

SENQU LOCAL MUNICIPALITY

EXPENDITURE MANAGEMENT POLICY



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CONTENTS

TABLE OF CONTENTS	Error! Bookmark not defined.
1. ABBREVIATIONS	3
2. DEFINITIONS	3
3. INTRODUCTION.....	8
4. OBJECTIVE	8
5. CORE PRINCIPLES	8
6. PAYMENT TIMEFRAMES AND PAYMENT CALENDAR	9
7. EXPENDITURE MANAGEMENT CONTROL FRAMEWORK	10
8. SUPPLIER MANAGEMENT CONTROLS	10
9. INVOICE MANAGEMENT AND PROCESSING	11
10. INFRASTRUCTURE PAYMENTS.....	12
11. CONTRACT PAYMENTS	15
12. NON-STANDARD PAYMENT REQUESTS.....	16
13. FINANCIAL CONTROLS	17
14. GRANT AND CAPITAL EXPENDITURE.....	17
15. UNFORESEEN AND UNAVOIDABLE EXPENDITURE	17
16. AUDIT AND COMPLIANCE	18
17. Recovery of Losses	19
18. ENFORCEMENT	19
19. CERTIFICATION CLAUSE	19
20. POLICY ADOPTION	19
ANNEXURE A: Infrastructure VERIFICATION CHECKLIST	20
ANNEXURE B: NON-STANDARD PAYMENT REQUEST FORM	23
ANNEXURE F: STANDARD COMPLIANCE AND CERTIFICATION CLAUSE FOR PAYMENT REQUESTS	25
ANNEXURE E: CONTRACT PAYMENT CHECKLIST.....	Error! Bookmark not defined.

1. ABBREVIATIONS

CFO – Chief Financial Officer

CM – Council Minute/s

IDP – Integrated Development Plan

MBRR – Municipal Budget Reporting Regulations

MFMA – Municipal Finance Management Act, Act No. 56 of 2003

MSA – Municipal Systems Act, Act No.32 of 2000

MSTA – Municipal Structures Act

MTREF – Medium term revenue and expenditure framework

SDBIP – Service delivery and budget implementation plan

2. DEFINITIONS

"Accounting Officer" means a person appointed in terms of section 54A of the Municipal Systems Act; and refers to the municipal manager of a municipality in terms of section 60 of the MFMA;

"Allocation" means

- a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- b) an allocation of money to the municipality in terms of section 214(1) (c) of the Constitution;
- c) an allocation of money to the municipality in terms of a provincial budget; or
- d) any other allocation of money to the municipality by an organ of state, including by another municipality, 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 the annual budget approved by a municipal council; and includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Assets" means resources controlled by the Municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the Municipality.

“Basic Municipal Service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“Budget-related Policy” means a policy of the municipality affecting or affected by the annual budget of the municipality and includes all policies as prescribed in terms of the Municipal Budget and Reporting Regulations as published under GN 393 in GG 32141 dated 17 April 2009;

“Capital Budget” means the approved budget for capital items in each fiscal period.

“Capital items” means capital assets with a life expectancy of more than one financial year such as property, plant and equipment, intangible assets, heritage assets and investment properties and of which the cost is normally written off over many fiscal periods;

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

“Council” means the municipal council of Mossel Bay Municipality referred to in section 18 of the Municipal Structures Act;

“Councillor” means a member of council;

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

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

“Delegation” means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

“Generally recognised accounting practice” means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

“Financial recovery plan” means a plan prepared in terms of section 141 of the MFMA;

“Financial statements” means statements consisting of at least –

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

“Financial year” means a twelve-month period commencing on 1st July and ending on 30th June each year;

"Financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase agreement in terms whereof the municipality undertakes to repay a long-term debt over a period;

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure" means –

- a) Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 of the MFMA;
- b) Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- c) Expenditure incurred by the municipality 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 the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by the municipality which falls within the definition of "unauthorised expenditure";

"Investment" in relation to funds of the municipality, means –

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

"Lender" means a person who provides debt finance to the municipality;

"Local community" means the meaning assigned to it in section 1 of the MSA;

"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;

"Mayor" means the councillor elected as the mayor of the municipality in terms of section 55 of the MSTA;

"Municipal council" means the council of the municipality referred to in section 18 of the Municipal Structures Act;

