



Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

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SCH-ASSET MANAGEMENT-FL02

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V.001

Document Owner:

Director - Asset Management

STANDARD OPERATING PROCEDURE: - SUBSIDISED VEHICLES

Approval Date	18 July 2019
Commencement Date	18 July 2019
Review Date	18 July 2020
Periodical Review	Annually.
Resources	Adequate personnel at District & Provincial office, Sufficient Budget, ICT Equipment, Office Furniture.
Intent of SOP	To document the standard operating procedure for the process of managing subsidized vehicles. The purpose of the process is to facilitate service delivery by providing transport to officials that are field workers through the subsidized vehicle scheme. This process starts when applications for subsidized vehicles are received from the districts and head office and ends when the applicants receive vehicles applied for and are re-imbursed for official kilometers travelled. It is also the intention of this document to ensure that the services and functions are performed within the relevant legislation and policy framework.
Scope	This SOP applies to allocation and management of Subsidized Vehicles to the employees of the Eastern Cape Department of Social Development.
Objective(s)	To provide integrated strategic direction and support to achieve good governance at all times.
Definitions	ZB1 – Application Form for subsidized vehicle Transport Tariffs RT 57 - Vehicle price list

Desired Performance	Efficient and effective provision of Transport to support core business.
Key Performance Indicator	Number of implemented construction projects in terms of the Infrastructure Plan.
Principles	<ul style="list-style-type: none"> • Efficient, economic and effective use of resources must be provided. • Services must be provided impartially, fairly, equitably and without bias. • Responsibility Managers must be accountable.
Compliance Measures	<p>Criteria:</p> <p>The Subsidized Motor Transport Handbook version 1 of 2017 states that "An officer qualifies for Scheme A, if he or she travels for job related purposes minimum of 105 000 km's over a selected contract period e.g. (32,36,42,48,54&60).</p> <p>Transport Advisory Committees</p> <p>The committee can be a committee specifically appointed for the purpose of recommending and advising on subsidised vehicles or for the functions of the subsidised vehicle committee can be added to that of an already existing committee within the department.</p> <p>FUNCTIONS OF THE COMMITTEE</p> <p>To assist with validity of application in terms of the Subsidised Motor Transport Handbook and prescripts.</p> <ul style="list-style-type: none"> • To review all applications based on previous subsidised vehicles, history and utilisation reports related to the specific application. • To advise and make recommendations to the HOD in terms of the applications. • To verify the applications in terms of the job description and/or performance contract of the individual and the application of the vehicle. • To advise on the suitability of the type of vehicle required by the official such as a Light Delivery Vehicle (LDV)/Miniut Purpose Vehicle (MPV) Sports Utility Vehicle(SUV) or sedan vehicle and the required engine size. • To advise on the economic implications and practicality of the subsidised vehicle. <p>NB:</p> <p>Once the HOD has approved an application for a certain number of kilometres and specific benchmark, these approvals can only be amended by the HOD or his/her delegate due to the financial impact on the department.</p> <p>Should the benchmark of the official be increased after the initial approval by the HOD, a letter signed by the HOD or his/her delegate needs to be supplied to all service providers. Ordering of vehicle takes 90-120 days.</p>

Under Utilization of a subsidized vehicle

The following possible mitigation circumstances must be considered prior to imposing the penalties on officials that are not utilizing their subsidy cars:

- An official whose job description and responsibility has changed since the allocation of the subsidy vehicle.
- Consideration of annual leave taken
- An official that due to medical reasons was absent from work for the duration of time and could not utilize the subsidized vehicle.
- Maternity leave
- The official being involved in one or more motor vehicle accident with the subsidized vehicle where the vehicle could not be used for an extended period of time due to repairs thereof.
- When the vehicle was not available for a prolonged period due to constant maintenance or repairs due to the unavailability of parts
- The limitation of km's travelled by subsidy vehicle due to the implementation of budget constraints within the department.
- Any other reason sufficiently motivated by the department or the official of circumstances beyond the control of the official.

