



# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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WINDHOEK - 18 November 1997

No. 1731

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## General Notice

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### MUNICIPALITY OF WALVIS BAY

No. 320

1997

### FINANCIAL RULES

It is hereby made known for general information that the council of the Municipality of Walvis Bay has adopted the following financial rules as set out in the Schedule:

### SCHEDULE

#### 1. DEFINITIONS

In these rules unless the context indicates otherwise, any word to which a meaning has been assigned to shall have that meaning and -

"Chief Executive Officer" means the Town Clerk or the person acting in his stead;

"Council" means the Municipal Council of Walvis Bay;

"Department" means a department established within the municipality in terms of section 28(1) of the Act;

"Estimates" mean the estimates of revenue and expenditure referred to in section 83 of the Act.

"Financial year" means the financial year as defined in section 82 of the Act;

"Head of department" means an employee of the municipality designated as head of department in terms of section 28(2) of the Act;

"Management Committee" means the management committee of the municipal council of Walvis Bay established in terms of section 21 of the Act;

"Municipality" means the Municipality of Walvis Bay;

"The Act" means the Local Authorities Act, 1992 (Act No. 23 of 1992);

"Town Clerk" means the Town Clerk of the Municipality of Walvis Bay.

## **2. ESTIMATES**

2.1 Every Head of Department shall, in respect of the activities of his or her Department, and in consultation with the Town Treasurer, prepare -

- (i) a revised capital and operating estimates for the current financial year;
- (ii) draft capital and operating estimates for the ensuing financial year; and
- (iii) a draft capital programme for the following two financial years.

2.2 The revised capital and operating estimates, draft capital and operating estimates and draft capital programme shall be prepared in such form and completed by such date as the Town Treasurer may direct.

2.3 Upon receipt of the revised capital and operating estimates, draft capital and operating estimates and draft capital programme, the Town Treasurer shall, in consultation with the Town Clerk and the Head of Department concerned, amend where necessary, correlate and consolidate the Draft Estimates of the various departments and shall thereupon submit the Draft Estimates in consolidated form to the Town Clerk for submission to the Management Committee.

2.4 The Chairperson of the Management Committee shall not later than the first Ordinary Meeting of Council in May, present the draft Estimates for the ensuing Financial year and the following two years to the Council with the recommendation of such Committee as to the rates and fees to be levied during the ensuing financial year and any other recommendations and comments it may deem necessary.

2.5 During the month of March of each year, the Town Clerk shall submit to Management Committee details of any additional works of a capital nature which it is desired to finance, and the list of such works, as accepted

by the Management Committee, shall be submitted to the Council for consideration.

- 2.6 The Town Treasurer shall issue guidelines, having regard to the limitations placed on expenditure growth, in regard to the preparation and administration of the estimates.
- 2.7 The draft operating estimates submitted to Council for approval shall not reflect a deficit. Where the aggregate operating income is less than the aggregate operating expenditure, the estimates must contain proposals to meet such deficit.
- 2.8 The approved estimates may be amended by Council during the year, provided that total estimates are not exceeded. Where expenditure in excess of the approved estimates is required any necessary external approval by the Minister shall be obtained.

### 3. EXPENDITURE

- 3.1 Any report submitted by a Head of Department in which authority is sought to incur capital expenditure shall include the estimated total capital cost of the project.
- 3.2 No capital expenditure shall be incurred unless:
  - (i) provision therefor has been made in the approved capital estimates; and
  - (ii) Council has specifically approved such expenditure; and
  - (iii) all approvals required by law have been obtained and all other requirements prescribed by Council have been complied with.
- 3.3 No under-expenditure on any capital project may be applied to meet additional expenditure on any other approved capital project without the approval of Council.
- 3.4 Whenever an approved estimate is expected to be exceeded, a Head of Department is required to obtain appropriate authority from Council: provided that, if the case is one of emergency, the Head of Department shall, at the first opportunity, report the reasons;
  - (i) for the additional expenditure; and
  - (ii) why timeous authority, where applicable, for the additional expenditure was not obtained.
- 3.5 A Head of Department shall advise the Town Treasurer immediately of any amounts on his capital estimates which will no longer be required by his Department.

