

FINANCIAL POLICY AND PROCEDURES

1. INTRODUCTION

The aim of the financial policy is to make staff aware of the importance of budget and budgetary control to ensure financial accountability and reporting.

2. OBJECTIVE OF THE POLICY

The objective of the policy is:

- 2.1 To ensure the validity of revenue and expenditure
- 2.2 To ensure accuracy of recording
- 2.3 To ensure effectively and efficiently budget and budgetary control
- 2.4 To avoid unauthorized expenditures
- 2.5 To ensure financial accountability and reporting
- 2.6 To ensure proper stock and Asset control

3. DEFINITIONS

In this regulation, unless the context otherwise indicates-

- "Department" means a department of the Town Council of Karibib with one of the Heads of departments or the Town Clerk in charge of it according to circumstances.
- "Management Committee" means the Management committee of the Town Council
- "Municipality or Town Council" means the Town Council of Karibib
- "Act" means the Local Authorities Act, 1992 (Act 23 of 1992) as amended.

- "Stock and Asset Controller" means the controller of the stores of the Council or his/her authorized substitute.
- "Chief Executive Officer" means the Chief Executive Officer of the Council or his/her duly authorized substitute.
- "The Manager of Finance" means the manager of Finance of the Council or his/her duly authorized substitute and other words and expressions have the same meaning as those assigned to them in the act.

4. ESTIMATES/BUDGETING

- 4.1 The annual estimates of the Council's revenue and expenditure and the capital account shall be drawn up in the form prescribed by the Management Committee or by the Ministry of Urban and Rural Development from time to time.
- 4.2 Not later than 15 February of every year, the Manager of Finance shall furnish each head of department and the Chief Executive Officer with the municipal data required for the preparation of a draft estimate on the revenue account and the capital account for the ensuing financial year and not later than 31st March of every year, each Head of a Department shall submit to the Manager of Finance the draft estimates in respect of his/her department.
- 4.3 The draft estimates of all departments shall be submitted and summarized by the Manager of Finance and amended, if necessary in consultation with the heads of department. The Manager of Finance shall furnish the draft estimates with his/her recommendations to the Chief Executive Officer before 1st May for submission to the Management Committee on or before 15 May of every year.
- 4.4 The Management Committee shall consider and may amend it in a way deemed necessary in accordance with Section 83 of the Local Authorities Act (Act 23 of 1992) and Amendment Act (Act 24 of 2000) before its submission to the Town Council for approval.

5. EXPENDITURE

5.1 Non-payroll / General Expenditure

5.1.1 The Manager of Finance shall on request furnish each Head of Department monthly with a statement of the expenditure and revenue in respect of the votes under his / her control.

5.1.2 Where the actual expenditure of any vote of the estimates exceeds the approved expenditure with more than 5% or where expenditure incurred during any financial year was not provided for in the approved estimates, or where the actual revenue is or possibly will be less than the estimated figure, the Head of Department concerned shall furnished the Manager of Finance with a justified report in connection with the circumstances of the case for submission to the Management Committee through the Chief Executive Officer for possible verimentations.

5.1.3 Every payment, except a petty cash disbursement, shall be made through the general / ordinary 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 by the Chief Executive Officer or another employee duly authorized thereto by the Council and countersigned by as many employees of the Council as may be determine and duly authorized thereto by the Council.

5.1.4 The Manager of Finance shall pass no document for payment unless:

(a) The Head of Department concerned, or his / her authorized representative has certified that the goods were actually received in good order (Good Received Voucher/ delivery note) or that the work was dully done and indicating the vote, sub-vote and items of the approved estimates.

(b) The Stock and Asset controller has certified that the price is, in his/her opinion, reasonable and according to contract / order / bid.

5.1.5 A contract or agreement involving the payments of monies to or by the Council are duly executed. copy

thereof shall be forwarded to the Chief Executive Officer who shall note the contents properly and forwarded a copy of the contract to the Head of Department charged with the execution of it.