Should none of the mitigation circumstances as set out above be applicable the following remedial action can be taken against officials not driving the required business km's:

- The department can require the official to drive the outstanding km's after the contract period had lapsed. Government will not contribute any amounts for the maintenance, insurance or capital of the vehicle. The official will only be reimbursed for fuel at the same rate as the subsidized vehicle that was initially approved by the department
- The official can be required to pay back the amount for storage of business km's travelled based on the actual cost incurred by the department

BUY - UP

An official can select any vehicle from the Price List (RT 57) contract identified as a subsidized vehicle with the following considerations:

- An official may under no circumstances purchase a sedan vehicle if the approved benchmark is that of a light delivery vehicle, a four- wheel drive, a multi-purpose vehicle or sport utility vehicle.
- An official may purchase a light delivery vehicle, a four- wheel drive, multi-purpose vehicle or sport utility vehicle where a sedan was approved. This is also referred to as BUY-UP.
- An official may exercise the option of purchasing a more expensive vehicle other than the benchmark that has been approved by the Head of Department. This is also referred to as BUY- UP

- Any additional cost relating to the purchase of more expensive vehicles will be borne by the official.

PHYSICALLY HANDICAPPED OFFICIALS

Officials that are physically handicapped will need to indicate such in their application form. In addition, all additional modifications or alterations they need on the vehicle and where the vehicle need to have an automatic transmission or not needs to be indicated.

For officials that are physically handicapped, the benchmark of the cheapest vehicle with automatic transmission will be used unless the benchmark in that vehicle category exceed the price of the cheapest vehicle with automatic transmission, then the normal benchmark will be applicable.

The full cost of any additional non-standard equipment for physically challenged or disabled officials must be borne by the Department.

APPROVED ACCESSORIES

Government will contribute 60% based on the approved subsidy towards any approved accessories.

Approved accessories will be approved based on the cost of a make and model of a vehicle as determined by the department.

The official can opt to fit a more expensive accessory that will fulfil the same function but will be held responsible for any additional costs.

NON APPROVED ACCESSORIES

An accessory that has not been approved in terms of the conditions as set out above will be for the account of the official.

The official may not fit any additional accessories that will in a way jeopardize the warranty of the vehicle or that will incur any additional maintenance expenditure to the service provider as approved in terms of contract. RT 62 for the maintenance of subsidized vehicles.

Should there be any additional expenditure to a vehicle due to the fitting of non-approved accessory, the cost thereof will be borne by the official irrespective of the fact that the accessories are financed by the finance service provider.

Non approved accessories are limited to 15% of the vehicle value during the finance application.

OFFICIAL UTILIZATION PERIOD

All officials applying for a subsidized vehicle will be required to utilize the vehicle for a 32,36,42,48, 54 or a 60 months' period or 160 000 km's whichever comes first.

To qualify for a 60% subsidy vehicle, an official will be required to travel a minimum of 105 000 km's for official business purposes over the specified contract period.

NORMAL WITHDRAWAL

This is the withdrawal of the subsidized vehicle after completion of the 36,42,48,54 or 60 months' contract period or 160 000 km's whichever comes first.

PRE MATURE WITHDRAWAL

An official can request for a vehicle to be withdrawn from the scheme prior to the expiry of the contract period under the following conditions:

1. If it can be proven that the vehicle has a continuous mechanical breakdown that cannot be resolved
2. The department withdraws the vehicle due to the underutilization of the vehicle by the official after a minimum period of 32 months.
3. The official leaving the employment of the state.
4. Early retirement due to medical reasons.
5. Promotion of an official to the level of a Director.
6. Promotion or transfer of the official to a position where a vehicle will not be required.

RELIEFCOURTESY CAR

An official involved in an accident with a subsidized vehicle will be allowed to make use of the relief transport as provided by the insurance service provider.

A vehicle will only be provided to an official where the subsidy car is not drivable.

An official will receive a similar type of vehicle as the approved subsidized vehicle.

An official must obtain approval of the HOD before undertaking official trips with a relief or courtesy car.

OFFICIAL LEAVING THE EMPLOYMENT OF THE STATE

Official leaving the employment of the state has three (3) options in terms of the outstanding amount owed to the finance service provider.

- The official can make a once off payment in respect of the outstanding amount owed to the finance service provider.
- The official can reimburse the outstanding amount owed to the service provider

- The official can dispose of the vehicle in consultation with the finance service provider to cover the outstanding amount owed to the finance service provider.
- The state, upon receiving notification of the resignation of the official shall:
 - Calculate the outstanding km's the official has not travelled in terms of higher agreement with the state for the period that the vehicle was utilized for. For this purpose, underutilization formula will be used.

