

(Administrator's Notice 927)

STANDARD FINANCIAL BY-LAWS

The administrator hereby, in terms of section 96 bis (1) of the Local Government ordinance, 1939, publishes the standard by-laws set forth hereinafter, which have been made by him in terms of the said subsection.

Definitions

1. In these by-laws, unless the context otherwise indicates -

"council" means a town council or village council and includes the management committee of a council or any officer employed by a council, acting by virtue of any power vested in a council in connection with these by-laws and delegated to him in terms of section 58 of the Local Government (Administration and Elections) Ordinance, 1960 (Ordinance No 40 of 1960);

"department" means any department, section or branch of the council the head of which is not directly responsible to any senior officer other than the town clerk;

"head of a department" means the officer who is head of a department and who is, in terms of section 65 (2) of the Local Government (Administration and Elections) Ordinance, 1960, directly responsible to the town clerk, or any person duly authorized by such head to act on his behalf;

"town treasurer" means the officer contemplated in section 2 of the Local Government Ordinance, 1939, and any person duly authorized by him to act on his behalf;

and any other word or expression to which a meaning has been assigned in the Local Government Ordinance, 1939, or in the Local Government (Administration and Elections) Ordinance, 1960, shall bear that meaning.

Estimates

2. The annual estimates of the council on the revenue account and the capital account shall be drawn up in the form prescribed by the management committee from time to time.

3. Not later than the 15th April of each year the town treasurer shall furnish each head of a department with the financial information required for the preparation by such head of a draft estimate on the revenue account and the capital account for the ensuing financial year in respect of the department concerned and within 30 days after receiving such information each head of a department shall submit to the town treasurer such draft estimate in respect of his department.

4. The draft estimates of all departments shall be submitted together with a summary thereof and his recommendations thereon by the town treasurer to the town clerk for submission to the management committee.

5. The management committee after considering the draft estimates of each department and amending them in any manner it deems necessary shall submit them to the council for approval.

Expenditure

6. *The council shall make no decision concerning expenditure unless the management committee, after consideration of a report submitted by the town treasurer, has reported thereon.*

7. *A recommendation to the management committee relating to expenditure shall specify the cote to which the expenditure is to be charged or, as the case may be, shall state that an additional vote or an excess vote is required therefor.*

Excess Expenditure

8. (1) In every case where the actual expenditure on revenue account has exceeded or in the opinion of the town treasurer may exceed the estimated figures, or where the actual revenue is or in the opinion of the town treasurer may be less than the estimated figures, the head of the department concerned shall, at the request of the town treasurer, submit a report in writing, giving all the reasons for the excess or the shortfall as the case may be.

(2) The management committee shall consider the report mentioned in subsection (1) together with a report in writing of the town treasurer in connection therewith and shall make a recommendation thereon to the council.
9. When the full amount provided for a specific purpose in the estimates on revenue account is not spent for that purpose, the balance shall not be used for another purpose in order to meet expenditure in excess of an amount provided for that other purposes.

Collection and Control of Revenue

10. (1) The town treasurer shall be responsible for the collection of all moneys due to the council and unless he authorizes another department to do so, all moneys shall be collected by his department.

(2) All moneys collected by another department in terms of subsection (1), shall be paid in at the department of the town treasurer, or, with the approval of the town treasurer, at the bank of the council.
11. All moneys collected in terms of section 10 shall be balanced and banked daily or at such regular times and in such a manner as the town treasurer may determine.
12. No amount due to the council shall be written off as irrecoverable without the approval of the council.
13. (1) the receipt of all moneys collected in terms of section 10, shall be acknowledged forthwith by the issue of a numbered official receipt or ticket or in any other manner approved by the town treasurer.

(2) No alteration shall be made on a receipt, ticket or other form of acknowledgment issued in terms of sub-section (1) and any error appearing thereon shall be rectified by the issue of a new acknowledgment of receipt and the cancellation of the erroneous one.

(3) A receipt, ticket or other form of acknowledgment cancelled in terms of subsection (2) and all duplicates thereof shall be kept in safe custody by the responsible officer.