- (a) The Manager of Finance or Head of Department concerned shall keep a register of periodical payments of revenue and expenditure in accordance with all contracts.
- (b) Progress payments on account of contracts shall be limited to the value of the work done less the amount of previous payments and retention monies.
- (c) Documents for payment on account of contracts shall be certified by the Head of Department concerned except where the contract provides that a consultant, architect or other professional person shall certify such documents responsible for supervising the work done under a contract.

5.1.6 The Manager of Finance shall not pay a contract an amount in excess of the amount authorized by the Council. any excess shall be submitted to the Council for authorization after a written report stating the reason for additional expenditure has been obtained from the Head of the relevant Department.

5.1.7 All payments shall be prepared on Thursdays of each week, each month, except subsistence and travelling claims, emergencies, training and workshops.

5.2 Payroll expenditure /Salaries

5.2.1 Salaries are paid only to permanent and temporary employees that are employed by Council.

5.2.2 Payroll expenditure should be accounted for at the amount according to the employees' contract of employment.

5.2.3 Payroll expenditure should be recorded to the correct salary vote.

5.2.4 All payroll expenses should be recorded in the accounting records (salary spreadsheet)

- 5.2.5 Payment of all Council employees' salaries, except payments for casual labour, should be made into the employee's bank account through EFT or a bank cheque.
- 5.2.6 The Manager of Finance or any person authorized by him /her to prepare the payroll run shall only allow deductions, other than statutory deductions from any employees' remuneration supported by a deduction form signed by the employee to authorize the deduction or an approved salary advice (submission) authorizing deduction.
- 5.2.7 The Manager of Finance or any person authorized by his /her that prepared payroll run, shall be responsible for calculating all the statutory deductions from the employee's salaries, and shall be checked and approved by the relevant authorities as per the council reporting structure. He/she is responsible that the money deducted is paid over to the 3rd party according to the relevant acts.
- 5.2.8 The Manager of Finance, or any authorized person that prepare the payroll run, shall prepare salary advice forms (payslips). These forms must contain the following information:
- Employees name and employment number
 - Employees ID number
 - The payment period
 - The employees gross remuneration
 - All the deductions
 - The net amount transfer to the employees banking account.
- 5.2.9 The above salary advice's (payslips) would be distributed to individuals through the Human Resource office, and all related queries should be addressed to that office.
- 5.2.10 Salary advice slips (payslips) shall be prepared and distributed to the relevant department on the 24th of each month or a day before pay day should the 25th fall on a weekend.

6. CONTROL OF EXPENDITURE

- 6.1 Amounts spend should only be according to the approved Council estimates. Any virementation of money from one vote to another shall be done after approval has been granted from the Minister of Urban and Rural development on recommendation of the management Committee of the Council. No unauthorized expenditures will be incurred by council without approved virementation.
- 6.2 Accounting records should only be updated after the expenses had been incurred and the appropriate person certifies the expenditure as correct.
- 6.3 Expenditure should be recorded to the correct vote.
- 6.4 The Chief Executive Officer may authorize any capital work or scheme or any withdrawal from stock of anything in line with the provisions of delegation of powers as well as the relevant legal frameworks, provided that such expenditure has been provided for in the approved estimates.
- 6.5 The Head of Department concerned may authorize the purchase or procure goods/services in line with the powers delegated unto him/her, provided that such expenditure has been provided in the approved estimates. For every goods and services that need to be procured shall be handled in line with the provisions of the Public Procurement Act, Act 15 of 2015 and its regulations.
- 6.6 The Manager of Infrastructure of the Council or his / her duly authorized substitute may authorize the purchase of a spare parts in line with delegation of powers for a motor vehicle or other mechanical or electrical equipment, if the expenditure has been provided for in the approved estimates and he / she submits at least every three months a report to the Management Committee containing the following information:
- (a) The particulars of all spare parts purchased during the period reported on,
- (b) The purchase price of each spare parts,

- (c) The name and address of the supplier of each spare part
- (d) Identification of the vehicle or mechanical or electrical equipment for which each spare part was purchased, and
- (e) A certificate stating that each purchase was the most advantageous to the Town Council under the circumstances.