- 3.6 Subject to the approval by Council, expenditure in connection with uncompleted projects from a previous year may be incurred during the next ensuing financial year, provided that compensatory under-expenditure is affected, and subject to the provisions of the Act.
- 3.7 Capital expenditure which is to be financed from loan moneys shall not be incurred until the necessary loan sanction has been granted by the Minister, and until authority for raising the necessary loan has been received.
- 3.8 No capital vote may be exceeded without the written consent of the Minister.
- 3.9 No expenditure shall be incurred from the sum allowed for contingencies on any contract without the approval of the Head of Department, in consultation with the Town Treasurer.
- 3.10 When the work under a capital vote has been completed, the Head of Department concerned shall submit to the Council a statement showing full details of the authorised and actual cost of the work.
- 3.11 Not later than the 15th day of August of every year, each Head of Department shall review the capital program for which provision had been made in the Estimates or in the Additional Capital Estimates in respect of the previous financial year and submit to the Council a statement reflecting :-
- (i) Works completed;
  - (ii) Works commenced but not completed in which case details of expenditure still to be incurred shall be furnished;
  - (iii) Works which have not been commenced and stating the reasons therefor.
- 3.12 The approval of the Management Committee shall be necessary for any expenditure or project estimated to cost more than an amount authorised by Council from time to time if provision has been made therefor in the annual estimates: Provided that additional approval will not be necessary for purchases or withdrawals from stock or material normally required for the execution of any project or work.
- 3.13 Subject to the provisions of regulation 4.2 every Head of Department is empowered to authorise purchases amounting up to an amount authorised by Council from time to time if the expenditure is provided for in the estimates.
- 3.14 Every requisition or recommendation contained in any report involving expenditure shall state the vote to be charged therewith and in the event of capital expenditure shall in addition clearly indicate the source where the funds applied are derived from, and in each case the covering sanction shall be quoted.

- 3.15 Where estimated income is unlikely to be realised, the Head of Department concerned shall forthwith report the matter to the Management Committee indicating in consultation with the Town Treasurer, how the shortfall can be met.

#### **4. PAYMENT OF ACCOUNTS**

- 4.1 Every account for payment shall be certified by the Head of Department concerned, or an official duly authorised thereto by such Head of Department, to the effect that the items charged for have been received in good order, and/or the services rendered were performed to Council's satisfaction, that the charges raised are correct and the person concerned shall indicate the vote or other expenditure authority to which it is chargeable, before transmitting it to the Town Treasurer. All authorisations required shall be shown on such vouchers.
- 4.2 Notwithstanding the provision of regulation 3.13, the Town Clerk or the Town Treasurer may require to be furnished with such further documents, vouchers and information as he or she may deem necessary before approving any account for payment. The Town Clerk or the Town Treasurer may decline to approve the payment of an account in which case the account shall be submitted to the Management Committee for consideration and further instructions.
- 4.3 Progress payments on account of contracts shall be limited to the actual value of the work completed and the material delivered, less previous payments and retention money, and the amounts due as progress payment on such contracts shall be certified by the Town Engineer or Head of Department concerned.
- 4.4 Payment of all accounts, other than petty disbursements from imprest accounts, shall be made by cheque or any such means as may be approved by Council from time to time.
- 4.5 All cheques shall be signed by the Town Clerk and in his absence, the Acting Town Clerk and co-signed by the Town Treasurer and in his absence, the Deputy Town Treasurer or such other Official as may be authorised thereto by the Management Committee.
- 4.6 Imprest accounts for the making of petty disbursements shall only be established with the approval of the Town Treasurer, who shall prescribe the amount of such accounts and the nature and extent of payments to be made therefrom.
- 4.7 Every voucher submitted for the refund of petty disbursements made by a Department shall be accompanied by supporting documents for all such payments.

#### **5. CONTRACTS AND PURCHASES BY TENDER**

- 5.1 All contracts and purchases by tender shall be dealt with in accordance with Council's Tender and Purchasing Regulations.

