



**MANGAUNG**

AT THE HEART OF IT ALL

**POLICY RELATING TO CELLULAR  
PHONE ALLOWANCES**

**2013**

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## **Preamble**

The ICT continuously endeavors to achieve best practice policies and procedures when managing the administration and operations of the assets of the Municipality. In order to enable and enhance the productivity of the Municipality's business units it is critical to make use of the latest means of communication technology. Based on this, cellular phones are utilized for sound business reasons, primarily for receiving business calls and making business calls when not located in the office.

## **1. Purpose**

The purpose of this Policy is to provide a means of managing the communication technology in a legal, yet effective and efficient manner.

## **2. Legislative Requirements**

The review of the existing Cellular Phone Policy is based on or has been made to be in line with the following of legal authorities:

- 2.1 Remuneration of Public Office Bearers Act 20 of 1998
- 2.2 Government Notice No. 1319 (Government Gazette No. 23965, 18 October 2002)
- 2.3 Municipality's Supply Chain Management Policy
- 2.4 Municipal Finance Management Act 56 of 2003
- 2.5 Municipal Structures Act 117 of 1998
- 2.6 Municipal Systems Act 32 of 2000
- 2.7 National Treasury: MFMA Budget Circular 58

### 3. Definitions

In this policy, unless the context indicates otherwise:

**“Municipality”** means the Mangaung Metropolitan Municipality, a municipality established in terms of the Local Government: Municipal Structures Act No. 117 of 1998.

**“Executive Mayor”** means the executive mayor of the Municipality.

**“Speaker”** means a speaker of the Municipal Council.

**“Mayoral Committee”** means a committee of members of the municipal council appointed in terms of the Standing Rules and Orders By-laws of the Municipality.

**“City Manager”** means a person appointed by the municipal council in terms of the Local Government: Municipal Systems Amendment Act No.7 of 2011 and who is the Head of Administration and also the Accounting Officer for the Municipality.

**“Head of Department”** means a person appointed by the municipal council in terms of the Local Government: Municipal Systems Amendment Act No.7 of 2011 of and who is the Head of Department within the Municipality.

**“General Manager”** means a person appointed by the municipality and who is the Head of Sub-Directorate within the Department.

**“Manager”** means a person appointed by the Municipality and who is the Head of Division within the Sub-Directorate of Department.

**“Other Personnel”** means other employees appointed by the Municipality other than at the managerial level positions.

#### **4. Scope of Application**

This Policy shall apply to the following councilors, officials and employees:

- 4.1 Executive Mayor
- 4.2 Deputy Executive Mayor
- 4.3 Speaker
- 4.4 Chief Whip
- 4.5 Mayoral Committee Members
- 4.6 Proportional Representative Councilors
- 4.7 Ward Councilors
- 4.8 City Manager
- 4.9 Heads of Departments / Deputy Heads of Departments
- 4.10 General Managers
- 4.11 Managers
- 4.12 Any other employee whose cellular allowance has been approved by the City Manager

#### **5. Terms and Conditions**

- 5.1 Councilors are provided an allowance in terms of the Remuneration of Public Office Bearers Act 20 of 1998, as amended.
- 5.2 Managers and other personnel are provided an allowance in terms of the staff benefits provided by the Municipality and can be adjusted by the City Manager on an annual basis if there is a need.

**CELLULAR PHONE ALLOWANCE POLICY**

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- 5.3 All councilors and officials must acquire their own cellular phone by means of a contract with cellular phone service provider.
- 5.4 The user may structure a cellular package that best suites his/her needs, based on his/her personal circumstances.
- 5.5 The Municipality recognizes that cell phones are an extension of individuality and as such the user is at liberty to enhance the choice of item through a cash contribution towards the upgrading of available models, currently limited to the extent of allowances received.
- 5.6 The user enters into an agreement/contract with a service provider of his/her choice and a copy of such agreement is furnished to the municipality for validation purposes.
- 5.7 The contract is between the user and the service provider and the user is liable for the payment thereof.
- 5.9 A cellular phone allowance that is effected through the payroll system is a taxable allowance and should not be construed as inclusive of a negotiated remuneration package.
- 5.10 The user may recoup depreciation chargers, wear and tear allowances on cellular phone item from taxable income on completion of yearly statutory tax returns.
- 5.11 The user is responsible for insuring the cellular phone against theft, loss or damage and ensures that the cellular phone is available for Council use purposes at all times, failing which the user will forfeit the allowance.
- 5.12 The allowance will not be granted to employees with no official authorization to acquire a cellular phone for official use.
- 5.13 The municipality will not be liable for any costs where an employee obtained a private cellular contract without prior official authorization.
- 5.14 Maintenance and insurance of cellular phone is for the cost of each user.

## 6. Sponsored Accounts

- 6.1 In order to facilitate the procurement of cellphones and mobile devices by Councilors, officials and other personnel, a group scheme can be sought and negotiated with any designated service provider. Participation in such scheme shall be on a free and voluntary basis.
- 6.1 The implementation of such agreed scheme must not have additional financial implications for the Municipality other than the allowances allowable in terms of legislation.

