



POLICY TITLE: SUBSISTENCE AND TRAVEL

REVIEW HISTORY

VERSION	DATE	STATUS	APPROVED BY
1.1	15 October 2018	Approved for Implementation	Mr CZ Ngidi
1.2	18 April 2023	Review for Implementation	Dr S Ndlovu

1. INTRODUCTION

The officials of UMEDA are required to travel on official duty from time to time. The paying of subsistence and travelling expenses constitutes use of public funds and should be subjected to internal and accounting controls similar to those applicable to general expenditure. Only the aspects that are unique to the subsistence and travelling will be addressed by this policy.

The travelling and subsistence policy addresses the following major key issues:

- Claims for reimbursement of subsistence and travelling
- Subsistence and travelling expenses paid on behalf of officials

2. OBJECTIVES

The objective of this policy is to provide subsistence and travelling expenditure principles, procedures and guidelines for all Directors and Employees of UMEDA.

3. UNDERLYING PRINCIPLES

The principles underlying subsistence and travel policy include the following:

- Compensate employees and Board members on a fair and equitable basis for reasonable expenses incurred when away from the office for business purpose;
- The policy and procedures are in line with tax legislation;
- Budgeting and management of subsistence and travelling will be in terms of the UMEDA's delegation of authority;
- Subsistence and travelling claims are not meant to be source of additional income;
- Travelling, accommodation and entertainment must be cost effective;
- Only valid and reasonably incurred expenses on a business trip will be reimbursed;
- All travelling will be guided by this policy;
- Benefits allocated to employee by the travel agency /companies in lieu of travelling for business proposes are allowed, subject to transparency and the underlying principle of cost effectiveness;
- Frequent flyer miles accrued will be for the benefit of the individual employee;
- Fraudulent claims will be followed up in terms of UMEDA's HR policy;

- The CEO must approve any travel arrangement falling outside the scope of this policy or the benefit being paid outside this ambit; and
- This policy must be uniformly applied throughout UMEDA.

4. RESPONSIBILITY

It is the responsibility of every employee of UMEDA to remain informed of the areas in which expenses will be reimbursed and the rates of reimbursement. Should there be any lack of clarity regarding the incurring of expenses by the employee, this should be clarified by the finance unit prior to the employee incurring such expense.

5. DEFINITIONS

SA - Abbreviation for South Africa

Local travel - Travel within the borders of SA.

Overseas travel - Any travel that falls outside local travel & SADC travel.

Business travel - Travelling for the purpose of UMEDA's business.

Training travel - Travelling for training that is required by UMEDA.

SADC - Southern African Development Community included in this category are:

- Mozambique
- Malawi
- Zambia
- Tanzania (Zanzibar)
- Zimbabwe
- Angola
- Madagascar
- Mauritius
- Swaziland
- Namibia
- Lesotho
- Botswana

6. PROCEDURES AND GUIDELINES

6.1 General

- 6.1.1 Air travel and car hire bookings should be made via the contracted travel agency who will make the necessary arrangements.
- 6.1.2 Only approved subsistence and travelling claims with original documentation will be reimbursed.
- 6.1.3 No travel arrangements may be made without the requisition and order being completed and authorized by the CEO or any delegated Manager.

6.1.4 The requisition is sent through to the Supply Chain unit

6.2 Approval and budgeting for business travelling

Prior approval and budgeting for travelling must be obtained as per delegation of authority. Any authority not specifically delegated shall remain the responsibility of the CEO and the Board.

6.3 Expenditure incurred

Actual business-related expenditure incurred would be reimbursed subject to certain maximum limits. Where applicable, proof of expenditure must be provided in the form of valid tax invoices. Credit card vouchers shall not be accepted as sufficient proof.

