

Financial Policy

Definitions

In this policy, unless the context indicates otherwise:

Council means the Municipal Council of the City of Windhoek.

Management Committee means the Management Committee of the Council of the City of Windhoek.

Chief Executive means the Chief Executive of the City of Windhoek.

Strategic Executive means the Head of a Department of the City of Windhoek.

Local Tender Board refers to the Tender Board appointed by the Council of the City of Windhoek in accordance with the Local Tender Board Regulations.

Statement refers to the Statement of Estimated Income and Expenditure on the Operational as well as Capital Accounts for a specific Financial Year (Commonly known as the Budget).

Supplementary Statement refers to any additional programme/project/item for which no provision was made on the Statement or else, any existing programme/project/item for which insufficient provision was made.

Programme refers to a budget/costing vote (e.g. Program 0020 = Department of Finance & Information Technology).

Project refers to a budget/costing subvote or cost centre (e.g. Project 0020/02 = Costing and Expenditure Division).

Item refers to a minor on a project (e.g. Item 0020/02/00001 = Salaries and Wages).

Asset refers to any item listed on Council's Asset Register.

Statement of Estimated Income and Expenditure

The annual Estimated Income and Expenditure of the Council's Operational and Capital Accounts shall be drawn up in the format prescribed by Management Committee from time to time.

- 3.1 Not later than 31 January of every year the Chief Executive and each Strategic Executive shall furnish the Department of Human Resources & Administration with a certified copy of the personnel establishment of the Department with current employees appointed in each position.
- 3.2 The Chief Executive and each Strategic Executive shall motivate any anticipated filling of any vacant position on the fixed establishment to the Strategic Executive: Human Resources & Administration, together with the recommendations from the OD and IR Divisions.
 - 3.3 The Strategic Executive: Human Resources & Administration shall recommend the filling of each position to the Strategic Executive: Finance & Information Technology, who will provide for it on the applicable salary item.
- 4 The Strategic Executive: Finance & Information Technology shall not later than 31 March of every year compile the estimated expenditure for all salary-related items.
 - 4.1 Not later than 31 March of every year the Chief Executive and each Strategic Executive shall submit to the Strategic Executive: Finance & Information Technology the draft revised and new year estimated income and expenditure for the Operational and Capital Accounts applicable to his/her Department. Each Strategic Executive shall ensure that the Council's expectations embodied in the Vision and Mission Statement and the Strategic Thrusts are addressed in the draft Estimates.

- 4.2 The Estimates for each item will be compiled on zero based budget principles. This implies that the full estimated amount must be motivated and coupled to a specific purchase or service to be rendered and not to historic values.
- 4.3 A forecast of expected cash flow for all Estimated Capital Expenditure must be submitted by each Department to the Strategic Executive: Finance & Information Technology to enable him/her to compile Estimated Cash Flow Statements.
- 4.4 Expected cash flow for Capital Items must be for the full duration of implementing and not only for the current financial year.
- 4.5 The Draft Estimates of all Departments shall be updated on the Budget System by the Strategic Executive: Finance & Information Technology and amended, if necessary, in consultation with the Strategic Executive of the Department concerned.
- 4.6 The Draft Estimates shall be furnished by the Strategic Executive: Finance & Information Technology with his recommendations to the Chief Executive before 1 May for submission to Management Committee on or before 15 May of every year.
- 4.7 Management Committee shall consider the Draft Estimates and may amend it in any way deemed necessary by it after consultation with the Regional Council in accordance with section 83 of the Local Authorities Act (Act No. 23, 1992) before its submission to Council for approval.
- 4.8 Financing of Capital Programme
- 4.8.1 All assets between N\$2,000.00 and N\$25,000.00 should be financed from the Replacement Fund and/or direct from Revenue.
- 4.8.1.1 Departments should only budget for assets, which are to be replaced during a particular financial year.

4.8.1.2 A Replacement Fund reference number must be supplied for any replacement before it can be put on the Statement/Supplementary Statement.