## 7. Acquiring Allowance by Other Personnel

- 7.1 Application must be in writing, with a proper and reasonable motivation, and should be directed to the relevant Head of Department.
- 7.2 The Head of Department has to consider the application and make a recommendation to the City Manager.
- 7.3 The approved application by the City Manager should be sent to the Information Communication Technology (ICT) Unit for implementation.
- 7.4 The ICT Unit will submit a letter to the Human Resources Department notifying them to allocate the allowance on the user's salary as specified in the City Manager's approval.
- 7.5 Prepaid facilities will be made available to certain members of the personnel where such is required and the Head of Department's approval will be required to that effect.

## 8. International Roaming

- 8.1 International roaming is for councilors and officials travelling abroad and must be activated by officials/councilors who are travelling abroad.
- 8.2 Only official international calls made by a user will be paid in full by Municipality upon submission of a comprehensive itemized billing. A limit of three private calls per week no longer than 10 minutes is permitted for users to contact family.
- 8.3 The user is responsible for insuring the phone against theft, loss or damage and ensures that the user is contactable at all times for Municipality purposes.
- 8.4 An allowance will not be granted to employees with no official authorization to acquire a cell phone for official use.
- 8.5 The municipality will not be liable for any costs where an employee obtained a private cellular contract without prior official authorization.
- 8.6 In instances where a particular employee is expected to exceed the approved limits on a continual basis as a result of their job function, a written motivation should be made to the applicable Head of Department of the directorate to agree on a revised limit.
- 8.7 In instances where a particular official or councilor exceeds the approved limits, a written motivation should be made either to the City Manager, Head of Department , Executive Mayor or Speaker to recoup the amount in excess of the approved limit provided that these were utilized for business purposes. Proof must be provided by the user, e.g. itemized billing.



## 9. Tax Implications

- 9.1 Fixed monthly cell phone allowance is subject to employee's tax, on the same basis as the equivalent amount of, say, salary.
- 9.2 The employee is entitled to claim the cost of business calls against this allowance in the employees' annual tax return.
- 9.3 Section 8 of the Income Tax Act allows the employer to refund an employee for actual expenditure incurred as agent on behalf of the employer. This refund can be made on documentary proof of expenses actually occurred.

## 10. Review

- 10.1 This policy is a revised version of the existing policy, adopted by the Council in 2011, on the regulation of cellular phone allowances.
- 10.2 This policy will be reviewed annually or when there is a need to revise it based on the changes to legislation or the Municipality's circumstances.

## 11. Addendums

The following two addendums are regarded as forming part of this policy:

## **ADDENDUM A**

### **1. Maximum Cellphone Allowances for Councillors**

The current maximum cellphone allowance determinations, as was published in the Government Gazette No. 35962 of 7 December 2012: Government Notice 1032, are;

#### **a) Upper Limits of cellphone allowance for Councillors.**

In addition to the annual total remuneration packages provided for in items 5 and 8 respectively, a councillor may obtain a fixed allowance of not more than the following amounts in respect of cellphones.

- (i) **R3319** may be paid to a full-time Executive Mayor or Mayor of a Grade 6 Municipal Council.
- (ii) **R1656** may be paid to a full-time Councillor, other than an Executive Mayor or Mayor of a Grade 6 Municipal Council; or
- (iii) **R1033** may be paid to a part-time Councillor

#### **b) Upper limits of mobile data card for Councillors**

In addition to the annual total remuneration packages provided for in items 5 and 8 respectively, a councillor may obtain a fixed allowance of not more than **R300** for the use of a mobile data card.

### **2. Maximum Cellphone Allowances for Officials**

City Manager	R 2000
Heads of Departments	R 1600
General Managers	R 1000
Managers	R 700
Other Personnel/Field Workers	R 200

## ADDENDUM B

### 1. Negotiated Sponsored Accounts: Service Provider Group Scheme

The Group Scheme was negotiated in order to facilitate the procurement of cell phones by councilors and approved officials, but also to benefit Municipality through the improvement of mobile connectivity and less complicated administration processes.

#### a) Benefits for individuals participating in Group Scheme

- i. Accounts still on individual's name
- ii. 15% Discount on Airtime and Subscription
- iii. Free device
- iv. Free SIM and Connection
- v. Free Caller Line Identity
- vi. Free Itemized Billing
- vii. Free Delivery
- viii. Split Billing Account
- ix. No Credit vetting
- x. Benefits of using the Corporate Call Centre (0821940)
- xi. Loan phones when phone goes in for repairs

#### b) General Benefits

- i. Allow for all users to have prime device (smart phone or tablet)
- ii. Manage own account with top-ups to be done individually
- iii. No access administration
- iv. Access of Municipality information
- v. Paperless environment
- vi. Individual insurance on device which means that Municipality will not be held liable when devices get lost

### c) Implementation

- i. Upon approval of Policy, interested users will sign a split billing form from Service Provider and no ITC check will be done.
- ii. All contracts will be entered into between the relevant user and the Service Provider on Top Up packages as per their respective monthly allowances.
- iii. All interested users will then have to sign a ceding form from Municipality. The mentioned ceding form will be the agreement between the user and Municipality in order for Municipality to deduct the cellular phone allowance paid from their salaries and make payment directly to the Service Provider.
- iv. The ceding form will also be used for auditing purposes to show that councilors are not getting allowances other than approved as per Circular 58 report.
- v. For officials, allowance amounts will be awarded based on market related tariffs and applied to the different levels such as City Manager, Head of Department, General Manager, Manager and other officials requiring cellular phone allowances as approved by the City Manager.