6.7 A Head of Department shall not recommend to the Management Committee the execution of any capital work or scheme estimated to cost more than N\$10 000.00, unless he/she provide comprehensive reports in writing on;

- (a) The total estimated cost of such capital work or scheme, together with an analysis in different components which in the opinion of the Head of department are necessary to ensure effective cost control: Provided that the said different components the report to the Management Committee, shall not differ from the total estimated cost of the capital work or scheme concerned.
- (b) The estimated expenditure which shall after the completion of such capital work or scheme be incurred annually in respect thereof,
- (c) The estimated annual revenue to be received from the utilization of such capital work or scheme,
- (d) The source of finances,
- (e) The estimated dates of commencement and completion of such capital work or scheme

- Provided that where it is impossible, on account of the urgency of the capital work or scheme, for the Head of Department to prepare such report or estimate in time of costs for submission to the Management Committee, a preliminary estimate of costs without the required report may be submitted to the Management Committee for preliminary approval

- Provided further that such preliminary estimate shall be replaced within one month or within such extended period as the Management Committee may approve by a fixed estimate which shall be submitted with an aforementioned report to the Management Committee for confirmation of

the expenditure and the Manager of Finance shall forthwith report any failure in this regard to the Management Committee

- 6.8 The management Committee shall not consider a recommendation in accordance with sub-regulation (6.7) unless the Manager of Finance has confirmed the availability of funds.
- 6.9 After the Management Committee has approved the execution of any capital work or scheme mentioned in sub-regulation (6.7), the Head of Department concerned may certify expenditure upon such capital work or scheme not exceeding the estimate of costs approved, subject to the Public Procurement Act and regulations: Provided that such Head of Department concerned shall endorse upon every order or requisition in connection with such work or project the vote, sub-vote and item of the approved estimates and the authority for such or project in terms of these regulations.
- 6.10 When work upon any capital work or scheme approved in terms of regulation (6.8) has been completed or discontinued, the Head of Department concerned shall forthwith report such completion or discontinuation to the Chief Executive Officer.
- 6.11 Unless the Council has authorized it, no expenditure from revenue shall be made on capital works are to be financed from loan funds: Provided that advances may be made temporarily from the revenue to defray the cost of capital work which are to be financed from a loan pending payment against an approved loan or part of such loan as required for such capital work by the insurance/ organization making such loan.
- 6.12 A Head of Department may authorize the execution of any maintenance work and the withdrawal from stock of anything as per the delegation of powers in value for maintenance purposes, provided that such expenditure has been provided for in the approved estimates.

7. COLLECTION AND CONTROL OF INCOME

- 7.1 The Council, and in conjunction with Section (30) of the Local Authority Act No. 23 of 1992 as amended shall be responsible for revenue collection.

- 7.2 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 Town Council of Karibib", unless otherwise pre-indicated by the printing institution.
- 7.3 Any employee responsible for collecting revenue on Council's behalf shall only receive cheques or other negotiable documents made payable to the Council (for the account of Town Council of Karibib).
- 7.4 Money (or other negotiable instruments) of the Council shall not be left in tills or drawers, even if locked, but shall be locked in a safe. Therefore, all money (or other negotiable instruments) of the Council shall be locked in a safe at the end of each business day.
- 7.5 All monies collected during the day shall be reconciled (cash-up) before the close of business every business day. Surplus cash shall immediately be acknowledged by issuing a receipt, the original of which must be retained for record purposes.
- 7.6 Any deficiency in cash shall be accounted for by the cashier except where the Council provides otherwise who will be responsible for the custody thereof. The Manager of Finance / Head of Department through the Chief Executive Officer shall report each deficiency not made good to the Management Committee.
- 7.7 Deposits should be made on daily basis or if not possible the following working day.
- 7.8 A record of cash surplus or deficiencies shall be kept, containing the following particulars:
- Date of surplus or deficiency
 - Responsible employee
 - The amount of surplus or deficiency
 - Number of receipts issued and
 - Initials of responsible employee and his / her supervisor