6.4 Non-refundable expenses

Employees will not be reimbursed for the following miscellaneous expenses:

- 6.4.1 Liquor (bar expenses), unless covered under entertainment expenses;
- 6.4.2 Auto repairs, personal automobile routine maintenance/tune-ups;
- 6.4.3 Baby-sitting;
- 6.4.4 Medical expenses while travelling;
- 6.4.5 Movies (e.g. hotel in-house movies);
- 6.4.6 Optional travel or baggage insurance;
- 6.4.7 Traffic violations;
- 6.4.8 Personal accident insurance;
- 6.4.9 Personal entertainment, including sports events;
- 6.4.10 Interest charges on credit cards;
- 6.4.11 Rental car upgrades;
- 6.4.12 Lost baggage beyond limits of Airline/UMEDA insurance;
- 6.4.13 Personal phone calls while on the business (see exception below);
- 6.4.14 Private travelling;
- 6.4.15 Barbers and hairdressers;
- 6.4.16 Loss of cash advance;

6.4.17 Loss or theft of personal funds or property; and

6.4.18 Souvenirs or personal gifts.

6.5 Refundable expenses

6.5.1 A maximum of one private call per day to a person's home telephone while away on business up to a maximum of 10 minutes; (applicable only to employees who do not receive cell phone and 3G/ DATA allowance)

6.5.2 Parking costs (in SA) – at airports, hotels and conferences, to a maximum of 3 days, it is the responsibility of the employee to choose the option that is cheaper for UMEDA;

6.5.3 Business calls, telegrams and faxes while on trips. Hotel telephone bills must be attached to claim form and business calls must be highlighted; (applicable only to employees who do not receive cell phone and 3G/ DATA allowance)

6.5.4 Airport taxes, visas, currency conversion fees and commissions on cashing traveler's cheques;

6.5.5 Accommodation expenses;

6.5.6 Vehicle hire;

6.5.7 Petrol (if mileage allowance not claimed);

6.5.8 Pre-approved entertainment expenses;

6.5.9 Conference fees;

6.5.10 Laundry/dry cleaning/suit pressing for trips of four nights or more;

6.5.11 Overnight delivery/postage; and

6.5.12 Any other business-related expense.

6.6 Accommodation

6.6.1 The area which UMEDA personnel and Board members are traveling will be taken into account when accommodation is booked to ensure that it is adequate and reasonably priced.

6.6.2 Accommodation where possible, should include dinner, bed and breakfast. An original receipt for all meals paid for directly by the employee should be attached to the claim form. The employee will only be reimbursed for meals if UMEDA has not already made provision for such meals.

- 6.6.3 Accommodation may be pre-paid by UMEDA, provided that it is arranged at least 3 working days (for local travel) or two weeks (for overseas travel) prior to the trip being undertaken to allow for arrangements such as with the SA Reserve bank.
- 6.6.4 The employee /Board member is responsible for settling all extras on the hotel bill, such as telephone and bar expenses, before checking out.
- 6.6.5 Business expenses not pre-paid by UMEDA or not covered by an advance will be reimbursed upon submission of an expense claim, provided that substantiating original documentation is attached to the claim form.
- 6.6.6 Employees and Board members are responsible for checking and signing of hotels bills for accuracy before checking out of hotels.
- 6.6.7 No accommodation will be provided by UMEDA, should the venue at which the employee/Board member is attending is within with-in 120 km from his /her normal place of business. (Where event taking place does not exceed two (2) consecutive days)
- 6.6.8 Accommodation will be provided for the duration of the conference or event taking place, but should circumstance necessitates it, a maximum of one day after the event may be allowed. Should an individual request to stay longer at a particular venue or hotel the costs would be for the personal account of the individual, unless there is a proof of appointment/s upon which there will be full reports.
- 6.6.9 Actual cost of accommodation (dinner, bed and breakfast) will be reimbursed but the limited to the following:
- a) *Staff members* : *Cost of a standard room at a three star-graded class hotel*
 - b) *Senior staff member& CEO* : *Cost of a standard room at a three /four star-graded class hotel*
 - c) *Board member* : *Cost of a standard room at a four/five star-graded class hotel*

Depending on the nature of the circumstance, the CEO may allow cost of any star accommodation to be reimbursed. Prior arrangement should however be made.