- 5.2 All contracts and agreements involving the payment of moneys to or by the Council shall be forwarded to the Town Treasurer for noting and checking immediately after their conclusion and, the Town Treasurer shall keep a register of the periodical payments of income and expenditure on all contracts.
- 5.3 All contracts entered into by Council for the execution of works shall be subject to Council's General Conditions of Contract, as approved from time to time.

**6. STORES AND GENERAL PROVISIONS GOVERNING PURCHASES**

- 6.1 The central stores of the Council shall be under the control of the Town Treasurer through the Store Manager who shall be responsible for periodical stocktaking at such stores.
- 6.2(a) The Store Manager shall in consultation with the Head of Department concerned, before the 15th day of March in each year, submit to the Town Treasurer for consideration by the Management Committee, a list of commodities required to be held in stock, indicating the maximum quantity required in respect of each commodity.
- (b) The approval of the Management Committee will not be necessary for purchases to replenish such stocks to the approved maxima but shall be obtained where the maxima are increased or where new commodities are added to the list.
- (c) The Store Manager shall in consultation with the Head of Department concerned determine a re-order level in respect of each commodity which shall be revised from time to time.
- (d) Replenishing stocks shall as far as possible be ordered once only in every financial year and the Store Manager shall compile schedules of such stocks in March of every year, and prepare tender schedules for the purpose of inviting tenders through the press.
- 6.3 Tenders for the supply and delivery of such items shall be invited by the Town Clerk in terms of the Tender Regulations adopted and promulgated by Council, provided that the specifications thereof shall be prepared by the Head of Department concerned.
- 6.4 The tenders shall be forwarded to the Store Manager to compile detailed schedules of tenders received and to make recommendations in consultation with the Head of Department concerned and thereafter to the Management Committee for consideration.
- 6.5 Goods or materials whether to be supplied from stock or by means of direct purchases, shall be acquired only on a requisition signed by the Head of Department concerned or by an official duly authorised thereto.

- 6.6 All requisitions shall bear the number of the vote or job to be debited in respect of the goods or materials to be supplied.
- 6.7 All surplus material remaining after completion of a job shall not be transferred to any other works, but shall be returned to the stores with a "Store Returned Note" and shall be taken into stock forthwith.
- 6.8 All orders shall be placed by the Store Manager, except those orders specifically excluded in these regulations.
- 6.9 It shall be the duty of the Head of the Department concerned to obtain the necessary prior approval for any item of expenditure.
- 6.10 In case of emergency a Head of Department may effect minor purchases directly: Provided that a requisition shall in any case be forwarded to the Town Treasurer at the first available opportunity: Provided further that full details of the emergency purchase shall be furnished to the Town Treasurer together with such requisition. The person buying the goods shall at the same time obtain an invoice or delivery note showing the prices of such goods, which invoice or delivery note shall accompany such covering requisition.
- 6.11 A requisition shall not be signed to the effect that the goods have been received, before such goods have in fact been taken or delivered.
- 6.12 Orders or requisitions may not be altered without the authority of the official who authorised the requisition.
- 6.13 If an order has not been given effect to within a reasonable time, the Store Manager shall report the fact to the official who ordered the goods, in writing and shall call for written instructions for further action to be taken.
- 6.14 A duplicate order shall only be issued by the Town Treasurer after considering a written application giving full details of the order lost. The duplicate order shall bear the number of the order lost.
- 6.15 Whenever it appears to the Store Manager that any requisition for goods and materials exceeds the normal requirements of the department ordering such goods or materials, he or she shall draw the attention of the Head of such Department concerned thereto and, if considered necessary, shall report the matter to the Town Treasurer prior to authorising the purchase.
- 6.16 A physical stock taking of every commodity held in stock shall take place at least once in every year and the quantity and value of any shortage or surplus shall be reported to the Management Committee.