- 7.9 Should an employee fail to observe sub-regulation (7.8), the Council may refuse to refund him /her for an apparent shortage made good in error.
- 7.10 An employee, charged with the receipt and custody of monies of the Council shall, when he /she must hand over such monies for any reason, balance the money in his /her 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.
- 7.11 No private cheques shall be cashed from the Council's funds.
- 7.12 Nobody shall borrow or acquire money of the Council against acknowledgment of debt or by way of an advance without the prior approval of the Chief Executive Officer.
- 7.13 Whenever money is received which no debtor is raised, be allocate to the correct account or suspense 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. A record of all unallocated amounts shall be kept containing the following particulars:
- Date of transaction
 - Responsible employee
 - Amount unallocated
 - Number of receipts issued
 - Initials of responsible employee and his / her supervisor
 - The number of the suspense account used
 - The number of the account it was relocated
 - The reason for the reallocation and
 - Initialized by the Manager of Finance to indicate the approval of the reallocation.
- 7.14 Refunds for overpayment or any other reason shall only be made by EFT on approval of the Chief Executive Officer.
- 7.15 Amounts due to Town Council shall only be written off with the approval of the Minister of Urban and Rural Development on recommendation of the council.

8. ACCOUNTING AND COSTING

- 8.1 The Head of Department shall keep adequate accounting and costing records of all works and projects.
- 8.2 The Manager of Finance shall compare the actual costs of a capital work or scheme approved with the estimates of costs of a capital work or scheme approved with the estimates of costs furnished and shall report to the Chief Executive Officer any variations of (10%) ten percent or more.
- 8.3 No capital work, capital scheme or maintenance work shall be carried out and no service shall be rendered by one department to another, unless such capital work, capital scheme, maintenance work or service has been requested in a prescribed format by the Manager of Finance and on which are indicated the estimate of costs, vote, sub-vote and item of the approved estimates.
- 8.4 No material shall be supplied to or work carried out for the public unless approved by the Chief Executive Officer or his / her designate.
- 8.5 No such material shall be supplied or work commenced until suitable arrangements as regards the recovery of costs involved has been completed to the satisfaction of the Manager of Finance.
- 8.6 Every Head of Department concerned in charge of any plant or machinery shall, if required by the Management Committee, keep adequate costing and accounting records in respect of such plant or machinery to the satisfaction of the Management Committee.

9. INSURANCE

- 9.1 Every Head of Department shall furnish the Chief Executive Officer with a schedule of all insurable risks under his control and shall notify the Chief Executive Officer 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.

9.2 The Chief Executive Officer shall keep the Council informed of all such insurable risks and the Council shall determine which risks are to be insured and the amount of coverage in respect of each risk.

9.3 Every Head of Department shall forthwith notify the Chief Executive Officer of any third-party claim, or any damage to or loss of Council property or any injury to an employee of the Council, or any accident or occurrence whatsoever which may be covered by insurance.

9.4 The Manager of Finance shall keep the custody of all insurance policies with the right to sub-delegate.

10. STORES

10.1 The Stock and Asset Controller shall be responsible for all purchases, replenishment and keeping of stock and issues from stores in terms of these regulations. The controller of stores shall keep all stocks and materials for future use in a store, provided that certain stores and materials may with the approval of the Management Committee be kept by a department in a place approved by the Management Committee.

10.2 The Stock and Asset Controller shall keep a comprehensive stores-register reflecting full particulars of purchases and issues and which will permit of balancing at any time.

