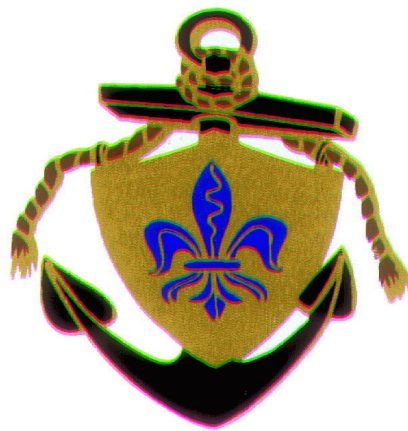


SWELLENDAM MUNICIPALITY



GRANT IN AID POLICY, 2015

APPROVED BY COUNCIL: ITEM C21 ON 30 SEPTEMBER 2015

IMPLEMENTATION DATE 1 OCTOBER 2015

Adopted in terms of sections 12 read with section 67 of
the Local Government Municipal Finance Management
Act, 2003

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PART 1: PREAMBLE

- 1.1. **WHEREAS** section 12 and 67 of the Local Government: Municipal Finance Management Act, 2003 (Act no 56 of 2003)-[MFMA] requires a municipality to ensure that certain criteria and conditions are met before funds are transferred to an organisation outside any sphere of government, otherwise than in compliance with a commercial transaction; and
- 1.2. **WHEREAS** a policy would give effect and guidelines as to which categories of organisations could apply to become beneficiaries; and
- 1.3. **NOW THEREFORE** the Swellendam Municipal Council adopts the Grant-in-Aid Policy as set out in this document.

PART 2: PURPOSE

- 2.1. The purpose of the Grant-in-Aid Policy is to provide:
 - 2.1.1. A framework for grant-in-aid to non-governmental organisations [NGO's], community-based organisations [CBO's]; non-profit organisations [NPO's] and/or bodies that are used by government as an agency to serve the poor, marginalised or otherwise vulnerable as envisaged by sections 12 and 67 of the MFMA.
 - 2.1.2. To complement the goals, objectives, programmes and actions of the Swellendam Municipality in order to create a sustainable, credible and caring town by empowering and building communities and enhancing growth and sharing through partnerships.
 - 2.1.3. To improve the opportunity for Council to elicit the support of external organisations to deliver on those services to communities which fall within the Council's area of responsibility in a way which allows the town to create an enabling environment for community development.
 - 2.1.4. To provide the opportunity for developing methods of joint funding strategies with outside agencies such as matching funding or sponsorship partnerships to meet the objectives of a developmental local government.

PART 3: ALIGNMENT WITH THE MUNICIPALITIES' STRATEGIC GOALS AND OBJECTIVES

- 3.1. This Policy supports the following municipal strategic objectives drawn from the Integrated Development Plan [IDP]:
 - 1 To enhance access to basic services and address maintenance backlogs
 - 2 To create a safe and healthy living environment

3 To develop integrated and sustainable settlements with the view to correct spatial imbalances

4 To enhance economic development with focus on both first and second economies

5 To promote good governance and community participation

PART 4: PRINCIPLES

4.1. The principles guiding this Policy are to:

- (a) Promote fairness, equitability and transparency in the process of granting aid funding.
- (b) Support the poor, aged, youth, disabled and women.
- (c) Promote sustainable solutions to serve the poor, marginalised or otherwise vulnerable.
- (d) Identify and develop sustainable matching funding or sponsorship partnerships to meet the objectives of a developmental local government.

PART 5: SCOPE OF APPLICATION

5.1. Non-profit organisations or bodies rendering a service to assist the municipality in achieving its goals and objectives as contemplated in its IDP and SDBIP as well as section 156 read with Schedule 4(B) of the Constitution of the Republic of South Africa, 1996.

5.2. Bodies or organisations serving especially the poor, aged, youth, disabled and women subject to such bodies:

5.2.1. Operating as a separate legal entity and are recognised as such by South African Legislation;

5.2.2. Being governed by their constitutions, have regular meetings with their members and subscribe to sound accounting principles; and

5.2.3. Being located and serving communities and individuals who are most in need within the jurisdiction of the Swellendam Municipality

OR

5.2.4. Qualifying as an organisation or body regulated by section 67(4) of the MFMA and is located and serving communities and individuals who are most in need within the jurisdiction of the Swellendam Municipality.