## **7. CAPITAL WORKS**

- 7.1 No works for which provision has been made in Capital Estimates or specially approved by Council shall be commenced until a "Work Order" has been issued by the relevant Head of Department who may refuse to

issue such "Work Order" unless the application therefore is accompanied by a schedule of quantities for material required to complete the work together with such detailed estimates for labour as is deemed necessary as well as the necessary sanction for the expenditure. Requisitions for "Works Orders" shall be made in a form approved by the Council and shall show the vote to be charged and the date of the Council's resolution authorising the expenditure.

**8. COLLECTION AND CONTROL OF INCOME**

- 8.1 The Town Treasurer shall be responsible for the collection, recording and accounting of all moneys due to Council.
- 8.2 All moneys due to Council shall be paid to the Town Treasurer, and in specially approved cases, to the Council's bankers: Provided that by arrangement with the Town Treasurer moneys may be collected by other Departments.
- 8.3 All moneys received shall be receipted promptly and banked daily, or at such regular intervals as the Town Treasurer may determine.
- 8.4 Every transfer of Council moneys from one member of the staff to another, shall be vouched by signature in the permanent record book to be held by the Town Treasurer.
- 8.5 The Town Treasurer shall be responsible for the necessary arrangements to ensure the safe conveyance of cash in instances where money is transferred from one place to another.
- 8.6 The Town Treasurer shall furnish the Council as often as may be required with a list of all amounts outstanding and due to the Council for periods in excess of two months.
- 8.7 The Town Treasurer may institute legal action for the recovery of any amount outstanding for a period in excess of two months.
- 8.8 No amount due to Council shall be written off as irrecoverable without the approval of Council, except in such cases where specific authority is granted under the Delegation of Powers, as approved by Council from time to time.
- 8.9 All moneys received shall be recorded at once by means of a numbered, official receipt.
- 8.10 Every cancelled receipt form shall be reattached in its proper place in the receipt book, or, in the absence of a receipt book, filed in accordance with instructions issued by the Town Treasurer.
- 8.11 Any surplus cash found at any time shall immediately be declared as such and deposited without delay to the credit of the appropriate account and all shortages of cash shall be reported to the Head of Department concerned immediately and made good in accordance with the Town Treasurer's directive.

- 8.12 The determination and annual review of rentals, tariffs, fees and other charges shall be undertaken and appropriate recommendations made to Council by:
- (i) The Head of Department responsible for land matters, in consultation with the Town Treasurer, in respect of rentals payable by occupants of any property leased, hired or rented from Council;
  - (ii) The Head of Department concerned, in consultation with the Town Treasurer, in respect of rentals payable for dwellings in Council's housing projects;
  - (iii) The Head of Department concerned, in consultation with the Town Treasurer, in respect of tariffs, fees and other charges for services provided by Council;
  - (iv) The Town Treasurer, in consultation with the Town Clerk, in respect of assessment rates.

## 9. ACCOUNTING AND COSTING

- 9.1 Adequate financial and cost accounting records shall be kept by the Town Treasurer, and by the Head of the Department concerned in respect of all departmental work on capital or maintenance account when considered necessary by the Town Treasurer; the form of records shall be prescribed by the Town Treasurer, in consultation with the relevant Head of Department.
- 9.2 Any Head of a Department responsible for the carrying out of work for which cost accounts are required in terms of the preceding regulation shall, before commencing such work, furnish the Town Treasurer with an estimate of the labour, materials, supervision and other charges therefor. The Town Treasurer shall compare actual costs with the estimates so furnished and the Head of the Department concerned, shall report to the Town Clerk any variations of the estimate.
- 9.3 No work shall be carried out or services rendered by one Department for another, unless ordered on a form prescribed by Council on which shall be indicated the nature of the work or service, the necessary authority, and the vote number to be debited and which shall be signed by the Head of the Department concerned. A duplicate copy of such order shall immediately be forwarded to the Town Treasurer.
- 9.4 No material shall be supplied to, or jobbing work carried out for, any private person or private concern unless a deposit has been made and a suitable indemnity has been signed by such person or concern to cover the cost of the material or work, and to indemnify Council against any possible liability flowing from such job or contract, or until a suitable arrangement has been completed to the satisfaction of the Town Treasurer in regard to the recovery of the cost involved.

