employee, similar to salary deposits. As an




alternative, an employee may nominate on the S & T Advance request and/or the S&T Claim, alternative bank deposit details. (Please note that deposits to credit card accounts are prohibited by legislation).

- 6.9 Bank fees, such as costs to exchange SA Rand for foreign currency and vice versa, may also be claimed by means of the S&T Claim.
- 6.10 If meals are included as part of the training course, conferences, seminars etc then no fixed allowances for meals may be claimed.
- 6.11 Any other expenses relating to subsistence and transport, and for which no specific provision is made within this policy, will be handled on the merit of the expense, and will be subjected to the approval thereof by the CEO.
- 6.12 S&T Advance requests (with relevant supporting documents) must reach the Finance Unit at least 7 working days prior to a trip to ensure timeous pay-outs thereof.
- 6.13 Advances and/or claims not meeting the required approval requirements will be referred back for rectification, implying possible delays with the processing and payment thereof.
- 6.14 The full advance amount should be paid back to CHDA immediately should an official trip be cancelled or postponed;
- 6.15 The employee/Board member is responsible for settling all extras on the hotel bill, such as telephone and bar expenses before checking out (refer to 6.5); where unauthorised amounts are found in hotel account, these amounts will be deducted without written notification. It is the responsibility of employees and Board members to check hotel bill for accuracy before checking out of hotels
- 6.16 Business expenses not pre-paid by CHDA, or not covered by an advance will be reimbursed upon submission of an expenses claim, provided that substantiating original documentation is attached to the claim form.

**ADOPTED BY ORDER OF THE BOARD**

This Subsistence and Travel Policy was formally approved as per Resolution of the Board of Directors meeting held on 25 August 2017, in Queenstown.

  
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**Chairperson of the Board**

**25 August 2017**  
**DATE**

  
.....  
**CEO**

**25 August 2017**  
**DATE**



## CONTACT INFORMATION

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