SENQU MUNICIPALITY
EXPENDITURE POLICY

"Municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by the municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"Municipal entity" has the meaning assigned to it in section 1 of the MSA;

"Municipality" means the Mossel Bay Municipality;

"Municipal service" has the meaning assigned to it in section 1 of the MSA;

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

"Municipal tax" means property rates or other taxes, levies or duties that the municipality may impose;

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

"Official" means –

- An employee of the municipality or municipal entity;
- A person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- A person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Out of pocket expenses" means expenditure incurred as per the Remuneration of Public Office Bearers Act, 1998. (Act No. 20 of 1998)

"Overspending" means -

- (a) causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure;
- (b) in relation to a vote, causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, causing expenditure under that section to exceed the limits allowed in subsection

(5) of this section;

"Previous financial year" means the financial year preceding the current year;

SENQU MUNICIPALITY
EXPENDITURE POLICY

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

- a) 1 July to 30 September refer to as the 1st quarter;
- b) 1 October to 31 December refer to as the 2nd quarter;
- c) 1 January to 31 March refer to as the 3rd quarter; or
- d) 1 April to 30 June refer to as the 4th quarter;

"Senior Manager" means all officials reporting directly to the Accounting Officer as contemplated in section 56 of the MSA;

"Service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services;

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

"Unauthorised expenditure" means any expenditure incurred by a municipality otherwise than in accordance with sections 15 or 11(3) of the MFMA, and includes –

- a) Overspending of the total amount appropriated in the municipality's approved budget;
- b) Overspending of the total amount appropriated for a vote in the approved capital and operating budget measured separately;
- 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) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

f) A grant by the municipality otherwise than in accordance with the MFMA;

"Vote" means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different directorates of the municipality; and which specifies the total amount that is appropriated for operational and capital budgets separately for the purposes and functions of the directorate concerned and includes:

- Executive and Council
- Planning and Economic Development Corporate Services
- Financial Services
- Technical Services and
- Community Services

"Vote holder" means the senior manager to which the vote is assigned.

SENQU MUNICIPALITY EXPENDITURE POLICY

3. INTRODUCTION

- a. This Policy provides a comprehensive framework for expenditure management aligned to the Municipal Finance Management Act, (Act 56 of 2003) and applicable regulations.
- b. It ensures financial discipline with legislative compliance, transparency, and value for money in the utilisation of public funds.

4. OBJECTIVE

The objective of the Expenditure Policy is to:

- a) Set out a framework for Senqu Municipality to deal with:
 1. All expenditure related transactions;
 2. Unforeseen and unavoidable expenditure;
 3. Unauthorised, Irregular and Fruitless and wasteful expenditure
 4. To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes; and
- b) Ensure that all monies due by the municipality is paid in full within the 30 days of date of receiving invoice or statement unless prescribed otherwise for certain categories of expenditure, whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003);
- c) Ensure that the principles applied, because of this policy, will enhance and support a healthy working capital position for the SENQU Municipality; and
- d) Ensure that all payments are done in accordance with compliance provisions of the MFMA with specific reference to MFMA section 65

5. CORE PRINCIPLES

The core principles of the Expenditure Policy is to promote and to safeguard:

- a) **Legality:** All payments must be lawful and compliant.
- b) **Verification:** Goods/services must be received and verified.
- c) **Value for Money:** Payments must reflect fair value.
- d) **Budget Control:** Payments must be within approved budgets.
- e) **Auditability:** All transactions must be fully supported and traceable.

SENQU MUNICIPALITY
EXPENDITURE POLICY

6. PAYMENT TIMEFRAMES AND PAYMENT CALENDAR

- a) To ensure compliance with Section 65(2)(e) of the MFMA, the Municipality has adopted and implemented a Municipal Payments Calendar which establishes cut-off dates for the:
- I. Submission of invoices by service providers;
 - II. Verification and certification of services rendered by departments;
 - III. Submission of payment batches by the finance unit for approval;
 - IV. Finalisation and processing of EFTs by the Financial Services Department.
- b) This framework enhances accountability and predictability for suppliers, prevents fruitless and wasteful expenditure (Section 102 of the MFMA), and reduces audit findings related to late payments.
- c) In order to comply with Section 65(2)(e) of the MFMA, which requires that all amounts due by the municipality be paid within 30 days of receipt of a valid invoice, the Municipality has implemented a Municipal Payments Calendar to standardise payment processing and provide clear deadlines for departmental submissions.
- d) The following table outlines the categories of payments, submission timeframes for internal users, and the corresponding payment dates as per the calendar:

Table 1: Standard Payments Dates

PAYMENT CATEGORY	SUBMISSION TIMEFRAMES FROM USERS	PAYMENT DATE
Subsistence and Travel Payments	5 Working Days before S&T Payments Date on Calendar	S&T Payments Date as per Payments Calendar
Creditors Payments	10 Working Days before Creditors Payments Date on Calendar	Creditors Payments Date as per Payments Calendar
MIG / Infrastructure Payments / Conditional Grant Payment	12th of the Current Month	MIG / Infrastructure Payments Date as per Payments Calendar (before the 25 th of the Month)
Salaries	All Payroll Amendments Submitted on or before the 10th	Salaries Payments Date as per Payments Calendar
EPWP / Ward Committee Payments	All Payroll Amendments Submitted on or before the 10th	EPWP / Ward Committees Payments Date as per Payments Calendar
3rd Party / Medical Aid / SARS / Pensions	5 Working Days before Payments Date on Calendar	2nd Last Working Day of Current Month

- e) Any deviation from the payment calendar timeframes may only be processed with the written authorisation of the Municipal Manager or the Chief Financial Officer through written delegation from the Municipal Manager.
- f) Late submissions will be deferred to the next payments calendar cycle.

SENQU MUNICIPALITY
EXPENDITURE POLICY

7. EXPENDITURE MANAGEMENT CONTROL FRAMEWORK

- a) Any withdrawal from a bank account; in the name of the SENQU Municipality, may only occur in terms of section 11 of the MFMA and must be done in line with the requirements of MFMA section 65
- b) All withdrawals must comply with the Cash & Investment Policy of the SENQU Municipality and shall be signed or authorised by not fewer than two people as authorised by the Accounting Officer or his or her delegate.
- c) The delegated authority to authorise electronic payments shall be in writing and kept on record and be reviewed regularly by the Accounting Officer. Copies of such letters of authority will be kept by the expenditure department.

8. SUPPLIER MANAGEMENT CONTROLS

- a) All Requirements of the Municipal Supply Chain Regulations as well as Senqu Local Municipalities Supply Chain Management Policy must be adhered to and complied with before any payment may be processed.
- b) All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.
- c) Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.
- d) In order for a payment to be made, all payment approvals, accompanied by the relevant invoices, certifications and documents must reach the Creditors Department as per the timeframes established in the payments calendar
- e) Only staff authorised in writing by the accounting officer after Senior Managers recommendation shall be empowered to sign vouchers and authorise payment of invoices. The CFO shall maintain a register of these authorised individuals for internal control and audit purposes.
- f) Invoices or statements submitted for payment to the Manager in charge of the Expenditure / Creditors Division, by any department shall be in such form as may be required and issued by the CFO and must state the reference to the relevant contract and vote name and number to enabling processing of such payment.

SENQU MUNICIPALITY
EXPENDITURE POLICY

- g) When a department authorises the payment of invoice the signatory certifies and authorises that: -
- I. All processes in terms of the Supply Chain Management Policy of the Municipality had been followed, according to the departments knowledge;
 - II. The goods and services have been received and rendered in good order and are under the control of the Municipality;
 - III. The invoice has not previously been submitted for payment;
 - IV. Sufficient budgetary provisions exist;
 - V. If excess expenditure is involved, the resolution authorising the excess expenditure shall be quoted on the voucher;
 - VI. Authority for the payment exists, in which case the authority shall be indicated on the voucher; and
 - VII. Fruitless and wasteful expenditure has not been incurred.
- h) Before payment is processed the Creditors Department shall ensure that: -
- I. The prices, calculations and any taxes are correct;
 - II. Any discounts to which the municipality is entitled to have been deducted;
 - III. The invoice has previously not been paid; and
 - IV. Sufficient budgetary provisions exist.
 - V. That the appropriate delegated authority has authorised the payment
- i) All payments due by the Municipality shall be made by an approved electronic payment method drawn from the primary banking account of the Municipality.