PART 6: EXCLUSIONS

- 6.1. This Policy does **not** apply to the following, which the Council may regulate via separate policies:
 - 6.1.1. Bursaries or funds to bursars for other activities, reasons or resources;
 - 6.1.2. Disaster relief;
 - 6.1.3. Indigent grants; (Such as paupers burials)
 - 6.1.4. Housing development subsidies;
 - 6.1.5. Housing billing subsidies;
 - 6.1.6. Donation of movable or immovable assets;
 - 6.1.7. Conditional grants received by the Municipality, which are in turn awarded to outside organisations to perform the service or function;
 - 6.1.8. Inter-governmental grants;
 - 6.1.9. Grants-in-aid in respect of property rates; and
 - 6.1.10. Care-taker grants where the Municipality requires community organisations to maintain sports-fields or community facilities in terms of a Service Delivery Agreement.
- 6.2. The total expenditure on grant-in-aid as per this Policy may not exceed 0.25 % of the operational budget of the Municipality and has to be budgeted for as such in the Municipal Annual Budget.
- 6.3. No transfer may be made which exceeds R50 000 per organisation or body per annum, except for allocations to organisations which in terms of an agreement perform a municipal function on behalf of the Municipality.
- 6.4. Funding will **not** be considered in the following circumstances:
 - 6.4.1. Where the utilisation of the grant-in-aid will be outside the boundaries of the Swellendam Municipal area;
 - 6.4.2. Where expenses have already been incurred;
 - 6.4.3. Where the application does not meet with the stated objectives and principles of this Policy;
 - 6.4.4. Where the application does not meet with the priorities, strategies and objectives of the IDP;

- 6.4.5. Where a project or organisation is already receiving sufficient funding from other sources to sustain its activities or the project applied for;
 - 6.4.6. Where organisations did not comply with its obligation conditions during previous allocations;
 - 6.4.7. Where the allocation will constitute a second allocation per financial year;
 - 6.4.8. Subsidies for municipal rates; and
 - 6.4.9. Where a member of the Council or official of the Municipality receives any financial or other gain.
- 6.5. Subsequent requests from applicants to cover overspending on projects will not be considered.

PART 7: MAINTENANCE

- 7.1. Given the changing nature of the regulatory, control and operational environment of the Municipality, this document will be updated on an on - going basis.
- 7.2. For clarification of any matter contained in this Policy, please address queries to the Manager Income in the Office of the Chief Financial Officer [CFO].

PART 8: IMPLEMENTATION

- 8.1. It is the responsibility of the Director Corporate Services to bring the content of this Policy to the attention of all parties concerned.
- 8.2. Enquiries on this Policy can be solicited from the Office of the CFO.

PART 9: GOVERNANCE AND REGULATORY FRAMEWORK

- 9.1. All transfer of funds in terms of this Policy shall comply with the:
 - 9.1.1. Constitution of the Republic of South Africa, 1996 as amended;
 - 9.1.2. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
 - 9.1.3. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);
 - 9.1.4. Any other applicable legislation, regulations and policies that may govern the transfer of municipal funds and that are not in contradiction with the primary legislation referred to above.
- 9.2. The power of the Municipality to issue grant-in-aid funds is regulated by sections 12 and 67 of the MFMA.

- 9.3. A payment made that does not conform to the legislation referred to above as well as the provisions of this Policy is irregular expenditure and will be treated as such in terms of the provisions of the MFMA.
- 9.4. All particulars of the grant-in-aid must be reflected in the budget and any adjustment budgets, in accordance with section 17(3) (j) of the MFMA.
- 9.5. Before transfers are made the provisions of section 67 of the MFMA must be complied with.

PART 10: CATEGORIES

10.1. The following categories currently apply, but are not regarded as exhaustive and may be amended from time to time:

10.1.2. Health projects and programmes, including but not limited to:

- (i) Public health interventions inclusive of TB, STDs and HIV/Aids.
- (ii) Preventable lifestyle diseases e.g. drugs, alcohol abuse, tobacco related illnesses, etc.
- (iii) Promotion of preventative services to infants, children and women.

10.1.3. Environmental projects and programmes, including but not limited to:

- (i) Voluntary rescue organisations.
- (ii) Lifesaving clubs and swimming organisations.
- (iii) Environmental organisations or groups.
- (iv) Organisations promoting community involvement as a means of sustaining leisure, aesthetic or environmental projects.
- (v) Projects which further the Council's aims and the strategies related to:
 - (a) Riverine corridors;
 - (b) Biodiversity;
 - (c) Natural and built environment;
 - (d) Heritage resources;
 - (e) Quality urban spaces;

- (f) Ecological conservation areas;
- (g) Urban agricultural complexes;
- (h) Bio-regional planning;
- (i) Nature area management;
- (j) Wetlands;
- (k) Local agenda 21 projects;
- (l) Animal welfare organisations;
- (m) Tourism; and
- (n) Eco-tourism, e.g. bird watching.