4.8.1.3 Any assets to be replaced, which were not budgeted for, must be handled on a Supplementary Statement.

4.8.2 All direct financing should be done from Revenue and further be prioritised separately to a limit of 1 % of the total Estimated Revenue based on the preceding financial year.

4.8.3 All vehicles and equipment exceeding N\$25,000.00 (Replacement Fund Maximum) should be financed from Hire Purchase and Lease Agreements.

4.8.4 All parking facilities, financed normally from parking meter moneys, must, after prioritising, be financed from the Parking Provision Fund.

4.8.5 All Capital Items above N\$50,000.00 not provided for in this Policy should be financed from loans (internal or external).

4.9 Future planning up to three years in advance must be included into statement requests.

4.10 Motivations for Capital Items must include information such as:

4.10.1 economical lifespan of asset;

4.10.2 effect on Operating Statement (i.e. income, maintenance, insurance, Capital costs, etc.);

4.10.3 alternatives, if any; and

4.10.4 effect if the item is postponed or cancelled.

5 Application of funds

The Strategic Executive: Finance & Information Technology shall, in accordance with section 86 of the Local Authorities Act (Act 23, 1992) ensure that an appropriate financial system is in place and available to all Departments to ensure informed decision-making and budget control.

5.1 The Strategic Executive of a Department or his duly authorised nominee(s) may only apply funds to the amount and for the purpose as approved in the Estimates compiled in accordance with section 83 of the Local Authority Act (Act 23, 1992) and further subject to the stipulations of the Local Tender Board Regulations.

5.2 Subject to such conditions as Council may determine, approval of the yearly Capital Statements is also approval for the item if motivated with the approval of the Statement or Supplementary Statement, and included in the quarterly plans of the Department, provided further that before any tender can be placed or any purchase be made or service be requested on a Capital Item or Item 00133 the respective Strategic Executive shall certify that the intended purchase has been budgeted for, the amount available for it and obtain confirmation from the Strategic Executive: Finance & Information Technology that the cash flow situation allows for continuation of the project.

5.3 Any funds not allocated for a specific purpose in the Statements must be motivated in the quarterly plans of the Department after confirmation by the Strategic Executive: Finance & Information Technology that the cash flow situation allows for the spending of the funds.

5.4 Subject to such conditions as Council may determine, a Head of Department or his/her nominee may with the prior approval of Management Committee add any new items on any particular project in a programme, subject to savings on the same programme and provided that the total approved estimate of the particular programme is not exceeded.

5.5 Subject to such conditions as Council may determine, all overexpenditures on any particular item in a project, shall be submitted by the Strategic Executive of the Department to the Management Committee provided that:

5.5.1 a corresponding saving must be identified; and

5.5.2 the total estimate approved on the particular project shall not be exceeded.

5.5.3 Where paragraphs 5.5.1 and 5.5.2 are not met, the approval of Council and the Ministry of Regional and Local Government and Housing should be obtained for a Supplementary Statement.

5.6 The application of savings be allowed under the following conditions:

5.6.1 Subject to such conditions as Council may determine, a Strategic Executive of a Department or his/her nominee may with the prior approval of Management Committee, apply any saving under any particular item in a programme on a Statement or Supplementary Statement for the purposes of any other item in the same programme, but

5.6.1.1 the total approved estimate of the particular project, shall not be exceeded.

5.6.1.2 where a Strategic Executive of a Department or his/her nominee have reason to believe that the approved estimate referred to in paragraph 5.6.1.1 above, is or will be insufficient, he/she shall forthwith apply for approval from Council, to apply any savings as per section 84(5)(c) of the Local Authorities Act (Act 23, 1992).

5.6.2 A Strategic Executive of a Department or his/her nominee, must ensure that prior approval has been obtained from the Honourable Minister, before applying an amount for a purpose for which no provision was made in a Statement or Supplementary Statement OR for the purpose of a programme or project for which insufficient provision was made in such a Statement or Supplementary Statement, subject to such conditions as Council may determine.