9. INVOICE MANAGEMENT AND PROCESSING

- a) Submission of invoices by suppliers / service providers should only either be through hand delivery directly to Finance Department – Expenditure / Creditors Management Unit
- b) All invoices received must be stamped with the receipt date and must be forwarded to Expenditure / Creditors Management Unit within timeframes as per the payments calendar to allow all necessary processing to be undertaken
- c) Where invoices are received directly from the Supplier, the – Expenditure / Creditors Management Unit must refer the invoices to the relevant Line Departments for verification and signing, whereafter it will be resubmitted to the unit in line with the above established procedures.
- d) All invoices must be valid tax invoices, addressed to Senqu Local Municipality and submitted with all the required supporting documentation and relevant authorisations attached.

SENQU MUNICIPALITY
EXPENDITURE POLICY

10. INFRASTRUCTURE PAYMENTS

Technical Confirmations verifications (Confirmations of a technical nature by the Director Technical Services / User HOD / Project Management Unit / Project Management Office)

Before any payment is recommended, the Technical Department / USER HOD must confirm that

“Payment reflects actual value of work completed, measured against the approved BOQ, contract conditions, and approved variations, with no unauthorised deviations.”

The Detail confirmation required to be submitted to the Contracts Division is inclusive of the following:

a) **General Principled Confirmation**

- I. The expenditure is supported by a valid contract and legally approved variation/s;
- II. The goods and services have been verified as delivered;
- III. The payment is supported by adequate audit evidence; and
- IV. The expenditure complies with the principles of fairness, transparency, competitiveness, and cost-effectiveness.

b) **Measurement and BOQ Compliance**

- I. All infrastructure payments is based on measured work completed confirming that
- II. Quantities claimed is verified against the approved Bill of Quantities (BOQ);
- III. Joint site measurements were conducted where applicable;
- IV. Rates applied correspond with contractually tendered rates;
- V. No payment is made for unmeasured or unverified work.

Supporting documentation to be included in the certificate payment pack:

- I. Signed measurement sheets;
- II. Engineer or Project Manager certification;
- III. Site inspection reports;
- IV. Updated BOQ reflecting cumulative quantities.

Payments exceeding BOQ quantities without approved variation are strictly prohibited.

SENQU MUNICIPALITY
EXPENDITURE POLICY

c) **Contract Variations**

- I. Confirmation that the relevant User HOD / PMU / PMO, and the Consulting Engineer will be responsible for approval for within the BOQ provided that the changes does not exceed the contract award amount, or the Consumer Price Adjustment (CPA) approved as part of the tender submission where applicable
- II. All Approval must be done prior to any work commencing and signed by the relevant approval authority to indicate validity, accuracy and completeness of the submission.
- III. All Approvals must be submitted as part of the payment certificate supporting documentation and must be legislatively compliant and in line with the requirements of the CIDB

- IV. All variation Approvals requesting an increase to the original contract amount awarded, increases to the Consumer Price Adjustments and Contract Time Extension requests, must be presented via the contracts management office, to the Bid Adjudication Committee (BAC) and Accounting Officer for approval.
- V. The BAC will recommend approval to the appropriate approval authority.
- VI. All Approval must be done prior to any work commencing and signed by the relevant approval authority to indicate validity, accuracy and completeness of the submission.
- VII. All Approvals must be submitted as part of the payment certificate supporting documentation.

d) **Value for Money Verification**

Confirmation must be provided that payments is only for work that:

- I. Is functional, usable, and meets design specifications;
- II. Complies with applicable standards, including SANS requirements.

No payment shall be made for Defective work, Rework arising from contractor negligence;

- III. Work not meeting quality standards.
- IV. Evidence of value for money must be included in the payment certificate submission

SENQU MUNICIPALITY
EXPENDITURE POLICY

e) Programme and Time Compliance

Confirmation must be given the payments are aligned to the approved project programme timeline with applicable verified

- I. Progress against planned milestones;
- II. Approved extensions of time (EOT), where applicable;
- III. Validity of any time-related claims.
- IV. With No payment shall be made for:
- V. Unapproved delays;
- VI. Acceleration costs not contractually authorised.

f) Interim Payment Certification

- I. All payments must be supported by a valid interim payment certificate issued by The Engineer, The Principal Agent (JBCC); or The Project Manager / Project Management depending on the construction contract entered into

Payment certificates must reflect:

- II. Verified work completed; Materials on site (where contractually permitted); and Retention deductions applied correctly.

g) Materials on Site

Confirmation that payments for materials on site shall only be permitted where:

- I. Materials are physically verified on site;
- II. Materials are secured and insured where applicable
- III. Materials are intended for permanent works.
- IV. Ownership of materials must transfer to the Municipality where payment is made.
- V. Payment for off-site materials is prohibited unless explicitly provided for in the contract.

