



KWAZULU-NATAL PROVINCIAL TREASURY

POLICY ON SUBSISTENCE AND TRAVEL ALLOWANCE

INTRODUCTION

The contents of this policy are based on the prescripts contained in the Provincial Treasury Practice Note 16 (FM 16-of 2006) “Subsistence and Travel” issued in terms of section 18(2)(i) of the Public Finance Management Act.

GENERAL

The subsistence and travel allowance policy is intended to provide guidelines on how to compensate officials while away from home performing official duties and the extent to which reasonable expenditure that may be claimed by an employee when he / she is away from headquarters and home for periods of less than 24 hours (incidental expenses excluded) or for periods of 24 hours or more.

The subsistence allowance is not to :

- Enable an official to entertain;
- Compensate an official for any discomfort; and
- Supplement an official’s salary.

LEGAL FRAMEWORK

In terms of the PFMA the Accounting Officer of a department –

“must ensure that the department has and maintain effective, efficient and transparent systems of financial and risk management and internal control”, as per section 38(1)(a)(i); and

must take effective and appropriate steps to collect all money due to the department.

In terms of the Treasury Regulations, the Accounting Officer must ensure that :-

“all the transactions of an institution must be supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation”, as per paragraph 17.1.1;

“amounts included in clearing or suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis” as per paragraph 17.1.2 (b);

“monthly reconciliations are performed to confirm the balances of each account” as per paragraph 17.1.2 (c); and

“reports are provided to the accounting officer about un-cleared items on a monthly basis”, as per paragraph 17.1.2 (d).

DEFINITIONS AND TERMS

CFO :	Means the Chief Financial Officer referred to in Chapter 2 of the National Treasury Regulations;
Delegated official	Means an official who has been delegated powers or being instructed to perform duties assigned by the Accounting Officer;
Subsistence Allowance :	Means expenditure in respect of accommodation, meals (including non-alcoholic beverages with meals), dry cleaning and laundering;
Incidental Expenses :	Means the expenditure in respect of tips for table and room service, reading matter, private telephone calls and liquid refreshments which do not form part of the meals.
Daily Allowance :	Refers to an allowance in compensation for the actual expenses claimed in respect of incidental expenses;
Headquarters :	Means the city, town or place where the principal duties an official has to perform or which may be indicated as his/her location on his/her job description.
Absent on Official Duty :	Means official absence from headquarters on official business as authorised by his/her department;
DPSA :	Means the Department of Public Service and Administration;
EFT :	Means an Electronic Funds Transfer;
Home :	Means a place where an official resides daily and leaves from there to work on a daily basis. This will include : <ul style="list-style-type: none">• rented accommodation;• boarding;• residence that is registered in an official's name, whether single, with his/her spouse or life partner and where an official resides daily; and• residence that is not registered in the officials name but where he resides daily with his parents, family or friends;
Reasonable Expenditure:	The amount to be claimed i.r.o meals (supported by a receipt) should not exceed the maximum limit as stated in paragraph 1 of this policy.
No Show Fee :	Means that the State/official will be liable for the charge of the hotel/Travel booking due to late cancellation.
Flight cancellation :	Means that the flight ticket has been cancelled and the state will be liable for the cancellation costs..
Ticket hold :	Means that the state/official will not be charged a cancellation fee.

- Private on Official :** This is when permission is granted for an official to use their own vehicle to perform official duties;
- Car Hire :** Means that it is not a government vehicle, as is officially hired from a car hire agency and is delegated to a specific driver to perform official duties; and
- Traffic Fine :** This is incurred by the official using the vehicle and violating the traffic rules applicable.
- Travel Booking Form :** (Annexure C) is the form used to make flight, hotel and car rental booking with the travel agent.

