



HUMAN RESOURCE POLICY SALARY ADVANCES

Policy No: NLMHREB015	Effective Date: 01 April 2008
Approved:	Review Date: 01 April 2009

Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by Council and may be reviewed on an earlier date if necessary, subject to Labour Law Dispensation or operational requirements.

1. SCOPE

Applicable to all employees within Ngwathe Local Municipality.

2. PREAMBLE

Notwithstanding that the preferred policy is not to provide staff loans, we recognise that in certain extra-ordinary circumstances it may be necessary to provide a salary advance and where such advances are approved, the purpose of this policy is to ensure that advances are approved in a fair and consistent manner.

3. POLICY

No staff loans may be granted to any employee. Any salary advance must be handled in accordance with the contents of this policy.

4. STAKEHOLDER ANALYSIS

Role	Responsibility
Municipal Manager / Director Corporate Services (subject to its delegations if any)	
Council	
Line Manager	
Human Resources	
Labour Representatives	

5. PROCEDURE

Salary Advances will only be granted for compassionate reasons or to employees who, through circumstances beyond their control, have suffered extreme financial hardships, such as death of immediate family members.

Documentary proof will be required to support any advance application e.g. death certificate.

The advance must be repaid in full from the following month's salary and this deduction will be processed through the payroll system.

The Salary Advance may not exceed 25% of the employee's monthly basic salary.

All salary advance applications must be made in writing on the necessary Salary Advance Form to an employee's supervisor/direct Manager.

The line manager/supervisor must determine the reasons for the request and make a recommendation to the departmental head concerned. All supporting documentation must be attached.

The departmental head must consider the reasons for the advance request, and if satisfied, make a recommendation and arrange an appointment for the employee with the Human Resources Department.

The Human Resources Department will validate the reason given by the employee taking into account:

- Validity of the reasons;
- Employment and disciplinary record (final notice, etc.); and
- Number of advances previously requested by the employee

On approval:

- an Acknowledgment of Debt will be entered into by the employee to the company and signed by both parties. The employee will give the Company the authority to deduct the Advance from his/her salary.
- the Human Resources Department will process the necessary documentation and arrange payment of the advance amount. Payment must be made to third parties wherever reasonably possible.

When a request for a loan/advance has been refused, it is the responsibility of the Departmental Head, or delegated person, to inform the employee.

6. AUTHORITY

Formulation Policy	:	Municipal Manager
Authorisation Policy	:	Council
Ownership and Maintenance Manager	:	Director Corporate Services