SENQU MUNICIPALITY
EXPENDITURE POLICY

h) Retention, Penalties and Deductions

Confirmation must be given that:

- I. retention shall be applied in accordance with contract provisions.
- II. Apply penalties for contractor-caused delays;
- III. No advance payments are permitted
- IV. A record of retention and deductions and penalties levied must be submitted with the payment certificate as supporting evidence.

11. CONTRACT PAYMENTS

User Department Confirmations verifications (Confirmations of a technical nature by the User Directorate)

Before any payment is recommended, the relevant HOD must confirm that

“Payment reflects actual value of work completed, measured against the contract conditions, and approved variations, with no unauthorised deviations.”

The Detail confirmation required to be submitted to the Contracts Division is inclusive of the following:

a) General Principled Confirmation

- I. The expenditure is supported by a valid contract and legally approved variation/s;
- II. The goods and services have been verified as delivered;
- III. The payment is supported by adequate audit evidence; and
- IV. The expenditure complies with the principles of fairness, transparency, competitiveness, and cost-effectiveness.

b) Contract Variations

- VIII. Confirmation that the relevant User HOD / PMU / PMO, and the Consulting Engineer will be responsible for approval for within the BOQ provided that the changes does not exceed the contract award amount, or the Consumer Price Adjustment (CPA) approved as part of the tender submission where applicable
- IX. All Approval must be done prior to any work commencing and signed by the relevant approval authority to indicate validity, accuracy and completeness of the submission.
- X. All Approvals must be submitted as part of the payment certificate supporting documentation and must be legislatively compliant and in line with the requirements of the CIDB
- XI. All variation Approvals requesting an increase to the original contract amount awarded, increases to the Consumer Price Adjustments and Contract Time Extension requests, must be presented via the

SENQU MUNICIPALITY EXPENDITURE POLICY

contracts management office, to the Bid Adjudication Committee (BAC) and Accounting Officer for approval.

- XII. The BAC will recommend approval to the appropriate approval authority.
- XIII. All Approval must be done prior to any work commencing and signed by the relevant approval authority to indicate validity, accuracy and completeness of the submission.
- XIV. All Approvals must be submitted as part of the payment certificate supporting documentation.

c) **Value for Money Verification**

Confirmation must be provided that payments is only for work that:

- V. Is functional, usable, and meets design specifications;
- VI. Complies with applicable standards, including SANS requirements.

No payment shall be made for Defective work, Rework arising from contractor negligence;

- VII. Work not meeting quality standards.
- VIII. Evidence of value for money must be included in the payment certificate submission

d) **Programme and Time Compliance**

Confirmation must be given the payments are aligned to the approved project programme timeline with applicable verified

- VII. Progress against planned milestones;
- VIII. Approved extensions of time (EOT), where applicable;
- IX. Validity of any time-related claims.
- X. With No payment shall be made for:
- XI. Unapproved delays;
- XII. Acceleration costs not contractually authorised.

12. NON-STANDARD PAYMENT REQUESTS

- a) For all payment requirements where there is a need for additional motivation for the CFO's recommendation and the Municipal Managers Approval, the standard project motivation form must be used together with a memorandum from the user department signed off by the relevant HOD.
- b) As a prerequisite for all non-standard payment requests, a complaint supply chain procurement process must precede a request for payment.

SENQU MUNICIPALITY
EXPENDITURE POLICY

13. FINANCIAL CONTROLS

- a) The CFO shall determine the format, standards and systems applicable to the accounting procedures on expenditure. In doing so cognisance must be taken of the General Recognised Accounting Practices (GRAP) guidelines issued by the Accounting Standards Board (ASB) whilst incorporating preventative controls to ensure compliance with MFMA provisions.
- b) Council items related to financial matters, will not be forwarded to Council if it is not supported with the necessary comments from the CFO.
- c) The CFO shall ensure that proper accounting records and registers are opened and maintained in compliance with subsection 13(a) and 13 (b).