1. COMPENSATION FOR EMPLOYEES WHO ARE AWAY FROM HEADQUARTERS AND HOME FOR A PERIOD OF LESS THAN 24 HOURS

- a) Any person away from his/her headquarters for less than 24 hour does not qualify for compensation as contained in DPSA rates.
- b) Actual expenditure may be claimed in respect of meals and teas/beverages, in the event where the destination travelled is in excess of 30 kilometres away from headquarters, provided this is reasonable, and supported by a receipt.
- c) The maximum amount claimable in respect of meals and teas/beverages with receipts is limited to the following:-
 - **Breakfast :** R 50.00 (inclusive of non-alcoholic beverage) between 07H00 – 09H00
 - **Lunch :** R 70.00 (inclusive of non-alcoholic beverage) between 12H00 – 14H30
 - **Dinner :** R 80.00 (inclusive of non-alcoholic beverage) between 17H00 – 22H00
 - **Teas/beverage:** R 7.50 – this is only payable to officials if not provided for at the place of attendance.
- d) Officials may also be reimbursed for the following costs incurred:
 - **Parking fares**, provided proof is supplied.
 - **Toll fees:** Every claim for toll fees must be supported by original receipts.
 - **Bus or Taxi fares**, provided that amounts are supported by documentary proof, failing which, an affidavit must be provided, in which event the claim will be calculated at a rate of R0.40 per kilometre, for some buses and taxis where there are no receipts.
 - **Official Phone calls:** the cost of the call will be reimbursed on proof of documentation.

2. COMPENSATION FOR EMPLOYEES WHO ARE AWAY FROM HEADQUARTERS AND HOME FOR A PERIOD OF 24 HOURS OR LONGER.

- a) An official that is away from his / her headquarters whilst performing official duties but is residing at his / her home cannot claim special daily allowance or fixed daily subsistence allowance.
 - i. Officials that have been relocated cannot claim any daily allowance as per DPSA rates
 - ii. Officials using private accommodation instead of hotels when away on official duties will be reimbursed at the Fixed Daily Subsistence Allowance rate for all expenses incurred. The maximum allowance payable in these circumstances is regularly revised by the DPSA rates.

- iii. For officials where accommodation has to be provided by the department e.g. at the hotel or bed and breakfast, the Daily Allowance to compensate for incidental expenses is limited to a maximum allowance as regularly revised by the DPSA (within the Republic of South Africa) and for international countries refer to DPSA rates.
- iv. If officials are to stay in self catering accommodation (this is to be considered under special circumstances) then the official will be reimbursed at the Fixed Daily Subsistence Allowance rate for all expenses incurred. The maximum allowance payable in these circumstances is regularly revised by the DPSA rates
- v. Where official trips are anticipated to be in excess of a 30 day period, the Responsible Manager or CFO must ensure that the most cost effective means of accommodation is obtained.
- vi. Claims must be submitted in arrears for “official expenditure” incurred. Supporting documentation must be provided for these claims.
- vii. Actual expenditure may be claimed in respect of meals, provided they are not included in hotel expenses and supported by substantiating documentation. The maximum amount that an official may claim is according to the rate as determined by DPSA, as indicated below :
 - **Breakfast :** R 50.00 (inclusive of non-alcoholic beverage) between 07H00 – 09H00
 - **Lunch :** R 70.00 (inclusive of non-alcoholic beverage) between 12H00 – 14H30
 - **Dinner :** R 80.00 (inclusive of non-alcoholic beverage) between 17H00 – 22H00
 - **Teas/beverage:** R 7.50 – this is only payable to officials if not provided for at the place of attendance.
- viii. Additional meals, beverages and items such as gratuities (tips), private telephone calls, alcoholic beverages, newspapers, movies etc, will be at the expense of the official and not the Department.