CONTROL MEASURES AND VEHICLE INSPECTION

It is the duty of the official to exercise due care and diligence with regards to the custody and maintenance of the vehicle.

The vehicle is to be made available for inspection on request of the Transport officer or any other authorized person at least once a year or as determined by the department.

As part of the inspection, odometer reading of the vehicle will be compared to the actual log sheet submitted by the official.

RULES AND REGULATIONS

These are provisions which are applicable to subsidized motor transport, bind the official participating within the scheme.

Failure to comply with provisions and/or instructions issued in respect of the subsidized transport will render the offending official liable to disciplinary action in terms of the Public Service Act.

In certain cases, the repossession or withdrawal of the concession in respect of the use of subsidized motor transport may be enforced as sanction to a disciplinary process.

FINES AND ADMINISTRATION

The official will be responsible for all traffic fines incurred.

INSURANCE (INCLUSION)

All subsidized vehicles will be insured in line with the RT 58 contract for insurance. This insurance will cover and include the following:

- The insurance of the subsidy car need to include amongst others, any factory fitted standard accessories that were either added on by the official or fitted by the manufacturer of the vehicle including those that have been financed as part of the finance agreement with the service provider of

contract RT 68 for the financing of subsidized vehicles or has been approved by the department as a requirement to enable the official to properly execute his or her duties.

- The insurance cover makes provision for covering vehicles within the borders of RSA as well as outside of the borders of the Republic including Botswana, Namibia, Lesotho, Mozambique, Swaziland, Zimbabwe, Malawi and Zambia.
- Loss of or damage to the vehicle or spare parts caused by accidents or incidents.
- Theft, hijacking and or total loss
- Vandalism, explosion, riot damage, fire.
- Falling objects (from buildings, other vehicles or otherwise).
- Damage to third party property
- Liability to third parties resulting in death or injury to third parties.

INSURANCE- EXCLUSIONS

All costs related to any of the following would need to be covered by the official and will not be paid out of the fund:

- A vehicle that is not roadworthy.
- Any misrepresentation, incorrect description, by the official or individual that was driving the vehicle at the time of the incident (accident or time of total loss.
- Should the official or driver of the vehicle not be in possession of a valid driver's license or where the license has been endorsed.
- The vehicle is used outside the borders of SA with the exception of Namibia, Botswana, Lesotho, Mozambique, Swaziland, Zimbabwe, Malawi and Zambia.

TRANSFERS BETWEEN PROVINCES AND DEPARTMENTS

Should an official transfer from one department to another or from one Provincial administration to another, the departmental transport officer of the department that the department that the official resigned from and the official concerned must notify the service providers immediately in writing.

The service provider shall be responsible for the transfer of the official's account to the new department and to the closest office of the service provider of the official's new region of operation.

The department where the official was transferred from will need to ensure that the subsidized vehicle the of the official is transferred to the new department within 30 days of the official's date of transfer from the department.

The new department where the official is employed may use their discretion to take over the sub-vehicle upon the request and motivation of the official and the Head of the Directorate where the official will be employed.

MAINTENANCE ALLOWANCE

To ensure that the subsidized vehicle remains in good condition and that the warranties and guarantees remain valid, it is imperative that the vehicle is serviced according to guidelines as prescribed by the manufacturer and as set out in the vehicles service manual.

It is the responsibility of the official to ensure that the vehicle is serviced at the time or km intervals as set out in the vehicle service book to ensure that the warranties and guarantees of the vehicle remains intact. (REFER TO PAGE 21-28. OF THE SUBSIDISED MOTOR TRANSPORT HANDBOOK VERSION 1 OF 2017)

Vehicle exceeding number of kilometers

Subsidy owners are required to utilize their vehicles for a full term period or 160 000 kilometers, whichever comes first. Should they reach 160 000 kilometers before the expiry of the term, the subsidy user will bear the costs in terms of full installment of the vehicle and maintenance. The Department will be responsible for payment of official kilometers traveled only at the subsidy rate.

USE OF GOVERNMENT WORKSHOPS AND STORES NOT PERMITTED

An official provided with a subsidized vehicle may not under any circumstances utilize the service of any Government Garage, Government owned workshops or any Government contracts, for the maintenance and operation of the subsidized vehicle with the exception of RT 57 vehicle procurement contract, the RT68 finance contract, the RT56 insurance contract and the RT62 maintenance contract.