10.1.4. Solid waste (cleansing) projects and programmes, including but not limited to:

- (i) Waste reduction and awareness;
- (ii) Educational programmes or projects addressing litter and waste handling;
- (iii) Waste minimisation solutions; and
- (iv) Promotion or recycling endeavours.

10.1.5. Social development projects and programmes, including but not limited to:

- (i) Poverty alleviation;
- (ii) Urban renewal;
- (iii) Capacity building of communities;
- (iv) Youth development;
- (v) Women and gender development;
- (vi) Support to the aged;
- (vii) Early childhood development;
- (viii) Street people programmes;

- (ix) Facilitation of public participation processes; and
- (x) Arts and culture programmes.

10.1.6. Sports and recreation projects and programmes, including but not limited to:

- (i) Local sport and recreation clubs;
- (ii) School sports teams or athletes;
- (iii) Local sport and recreation councils, associations or informal groups; and
- (iv) Civic, community and non-governmental organisations.

10.1.7. *Ad hoc* support, including but not limited to:

- (i) Rewards, awards or donations to support individual meritorious cases in order to assist and/or recognise individual excellence in whichever field;
- (ii) Where only one individual will benefit;
- (iii) Political, church or sectarian organisations or groupings; and
- (iv) Marketing and/or branding events.

PART 11: PROCESS

11.1. ADVERTISEMENT PROCESS

11.1.1. The Municipal Manager must, **within three (3) months after the approval** of the annual budget or an adjustment budget (in the event that additional funds became available), place a public advert in the main local newspapers distributed in the municipal area, calling for applications.

11.1.2. Advertisement should clearly specify:

- (i) The categories for which proposals are called;
- (ii) The closing date for applications;
- (iii) Who applications should be addressed to;
- (iv) Where and how to obtain the relevant application documentation;
- (v) The Council's right not to make any award;

(vi) That awards to organisations that have received funds in the previous year must submit a final audited report on the projects previously funded; and

(vii) That only duly completed applications on the prescribed forms will be considered.

11.1.3. Funds may not be transferred to any organisation or body that has not submitted a proposal in response to a public advertisement, unless:

(i) It relates to *ad hoc* support as contemplated in part 10.1.7, which was not known at the time of the advertisement and an additional motivation is submitted; and/or

(ii) It relates to an existing contractual arrangement which spans over more than one year.

11.2. APPLICATION PROCESS

11.2.1. Applications for grant-in-aid must:

(i) Be made on the prescribed form as per **Form SWE/GiA 01**.

(ii) Be accompanied by a covering letter on the letterhead of the organisation or body, signed by the Head of the Organisation or body and must include the following information:

(a) Date of application;

(b) Contact details of the organisation or body;

(c) Date established;

(d) Type of organisation;

(e) Registration number;

(f) Details of previous funding received from the Municipality;

(g) Details of other funding received from the Municipality;

(h) Purpose or aim of grant;

(i) Detailed description of project to be implemented utilising the funding;

(j) Detailed breakdown of projected costs;

(k) Details of sources of income and funding;

- (l) Banking details;
- (m) References;
- (n) Certification of details provided by senior person of organisation;
- (o) Checklist of supporting documentation; and
- (p) Declaration by head of organisation to the satisfaction of the Municipal Manager that the organisation or body implements effective, efficient and transparent financial management and internal control mechanisms to guard against fraud, theft and financial mismanagement and has in the past complied with the requirements of similar transfer of funds.

11.3. SCREENING PROCESS

11.3.1 Applications will be received and registered by the Office of the Chief Financial Officer.

11.3.2 A first screening will be conducted on Form SWE/GiA 02, by a Committee of the Line Departments confirming:

- i. Compliance with the criteria contained in this policy;
- ii. Viability of project;
- iii. Sustainability of project;
- iv. That the project will be completed within available funds;
- v. That sufficient evidence of proper financial control will be exercised;
- vi. That applicants have demonstrated that it meets the goals of the IDP;
- vii. That applicants have demonstrated cost-effectiveness measures and ability to execute project successfully, achieve clearly defined outputs or outcomes and ability to manage funds effectively;
- viii. That the applicants have agreed to:
 - Comply with the transfer payment agreement;
 - Report monthly to the Accounting Officer on actual expenditure;
 - Submit audited financial statements for its financial year;

- Implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
- Have in respect of previous similar transfers complied with all requirements.