3. TRAVEL AGENCY BOOKING

- a) Reservations may only be made with the Travel Agency that has been awarded the contract by Provincial Treasury. The Travel Booking Form is the only form to be used to obtain an order number and secure the reservations made by the Travel Agency.
- b) Where an official can get cheaper accommodation other than the contracted Travel Agency, the official may source accommodation other than through the contracted Travel Agency, provided a quotation for the cheaper accommodation is submitted with a quotation from the Travel Agency.
- c) For all Travel Agency bookings a Travel Booking form must be completed and signed by the duly authorised official/s.
 - i. The information on the Travel Booking Form is to be correct and accurate.
 - ii. The reason for trip **MUST** be specifically stated e.g, ‘CFO conference’, on the Travel Booking Form. Reasons such as ‘Meeting’ will not be acceptable.
 - iii. Alterations made to any booking will require a new Travel Booking Form to be issued.
 - iv. All Travel Booking Forms are to be signed by the authorizing manager (Supervisor or Responsibility Manager).
 - v. All Travel Booking Forms must have the Allocation Objective and Responsibility completed.
 - vi. No manager or official may sign his/her own Travel Booking Form.
- d) **Cancellation of a Booking;**

- i. The department will be liable for payment to the Travel Agency for any applicable cancellation costs. Where the Responsibility Manager/Supervisor is not satisfied with the cancellation reasons given by the official, the official will be liable to refund the department of the cancellation costs.
- ii. The official that is cancelling the booking must ensure that they are given a **CANCELLATION NUMBER/CONFIRMATION** which must be written onto the Travel Booking Form, signed by the authorizing manager and forwarded to the Chief Financial Office for the cancellation of the necessary orders.

4. HOTEL COSTS

- a) The most economical hotel or bed and breakfast must be taken into consideration when requiring accommodation. Managers will be required to give a written explanation should it be found that the accommodation utilized was above the limits stated hereunder (Hotel classification).
 - **Head of Department :** Five Star Hotel
 - **All other SMS Members :** Four Star Hotel
 - **All other officials :** Three Star Hotel
 - **Only Security officials accompanying the MEC or the HoD,** may stay in the same hotel as the MEC or the HoD.
 - Deviations from the above may only be granted by the MEC or the HoD.
- b) Actual expenditure may be claimed in respect of **dinner**, provided that it does not exceed the maximum amount of **R180.00 which is inclusive of two non-alcoholic beverages**.
- c) **Laundry cost** can be claimed where the trip exceeds 5 continuous days the amount claimed must be supported by proof.
- d) **Tray charge** will be paid when room service is required in respect of a meal being sent to the official's room. This is limited to one per day.
- e) Additional meals and beverages will be at the expense of the official and not the state. The official will be required to settle the excess of the account before leaving the hotel. Should they fail to do this the official will be required to reimburse the department and provide proof by means of a receipt along with the hotel invoice which must be forwarded to the Chief Financial Office.

Cancellation of hotel booking;

- a) Officials are to ensure that they are aware of which hotel they are being booked into before they depart on their trip, as this could result in the official being liable for the "No Show Fee"
- b) Hotels require between 24-48 hours notice of cancellation. (This is determined by the hotel).
- c) The state will only be liable for "No Show Fee" if it is beyond the control of the official or if the hotel is of unacceptable standard. This will require the official to lodge a complaint to the Travel Agency and the necessary action to be taken.

5. FLIGHT BOOKINGS

- a) The flight class will be dependent on the rank of official flying. The following flight classes shall be used by Departmental officials;

HoD:	Business Class ;
Senior General Managers :	Business Class ;
All other officials:	Economy Class ;
All officials invited for interviews	Economy Class.

- b) The flight class may be deviated upon by approval from the MEC or the HoD. Where the MEC or the HoD is accompanied by his/her security personnel, they shall be in the same class with the MEC or HoD.
- c) For International Travelling the MEC may approve for the HoD to be accompanied by his/her spouse, based on written submission from the HoD to the MEC.

