

TO ALL: ACCOUNTING OFFICERS
CHIEF FINANCIAL OFFICERS

Ref PF5/13

SUSTAINABLE RESOURCE MANAGEMENT CIRCULAR NO. 9 OF 2009

SUSTAINABLE RESOURCE MANAGEMENT CIRCULARS ON COST CONTAINMENT MEASURES

1. This circular is issued in terms of section 18(2)(a) of the PFMA act and replace the following Sustainable Resource Management Circulars.

Sustainable Resource Management no. 3 of 2008 – Cost containment measures

Sustainable Resource Management no. of 3 of 2008, amendment 1;
Sustainable Resource Management no. of 3 of 2008, amendment 2;
Sustainable Resource Management no. of 3 of 2008 amendment 3;
Sustainable Resource Management no. of 1 of 2009;
Sustainable Resource Management no. of 2 of 2009;
Sustainable Resource Management no. of 4 of 2009;

- 1.1 The implementation date of this circular is 15 September 2009.

2. During 2008 the Provincial Treasury issued the above-mentioned measures and it was indicated that the cost containment measures will be reviewed on a quarterly basis.

The Public Finance Management Act, (PFMA) stipulates that an Accounting Officer of a department is responsible for effective, efficient and transparent systems, financial risk management and internal control in the department. According to the PFMA, section 18(1)(b) read together with section 18(2)(i) the Provincial Treasury must exercise control over budget implementation of the provincial budget and intervene by taking appropriate steps.

The Provincial Treasury must also ensure in terms of section 18(1)(d) that policies introduced do not materially and unreasonable prejudice national economic policies.

2.1 The table below indicates the measures still applicable in the 2009/10 financial year.

Cost containment measures	Comment(s)
Cellular phones	The following limit for cell phones is set for monthly costs: Below level 13 – R650; Level 13 – R1, 000; Level 14 – R1500. No limit for HOD/MEC's. After current contracts reach expire date, cell phone allowances should be introduced according to amounts mentioned in the first paragraph. Departmental policies and criteria for the allocation of cell phones must be submitted to Provincial Treasury not later than end of September 2009.
Private telephone calls	All private calls made by officials from landlines must be recovered. Departmental internal control measures must be established to determine private calls. The amount previously allowed for private calls must be terminated with immediate effect. Cellular calls must be limited and departments should strive to contact suppliers on landlines instead of cellular numbers.
Overseas trips	No overseas trips (for officials) unless the trip is sponsored by an organization(s) and no daily allowance will be paid to officials. Not applicable in case where officials accompany the Executive Authority. Officials may accompany the Executive Authority on trips with written instruction by the relevant Executive Authority on condition that funds are available.
Upgrading of posts and expansion of structure	The upgrading of posts should be done inline with the compensation budget.
Purchasing of gifts or promotional items	A limit of R100 per item is set. Only allowed for outreach programmes to the communities and not for departmental activities. Sponsorships are encouraged.
Year end functions	No official funds must be utilized.
Catering: Internal workshops/ meetings/interviews/	Maximum of R60 per person.
Catering: External workshops/ meetings	Maximum of R120 per person <u>Note:</u> Purchase bottled water directly from shopping chains. Prices less expensive.
Venues and facilities hire	Departments must utilize government venues and facilities for meetings, workshops etc. If no government building is available the Accounting Officer of the department need to approve the deviation.
Electricity saving	Continue with saving on electricity where possible.
Purchase of stationary	No purchase of diaries, desk pads, calendars etc for staff in the department.

Entertainment Senior Management Services	Expenditure on this item is limit to: Luncheon meetings with colleagues, foreign delegations and/or other individuals in and outside the public sector; Purchase of dinner during authorized overtime, if no compensation in the form of payment is approved, provided that the closing time is later then 20:00.
Electricity GG-vehicles Stationary Training Registration fees Printing	The CFO's of departments need to develop internal control measures within the department to introduce cost containment measures. A copy of these measures needs to be submitted to Provincial Treasury before end of September 2009.
Subsistence & Travel	Meals, including non- alcoholic beverages are limited to a maximum amount of R250, 00 per day for all officials. If breakfast is included in the tariff of the quest house or hotel, the maximum amount that can be claimed is R200, 00 per day. If breakfast is excluded in the tariff of the quest house or hotel, the maximum amount that can be claimed for meals is R250, 00 per day. Incase where food basket tariffs are claimed the relevant official must certify that the specific meal was not provided during the indicated timeframe.
Leases: Photocopiers MORATORIUM IS PLACED ON ENTERING INTO NEW/ AMENDMENT/ UPGRADING OF LEASES (Subject to the submission of report and assessment feedback report by Provincial Treasury)	CFO's in departments need to do an analysis to determine the minimum needs for photocopiers in the department as well as the best cost effective methods. Cost comparison must be done on current situation and the best effective, efficient and economical options on future arrangements & lease agreements must be investigated. A report must be submitted to Provincial Treasury before 30 September 2009.

4. The following measures/procedures needs to be emphasized:

Compliance reports: Departments should concentrate on above-mentioned aspects and institute measures to evaluate compliance with regard to above-mentioned cost containment measures. A quarterly compliance report must be submitted to the Senior Executive Manager: Sustainable Resource Management, room 1126 Provincial Government building within 30 days after the end of each quarter. Attached please find the proposed template for reporting. See also SRM circular no. 6 of 2009, amendment 1 to this effect.

5. Please inform all officials within your department of the amended directives and reports that need to be prepared on a quarterly basis.
6. Your co-operation in this regard as always is highly appreciated.



DR. M. EUGENE MOKEYANE
CEO: PROVINCIAL TREASURY
Date: 9/9/19

**COST CONTAINMENT MEASURES QUARTERLY FEEDBACK REPORT
QUARTER:**

Fund shifting

- Summary of fund shiftings done within programme per economic classification
- Summary of conditional grants shifting approved per grant
- Summary of approvals in terms virements – between economic classification

Cellular phones

- No. of cell phone agreements with indication of number expire in 2009/10/; 2010/11; 2011/12
- Existing cell phone limits
- No. of cell phones expired and allowance implemented

Overseas trips

- No of trips during quarter and destination
- Names of officials accompany on trips
- Amount paid by department (Indicate the BAS allocation)
- Sponsorship amount received

Purchasing of gifts or promotional items

- List of events held during the quarter
- No of people attending events
- List of promotional items purchase
- Amount per item
- LOGIS order number per event

Catering

Breakdown between internal and external meetings/workshops/ etc.

- No. of catering events –List of events/meetings/workshops
- Amount paid per event
- Number of attendees
- LOGIS order numbers per event

Subsistence & Travel

- No of approval grant f for deviation for accommodation
- List of officials – deviated

Venues & facilities

- No of venues hired/utilized during quarter
- Names of venue
- Amount paid
- LOGIS order number
- Number and copy of approval for deviation (if applicable)