TAX ON MONTHLY TRAVEL ALLOWANCES

All allowances payable under the Subsidized Motor Transport Scheme shall be taxable in line with the requirements as set out by SARS.

SCHEME B

- Scheme B can be utilized for officials that do not meet the minimum requirements of scheme A.
- An official that wishes to participate in scheme B will need to obtain formal approval from the Accounting Officer or Delegated Authority.
- Such an approval will need to include the vehicle category and engine size that is approved and the estimated km's to be traveled by the official.

	<ul style="list-style-type: none"> Such an approval will still be subjected to the normal authority per tip to be issued by the delegated authority. An official will make use of their own private vehicle and will be reimbursed on private rates for business km's travelled on a pre agreed engine size and vehicle category as approved by the HOD. An official partaking in Scheme B cannot procure a vehicle from the RT57(Price List) vehicle procurement contract as utilized under scheme A. Officials partaking in scheme B will need to adhere to normal prescripts as implemented within their departments for claiming of official business km's travelled on the Private Rates as published by the Department of Transport Officials need to ensure that their vehicles comply with the provision of Road Traffic Legislation in terms of license and road worthiness. <p>REQUIRED DOCUMENTS FOR SCHEME B</p> <ul style="list-style-type: none"> A written submission /memo Confirmation of budget Certified copy of ID and driver's license copy of registration papers Signed copy if work plan agreement <p>Completed Z61 application form</p>
Performance Measures	<ul style="list-style-type: none"> Development of Fleet Management plans that are responsive to Transport needs of the Department
Process Input Data	<ul style="list-style-type: none"> Subsidized vehicle applications
Process Output Data	<ul style="list-style-type: none"> Subsidized vehicles Payment of official kilometers travelled

STEP BY STEP GUIDE

SUBSIDISED VEHICLES PROCESS

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
1.	Invite officials to apply for Subsidy Vehicles	Communicate invitation to officials who wishes to apply for subsidy vehicles. Attach the Vehicle Price list (RT57) and vehicle application form (Z81) in the invitation. Informs officials through the District Directors or communicate about the availability of the vehicle price list.	Deputy Director : Fleet Management	Invitation Application Form Current Vehicle Price List Completed application forms	Annually
2	Identify the qualifying officials	Appoint Transport Advisory Committee. Convene sitting at district level through secretariat to adjudicate and forward the recommended applications that meet the specified criteria as per Transport Circular No.1 of 2017 to the Provincial office for further adjudication. Convene sitting at Provincial level through secretariat to adjudicate and forward the recommended applications that meet the specified criteria as per Transport Circular No.1 of 2017 to the Provincial office for further adjudication.	HOD District Transport Advisory Committee Chairperson secretariat members of the Transport Advisory Committee	Appointment letter Recommended application forms Minutes of the district Transport Advisory Committee sitting. Minutes of the Provincial Transport Advisory Committee sitting.	Annually

STEP BY STEP GUIDE

SUBSIDISED VEHICLES PROCESS

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
		Write the memo for recommended applications. Circulate for recommendations. Approve the recommended applications.	Assistant Director HOD		
3	Verify validity of FICA documents and update on Minnela system.	Ensures that the Fica documents (documents issued by the bank) are updated, valid and check affordability of the applicant and submit to Minnela (service provider responsible for financing and responsible for vehicle insurance) for processing and applicant screening on receipt of the approved memo from the HOD.	Assistant Director and Provincial Transport Officer	Verified application with updated Fica documents	On-going
4.	Screen and approve Applications	Confirm credit worthiness and financing of officials through the bank.	Minnela	Verified application with updated FICA documents Affordability report Bank approval certificate Approved Applications	On-going
5.	Inform applicants about application status	Send vehicle status update to applicants via SMS.	Minnela	Updated status report	1 day