6. HIRING OF VEHICLE

- a) The cost of the hired vehicle must be considered at all times. In cases whereby a lower ranking official is required to hire a vehicle that does not apply to his/her rank then this must be substantiated by a written submission, approved by the Head of the Branch as a minimum. The following vehicle classes shall apply to departmental officials:

HoD:	Luxury Sedan, Automatic, Air-Conditioning, Power-Steering, Radio/CD, Air-Bags, ABS;
Senior General Managers:	Max 2.0L engine, Automatic, Air-Conditioning, Power-Steering, Radio/CD;
General Managers:	Max 2.0L engine, Manual, Air-Conditioning, Power-Steering, Radio/CD;
Managers:	Max 1.6L engine, Manual, Air-Conditioning, Power-Steering, Radio/CD;
All other officials:	Max 1.4L engine, Manual, Radio/CD/AC. If more that 3 officials are using the same vehicle a 1.6L vehicle may be used.

- i. Before payment is authorized for payment, Responsibility/Program Managers and or Supervisor must ensure that the kilometres travelled on the invoice are not excessive and that should there be any discrepancies regarding this, the official will be required to attach an explanation letter.
- ii. Officials must ensure that there is no damage to vehicles when returned to the car rental as the department will not be liable for any damages.

7. USE OF PRIVATE VEHICLES FOR LEVEL 1 - 12

- a) If an official is required to perform official duties and no “Government Vehicle” is available, then prior approval must be obtained by the official from the Manager: Corporate Services to use their own private transportation.
- i. The official will be required to complete the “Private on Official” form available from the Transport Office.

- ii. The mileage rate payable depends on the engine capacity of the vehicle. This will be paid according to the transport rate applicable as determined and reviewed by the National Department of Transport from time to time.
- iii. Where an official is required to utilize his/her own car for official purposes on a regular basis even when government vehicles are available, special permission must be obtained from the Manager : Corporate Services and Head of the Branch and an agreement kept on file.
- iv. An employee shall take responsibility for costs of commuting from home-to-work-to-home.
- v. Where an employee proceeds on an official journey directly from home or returns home directly, the official mileage should be calculated as the additional mileage travelled above the normal home-to-work-to-home mileage.
- vi. Any costs incurred in the form of fines, e.g. traffic fines and parking tickets for transgressing the traffic regulations, will be borne by the affected official or any related costs, e.g. handling fees from car hire agencies.

8. TRAFFIC FINES

- a) The department will not be liable for any administration fees/ traffic fines/ parking tickets or any other expenses incurred, by not adhering to the traffic regulations. Although the department is liable for the payment to the Car Rental Company, the official will be liable for the payment of the abovementioned expenses. The amount owing as identified by the S&T Control officer must be paid to cashiers office within 14days of notification. The receipt must be attached to the invoice and submitted to the CFO for payment. Failure to settle the amount owing within the prescribed time will result in the amount owing being deducted from the next employee's salary in full. The Responsibility Manager is required to ensure that there is no delay in payment. If this cannot be met by the official this will be deducted from officials salary.

9. OFFICIAL PHONE COSTS

- a) All official phone costs that are to be reimbursed via the Subsistence and Travel claim must be accompanied by proof and submitted to the Chief Financial Office for a refund.

10. SENIOR MANAGEMENT CAR SCHEME

- a) SMS members are required to complete the attached Annexure B form when claiming official kilometres in excess of 500 km. No other form will be acceptable for reimbursement.
 - i. The amount per kilometre will be in accordance with the National Department of Transport's tariffs which are subject to monthly reviews

11. ACCOMMODATION ON OFFICIAL JOURNEYS OUTSIDE THE REPUBLIC AND SPECIAL DAILY ALLOWANCES FOR OFFICIAL VISITS ABROAD

- a) When expenditure on accommodation is fully funded by the Department, an employee is compensated on the following basis:
- b) A special daily allowance, equal to the daily allowance for official visits for the incidental expenses. This is for official visits to the countries listed in the financial manual as revised by DPSA annually effective every 1st July.