6.7 Overnight allowance

Overnight allowance, as determined by the subsistence and travel procedure document can be claimed for every night that is spent away from home for business purposes. No proof of expenditure is required.

6.8 Subsistence allowance

- 6.8.1 Subsistence allowance is applicable to SADC and overseas travel. The allowance is claimed for every night away from home. Included in the daily allowance are lunch, dinner, private calls (except one private call – refer to the telephone calls), laundry, and tips (limited to a maximum 10% of the cost incurred)
- 6.8.2 Meals not covered by the subsistence allowance can be claimed, but a proof of expenditure must be supplied for the full amount spent on the business trip.
- 6.8.3 The subsistence allowance amount shall be determined in line with SARS guidelines.

6.9 Travelling

The most economical way of traveling must be used. If any other means of travelling can be used, a cost comparison must be done between the various feasible options. Final means of transport has to be approved as per the delegation of authority. When a cost comparison is done, all related costs should be considered including time cost, toll fees, parking fees, meal allowances etc.

6.9.1 Air travel

- *Staff members* : *All flights will be in the economy class*
- *CEO & Board members* : *All flights will be in the economy class, if its more than an hour flying it will be in business class (within or outside SA)*

Depending on the nature and circumstances of the trip, the CEO may allow the cost of any class to be reimbursed. Prior arrangement should however be made.

6.9.2 Vehicle Hire / bookings

- a) *Hired vehicles are only an option when the conditions of the roads in the areas to be traveled are such that a specialised vehicle is required and also in the case where the number of people travelling necessitates the use of hired vehicle.*
- b) *Hired vehicles may also be used when an employee is working on an out of town project and air travel has been utilised to get to that town.*

- c) Only employees with valid driver's licence may hire vehicles. If an employee who is not in possession of the necessary licence hires a vehicle, he will be held personally liable for any damages and in addition, will be subjected to disciplinary action.
- d) Employees hiring vehicle must note down the speedometer readings before and after the business trip on the special form provided for this purpose. This information must be supplied to the administration officer together with the travel claim.
- e) The following vehicles may be hired:
 - i) *Staff members: Class B/C or similar (1600cc engine capacity with air condition).*
 - ii) *CEO and Board members: Class G/O or similar (1800cc engine capacity with air condition).*
 - iii) *Group of five or more employees: Group Z Vehicles.*
- f) Insurance coverage must be taken out on all bookings until such time that risks involved in this area will be covered by the overall insurance coverage of UMEDA.
- g) In case of an accident or any damage, which would result in financial loss, the driver of the vehicle shall be liable for refunding such losses, including any insurance excesses, to UMEDA if it is proven that the driver was negligent.

6.9.3 Taxis: Local, overseas and SADC

Valid proof of expenditure is required if taxis are used.

6.9.4 Travelling with private vehicle

- a) UMEDA staff may be required to use their own vehicles for conducting the business of UMEDA.
- b) UMEDA will not be liable for any traffic fines imposed on staff for traffic offences committed in the course of using their private vehicles for business purposes.
- c) The kilometer tariff, determined by SARS guidelines, will be used to reimburse employees for the use of their private vehicles for business purposes.

6.9.5 Point of departure

For the purpose of determining the kilometers travelled for business purposes, the departure point shall be the office of UMEDA Main office address.

6.9.6 Telephone calls

Telephone calls made locally for business purposes will be refunded in full. However, within South Africa, one private call of not longer than 10 minutes per night away from home will be reimbursed on documentary proof of expenditure.

Roaming calls incurred will be reimbursed in full during the course of business.

6.9.7 Laundry – local only

UMEDA will meet all reasonable laundry cost for an away period of not less than 4 days. Proof of expenditure must be supplied.

6.9.8 Excess luggage

Excess baggage due to UMEDA's goods being carried around, will be for the account of UMEDA. Charges for personal excess baggage shall however be recovered from the individual.