STEP BY STEP GUIDE

SUBSIDISED VEHICLES PROCESS

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
6.	Order Vehicle from the manufacturer	Receive the vehicle order form. Send the vehicle order form to the relevant manufacturer.	Applicant	Proof of ordered vehicle	On-going
7.	Inspect the requested delivered vehicle	Sends the Department inspection forms for each applicant whose vehicle is ready from the manufacturer. Ensures that the inspection form is sent to the relevant applicant for the inspection of the vehicle. Inspect and ensures that the vehicle received is the one approved by HOD. Sign the inspection checklist.	Assistant Director Applicant	Inspection Form Signed checklist	1 Day
8.	Sign contract on - line with Mineta	Signs the contract on line with Mineta Submit a copy to Provincial Office. Receive a logbook with relevant circulars for usage of subsidized vehicle.	Applicant	Signed contract	1 Day
9.	Register vehicle at the Traffic and Licensing Department	Receives vehicle license disc and copy of registration papers from Mineta. Register the vehicle immediately at the Traffic Department within three (3) weeks.	Applicant	Copies of registration papers License disc Registration plates Log book	3 Weeks

STEP BY STEP GUIDE

SUBSIDISED VEHICLES PROCESS

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
10.	Collect vehicle from the Dealer	Receives release letter from MME/LA. Contacts the vehicle from the Dealer and sign the release form.	Applicant	Vehicle Release Form Vehicle Keys Received Vehicle	1 Day
11.	Record mileage for official and private trips	Record the official and private mileage on the Logbook monthly and submit to the transport officer on the 3 rd of each month or the day before should the 3 rd fall on a weekend. Sign Supporting documentation for confirmation of official tips.	Subsidy owner District Director Area Managers Service office Manager Supervisor	Log book with recorded mileage for official and private trips Approved monthly/weekly plan	On-going
12.	Reimbursement for official kilometers travelled	Verifies the accuracy of the supporting documents on receipt of the documentation. Capture the log sheets on the KygeranoFleet Africa system (system utilized to pay subsidized vehicle fuel claims and responsible for maintenance of subsidized vehicles). Ensure that official kms travelled payment by KygeranoFleet Africa is based on current tariffs received from National	Provincial Transport Officer	Log Sheet with approved monthly/weekly plan. Attendance register	Monthly

STEP BY STEP GUIDE**SUBSIDISED VEHICLES PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
		Department Of Transport as per engine capacity and the category of the vehicle. Receives an SMS as confirmation that the fuel claim has been processed. In case of accident Report accident/incident to the Sags within 24 hours. Submit accident report to Memele, District and Provincial Office within 2 working days.	Subsidy owner Provincial Transport Officer	Payment Information Filed accident documents	Within 24 Hours
13.	Perform physical inspection	Conduct physical verification of subsidized vehicle to check the utilization. Sign the inspections checklist. Submit report to Director-Asset Management	Transport Officer	Inspection Checklist Physical verification report	Half yearly






LEGISLATION, POLICIES, PROCEDURES, LEGISLATION & OTHER DOCUMENTATION (i.e. SOPs)

Document Name	Section or document Description	Effective Date (If applicable)
PFMA Act 1 of 1999	Section 39 (1) b, (d) Effective use of resources, safeguarding and maintenance of vehicle assets	1999
Subsidised Motor Handbook version 1 of 2017	Subsidised Motor Transport Handbook version 1 of 2107	2017

PROCESS RISKS

Process Name	Risk Description	Probability (H/M/L)	Impact (H/M/L)	Control Description	System/Manual
Fraud	Fraudulent claiming of fuel. An official would claim private KMs as official KMs. This has cost implications Under/Over -utilization of subsidy vehicle	M	M	Each district to have a full time transport officer. Transport officer to physical monitor and verify closing mileage on monthly basis. Proper analysis of official Trips on a weekly basis by Transport officer	Manual

AUTHORIZATION

Authorization:	Name:	Comments:	Signature:	Date:
Quality Checked by:	N.A. Mazzi			02/07/17
Director: Management Information Services				
Recommended by: Acting Chief Information Officer	M.E. Gazi			02/07/2019
Recommended by: Director:HRD	X.Macoi			
Initiated and recommended by:	G.P. Marshall			12/07/2019
Director: Asset Management				
Recommended by:	N. Ncimgwana			12/07/2019
Acting Chief Financial Officer				
Approved by:	N. Baart	RESPONSIBLE OFFICER		18/07/2019
HOD		FROM DE WORKSHEETS		
Distribution and Use of SOP	District Directors, Corporate Service Managers, Service Managers, Area Managers, Assistant Directors, Transport officers and all officials			