11.3.3 The Committee of the Line Departments will make recommendations to the Council.

11.3.4 *Ad hoc* applications as contemplated in part 10.1.7 may be considered as part of and in terms of the Council's annual Budget Adjustment process.

11.4. APPROVAL PROCESS

11.4.1. The **Mayoral Committee** will consider the recommendations from the Municipal Manager and ensure that the applications:

- (i) Comply with the Municipality's criteria;
- (ii) Comply with the budgeted funds;
- (iii) Comply with the provisions of section 67 of the MFMA; and
- (iv) Applicants' municipal accounts are up to date.

11.4.2. The **Mayoral Committee** will deliberate the applications and resolve on the final awards.

11.5. AWARD PROCESS

11.5.1. All applicants will be informed in writing of the outcome of their applications by the Office of the CFO or his nominee.

11.5.2. Where applicants were turned down, they must be provided with reasons.

11.5.3. Successful applicants must sign the Transfer Payment Agreement, as per **Form SWE/GiA 03**.

11.6. TRANSFER PROCESS

11.6.1. Payments will only be made once:

- (i) The Transfer Payment Agreement is duly completed (**Form SWE/GiA 03**) or any other suitable contractual arrangement; and
- (ii) The Transfer Payment Certificate has been issued (**Form SWE/GiA 04/05**).

11.6.2. Payments of grants will be transferred to the bank account of the applicant in such instalments as agreed to within the Transfer Payment Agreement.

11.6.2. Payments will be approved by the relevant delegated authority.

11.7. MONITORING AND EVALUATION

11.7.1. The Accounting Officer and his/her delegates are responsible for the monitoring and evaluation of the allocations, by ensuring that:

- (i) Funds are used exclusively for the purpose defined in the Agreement.
- (ii) Where feasible and contractually agreed, monthly progress reports are submitted and reviewed.
- (iii) Section 67(4) related beneficiaries receive the benefit, by obtaining receipts of the actual expenditure incurred and any other appropriate evidence.
- (iv) Where it is found that grants are used in breach of the Agreement, the provisions of the Agreement must be invoked and the matter must be reported to the Municipal Manager and the Council or relevant Committee of the Council.

11.7.2. The Office of the CFO must maintain a register of all grant-in-aid contributions made per financial year.

11.8. ACCOUNTING PROCESS

11.8.1. Payments will be effected through the Sundry Payments system of Accounts Payable.

11.8.2. For accounting purposes, it is required that:

- (i) All grants and allocations are budgeted for.
- (ii) Grants are to be managed as projects.
- (iii) Relevant narrative fields be completed when processing payments to identify various grants.

PART 12: RIGHTS AND OBLIGATIONS OF THE APPLICANT

12.1. Funding received may only be applied for auditable output deliverables and not input costs.

12.2. Grant-in-aid funds may not be applied for direct funding for salaries, wages, travel costs, subsistence, accommodation, food or entertainment, unless contractually agreed to by the Municipality prior to incurring such expenditure.

- 12.3. Applicants or organisations and bodies must at all times ensure that their municipal accounts, rates and taxes – where applicable – are not in arrears.
- 12.4. Applicants must acknowledge the Municipality as the provider of funding in their funding record as well as any public record of grants received.
- 12.5. Applicants must submit regular progress reports and such financial information as required as well as a final report at the conclusion of the project.

PART 13: RIGHTS AND OBLIGATIONS OF THE MUNICIPALITY

- 13.1. To ensure the sustainability of projects undertaken by the organisation or body, the municipality will consider granting full funding of deserving projects/programmes, rather than *pro rata* allocations.
- 13.2. The Council may:
 - 13.2.1. Consider applications only once a year in response to an annual advertisement.
 - 13.2.2. Fund an organisation only once during a financial year cycle.
 - 13.2.3. Not give a grant-in-aid to any or all applications applying for grants.
 - 13.2.4. Not give a grant-in-aid to an organisation having been awarded a grant previously.
- 13.3. The Council may, from time-to-time, verify and inspect the existence and activities of the organisations or bodies. The Council will therefore have the right to physically visit the premises where the organisation, or funded project, is vested, to peruse the budgets and any progress reports related to the project for which the grant was made.
- 13.4. The prioritisation of applications as well as the amount of the grant-in-aid may vary from year to year.
- 13.5. The Municipal Manager in consultation with the Council may authorise a deviation from this Policy under justifiable circumstances and subject to a formal Council Resolution.