14. GRANT AND CAPITAL EXPENDITURE

Grant Expenditure

- a) A proper cash flow in respect of Grant expenditure as well as Grant income related to the Grant Funding project must be drawn up by the relevant director and included in the budget.
- b) No payments will be allowed in respect of projects to be financed from external grants unless grant funding has been received
- c) The Accounting Officer may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

Capital Expenditure

- d) No capital expenditure shall be incurred or committed to any project unless:
 - I. Duly appropriated in an approved capital budget or adjustments budget; and
 - II. All necessary legislative requirements have been met as set out in the MFMA section 19, Budget and Reporting Regulations sections 11 and 13 and the Supply Chain Management Policy of the SENQU Municipality
 - III. Provisions of section 10 – Infrastructure Payments have been adhered to.

15. UNFORESEEN AND UNAVOIDABLE EXPENDITURE

- a. Before the Council considers any authorisation of unforeseeable and unavoidable expenditure in terms of section 29 of the MFMA, the Accounting Officer will ensure that a report is prepared consistent with the prescribe format in Annexure A of this policy for the Council to make an informed decision.
- b. The Council may authorise such expenses in an emergency or other exceptional circumstance in terms of section 29 of the MFMA only if:
 - I. the expenditure could not have been foreseen at the time the annual budget of the Municipality was passed; and

SENQU MUNICIPALITY
EXPENDITURE POLICY

II. the delay that will be caused pending approval of an adjustments budget by the municipal council in terms of section 28(2)(c) of the MFMA to authorise the expenditure may –

- Result in significant financial loss for the municipality;
- Cause a disruption or suspension, or a serious threat to the continuation of a basic municipal service;
- Lead to loss of life or serious injury or significant damage to property; or
- Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

c) The Council may not authorise expenditure in terms of section 29 of the MFMA if the expenditure –

I. was considered by the Council, but not approved in the annual budget or an adjustments budget; or

II. is required for-

- price increases of goods or services during the financial year;
- new municipal services or functions during the financial year;
- the extension of existing municipal services or functions during the financial year;
- the appointment of personnel during the financial year;
- allocating discretionary appropriations to any vote during the financial year;
- would contravene any existing Council policy; or
- is intended to ratify irregular or fruitless and wasteful expenditure.

d) The authorisation must be reported to the next Council meeting.

e) The Accounting Officer must ensure preparation of an adjustment to include the expenses within thirty (30) days.

f) The Accounting Officer must ensure that Council passes the adjustments budget within sixty (60) days after the expenses were incurred.

16. AUDIT AND COMPLIANCE

- a) All payments must be legislatively compliant with supporting documentation attached before any payment is processed.
- b) Payment files with supporting evidence must be kept, appropriately referenced with the municipal file reference number and for audit purposes in line with registry requirements

SENQU MUNICIPALITY
EXPENDITURE POLICY

17. RECOVERY OF LOSSES

- a) Any loss suffered by the Municipality due to any fraudulent or corrupt act or an act of bribery shall be dealt with and immediately be reported to the South African Police Service, Auditor-General, Mayor and Accounting Officer in terms of section 32 (b) of the MFMA
- b) Circumstances of financial misconduct by municipal officials in accordance with section 171 of the MFMA must be reported to the Accounting Officer immediately.

18. ENFORCEMENT

Any Non-compliance of this policy may result in disciplinary action taken against the transgressors

19. CERTIFICATION CLAUSE

All payments must include certification confirming correctness, value for money, and compliance as per Annexure

20. POLICY ADOPTION

This Policy is adopted by Council and forms part of the Municipality's governance framework with effective date 1 July 2026.

SENQU MUNICIPALITY
EXPENDITURE POLICY

ANNEXURE A: INFRASTRUCTURE VERIFICATION CHECKLIST

1. General Information

Item	Details
Project Name	
Contract Number	
Service Provider Details	
Contract Award Value	
Value – Approved Variation/s	
New Contract value Inclusive of Approved Variations	
Remaining Contract Value	
Budgeted Vote Number	
Budgeted amount for the FY	
Actual YTD Spent against Budget	
Available Budget for Current Certificate	
Current Payment Certificate No.	
Current Payment Certificate Value	
Invoice Amount (R)	
Invoice Number	

2. Measurement & BOQ Compliance

Verification Item	Yes	No	N/A	Comments
Quantities claimed match approved BOQ	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Joint site measurements conducted (where applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Rates applied match contract rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Work measured is physically verified on site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No payment for unmeasured/unverified work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. Variation (Deviation) Compliance

