



BREED VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

**Transfer of Funds in terms of Section 67(4) of the MFMA
Policy**

(Also referred to as the Donation Policy)

<u>APPROVED DATE</u>	
30 September 2019	

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1. PREAMBLE

1.1 WHEREAS

- Section 152 of the Constitution sets out inter alia the objects of local government to promote social development and to promote a safe and healthy environment;
- Section 153 of the Constitution that sets out the developmental duties of a municipality, obliged that it structures and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;
- Social ills, poverty, injustices still plague many sections of our society and is prevalent particularly amongst our youth and vulnerable.

1.2 AND WHEREAS

- the Municipality on a regular basis receives requests for transfer of funds from a variety of organizations,
- circumstances occur which may justify financial support to bodies or organizations outside the normal section 67(1) grants-in-aid process;
- Municipal Council on an annual basis appropriate funding in dedicated budget votes to be utilized for purposes of transfers of funds to organisations in compliance with section 67(4) of the MFMA by the executive mayor, and

1.3 FURTHER WHEREAS it is appropriate to lay down rules and guidelines for the consideration and allocation of applications or requests for transfer of funds in compliance with section 67(4) of the MFMA;¹

1.4 THEREFORE Breede Valley Municipality adopts the policy as set out below.

2. LEGAL FRAMEWORK

All donations made in terms of this policy must comply with:-

¹ Section 67: Funds transferred to organisations and bodies outside government

- (1) Before transferring funds of the municipality to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the accounting officer must be satisfied that the organisation or body—
 - (a) has the capacity and has agreed—
 - (i) to comply with any agreement with the municipality;
 - (ii) for the period of the agreement to comply with all reporting, financial management and auditing requirements as may be stipulated in the agreement;
 - (iii) to report at least monthly to the accounting officer on actual expenditure against such transfer; and
 - (iv) to submit its audited financial statements for its financial year to the accounting officer promptly;
 - (b) implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
 - (c) has in respect of previous similar transfers complied with all the requirements of this section.
- (2) If there has been a failure by an organisation or body to comply with the requirements of subsection (1) in respect of a previous transfer, the municipality may despite subsection (1) (c) make a further transfer to that organisation or body provided that—
 - (a) Subsection (1) (a) and (b) is complied with; and
 - (b) The relevant provincial treasury has approved the transfer.
- (3) The accounting officer must through contractual and other appropriate mechanisms enforce compliance with subsection (1).
- (4) Subsection (1) (a) does not apply to an organisation or body serving the poor or used by government as an agency to serve the poor, provided—
 - (a) that the transfer does not exceed a prescribed limit; and
 - (b) that the accounting officer—
 - (i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and certifies to the Auditor-General that compliance by that organisation or body with subsection (1) (a) is uneconomical or unreasonable

- 2.1 The Constitution of the Republic of South Africa;
- 2.2 The Local Government Municipal Systems Act 2000 (Act 32 of 2000) as
- 2.3 Local Government Municipal Finance Management Act 2003 (Act 56 of 2003) as amended.
- 2.4 The Municipal Cost Containment Regulations, 2019;
- 2.5 Any other applicable legislation that govern the transfer of municipal funds.

3. DEFINITIONS

- 3.1 In this document, the following words shall have the following meanings:

“Donation or s67(4) grant” means the transfer of an amount of money to an organization or body serving the poor for the purposes of financial support to an event, project, activity or special merit cases as provided for in Section 67(4) of the Municipal Finance Management Act 2003 (Act 56 of 2003) as amended,

“Organization or body serving the poor” means any organisation or body providing assistance to the poor or vulnerable persons.

4. BUDGET

- 4.1 The Municipality may appropriate funding in its annual budget for the purposes of section 67(4) transfers. Special expenditure votes may be created for this purpose.

5. CONSIDERATION OF APPLICATIONS FOR TRANSFERS.

- 5.1 The Municipality may consider applications for donations to organisations and bodies complying with the following guidelines:-

- 5.1.1 The functions of the applying organisation or body as well as the purpose of the donation must align with the strategic goals and objectives of the Municipality as contained in the most recent Integrated Development Plan (IDP);
- 5.1.2 The organisation or body operating as a legal entity according to their constitution must be based in Breede Valley or at least have a local office; and
- 5.1.3 Non-profit organisations, educational organisations, sports organisations, culture organisations, social clubs, community based organizations, special needs organisations, charitable organisations serving the poor may be considered for donations.
- 5.1.4 Donations must not be granted to individuals directly but may be granted to an organisation for the exclusive benefit of a specific individual(s) if the donation is intended to benefit a specific individual within the organisation.