10.3 The Stock and Asset Controller shall conduct a quarterly and annual physical stocktaking of all stores; equipment and other moveable property held in stock during the month of June and shall submit to the Chief Executive Officer through the Manager of Finance.

10.4 All purchases of commodities to be held in stock shall be subject to the Public Procurement Act, Act 15 of 2015 and its regulations.

10.5 The Stock and Asset Controller shall make no issue from stock or purchase anything unless a requisition/purchase order and duly signed by the Head of Department concerned

has been produced and approved by the Chief Executive Officer. The Head of Department concerned shall initial any additions on such requisitions.

- 10.6 Requisitions/orders in respect of a uniform or other clothing, except protective clothing, shall not be executed unless it states the name of the person for whom such uniform or clothing is required and the Manager of Finance or his / her duly authorized representative, has indicated thereon that the financial arrangement in connection with it, has been complied with.
- 10.7 If any requisition is lost, the Manager of Finance may issue a duplicate requisition after the Stock and Asset Controller has made a written report, and such duplicate requisition shall bear the number of the requisition lost.
- (a) All requisition stores and materials, which are, approved stock items in accordance with sub-regulation 10.5 and which are not used for the purpose for which they were required shall forthwith be returned to the Stock and Asset Controller.
 - (b) The Stock and Asset Controller shall take such returned stores and materials into stock again and shall issue a voucher therefore which shall bear the number and quantity of goods so returned and a copy of such voucher shall be furnished to the Manager of Finance.
- 10.8 The Head of Department shall be responsible for the safe custody of goods and materials issued to his / her department.
- 10.9 Any item lost while in custody of an individual Council employee shall be recovered from the specific employee, unless Council decides otherwise.
- 10.10 Only the Council shall authorize whenever stores, materials and machinery shall be regarded as superfluous of obscene and the manner in which they shall be disposed of.
- (a) If such stores, materials or machinery is handed to the Stock and Asset Controller, the head of department concerned shall quote the resolution of the Council.

10.11 Subject to the provisions of section 80(3) of the Local Authority Act (Act 23 of 1992) and Amendment Act (Act 24 of 2000), the Council shall lay down a policy according to which the Town Treasurer shall invest its funds. Prior approval by the Minister shall be obtained.

11. INTERNAL / EXTERNAL AUDITOR / AUDITING

11.1 The Council may with the approval of the Minister of Urban and Rural development, appoint an employee as an internal auditor and in respect of his / her duties as internal auditor; such employee shall report to the Chief Executive Officer.

11.2 The internal / external auditor shall have access to all the books of the account and other records of all the Council and every Head of Department shall furnish the internal / external auditor with such information as he / she may require in carrying out his / her duties.

11.3 The internal / external auditor shall submit his/her report to the Chief Executive Officer who shall submit the report and the report of the head of department concerned in its original form together with his comments to the Management Committee.

12. ASSETS

The law say the Council shall maintain a register where particulars of the assets of the Council shall be recorded as determined by the Council from time to time, and may be subject to depreciation.

13. CUSTODY OF DOCUMENTS

The Council shall keep all deeds of transfer and other agreements in safe custody.

14. REPORTS

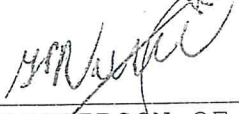

The Chief executive Officer shall submit to the Management Committee monthly financial reports of income and expenditure.

15. **POLICY REVIEW**

This policy will be reviewed annually or at the discretion of council.

16. **APPROVAL OF POLICY**

a) This policy is approved by way of Council Resolution number: SMC/0009/24/09/2018

 2018 -10- 29	 2018 -10- 29
CHAIRPERSON OF COUNCIL Tel: 064-550016 Fax: 064-550032 Office of the Mayor	CHIEF EXECUTIVE OFFICER Tel: 064-550016 Fax: 064-550032 Office of the Chief Executive Officer

Note: Both stamps include the text 'Karibib Town Council PO Box 19, Karibib' around the perimeter.