

Financial Regulations



Updated: June 2008

FINANCIAL REGULATIONS

1. DEFINITIONS

In these regulations, unless the context otherwise indicates –

- (i) “**council**” means the Council of the Municipality of Swakopmund (iv);
- (ii) “management Committee” means the **Management Committee of the Council (i)**;
- (iii) “**municipality**” means the Municipal Council of Swakopmund (iii);
- (iv) “**ordinance**” means the **Municipal Ordinance, 1963 (Ordinance 13 of 1963) (ii)**;
- (v) “**Minister**” means;
and every expression to which a meaning has been assigned by the Ordinance, shall have a corresponding meaning in these regulations.

2. ESTIMATES

- 2(1)(a) Every Head of Department shall before the first day of February in every year submit to the General Manager: Finance estimates of the revenue and expenditure of his/her department for the ensuing financial year.
- 2(1)(b) Such estimates shall set forth in detail for the department concerned -
 - (i) the expected ordinary expenditure to be defrayed from the revenue account during the ensuing financial year;
 - (ii) the contributions to be made to the Renewal Fund in terms of regulation 6 of the Sixth Schedule to the Ordinance during the ensuing year; and
 - (iii) the expected expenditure on capital works during the ensuing financial year
- 2.(2)(a) The General Manager: Finance shall in consultation with the head of every department concerned correlate, summarise and, if necessary amend, the estimates thus received.
- 2.(2)(b) The General Manager: Finance shall thereupon frame and submit to the Chief Executive Officer on or before the first day of April in every year draft estimates of revenue and expenditure for the ensuing financial year, together with recommendations concerning the means of financing capital expenditure and concerning contributions from Operational Budget to the Renewal- and the Maintenance Funds.
- 2.(3)(a) The Chief Executive Officer shall submit such draft estimates of revenue and expenditure to the Management Committee at its first ordinary meeting during April of every year or at a special meeting to be convened not later than 30 April every year.
- 2.(3)(b) The Management Committee shall thereupon submit such draft estimates to the Council together with its recommendations and the Council shall draw up estimates of revenue and expenditure as provided by **section 159(3)(b) of the Ordinance.**
- 3.(1) The General Manager: Finance shall furnish the Chief Executive Officer with a monthly statement of expenditure and balances on the votes of the approved estimates under the control of every Head of Department.

- 3.(2)(a) If it appears that any vote is in danger of being overspent or if items of expenditure not provided for in the approved estimates should arise during any financial year, the Head of Department concerned shall submit a full report on the circumstances of the case to the Chief Executive Officer or submission to the Management Committee.
- 3.(2)(b) The Management Committee shall report its findings to the Council and the Council shall obtain the prior approval of the Minister for any such additional expenditure as it may decide to incur.