- 5.2 Donations may **not** be granted for the following:-
- 5.2.1 Government institutions (except schools and government institutions requiring the free use of municipal facilities);
 - 5.2.2 Political parties or party political related activities or projects,
 - 5.2.3 Organisations and corporations for gain and/or not serving the poor;
 - 5.2.4 Donations shall **not** be granted to organisations for the following:
 - a) food, end of year functions, or any parties;
 - b) to fund catering expenses for meetings, conferences, workshops, courses, forums or any other engagements less than five hours;
 - c) to fund any alcoholic beverages;
 - d) to fund organisations corporate branded items including clothing but excluding sports apparel.
 - e) to fund any farewell functions of staff and or organisation members leaving the organisation;
 - f) fund any social events as defined in the Cost Containment Policy;
 - g) to fund elaborate and expensive office furniture, equipment or tools.
 - 5.2.5 Organisations or activities/projects that infringe on the Bill of Rights or any other legislation of any sphere of government.

6 LIMITATIONS

- 6.1 An application for a donation must be submitted by completion of the application form attached hereto;
- 6.2 Donations to any organisations or bodies may not be approved more than two times during a financial year.
- 6.3 The amount of any one donation approved may not exceed the amount of R5 000 save for special merit cases which must be duly motivated and recorded, but such special merit cases may not exceed R20,000 per donation.
- 6.4 The donation amount may not be deposited into any personal bank account.

7 ADMINISTRATION

- 7.1 The offices of the Executive Mayor must keep record of all applications received, applications granted, date granted, the amount allocated as well as applications not approved.
- 7.2 The office of the Speaker must keep record of all Ward Committee Projects funded through this Section 67(4) Policy. Such record must include all applications received, applications granted, date granted, the amount allocated as well as applications not approved.
- 7.2 Documents to process payment of donations must be approved by the Municipal Manager, Director Strategic Support Services or the Director Community Services in the case of Ward Committee Projects.

BREEDE VALLEY MUNICIPALITY : APPLICATION FOR A DONATION

Legal Name of the Organisation (If applicable)	
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Contact Details:			
Name:		Title/Position:	
Physical Address:		Postal Address:	
Postal Code:		Postal Code:	
Tel No:	Fax No:		Email:
Indicate how the organisation is registered, (NCOP; ect.)			
Please provide the organisations registration no and copy of registration			
Does the organisation serve the poor		Yes	No
If yes, please explain			
Focus of the project/event/activity for which funding support is being applied for			
Project/event/activity date			
Explain who will benefit from this project, for what purpose the proceeds will be utilised and what impact it will have on the larger community			
Has the organisation received a donation from the Municipality before		Yes	No
If yes, state the amount and date it was received		Amount:	Date:
Does your organisation have the ability to implement the project / event / activity successfully?		Yes	No
Organisation bank account number:			
Account holder name:			

Donation, if approved, are subject to the following conditions:-

1. Donations must be exclusively utilised for the purpose defined herein;
2. The organisation must ensure that the targeted beneficiaries receive the benefit of the transferred funds.

Undertaking:

I/We hereby confirm that:-

1. The information provided in this application is true and correct and that the conditions applicable to the allocation of a donation as set out above have been read, understood and will be complied with.
2. The organisation 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 requirements for similar transfers of funds. (Delete if not applicable)

Thus done and signed at _____ on this _____ day of _____ 20 _____.

APPLICANT NAME

DATE

APPLICANT SIGNATURE

**For office use:
Comment by Office Bearer**

Application Approved /Not Approved

Donation approved R.....

Name of office Bearer

Designation

Signature and date

In special merit cases (grants exceeding R5000 but not exceeding R20,000) please furnish additional motivation:

Comment by Municipal Manager / Director Community Services / Corporate Services

I hereby certify that compliance with section 67 (1) (a) of Act 56 of 2003 by the organisation/body is uneconomical/unreasonable due to the limited amount donated.

Name

Designation

Signature and date.