- 5.6.3 An amount referred to in paragraph 5.6.2 above shall be appropriated by the Department concerned before the end of the financial year in which its application has been approved.
- 5.6.4 Internal jobs and works orders may be overspent with the approval of the Strategic Executive of a Department or his/her nominee, provided:
- 5.6.4.1 that the intention to overspend on the particular works order is communicated in writing to the Strategic Executive: Finance & Information Technology to update the Finance System;
- 5.6.4.2 that the total approved estimate on the particular item, shall not be exceeded; and
- 5.6.4.3 that the Local Tender Board Regulations are complied with.
- 5.7 Each Strategic Executive of a Department shall ensure that all overexpenditures in respect of his/her Department are explained timeously, and any overexpenditure detected at or after the end of the financial year, must be explained within three (3) months after the end of that financial year.
- 5.8 Notwithstanding any provision of this policy, prior ministerial approval must be obtained where any expenditure is funded from revenue derived from the Government of Namibia (i.e. subsidies, grants, loans from the Government of Namibia).
- 5.9 The names and designations of nominees of the Strategic Executive of a Department, as referred to above, must be forwarded to the Strategic Executive: Finance & Information Technology and must be revised on a continuous basis.

5.10 The Strategic Executive will compare, on a monthly basis, the actual costs of each project with the cash flow estimates and report monthly on all deviations (over and under) spending and income to the Chief Executive.

5.11 Work normally executed by the same contractor/service provider shall not be subdivided to be exempted from the application of the Local Tender Board Regulations.

6 Payment of Creditors

6.1 Every payment, except a petty cash disbursement, shall be made through the general banking account of the Council or a subsidiary banking account instituted by the Council and each cheque drawn on such banking accounts, shall be signed and countersigned by the Strategic Executive: Finance & Information Technology or other employees duly authorised.

6.1.1 For security reasons as well as bank regulations all cheques issued by Council will be crossed with “Not Transferable/Not Negotiable” and can therefore not be cashed at any bank.

In highly exceptional cases, like petty cash cheques for internal use, the Strategic Executive: Finance & Information Technology may allow cheques to be cashed at the Cashiers. This will be done only under the circumstances and according to the rules prescribed by the Strategic Executive: Finance & Information Technology.

6.2.1 An imprest account for petty cash disbursements shall be opened only with the approval of the Strategic Executive: Finance & Information Technology, who shall determine the amount to be held in such account, the nature and extent of the payments to be made therefrom and which supporting vouchers are to be completed for such payments.

6.2.2 Every petty cash disbursement shall be supported by a voucher giving the name of the payee, the nature and amount of payment, the vote number and bearing the signature of the authorising officer.

6.3 The Strategic Executive: Finance & Information Technology shall pass no document for payment unless:

6.3.1 The Strategic Executive of the Department concerned or his duly authorised nominee has certified in respect of:

An external works order – “certified that the work has been done to my satisfaction and that the prices charged for the work and/or material were checked and found correct.”

A requisition – “certified that all the goods ordered were actually received in good order.”

A contract payment – “that the work has been done and the prices charged are in accordance with the tender.”

6.3.2 The Manager: Costing & Expenditure or his duly authorised has certified that the prices charged on the invoices are in accordance with the prices quoted on the order by the Manager: Procurement.

6.4.1 All contracts or agreements involving the payment of moneys to or by the Council or a duly executed copy thereof shall be forwarded to the Strategic Executive: Human Resources & Administration who shall note the contents properly and forward a copy of the contract to the Strategic Executive of the Department charged with the execution of it.

6.4.2 The Strategic Executive: Finance & Information Technology shall keep a register of periodical payments of revenue and expenditure in accordance with all contracts.

6.4.3.1 Progress payments on account of contracts shall be limited to the value of the work done less the amount of previous payments and retention moneys.

6.4.3.2 Documents for payment on account of contracts shall be certified by the contract supervisor whether such person is an employee, by a consultant, architect or other professional

person responsible for supervising the work done under a contract and by the Strategic Executive of the Department concerned.

- 6.5 The Strategic Executive: Finance & Information Technology shall not on a contract pay an amount in excess of the amount authorised by the Council and any such excess shall be submitted to the Council for authorisation after a written report stating the reasons for the additional expenditure has been obtained from the Strategic Executive of the relevant Department.