6.9.9 Bookings

Booking shall be done by only the Supply Chain Official.

Requisitions shall be submitted to the supply chain at least 3 working days prior to the date of departure for local travel and 10 working days prior to international travelling.

An order should be generated by the supply chain officer and forwarded to the relevant travelling agent for bookings to proceed.

Bookings must be made well in advance to allow for sufficient time to ensure proper authorization of the booking.

The travel agent will be instructed to take advantage of discounted advance bookings or other special rates and the agreement with such agents should at all times provide for a clause which states that such benefits should be forwarded to UMEDA.

6.9.10 Cancellation of bookings

It is the responsibility of the person who requested for the flight to request the supply chain official to arrange for cancellation of the booking should he /she not be in a position to go ahead with the flight.

Costs incurred by UMEDA due to bookings which were not cancelled or cancelled too late in case of 'bargain flights', will be for the account of the individual should UMEDA find that it was due to the negligence of the employee /Board member that the costs were incurred.

6.9.11 Travel agents

Air travel must be arranged only through UMEDA's authorized travel agents, or by the Supply Chain officer.

The preferred travel agent will be re-evaluated at the end of each year to ensure that UMEDA makes use of those agents who offer the best rates and services.

The agreement with travel agents should be reviewed on an annual basis to avoid a situation where UMEDA cannot switch to another travel agent who offers better packages.

6.9.12 Advances

Travel advances may be granted by UMEDA in instances where the employees will be required to travel on a business trip out of town for such period that it would necessitate an advance to assist the employee with his/her cash flow.

Request for travel advances must be reasonable in relation to the estimated expenditure and the period of stay.

Request for advances must be lodged at least three working days (local travel) and five working days (overseas travel) before the journey is undertaken.

A request for advance of the float of the necessary foreign currency, within the limits determined by the SA Reserve Bank, must be submitted to the finance unit at least five working days prior to the proposed departure date. The float will be charged to the staff account of the individual, until such time that a proper expense claim is submitted upon return from the trip.

Reconciliation should be done and submitted to the finance unit within 5 working days (for local travelling) and 14 working days (international travelling).

6.9.13 Insurance

Employees will be insured when travelling for the business purposes for overseas travel as per UMEDA insurance policy. The insurance will cover, inter alia, the following:

- Personal accident (death or disability)
- Luggage
- Travel documents
- Personal liability
- Cancellation, curtailment, default

The following should be noted, with regards to insurance:

- Cover is for the period whilst from home /workplace on a business trip to overseas travel only.
- Cover also provides for repatriation.

6.9.14 Inoculation

Members of staff and the Board are required to make their own arrangements in respect of inoculations and other preventative measures should they be required to travel to an affected area. The cost of inoculation shall be borne by UMEDA.

6.10 Feedback on return from trip

Individuals who are required to travel for business purposes will be requested to give a formal feedback, in writing, to their superior within 14 days on return from the overseas trip. Where possible, the feedback should be available to the entire organisation e.g. a copy of all reports, papers or documents received at a conference or training should be sent to the resource centre.

In the case of Board members or the CEO undertaking the trip, written feedback should be given to the Chairperson of the Board.

The Chairperson of the Board should give written feedback of his/her trip to the Board at an official Board meeting.

6.11 Claims

Approved claims, with the supporting documentation must be submitted to the finance unit within seven (7) working days after the month end in which the trip was undertaken.

The claimant completes subsistence and travelling claim form for the month, stating full details, namely:

- i) Full name
- ii) Date
- iii) Toll fees
- iv) Parking expenses
- v) Meals
- vi) Petrol for hired vehicle
- vii) Border fees
- viii) Entertainment
- ix) Hotel expenses
- x) 3G and cellphone
- xi) Sundry expenses-disclosure full details
- xii) Signature of the claimant and date.

The claim form provides for three signatories, namely the claimant, the Financial Administrator as evidence of checking and the Senior Manager / CEO / Chairperson of the Board as evidence of approval. All three signatures must appear on the form for it to be valid.