## 10. ASSETS

- 10.1 Each Head of Department shall ensure the safeguarding and care of Council's assets under his control.
- 10.2 The Town Treasurer shall maintain a record of all capital assets belonging to the Council which record shall contain at least a description of the asset concerned together with the original purchase price or other consideration relevant to the acquisition of the asset, and source from which such acquisition was financed.
- 10.3 A Head of Department shall notify the Town Treasurer without delay of the acquisition, disposal, demolition or any other change in the status of any capital asset under his control and shall furnish the Town Treasurer with any information he or she may require from time to time regarding any assets of Council.
- 10.4 Inventories shall be kept in every Department, in a form approved by the Town Treasurer, of all plant, equipment, tools, furniture and other movable assets. The Town Treasurer shall arrange for a complete check at the end of each financial year of all such items, and shall report any shortages which in his or her opinion cannot be satisfactorily accounted for to the Town Clerk for submission to the Management Committee.
- 10.5 No requisition for the replacement of any movable asset shall be executed unless the item to be replaced is produced and handed over to the Store Manager when so replaced, for safe custody until disposal instructions are issued in terms of the prevailing policies of Council.
- 10.6 As soon as convenient after completion of the annual stocktaking, the Management Committee shall inspect all movable assets reported as unserviceable, worn-out, useless, damaged, redundant or obsolete and instruct as to the disposal thereof.
- 10.7 Any goods sold by Council shall be removed immediately after payment has been made and if the buyer fails to remove or pay for such goods within 48 hours after the sale, Council shall have the right to resell the goods and to confiscate any amounts already paid.
- 10.8 Where a shortage is reflected in respect of any commodity, it shall immediately be reported to the Management Committee, and the Store Manager shall not be entitled to demand a requisition to cover such shortage without the approval of the Management Committee even if he or she may be certain that the shortage occurred because of the fact that no requisition was obtained at the time of issue.
- 10.9 No item which has a value of less than N\$1000 shall be deemed to be a capital asset.
- 10.10 The Town Treasurer shall reconcile the capital assets and accounting records in respect of each financial year.

## 11. INTERNAL AUDIT

- 11.1 Council may appoint an employee as Internal Auditor, who shall cause regular internal audit inspections of all accounting records, registers vouchers, documents or stock, at every section or department.
- 11.2 The Internal Auditor so appointed shall have access to all such books of account, records or documents of all Departments as may be necessary for audit purposes. Any Head of Department and any other official shall, at the request of the Internal Auditor, furnish such information as may be necessary to carry out audit work. The Internal Auditor carrying out any such audit shall report to the Town Clerk and the Town Clerk shall submit a report to the Management Committee in its original form, with his or her comments thereon.
- 11.3 In performing the internal audit function, the Internal Auditor shall consider and, where he or she deems it necessary, report on, inter alia, the following:
- (a) Whether, to the best of his or her knowledge, all income which should accrue to Council has so accrued and has been properly recorded;
  - (b) Whether proper authority exists for any amount written off as irrecoverable;
  - (c) Whether effective accounting records are maintained;
  - (d) Whether expenditure incurred on any item or project, including interdepartmental jobbing:
    - (i) has been correctly allocated as between capital and operating account;
    - (ii) has been charged to the correct vote;
    - (iii) has been made with proper authority;
    - (iv) complies with the law; and
    - (v) affords Council due value for money;
  - (e) Whether waste, extravagance or inefficient administration exists;
  - (f) Internal control, including the soundness, adequacy and application of financial and other management controls;
  - (g) Whether procedures which have any bearing on the finances of Council and which are prescribed in these Regulations are adhered to;

- (h) Whether the movable assets of Council, cash and other interests are adequately safeguarded;
- (i) Whether all securities for investments made by Council are in order, adequately safeguarded and properly shown in the books of Council;
- (j) Whether stocks of materials at the various Departments are verified at least once in every financial year;
- (k) Whether cash in hand and all bank balances are verified monthly;
- (l) Whether adequate security exists in respect of all computer installations and the determined procedures for the proper management of such installations are observed;
- (m) The suitability and reliability of financial and other management data developed within Council;
- (n) Any other specific matter instructed by the Town Clerk or Council.