7 Procurement of goods and services

- 7.1 The Manager: Procurement shall be responsible for all purchases of goods through purchasing orders and services through works orders unless otherwise determined by the Local Tender Board Regulations.

- 7.2 The Manager: Procurement shall ensure that all purchases of goods and services are done in accordance with the Local Tender Board Regulations.

- 7.3.1 The Manager: Procurement shall be responsible for all purchases, replenishment and keeping of stock and issues from stores in terms of these regulations. The Manager: Procurement shall keep all stores and materials for future use in a store: Provided that certain stores and materials may with the approval of Management Committee and subject to the conditions determined by Management Committee be kept by a Department in a place approved by Management Committee.

- 7.3.2 The Manager: Procurement shall keep a comprehensive stores-register reflecting full particulars of purchases and issues and which will permit of balancing at any time.

7.4 The Strategic Executive of a Department which make use of cheque forms, receipts, tickets, badges and printing with a face value shall be responsible for the safe custody of it and for the keeping of a register indicating receipts and issues in detail.

7.5.1 The Manager: Procurement shall conduct a physical stocktaking of all stores, equipment and other movable property held in stock during the month of June and shall submit to the Strategic Executive: Finance & Information Technology a certified stock list and report as required.

7.6.1.1 The Manager: Procurement shall, on or before 31 July of every year furnish each Strategic Executive of a Department with a list indicating the minimum and maximum quantity of commodities which may be kept in stock as well as the turnover of the previous year: The Strategic Executives of Departments concerned shall, having regard to the approved estimates of the current financial year, revise the said list and return it to the Manager: Procurement before 31 August. The Strategic Executive: Finance & Information Technology submits the lists to Management Committee together with his report on or before 30 September.

7.6.1.2 Management Committee shall consider the report of the Strategic Executive: Finance & Information Technology and shall determine which commodities are to be held in stock and the maximum quantity to be held in respect of each commodity.

7.6.1.3 No commodities, except these approved by Management Committee in accordance with subregulation 2(b) shall be taken into stock unless Management Committee has approved the commodity itself and the maximum quantity to be held.

7.6.2 Purchases to replenish stocks to the approved maximum level shall not be subject to further approval of Management Committee.

7.6.3 Subject to the approval of Management Committee, the Manager: Procurement shall in consultation with the Strategic Executive of the Department concerned determine the re-order level in respect of each commodity from time to time.

7.6.4 All purchases of commodities to be held in stock shall be subject to the Local Tender Board Regulations.

7.7 The Manager: Procurement shall not issue from stock or purchase anything excluding stock purchases unless a requisition, complying with the provisions and duly signed by the Strategic Executive of the Department concerned has been produced. All additions on such requisitions shall be initialled by the Strategic Executive of the Department concerned.

7.8.1.1 All requisitioned stock and materials which are approved standard stock items in accordance with paragraph 7.6.1.2 and which are not used for the purpose for which they were required shall forthwith be returned to the Manager: Procurement.

7.8.1.2 The Manager: Procurement or his/her delegate shall receive such returned materials and issue a voucher that shall refer to the number of the original requisition which upon issue was made.

7.8.1.3 Returned materials shall be initially recovered to the recovery store at nil value, meaning that no credit shall be granted to any particular Project or Department at that given time.

7.8.1.4 Should the relevant Department(s) show interest in further usage of such materials, the materials shall then applied to replenish stock levels at the ruling unit price that shall be also the same credit amount that will be allocated to the Project or Department where the materials were initially recovered from.

7.8.1.5 Should no particular Department show interest in using of such materials, the materials shall be written off by the Strategic Executive: Finance & Information Technology, in conjunction with the relevant Strategic Executive, with the approval of Council and alienated in terms of the relevant Council's policies. The prices that particular materials have been able to attract shall then determine the credit amount that will be

allocated to the particular Project or Department where the materials were initially recovered from.