14. (1) If the amount of money in an officer's possession is less than that for which he is accountable to the council he shall make entry recording the deficiency in the register concerned and shall forthwith make up the deficiency, or in the event of his inability to do so, the amount of the deficiency shall be entered as a debt owing by him to the council: Provided that if the council, having considered the circumstances, is satisfied that the officer was in no way to blame for the deficiency, it may decide that he shall not be obliged to make it good or that the amount of any deficiency which he has made good, shall be refunded to him.

(2) When an officer mentioned in subsection (1) relinquishes his duties, he shall balance his cash and the accuracy of the balance shall be certified in a manner determined by the town treasurer.

(3) If the amount of money in an officer's possession is greater than that for which he is accountable to the Council, it shall forthwith be brought into account as revenue of the Council.

Tenders and Contracts

15. Subject to the provision of section 26 the council's power in terms of section 35 of the Local Government Ordinance, 1939, to enter into a contract for the furnishing of goods or the execution of works to the value of less than R..... without inviting tenders shall not be exercised until it has invited and

considered quotations for such goods or works :
Provided that in the discretion of the council
quotations need not be invited for the purchase of
goods or the execution of works for an amount not
exceeding R..... : Provided further that contracts
for the purchase of goods to the value of more than
R....., with the exception of normal stock items and
contracts for the execution of works to the value of
more than R..... shall not be entered into without
the council's authority.

16. (1) Every tender addressed to the council shall be enclosed in a sealed envelope or package bearing on its exterior any number which may have been attached by the council to the invitation to tender and the nature of the goods or works to which the tender relates.

(2) Subject to the provisions of section 17 no tender shall be considered unless it has been placed not later than the closing time specified in the invitation to tender in the tender box which the clerk of the council shall provide for the purpose and keep locked at all times except when tenders are being collected therefrom.

(3) A tender received otherwise than by deposit in the tender box shall as soon as it has been so received be placed by the officer authorized so to act in the tender box mentioned in subsection (2).

(4) When a tender received otherwise than by deposit in the tender box is found not to comply with the requirements of subsection (1) it shall forthwith be placed in a sealed enclosure on which shall be noted

(a) the date and time of receipt of the tender;

(b) the nature of the goods or works to which it relates; and

(c) the condition in which the tender was received;

and it shall thereupon be placed in the tender box.

(5) When a tender is found on the opening of the tender box not to comply with the requirements of subsection (1) the person opening tenders shall declare and endorse upon it the respects in which it fails so to comply.

17. (1) A tender received by telegram before the advertised closing time shall be considered if the name of the tenderer, the goods or works to which it relates, the amount of the tender and the period of delivery offered are specified therein and written confirmation thereof is posted not later than the advertised closing time.

(2) A tender received after the advertised closing time may be considered if posted or telegraphed in time to reach the council before the advertised closing time and the council is satisfied that the tenderer has taken all reasonable precautions and is otherwise in no way to blame for the delay.

18. (1) Immediately after the opening of the tender box all the tenders shall be opened in public by a member of the council if the council so decided, or in the absence of such a decision, by the clerk of the council or an officer authorized by the latter to act on his behalf in the presence of an authorized officer of the treasury department or of the department concerned with the tender, and the person opening the tenders shall in the case of each read out the name of the tenderer and if any tenderer so requests the amount of the tender.

(2) As soon as a tender has been opened

(a) there shall be placed upon it the official stamp of the council and the signatures of the person who opened it and of the person in whose presence it was opened as prescribed by subsection (1);

(b) the name of the tenderer shall be recorded in a register kept for that purpose; and

(c) the person who opened the tender shall forthwith place his initials against every altered figure in the tender documents.

(3) After being recorded in the register mentioned in subsection (2), the tenders shall be handed over to the representative of the department concerned or the treasury department and he shall acknowledge receipt thereof by signing the register.

(4) The head of the department concerned shall forthwith hand to the town treasurer any deposit or security received with the tenders and shall thereafter submit a written report on those tenders with his recommendations.

(5) A report as referred to in subsection (4) which contains a recommendation for acceptance of a tender other than the lowest shall state fully the reasons for that recommendation.

19. Subject to the provisions of section 35 (3) *quat* of the Local government Ordinance, 1939, the council shall not accept a tender other than the lowest unless it has considered and is satisfied as to the adequacy of the report referred to in section 18 (5).