Verification Item	Yes	No	N/A	Comments
All variations formally instructed (Engineer/PA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Variations approved prior to implementation (where possible)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Variation within MFMA Circular 62 thresholds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Justification for variation documented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Variation register updated and attached	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

4. Value for Money (VFM) Verification

Verification Item	Yes	No	N/A	Comments

SENQU MUNICIPALITY
EXPENDITURE POLICY

Work completed is functional and usable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Work meets design specifications and standards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No defective or substandard work included	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No payment for rework due to contractor error	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quality assurance certificates attached	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

5. Programme & Time Compliance

Verification Item	Yes	No	N/A	Comments
Progress aligns with approved programme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Any delays formally approved (EOT)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No unapproved acceleration claims included	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Time-related costs contractually justified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

6. Interim Payment Certification

Verification Item	Yes	No	N/A	Comments
Valid payment certificate attached	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Certificate issued by authorised professional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Certificate reflects actual work completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Retention correctly calculated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

7. Materials on Site (MOS)

Verification Item	Yes	No	N/A	Comments
Materials physically verified on site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Materials secured and insured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Materials intended for permanent works	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Ownership transferred (where applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

8. Retention, Penalties & Deductions

Verification Item	Yes	No	N/A	Comments
Retention applied as per contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Penalties applied (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advances/overpayments recovered or adjusted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

9. SCM & Legislative Compliance

Verification Item	Yes	No	N/A	Comments
Valid contract in place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No scope outside original tender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No procurement irregularities identified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

10. Irregular / Fruitless & Wasteful Risk Assessment

SENQU MUNICIPALITY
EXPENDITURE POLICY

Verification Item	Yes	No	N/A	Comments
Payment supported by valid contract and approvals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Payment linked to verified deliverables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No unauthorised variations included	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
No work outside contract scope	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Value for money confirmed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

11. User Department Declaration

I, the undersigned, confirm that:

All information provided above is true and correct;

The works/services have been verified and meet contractual requirements;

The payment requested complies with applicable legislation, policy, and contractual conditions;

I accept accountability for the accuracy of this submission.

Initials & Surname	
Designation	
Signature	
Date	

For Finance Department Official Use Only

Date of Receipt	
Financial Services Receiving Official Detail (Initials & Surname)	
Financial Services Receiving Official Detail	
Signature acknowledging receipt	

SENQU MUNICIPALITY
EXPENDITURE POLICY

ANNEXURE B: NON-STANDARD PAYMENT REQUEST FORM

NON-STANDARD PAYMENT REQUEST FORM

1. General Information

Item	Details
Project Name	
Contract Number	
Service Provider Details	
Contract Award Value	
Value – Approved Variation/s	
New Contract value Inclusive of Approved Variations	
Remaining Contract Value	
Budgeted Vote Number	
Budgeted amount for the FY	
Actual YTD Spent against Budget	
Available Budget for Current Payment	
Description of Goods/Services	
Amount (Excl. VAT)	
Amount (Incl. VAT)	
Procurement Type (Competitive Bid Procured / RFQ / Deviation)	
Is this Final payment relating to this request? (Yes / No)	

B. NECESSITY & OUTCOME (Value-for-Money)	Comments			
Included in Approved Budget?	Yes	No	N/A	
Included in Procurement Plan / Project Plan?	Yes	No	N/A	
Linked to IDP/SDBIP deliverable?	Yes	No	N/A	
Is it urgent/emergency? (attach motivation)	Yes	No	N/A	
Essential to achieve service delivery outcome?	Yes	No	N/A	
Can desired outcome be achieved WITHOUT this expenditure?	Yes	No	N/A	
Is it replacing an asset/service that is still functional?	Yes	No	N/A	

C. VALUE FOR MONEY & COST-ALTERNATIVES	Comments			
Price compared to prior similar procurement?	Yes	No	N/A	
Price compared to market (at least 1 benchmark/quote)?	Yes	No	N/A	
Rates aligned to contract award / BOQ / Schedule of rates?	Yes	No	N/A	
Transversal contract considered where applicable?	Yes	No	N/A	
Can municipal internal resources deliver this?	Yes	No	N/A	