7.8.1.6 All materials held in the recovery store as contemplated under 7.8.1.3, all obsolete stock as well as any other materials held on behalf of Departments at the Procurement Division, which are not necessarily stock commodities, shall be entitled to a monthly penalty fee, payable by the relevant Departments.

7.8.1.7 The Strategic Executive: Finance & Information Technology shall, from time to time, determine the penalty fee as contemplated under 7.8.1.6 and obtain the necessary approval from the Management Committee.

7.8.1.8 The relevant Strategic Executives shall ensure that all materials on sites are counted on the last day of the financial year, in the presence of external auditors and quantities and N\$ values thereof are forthwith furnished to the Strategic Executive: Finance & Information Technology. N\$ values shall be unit prices at which the materials were issued to them or purchased.

7.8.1.9 The Strategic Executive: Finance & Information Technology shall ensure that all materials in the recovery store as contemplated under 7.8.1.3 as well as stock commodities are counted on the last day of the financial year, in the presence of external auditors and quantities and N\$ values thereof are provided.

8 Collection and Control of Income

8.1.1 The Strategic Executive of a concerned Department shall be responsible for the collection of all moneys entrusted to his Department by the Council's resolution and which is due to Council.

8.1.2 The receipt of all moneys collected in accordance with Regulation 8.1 shall be acknowledged, immediately, in the case of cash, or in the case of negotiable instruments at the latest on the

following day, by the issuing of a computer numbered official receipt or by any other method approved by Council.

8.1.3 All negotiable instruments of face value (excluding bank notes) shall upon receipt, whether through the post, over the counter, or by any other method of delivery, immediately be rendered "Not negotiable" and "For the account of the Municipality of Windhoek".

8.2.1 Except where required for immediate use, or when being temporarily stored in the course of collection under the immediate control of the employee handling it, money of Council shall not be left in tills or drawers, even if locked, but shall at the earliest possible moment be lodged in a safe.

8.2.2 All moneys collected in accordance with Regulation 8.1.2 shall be balanced and banked at such times as determined by Council.

8.3.1 Surplus cash shall immediately be paid into the Revenue Account and acknowledged by issuing a receipt, the original of which must be retained for record purposes.

8.3.2 Any deficiency in cash shall, except where Council provides otherwise, forthwith be made good by the employee responsible for the custody thereof. Each deficiency not made good shall be reported to Management Committee by the Strategic Executive of the Department concerned.

8.3.3 A record of all surpluses and deficiencies in moneys shall be kept containing the following particulars:

Date of surplus or deficiency, employee responsible, amount, number of receipt, initials of responsible employee and his supervisor.

8.3.4 Should an employee fail to observe Regulation 8.3.3, Council may refuse to refund him for an apparent shortage made good in error.

8.3.5 An employee, charged with the receipt and custody of moneys of Council, shall, when he must hand over such moneys for any reason, balance the money in his custody and the accuracy of this amount shall thereafter be certified by the employee who hands over the money as well as the employee receiving it.

8.4 Cashing of cheques

8.4.1 Nobody shall borrow or acquire money of Council against acknowledgement of debt or by way of advance.

8.4.2 Unless approved by the Strategic Executive: Finance & Information Technology or an authorised employee or provided for under 8.4.3, no private cheques shall be cashed from Council's funds.

8.4.3.1 SMME payment/Contractor payments

All Departments must ensure that it is a condition of all contracts that the contractor has a bank account. No cheques for work done will, in future, be cashed at the Municipal Cashiers.

8.4.3.2 Subsistence payments

All subsistence and other payments for purposes of travel, which cannot be paid directly to the service provider, will be made payable to the employee/Councillor to be paid into a bank account/credit card. No cheques will be cashed under any circumstances. It is therefore essential that all travel arrangements be initiated well in advance.

8.4.3.3 Petty cash

A list of all approved petty cash will be provided by Internal Audit to the Cashiers and the Expenditure Division.

Cheques to fill up petty cash will be made out "City of Windhoek Petty Cash".

The Strategic Executive/Manager in charge of the respective petty cash will nominate an employee to cash the cheque by completing the form attached as Annexure “A: hereto.