20. No member or officer of the council shall disclose to any person other than a member or officer of the council who in the course of his official duties is concerned with the tender any information relating to it contained in any report of an officer, consultant or other adviser of the council, which is disclosed in a report of the management committee not intended for the confidential information of the council only.

21. (1) The financial provisions of a contract which the council intends to conclude shall be referred to the town treasurer for him to make his recommendations thereon before the conclusion of the contract.

(2) The town treasurer shall in respect of every contract concluded by the council keep a record in

which the financial rights and obligations of the council thereunder are set forth and shall enter in that record currently every payment made by or to the council in terms of that contract.

22. If at any time after publication of an invitation to tender, the council considers it necessary to depart from the original conditions of tender, fresh tenders shall be called for.
23. Where the council calls for tenders for the supply and delivery of goods or the execution of works, the council's conditions of tender and conditions of contract will apply.

Stores and Material

24. A stores register reflecting full particulars of purchases and issues and which will permit of balancing at any time, shall be maintained by the town treasurer.
25. (1) Except where the town treasurer is of the opinion that special reasons exist for so doing, stores shall not be carried by his or any other department in excess of what are in his opinion its normal requirements.

(2) Whenever the town treasurer is of the opinion that compliance by him with a request to purchase any material would be contrary to the provisions of subsection (1) he shall inform the head of the department concerned of that fact and if the request is not withdrawn he shall submit a written report setting out fully the fact of the dispute.
26. With the exception of petty cash disbursements made from an imprest account in terms of section 42 all goods and material shall be purchased or issued by the town treasurer and no goods or material shall be so purchased or issued otherwise than against a requisition signed by the head of the department by which the goods or material are or is required.
27. (1) Specifications for goods, material and plant to be purchased by tender or by quotation shall be drawn up by the head of the department concerned in consultation with the town treasurer.

(2) The head of the department concerned shall recommend the tender or quotation to be accepted and if the tender or quotation so recommended is not the lowest he shall furnish to the town treasurer full reasons for the recommendation.

(3) If the town treasurer does not agree with the reasons furnished in terms of subsection (2) he shall submit a report setting out fully the facts of the dispute.

28. (1) All stores belonging to the council shall be kept in a place or places controlled by the town treasurer : Provided that such stores as the town treasurer may approve may, subject to conditions to be determined by him, be kept by the head of a department in a place under his control.

(2) The town treasurer shall at least once in every financial year carry out a stock-taking covering all goods and material constituting the stores held by the council.

29. The town treasurer shall submit a written report stating the quantity and value of any surplus or shortage of goods and material revealed by stock-taking together with the reasons therefor and he may in respect of the stores referred to in the proviso to section 28 (1) require the head of the department concerned to furnish him with such reasons in writing.

30. (1) All printed matter offered for sale and all tickets, badges, receipt books and cheque forms shall be purchased and issued by the town treasurer only.

(2) The town treasurer shall keep a register of all purchases and issues made in terms of subsection (1).

(3) The receipt of anything issued in terms of subsection (1) shall be acknowledged by means of the signature of the recipient in the register mentioned in subsection (2).

31. A stores requisition shall not be executed unless particulars, as determined by the town treasurer, of the vote to be debited in respect of the goods or material supplied, are indicated thereon.

32. Subject to the provisions of section 31, no stores requisition in respect of a uniform or other clothing shall be executed unless it states in the case of an issue to a specific person, the name and official designation of the person for whom such uniform or clothing is required and unless the town treasurer has indicated thereon that it complies with the requirements of the council regarding such issue.

33. If by order of the town treasurer delivery is made of goods or material by the supplier directly at a place other than a store, the person authorized by the head of the department concerned to do so shall take delivery thereof and sign the delivery note which shall be sent to the town treasurer by the head of the department.

34. Goods, material or plant shall not be regarded as redundant or obsolete unless the council so authorizes and in such case the council shall give directions as to its disposal.

35. (1) Any goods remaining unused after the completion of the work or the fulfillment of the purpose for which they were issued shall be returned to the store or to such place as the town treasurer may direct.

(2) A department returning surplus goods in terms of subsection (1) shall send to the town treasurer an advice note in such form as he may prescribe which specifies fully the goods so returned.

36. No order for the purchase of goods shall be placed on behalf of the council or shall be valid unless it has been signed by the town treasurer or other officer authorized by the council to do so.