4. CONTROL OF EXPENDITURE

- 4.(1) The Chief Executive Officer may authorise the payment of any expenditure which is a legal obligation upon the Council.
- 4.(2)(a) Every Head of Department may authorise purchases or withdrawals from stock for not more than **N\$5 000.00** and the Chief Executive Officer may authorise purchases or withdrawals from stock not more than **N\$10 000.00**. Provided that at least two written quotations shall be acquired beforehand for purchases of a value of more than **N\$1 000.00**; Provided further that if the lowest quotation is not accepted, the reasons for the non-acceptance thereof shall be endorsed on the order or requisition ; and
- 4.(2)(b) For all purchases in excess of **N\$10 000.00** tenders shall be called for in terms of the Tender Board Regulations.
- 4.(2)(c) For each purchase the Head of Department concerned shall obtain an invoice or delivery note which shall be certified by him and forwarded to the General Manager: Finance as provided by regulation 6(3).
- 4.(3)(a)(i) Every Head of Department may authorise any work or project, the estimated cost of which does not exceed **N\$5 000.00** and the Chief Executive Officer may authorise any work or project, the estimated cost of which does not exceed **N\$10 000.00**, provided that at least two written quotations shall be acquired beforehand for the execution of any work or project the estimated cost of which exceeded **N\$1 000.00**, and which will not be executed departmentally: Provided further that if the lowest quotation is not accepted, the reasons for the non-acceptance thereof shall be endorsed on the requisition.
- (ii) No expenditure shall be incurred in respect of any work or project where the estimated cost exceeds **N\$5 000.00** or **N\$10 000.00** as the case may be unless the Management Committee has approved the plans and the estimate of cost for such work or project beforehand; and
- 4.(3)(b) After the Management Committee has given such approval, the Head of Department concerned may authorise expenditure upon such work or project not exceeding the estimate of cost thus approved subject to the Tender Board Regulations: Provided that such Head of Department shall endorse upon every order or requisition in connection with such work or project the vote, sub-vote and items of the approved estimates and the authority for such work or project in terms of regulation 4(3)(a)(ii).
- 4.(3)(c)(i) When work upon any work or project approved in terms of regulation 4(3)(a)(ii) has been completed or discontinued, the Head of Department concerned shall forthwith report such completion or discontinuation to the General Manager: Finance.

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

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

5. COLLECTION AND CONTROL OF REVENUE

- 5(1) The General Manager: Finance shall be responsible for the collection of all moneys due to the Council.
- 5(2)(a) The cashier shall immediately issue an official receipt in respect of all moneys received.
 - (b) No alteration shall be made on any receipt and should an erroneous entry be made on any receipt, such receipt shall be cancelled and a fresh receipt issued and the cancelled original shall be retained with the duplicate for audit purposes.
- 5(3)(a) All sums received shall be balanced and banked daily.
 - (b) Any shortage shall immediately be made good by the responsible officer and any surplus shall be paid into the Council's general revenue account.
- 5(4) In the case of any cashier being relieved of duty the cash book shall be balanced and the balance initialled by the officer taking over duty
- 5(5) All payments received by mail shall be entered in the mail register and the General Manager: Finance shall cause a receipt to be made out and the number of the receipt to be entered in the mail register on the same day.
- 5(6) At the end of every month the General Manager: Finance shall cause the cash book to be closed and reconciled with the bank balance.

6. PAYMENT OF ACCOUNTS AND CONTRACTS

- 6(1)(a) The cashier shall immediately issue an official receipt in respect of all moneys received.
 - (b) No alteration shall be made on any receipt and should an erroneous entry be made on any receipt, such receipt shall be cancelled and a fresh receipt issued and the cancelled original shall be retained with the duplicate for audit purposes.
- 6(2)(a) All payments other than petty cash disbursements shall be made by cheque.
 - (b) All cheques shall be signed by the Chief Executive Officer or other officer duly authorised thereto by the Council.
- 6(3) The General Manager: Finance shall pass no document of payment unless the Head of Department concerned has certified that the goods were actually received in good order or that work was duly done and that the price is reasonable or according to contract and has indicated the vote, sub-vote and item of the approved estimates and the authority in terms of regulation 4(3)(a).
- 7(1) All contracts and agreements involving the payment of moneys to or by the Council shall be forwarded to the General Manager: Finance for checking and noting immediately after execution thereof.

- 7(2) All contracts and agreements involving the payment of moneys to or by the Council shall be forwarded to the General Manager: Finance for checking and noting immediately after execution thereof.
- 7(3)(a) Progress payments on account of contracts shall be limited to the value of the work done and materials supplied, less the amount of previous payments and retention money.
- (b) Documents for payment on account of contracts shall be certified by the Head of Department concerned as provided by regulation 6(3), except where the contract provides that such documents shall be certified by the consultant architects or other professional person responsible for supervising the work done under contract.