- i. The reasonable actual expenses in respect of accommodation, dry cleaning and laundering; and
 - ii. A special daily allowance to compensate for the employee's three meals (breakfast, lunch and dinner) and incidental expenses.
- c) If expenses are paid from donor funds, a sponsor or a host, reduced amounts as per the following percentages shall be paid in respect of the special daily allowance and incidental expenses. Depending on the amounts sponsored for the trip, an official may claim one or all of the following :
- 15% for incidental expenses;
 - 20% for breakfast;
 - 20% for lunch; and
 - 45% for dinner
- d) The above are percentages of the DPSA daily allowance for that specific country being visited. If for instance the sponsor is paying for accommodation, bed and dinner, the official may then only claim the 15% for incidental expenses and 20% for lunch.
- i. Officials will be required to indicate what percentage (indicated above) will be applicable for them to carry out their official duty abroad when completing the 3b form when applying for Foreign Advance.
 - ii. An official will only be reimbursed for daily allowance if the official proves that they were "out of pocket"(used own cash). They will then be required to produce proof of payment.
 - iii. Should it be found that the official was enriching himself/herself by applying for a higher percentage, then disciplinary action will be taken against him/her and all or part thereof of the advance will be required to be paid back to the department.
 - iv. In the case of official visits to countries not listed in the DPSA rates, the reasonable actual expenses in respect of accommodation, dry cleaning and laundering;
 - v. The reasonable actual costs for three meals; and
 - vi. A special daily allowance, equal to the daily allowance for local official visits for the incidental expenses.

12. APPLICATION FOR S&T ADVANCE

- a) Before an official trip is undertaken, the amount of funding received is treated as an advance. An application for an S&T advance shall not be considered or processed where,
- i. All the required documentation have not been attached to the application
 - ii. A description of the trip is not stated, descriptions like 'meeting' or 'investigation' will not be acceptable.
 - iii. If the claim has not been submitted to the Chief Financial Office and the section provided on the 3b form is not completed by the authorizing officer.
 - iv. Officials have not cleared a previous advance.
 - v. Officials constantly delay the clearing of the advance.
 - vi. No advance will be given to an official who is found to be utilizing State funds for private use, this official would be committing an act of financial misconduct and will be charged accordingly.

13. PAYMENT OF ADVANCE

- a) Allowances and advances should not be paid in cash or by using the petty cash account. The advances and allowances must be deposited directly in an official's bank account by means of an EFT through BAS, except in exceptional circumstances.
 - i. Where the period of expected absence represents more than 30 days, the advance granted in terms of exceptional circumstances shall not exceed an amount equivalent to the estimated expenses for a period of 30 days.
 - ii. It is the duty of the official to ensure that the correct banking details are on BAS and that the Chief Financial Office is notified of any changes.
 - iii. The Chief Financial Office will not be liable for any payments being paid into the incorrect banking account for the abovementioned.
 - iv. The EFT for an advance must not be effected prior to five working days before the departure date.

14. CONTROL MEASURES

- a) In order to avoid any uncertainty, the following requirements must be met when submitting claims for reimbursement of expenditure:
 - i. The nature of the journey must be clearly indicated together with the date, the departure and arrival times and the official's annual salary.
 - ii. If an official leaves his/her headquarters before 07H00, he/she may claim breakfast and if he/she returns after 19H00 he/she may claim the cost of supper subject to the limits referred to in 1 above.
 - iii. It is the responsibility of the official certifying the subsistence claim to ensure that the amounts being claimed are reasonable and within the determined limits. Where deviations are detected, the amounts on the claim must be amended prior to the claim being authorised and processed. Items such as cigarettes, tips and stationery may not be reimbursed. The official approving the claim must be satisfied that all prescripts have been met.
 - iv. The claimant must sign the claim form before submitting it to his/her supervisor or an officer designated to check and/or authorise.