37. A head of a department shall be responsible for the safe custody of goods or material issued to his department and shall, if requested to do so by the town treasurer, furnish full details of any goods or material held by his department.

Payments

38. Every payment, except a petty cash disbursement, shall be made by means of a banking account of the council and each cheque drawn on such banking account shall be signed by the town treasurer or any other officer authorized to do so by the council and shall be countersigned by as many members of the management committee or as many officers of the council as may be authorized to do so by the council.
39. (1) A head of a department or officer of his department authorized to do so by him in writing, shall certify in respect of each account to be paid for goods supplied or services rendered to or work performed for his department, that it is in order, that the goods or services, as the case may be, were in fact supplied or rendered or that the work was in fact done, that the price charged is reasonable or according to contract and that it is within a vote authorized by the council.
- (2) Such account shall be sent to the town treasurer with a supporting voucher and he or an officer authorized to do so by the council shall approve such voucher before settlement of the account.
40. Progress payments in respect of a contract shall be limited to the value of the work done and the material supplied, as certified in terms of section 39 (1), less the amount of previous payments made and the amount of retention money withheld in terms of the contract.
41. The town treasurer shall not in respect of any contract make any payment in excess of the total amount authorized by the council unless the council has resolved otherwise after considering a written report by the head of the department concerned stating the reasons why the excess expenditure should be incurred.
42. An imprest account for petty cash disbursements shall be opened only with the approval of the town

treasurer who shall determine the amount that may be kept in such account, the nature and extent of the payments that may be made therefrom and what supporting vouchers are to be completed for such payments.

43. the town treasurer shall submit monthly a report in respect of the immediately preceding month setting out the cash and bank balances as at the beginning of that month, the total amounts received and payments made during that month and the cash and bank balances as at the end of that month reconciled with the bank statements.
44. Not later than the last day of January of each year, the town treasurer shall submit a report in respect of those cases in which, in his opinion, the discrepancy between the actual and the estimated income or between the actual and estimated expenditure for at least the first 5 months of that financial year is of such a serious nature as to require to be brought to the notice of the council.

Capital Expenditure

45. Capital expenditure however financed and notwithstanding that provision has been made therefor in the annual estimates shall not be incurred without the express approval of the council.
46. The head of a department shall in respect of a recommendation made by him for the execution of works or other undertaking entailing capital expenditure, submit with such a recommendation a report setting out the following information in respect of such works or undertaking :
 - (a) the total estimated cost with a complete analysis thereof and any consequential expenditure which will arise as a result of the works or undertaking;
 - (b) the estimated capital amount to be expended annually in respect of the works or undertaking;
 - (c) the estimated annual income to be derived and the estimated annual expenditure of any kind, including expenditure on staff, to be incurred

when the works or undertaking is taken into use;

(d) the estimated life of the asset to be created; and

(e) any other information required by the town treasurer.

47. Expenditure which is to be met by means of a loan shall not be incurred until all approvals required by law have obtained and all other statutory requirements have been complied with.

Costing and Departmental Work

48. (1) Works, which expression shall include the maintenance and repair of such works, and such other work as may be determined by the council, shall not be carried out departmentally unless the town treasurer has on application by the head of the department concerned issued a works order therefor.

(2) The town treasurer may refuse to issue a works order as referred to in subsection (1) if the application therefor is not supported by such information relating to material labour, transport and other costs as he deems necessary.

(3) An application for the issue of a works order shall be submitted on a form prescribed by the town treasurer and the vote to which the relevant expenditure is to be charged shall be stated therein.

49. Cost accounts shall be kept by the town treasurer in such form as he determines in respect of all works as referred to in section 48.

50. (1) No goods of any kind belonging to the council or for which it is made chargeable shall be supplied to, and no work shall be carried out by it for, any other person without the council's approval and unless it is satisfied that the supplying of such goods or the doing of such work is to its advantage.

(2) No goods shall be supplied to and no work shall be done for any person until he has either paid in

full therefor or entered into such an agreement in writing and given such security for the payment to the council of its charges therefor as the town treasurer considers necessary for the proper protection of the council.