8. ACCOUNTING AND COSTING:

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

9. INSURANCE:

- 9(1)(a) Every Head of Department shall furnish the General Manager: Finance with a schedule of all insurable risks under his control, and shall notify the General Manager: Finance without delay of all new insurable risks and of all alterations of existing insurable risks, including change of staff covered by fidelity guarantee insurance.
- 9(1)(b) The General Manager: Finance shall keep the Council informed of all such insurable risks and the Council shall subject to the proviso to **section 240(9) of the Ordinance** determine which risks are to be insured and the amount of coverage in respect of each risk.
- 9(2) Every Head of Department shall forthwith notify the general manager : financial services of any third party claim, or any damage or loss of Council property, or any injury to any employee of the Council, or any accident or occurrence whatsoever may be covered by insurance or which may require action in terms of any law.
- 9(3) The General Manager: Finance shall have custody of all insurance policies and shall keep a register containing particulars of all insurances effected by the Council and shall be responsible for the negotiation of all claims and the

collection of all moneys payable to the Council under or in pursuance of any policy of insurance.

10. STAFF ADMINISTRATION:

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

11. STORES:

- 11(1) The storekeeper shall be responsible for all purchases of commodities to be held in stock and issues from stores in terms of these regulations.

- 11(2)(a) On or before the 30th day of June as well as on or before the 31st day of January in every year the Storekeeper shall conduct a physical stock taking of all commodities held in stock and shall submit to the General Manager: Finance a certified stock list and report as required by **section 161(5)(c) of the Ordinance.**

- 11(2)(b) The General Manager: Finance shall thereupon submit such stock list and report to the Council together with his/her recommendations for such action as the Council may deem fit.

- 12(1)(a) The storekeeper shall in consultation with the Head of Department concerned and having regard to the requirements of the approved estimates for the financial year concerned, submit to the Council on or before the 30th day of September in every year a list of commodities required to be held in stock, indicating the maximum quantity to be held in respect of each commodity.

- (b) The Council shall determine the commodities to be held in stock and the maximum quantity to be held in respect of each commodity.

- (c) No new commodity shall be taken into stock before approval of the following year's commodity list without the prior approval of the Council as regards the commodity itself and the maximum quantity to be held.

- 12(2) Purchases to replenish stocks to the approved maximum level shall not be subject to further approval of the Council.

- 12(3) The storekeeper shall, in consultation with the Head of Department concerned, determine the re-order level in respect of each commodity from time to time

- 12(4) All purchases of commodities to be held in stock shall be subject to the Tender Board Regulations.

- 13(1) The storekeeper shall make no issue from stock except upon production of a requisition authorised in terms of regulation 4.

- 13(2) The storekeeper shall not surrender requisitioned stock unless the requisition has been certified in terms of regulation 6(3) and such certified requisition shall be forwarded to the General Manager: Finance without delay.

- 13(3)(a) All requisitioned stores and materials not used for the purpose of which it was required, shall forthwith be returned to the storekeeper.

- 13(3)(b) The storekeeper shall take such returned stores and materials into stock again and shall issue a voucher therefore which shall bear the number of the requisition upon which issue was made and the nature and quantity of goods so returned and a copy of such voucher shall be furnished to the General Manager: Finance.

14. INVESTMENT OF FUNDS:

The General Manager: Finance shall be responsible for the investment and control of all funds under control of the Council and for the purchase, custody and sale of securities in

connection therewith, in accordance with declared policy of the Council and subject to **section 163 of the Ordinance.**

15. INTERNAL AUDIT:

- 15(1) The Council may appoint an officer as an internal auditor and in respect of his/her duties as internal auditor such officer shall be responsible to the Chief Executive Officer only.
- 15(2) The internal auditor shall have access to all the books of account and other records of all departments and every Head of Department shall, subject to confirmation by the Chief Executive Officer, furnish the internal auditor with such information as he/she may require to carry out his/her duties.
- 15(3) The internal auditor shall submit his report to the Chief Executive Officer who shall submit the report in its original form to the Management Committee together with the comments thereon.

16. CUSTODY OF DOCUMENTS:

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