All original documentary proof must be attached to the subsistence and claim form. If not available, it should be separately explained and approved as per delegation of authority.

The official responsible for authorizing should first verify the validity of the claim. If satisfied, the official should approve the claim by signing in the appropriate space provided for on the claim form.

After approval of the claim form, the official will forward the form, with attached documentary proof to the Financial Administrator.

The Financial Administrator is responsible for the following:

- a) Date stamping claim forms evidencing date of receipt thereof.
- b) Checking that all documentary proof is attached to the claim.
- c) Re-performing all calculations to ensure accuracy.
- d) Converting the expenditure to the rand(R) value, using the relevant exchange rates as supplied by UMEDA bankers.
- e) Completing a new claim form with foreign exchange advance taken before the trip deducted.
- f) Handing over the claim to the Manager: Finance.
- g) Returning the claim to the claimant who must obtain the approval of the relevant Senior Manager / CEO / Chairperson of the Board.

Where the employee received an advance, the full advance will be deducted from his/her salary if a claim is not submitted within seven (7) working days. The following applies to advances:

- a) If the trip is cancelled, the advance must be paid back immediately.
- b) Claims submitted that adhere to the requirements of the subsistence and traveling policies and procedures will be paid within five (5) working days upon receipt of the substance and traveling claim.
- c) The finance unit will not alter incorrect claims. Claims completed incorrectly will be returned to the relevant Senior Manager / CEO / Chairperson of the Board.
- d) Receipts will be issued to employees for advance /foreign exchange returned:
- e) The employee can apply for an advance by completing the application for an advance form. The advance must be made in line with the expenses to be incurred on the trip, excluding those expenses prepaid by UMEDA.

- f) The advance form must be authorized as per the delegation of authority and sent through to the Manager: Finance, who will co-sign the form after ensuring that previous advances have been settled.

6.12 Procedures before travelling

The staff member completes a requisition form, setting out budget for international travel which will give details on the budgeted expenditure for the overseas trip i.e. accommodation costs, daily allowances, travel costs, miscellaneous costs and the advance that is required should be in line with the budgeted expenditure for foreign travel, excluding expenses prepaid by UMEDA.

All international trips shall be authorized by the CEO and/or as per delegation of authority.

The relevant Senior Manager or CEO / Chairperson of the Board must approve the requisition and submit to the supply chain officer.

The approved order is then sent to the travel agent to make the necessary arrangements. No travel arrangements will be made without the duly completed requisition form for foreign travel.

The supply chain officer is responsible for the following:

- a) Checking the requisition form to ensure it is in accordance with UMEDA's policies and procedures.
- b) Confirming the approval as per the delegation of authority.
- c) Ordering the foreign exchange required by the employee going on the trip, including the currency and denomination required from the travel agent.
- d) For safety purposes, the bulk of the foreign exchange ordered must be in the form of travelers' cheques, with a minimal amount in cash.
- e) Furnishing the travel agent with UMEDA letter on the details of the employees' trip. This is required for exchange control purposes.

An invoice for foreign exchange purchased from the travel agent will be sent to the financial accountant.

The Financial Administrator must ensure that the invoice is for foreign exchange actually ordered and received.

These invoices are directly captured on the accounting system.

7. FEEDBACK ON RETURN OF TRAVEL


Individuals who are required to travel for business purposes abroad will be requested to give formal feedback, in writing, to their superior within fourteen days on return from the trip. Where possible, the feedback should be available to the entire organization, e.g. A copy of all reports, papers or documents received at a conference or training should be sent to the resource center.

In the case of Board members or the CEO undertaking the trip, written feedback should be given to the Chairperson of the Board and the Chairperson should give written feedback of his/her trip to the Board at an official Board meeting.

8. REVIEW

The review of subsistence and travelling policy and procedures will be done as and when the need arises.

9. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
Dr S Ndlovu		Board: Chairperson	18/04/2023