Closing of Votes

51. On completion of the work for which a works order has been issued, the head of the department concerned shall forthwith notify the town treasurer thereof and if the difference between the actual and the estimated cost of that work exceeds 10 per cent, he shall forthwith submit to the town treasurer his reasons therefor in writing.
52. The head of a department concerned shall as soon as practicable after all the work under a capital vote has been completed advise the town treasurer accordingly giving all the reasons for the excess expenditure or the saving as the case may be and recommending that the vote be closed, and the town treasurer shall submit a written report on such recommendation for consideration by the council.

Assets

53. (1) The town treasurer shall keep a register in which shall be recorded details of all assets of the council save those mentioned in section 54 (1).

(2) When an asset under the control of the head of a department has been purchased, sold, demolished, destroyed or damaged or any other event materially affecting its value has occurred such head shall forthwith report the facts to the town treasurer in writing.

(3) The head of a department shall at such intervals as the town treasurer may prescribe submit to him a written report giving such particulars concerning all assets under the control of such head as the town treasurer may require.

54. (1) Each department shall keep inventories, in a form to be approved by the town treasurer, of all animals, plant, tools and furniture, details of which the town treasurer has not required to be recorded in the register referred to in section 53 (1).

(2) At such date during every financial year of the council as the town treasurer may decide every head of a department shall cause a comparison to be made between the inventories referred to in subsection (1) and the assets in the possession of his department and shall report to the town treasurer in writing the result of such comparison.

(3) If any asset referred to in the aforesaid inventories found not to be in the department's possession the head of the department shall include a statement of all the facts relevant to the shortage in the report referred to in subsection (2).

(4) The town treasurer shall submit a report in writing setting out the relevant facts relating to the absence of any asset brought to his notice in terms of subsection (3) and the management committee shall report to the council thereon.

Insurances

55. The town treasurer shall whenever necessary submit for the council's approval a written report setting out any insurance of its property or interests that should in his opinion be effected.

56. (1) The town treasurer may at any time require from a head of a department, who shall duly supply, a statement setting out the assets held by that department, the risks requiring to be insured and any other information which the town treasurer deems necessary and the town treasurer shall in accordance with such statement and subject to the provisions of

section 55 effect such insurance as the council's interests require.

(2) It shall be the duty of a head of a department to notify the town treasurer without delay of any new insurable risk or of any alteration in an existing insurable risk which has arisen in connection with his department.

57. On the occurrence of any event giving rise or likely to give rise to a claim by or against the council or against its insurers the head of the department concerned shall notify the town treasurer of that event and the town treasurer shall as soon as possible notify the council's insurer thereof.
58. The town treasurer shall keep a register in which particulars of all insurance policies held by the council shall be entered and he shall be responsible for the payment of all premiums and shall ensure that, subject to the provisions of section 67 (b) of the Local Government (Administration and Elections) Ordinance, 1960, claims which arise under such policies are instituted.

Investments

59. The council shall lay down a policy specifying the general principles according to which its funds shall be invested and its securities acquired and disposed of by the town treasurer.

Internal Audit and Accounting

60. (1) The town treasurer, members of an internal audit staff and any other person authorized by him shall be entitled to require production of or have

access to all books accounts and other records relating to financial matters of any department.

(2) A head of a department and every officer thereof shall at the request of the town treasurer furnish him to the best of his knowledge with such information relating of financial matters as he may specify.

61. The system operated by a department for the collection of revenue, the keeping of books or any records relating to financial matters including costing shall be subject to the approval of the town treasurer and no such system shall be altered or departed from without the town treasurer's prior approval.

Custody of Documents

62. (1) All needs of transfer, title deeds, leases, agreements and similar documents shall, upon completion, be placed in safe custody in accordance with the directions of the clerk of the council.

(2) The clerk of the council shall keep or cause to be kept a register of all documents mentioned in subsection (1) in which the number, nature, period of validity and any other information of importance regarding each document, shall be recorded.

Payment of Salaries, Wages and Allowances

63. (1) The town treasurer shall keep a record in which all relevant particulars relating to salary, wages, allowances and leave of every employee of the council are recorded.

(2) Pay sheets shall be approved by the town treasurer and payment shall be made in accordance therewith.

(3) The town treasurer shall pay all salaries, wages and allowances in such manner as he may determine.

64. A head of a department shall forthwith notify the town treasurer of any change in or addition to his staff, of any alteration in a salary or wage scale, of any leave granted and of any absence of an employee from duty with leave.

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