**SENQU MUNICIPALITY
EXPENDITURE POLICY**

Can District Municipality assist (shared service)?	Yes	No	N/A	
Can Provincial/National Department provide at no cost?	Yes	No	N/A	
Have free / lower-cost alternatives been explored and documented?	Yes	No	N/A	
D. RESPONSIBLE SPENDING CONTROLS	Comments			
SCM compliance confirmed (policy & thresholds)	Yes	No	N/A	
Contract valid and not expired	Yes	No	N/A	
No retrospective approval	Yes	No	N/A	
Payment matches PO/contract/invoice	Yes	No	N/A	
Goods/services verified delivered (GRN/service acceptance)	Yes	No	N/A	
VAT correct (where applicable)	Yes	No	N/A	
No duplicate payment (checked supplier/invoice no.)	Yes	No	N/A	
Retention / penalties applied correctly (if applicable)	Yes	No	N/A	
E. FRUITLESS & WASTEFUL EXPENDITURE (Risk Indicators)	Comments			
Interest/penalties likely to be incurred	Yes	No	N/A	
Payment for unused goods/services	Yes	No	N/A	
Cancellation/standing time/idle time costs	Yes	No	N/A	
Late order causing premium/expedited cost	Yes	No	N/A	
Duplicate scope already procured elsewhere	Yes	No	N/A	
Expenditure due to poor planning	Yes	No	N/A	
Variation/extra cost due to user error	Yes	No	N/A	

N/B - PLEASE ATTACH FORMAL MEMO WITH DETAILED MOTIVATION AS AN ANNEXURE TO ACCOMPANY THIS FORM, NO REQUEST WILL BE CONSIDERED WITHOUT THIS STANDARD FOR AND THE ACCOMPANYING MEMO

HOD Initials and Surname (or A)	
HOD Position	
Date	
Signature	

SENQU MUNICIPALITY
EXPENDITURE POLICY

ANNEXURE C: STANDARD COMPLIANCE AND CERTIFICATION CLAUSE FOR PAYMENT REQUESTS

STANDARD COMPLIANCE AND CERTIFICATION CLAUSE FOR PAYMENT REQUESTS

1. User Department Certification

I, the undersigned, hereby certify that:

1.1 Legislative Compliance

The procurement and resulting expenditure comply fully with the provisions of the Municipal Finance Management Act, specifically section 65(2)(e), which requires that payments are supported by proper documentation and authorised.

The procurement process complied with applicable Supply Chain Management Regulations, including but not limited to fairness, equity, transparency, competitiveness and cost-effectiveness as prescribed by Section 217 of the Constitution of the Republic of South Africa.

Where applicable, any deviation or contract variation was approved in accordance with SCM Regulation 36 and/or section 116(3) of the MFMA.

1.2 Verification of Goods/Services

The goods/services have been received, inspected, and verified as per the approved specifications, contract conditions, and/or purchase order.

The delivery/performance is complete, satisfactory, and aligned to agreed milestones, as confirmed by the responsible official.

Supporting documents (e.g. signed delivery notes, completion certificates, invoices, BOQs where applicable) are attached and verified as accurate.

1.3 Correctness and Accuracy

The invoice amount is arithmetically correct, aligns with the contract/quotation, and reflects the actual goods/services rendered.

The payment is charged to the correct vote and budget allocation, and sufficient budget is available.

No duplicate, irregular, or unauthorised payment is included in this request.

1.4 Value for Money

The expenditure represents value for money, considering:

- Price reasonableness and market-related costing
- Quality and fitness for purpose
- Timeliness of delivery
- Achievement of intended service delivery objectives
- Where alternatives were available, the selected option represents the most economical and beneficial outcome to the municipality

SENQU MUNICIPALITY
EXPENDITURE POLICY

1.5 Irregular, Fruitless and Wasteful Expenditure Assessment

The expenditure does not constitute fruitless and wasteful expenditure as defined in the MFMA.

All reasonable care was exercised to avoid unnecessary costs, and the expenditure was necessary to achieve a legitimate municipal objective.

1.6 Performance Confirmation

Performance has been verified by the User Department Authorised Representative .

The work completed corresponds with certified progress or deliverables.

2. Declaration

I confirm that the above information is true and correct, and that I understand that any misrepresentation may result in disciplinary action and/or financial misconduct proceedings in terms of applicable legislation.

Name: _____

Designation: _____

Department: _____

Signature: _____

Date: _____