## **12. INTERNAL CONTROL**

12.1 It shall be the responsibility of a Head of Department :

- (i) To establish and maintain systems of internal control to ensure that activities are conducted in an efficient and well ordered manner;
- (ii) To ensure that adequate measures are taken to safeguard computer equipment, programs and all associated records; and
- (iii) Generally to maintain and safeguard all assets and records for which the Department is responsible.

## **13. INSURANCE**

13.1 The Town Treasurer shall be responsible for the placing of insurance as approved by Council from time to time. The Town Treasurer shall also be responsible for the management of Council's self-insurance fund, and shall in managing such fund cover such risks as Council may from time to time determine.

13.2 A self-insurance fund shall be protected by such reinsurance cover as Council may determine.

13.3 Every Head of Department shall furnish the Town Treasurer with a schedule of all Insurable risks and notify him or her immediately of all new insurable risks or alterations to existing insurable risks.

13.4 The Town Treasurer shall take all necessary and reasonable steps to adequately insure all Council's property against damage, fire, accidents

or loss of any kind, and shall submit for the approval of Council details of any other insurance cover which, in the opinion of the Management Committee, the Council should obtain.

13.5 Every Head of Department shall notify the Town Treasurer without delay of any third party claim, or any fire or damage to or loss of Council's property, or any accident or occurrence, where such matter is covered by insurance.

13.6 The Town Treasurer shall have custody of all insurance policies and shall keep a register containing particulars of all insurance effected by the Council, and shall be responsible for the negotiation of any claim and the collection of any moneys payable to the Council under or in pursuance of any policy of insurance, and ensure that all claims which arise under such policies are settled.

#### **14. REPORTS**

14.1 No report which has financial implications shall be considered by Management Committee until the Town Treasurer has reported thereon.

14.2 Where any expenditure is contemplated in a report to Management Committee, the Head of Department shall indicate the relevant provision on the capital or operating estimates and the vote to be charged.

14.3 Before instructions are given to a consultant in regard to any project, and before any expenditure is incurred, the Head of Department concerned shall first obtain the approval of Council for the project and also ensure that adequate financial provision is contained in the relevant estimates.

#### **15. INVESTMENTS**

15.1 The Town Treasurer shall be responsible, as directed by the Management Committee, for the investment of Council's funds, in accordance with Council's Code of Investment Practice.

#### **16. CUSTODY OF DOCUMENTS**

16.1 All titles, leases, agreements and similar contracts and other documents, except where otherwise specified, shall upon completion be forwarded to the Town Secretary, who shall retain them in safe custody.

#### **17. STAFF ADMINISTRATION**

17.1 The Town Treasurer shall keep all staff records relating to the payment of salaries, wages and allowances of Council's staff and shall also be responsible for the checking of pay sheets and the payment of all salaries, wages and allowances.

**18. MISCELLANEOUS**

- 18.1 Wherever powers are delegated to an official in terms of these regulations, conditions under which such powers have been delegated should be defined, including a condition that such official shall report to Management Committee at such intervals as it may decide, or deem necessary.
- 18.2 A Head of Department shall, immediately upon receipt of any circular, letter or other written communication, the contents of which in any way relate to the financial administration of Council, forward a copy of such communication to the Town Treasurer.
- 18.3 Council shall not purchase or otherwise acquire, develop or extend any computer hardware including peripheral equipment, software, or application packages, unless the Information Technology Steering Committee, established by Council, reports on such acquisition, extension or development.
- 18.4 The Town Treasurer shall be empowered to prescribe financial procedures under these regulations.

**BY ORDER OF THE COUNCIL  
MANUEL DA CONCEICAO DE CASTRO  
CHAIRPERSON OF THE COUNCIL**

Walvis Bay, 9 October 1997