The nominated employee will present the letter together with his/her ID or passport to the Cash Controller who will approve the cash payment and write the employee’s ID on the back of the cheque. The employee will sign on the back of the cheque to ensure that the specimen signature on the form corresponds with the signature given.

The Manager will be responsible to ensure that the amount cashed be deposited into the petty cash box.

8.4.3.4 Final accounts/credit balance on account

Final accounts with credit balances will only be refunded on request. Final accounts refundable to people who do not have a bank account will be made out “City of Windhoek f/a name of the beneficiary” provided the written request from the beneficiary clearly states that the beneficiary does not have a bank account.

The Manager: Credit Control will ensure that the ID of the beneficiary corresponds with the account to be paid. The beneficiary will have to write his/her ID and sign on the back of the cheque. No cheques will be cashed by any employee on behalf of a member of the public.

8.4.3.5 Salary payments and students

All salary cheques will be made payable to the employee only. Where an employee does not have a bank account one will be opened for him/her.

Students who claim not to have a bank account will clearly confirm this in a written request to be paid in cash.

Students will be paid from the Salary Office petty cash after providing a valid ID and signing for the cash.

- 8.5 Cheques or other negotiable documents made payable to an employee in his private capacity, the proceeds of which belongs to Council, shall be endorsed without delay in favour of Council and thereafter the procedure laid down in paragraph 8.1 and 8.2 shall be followed.
- 8.6 Whenever money is received which cannot, owing to the lack of essential information, be allocated to the correct account, a receipt shall be issued in respect thereof and the said amount shall be brought to the credit of a suspense account. As soon as the required information has been obtained, the amount shall be transferred to the correct account.
- 8.7 Amounts due to Council shall be written off with the approval of Council only in accordance with Council Credit Control Policy.

9 Insurance

- 9.1.1 Every Strategic Executive of a Department shall furnish the Strategic Executive: Finance & Information Technology with a schedule of all insurable risks under his control and shall notify the Strategic Executive: Finance & Information Technology without delay of all new insurable risks and all changes in respect of existing insurable risks including changes of staff covered by fidelity guarantee insurance.
- 9.1.2 The Strategic Executive: Finance & Information Technology shall keep Council informed of all such insurable risks and Council shall determine which risks are to be insured and the amount of coverage in respect of each risk.
- 9.2 Every Strategic Executive of a Department shall forthwith notify the Strategic Executive: Finance & Information Technology of any third party claim, or any damage to or loss of Council property or any injury to any employee of Council, or any accident or occurrence whatsoever which may be covered by insurance or which may require action in terms of any law.

9.3 The Strategic Executive: Finance & Information Technology shall have custody of all insurance policies and shall keep a register containing particulars of all insurances effected by Council.

9.4 The Strategic Executive: Finance & Information Technology shall keep a register of all claims against Council's insurance policies and details of progress and/or payment received from insurance policies.

10 Assets

10.1 The Strategic Executive: Finance & Information Technology shall maintain a register in which particulars of the assets of Council shall be recorded as determined by Council from time to time.

10.2 Each Strategic Executive shall appoint asset clerks to ensure that the assets of the respective Department are maintained properly.

10.3 Each Asset Clerk shall compile before 31 December each year, as on 30 June, a list of all assets under his/her control and submit it with the certificate prescribed to the Strategic Executive of the Department.

10.4 After the assets have been certified by the respective Strategic Executive the certificate will be provided to the Strategic Executive: Finance & Information Technology before 31 July each year for audit purposes.

11 Investment of funds

11.1 The Strategic Executive: Finance & Information Technology shall ensure that systems are in place to determine excess funds for investments.

11.2 Council shall invest all excess funds in accordance with section 80(3) of the Local Authorities Act (Act 23,1992) and Council Policies.

12 Custody of documents

- 12.1 All deeds of transfer, agreements and similar documents shall, upon completion, be handed to the Strategic Executive: Human Resources & Administration for safe custody.
- 12.2 The Strategic Executive: Human Resources & Administration shall keep a register of all documents mentioned in subregulation (1) in which the number, nature, period of validity and other information of importance regarding each document shall be recorded.