15. PAYMENT / REIMBURSEMENT

- a) The supervisor/first line manager must ensure that the times quoted on meal vouchers are relevant to the amount being claimed. For example, where an official claims for the reimbursement for lunch and the time indicated on the slip is 18H15, this cannot be accepted. The date on the slip must also be applicable to the authorised trip. Furthermore, where officials are travelling over meals period, purely to be able to claim the meal allowance, this too must be controlled and prevented.
 - i. It should be noted that where an official is required to represent his/her department at a meeting, for example, on a Monday at 10H00, travelling arrangements must, wherever possible, be made to coincide with that meeting. When officials wish to travel on the **Sunday prior to a meeting**

this should only be considered under exceptional circumstances, in which case, the necessary motivation and the Head of the Branch's approval must be attached to the claim.

- a. Subsistence reimbursement may not be financed from the imprest/ petty cash account.
- b. Officials are reminded that where advances are drawn to cover the cost of an official trip, the subsistence claim form pertaining to that trip must be completed and submitted for processing without delay and by no later than 5 working days, after having completed the trip. In this regard, responsibility managers are encouraged to peruse their Subsistence and Transport Control Accounts for detailed outstanding advances. These must be investigated and cleared without delay.
- c. In order to ensure that the spending of State funds are properly monitored and controlled, all officials charged with the responsibility of checking, authorising and controlling subsistence claims and expenditure, are requested to render their full co-operation and support in this regard. The Office of the CFO will monitor the outstanding advances and enquire from officials / Responsibility Managers if not timeously cleared
- d. The department has the prerogative to decide on full, part or no compensation to officials that undertake official journeys, for instance if the proper authorisations were not obtained prior to the journey.
- e. With due consideration to fairness and reasonableness, as well as practicality, subsistence allowance must be cost-efficient and economically justifiable.

15. CHANGING OF PLANE TICKETS / CAR RENTAL TO ACCOMMODATE PRIVATE NEEDS

- a) Departmental officials may change plane tickets or car hire to accommodate private needs, and the following shall be applicable :
 - i. A car hire may be changed for instance, if an official is on an official trip, and at the end of the official trip, the official would like to extend the use of the car hire for private purposes. For that duration that the car hire is used for private purposes, the official would be fully liable for all costs incurred thereafter until the return of the car hire. The official would be fully liable for such costs including insurance. If there is any claim (including accidents) from the car hire for the period that has been for private use, the official will be liable for all those costs claimed by the car hire company.
 - ii. Where an official has been bought a plane ticket for business travel, the official may add travel before, in-between or after the official trip. For instance if an official has been booked from Durban to Cape-Town and back, the official may change the forward or return trip, for example from Johannesburg to Cape Town or the return trip from Cape Town to Johannesburg, as long as the ticket costs are the **same**. Where an official alters the air travel and this results in additional costs, the official will be fully liable for the additional costs.
 - iii. All additional costs incurred by an official during an official trip to accommodate private needs, must be paid to the Cashiers' Office, on receipt of the invoice from the service provider, before the department pays the service provider. Where the official delays in paying such amounts to the Cashier's office, by more than ten (10) working days after receipt of invoice, all additional monies incurred for private purposes will be deducted in full from the official's next salary.
 - iv. All changes to official trips must be communicated and agreed with the Responsibility Manager, prior to the changes.

17. COMMUNICATION, IMPLEMENTATION AND REVIEW

- a) Human Resource Management and Development will be responsible as part of the Induction Programme to liaise with the Chief Financial Office for the office of the CFO to communicate this policy to all new employees of the department.
- b) The Chief Financial Office will be responsible for the implementation thereof, and the constant communication to all staff via Chief Financial Office seminars to the whole department.
- c) This document will be reviewed on an annual basis, unless inputs from departmental employees or an agreement with organised labour informs otherwise.

17. IMPLEMENTATION DATE

This policy will be effective from 1st August, 2007 and replaces any existing departmental policy on subsistence and travel allowances prior to this date.

CHIEF FINANCIAL OFFICER

DATE

APPROVED

ACCOUNTING OFFICER

DATE

RATIFIED

HEAD OF DEPARTMENT

DATE