

**BREEDE VALLEY
MUNICIPALITY**

**GRANTS POLICY IN TERMS OF SECTION 67 OF
THE LOCAL GOVERNMENT: MUNICIPAL
FINANCE MANAGEMENT ACT, 2003
(ACT 56 OF 2003)**

Adopted:	26 September 2006
1st Amendment:	

CONTENTS

- 1. AIMS AND OBJECTIVES**
- 2. LEGAL FRAMEWORK**
- 3. RESTRICTIONS**
- 4. PUBLIC ADVERTISEMENTS**
- 5. APPLICATION PROCEDURE**
- 6. OBLIGATIONS OF THE APPLICANT**
- 7. RIGHTS OF THE MUNICIPALITY**
- 8. CONTRACTS**
- 9. ADJUDICATION COMMITTEE**
- 10. COMMENCEMENT**

GRANTS POLICY

(As adopted on 26 September 2006)

(Amended 6 December 2017)

1. AIMS AND OBJECTIVES

This policy aims to provide a framework for grants to organisations and bodies and organisations and bodies serving the poor or used by government as an agency to serve the poor, as envisaged by Section 67¹ of the *Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)*.

2. LEGAL FRAMEWORK

All transfers of funds in terms of this policy, shall comply with the-

- *Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) as amended (Constitution);*
- *Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended (MSA);*
- *Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA); and*
- *Any other applicable legislation, regulations and policies.*

3. RESTRICTIONS

- 3.1 The total expenditure on grants may not exceed 1% of the total assessment rate income of the Municipality levied, less assessment rate rebates, during the previous financial year.

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
 - (ii) certifies to the Auditor-General that compliance by that organisation or body with subsection (1) (a) is uneconomical or unreasonable.

- 3.3 Transfers shall be restricted to organisations and bodies serving the poor or used by government as agencies to serve the poor: Provided that such organisations or bodies–
- (a) operate as a separate legal entity, a none profit organisation or a none governmental organisation and is recognised as such by South African Legislation;
 - (b) are located and serve communities and individuals who are most in need within the jurisdiction of the Municipality.
- 3.4 No funds may be transferred to any political organisations or bodies.
- 3.5 No funds may be transferred to organisations or bodies in cases where a member employed by an organ of state receives any financial or other gain.
- 3.6 Funds may only be transferred in terms of this policy to an organisation or body if provision has been made for the expenditure for grants, in accordance with this policy, in the budget.
- 3.7 Funds may not be transferred to individuals.
- 3.8 An organisation or body is only entitled to one transfer per financial year.
- 3.9 Funds may be awarded to organisations or bodies serving the poor through either the process set out in paragraphs 4, 5 and 9 or the process set out in paragraph 10 below.

4. PUBLIC ADVERTISEMENT

- 4.1 The accounting officer must, within six months after the approval of the annual budget or within three months after the adoption of the policy, place a public advert calling for proposals from organisations and bodies serving the poor.
- 4.2 Any invitation calling for proposals from organisations and bodies serving the poor must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways.
- 4.3 The information contained in a public advertisement, must include the closure date for the submission of proposals, which may not be less than 28 days, from the date on which the advertisement is placed in a newspaper.
- 4.4 Proposals submitted must be sealed and clearly marked “Proposal: Grant-in-aid”, and handed in at the place and before the time as stipulated in the advertisement.
- 4.5 Proposals-
- must be opened only in public;
 - must be opened at the same time and as soon as possible after the period for the submission of proposals has expired; and
 - received after the closing time may not be considered and must be returned unopened immediately.
- 4.6 The accounting officer must-
- record in a register all proposals received in time;

- make the register available for public inspection; and
- publish the entries in the register and the adjudication results on the website.

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

5. APPLICATION PROCEDURE

5.1 The proposal must be on the letterhead of the organisation or body, signed by the head of the organisation or body and must include the following information -

- (a) The applicant's registered name and a brief description of the applicant organisation's or body's business;
- (b) If the applicant is a separate legal entity, registered Non-Profit Organisation or registered governmental organisation, the registration number;
- (c) The date of establishment, details of the applicant's members, founding documents and certificates of registration;
- (d) A contact name, full street address, telephone number and e-mail address (if available);
- (e) If funding is required for a specific project, a brief description of the project and what it aims to achieve as well as the budget for and duration of the project;
- (f) If the request is for general support then the organisation's or bodies overall budget must be included;
- (g) References, independent of the applicant and its executive;
- (h) Most recent audited financial statements (if available);
- (i) A summary of past achievements;
- (j) A declaration by the head of the applicant to the satisfaction of the Accounting Officer of the Municipality, 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 requirements for similar transfers of funds.

5.2 The Accounting Officer may require interested organisations or bodies to obtain an official grant-in-aid application form or any other form or documentation required to assist the adjudication committee. Such requirement must be contained in the public advert.

5.3 A copy of the envisaged agreement must also be obtained, completed and submitted together with the proposal by the interested organisations or bodies.

6. OBLIGATIONS OF THE APPLICANT

6.1 The head of the organisation or body must certify to the Accounting Officer of the Municipality, or his delegated representative, that the money was received in its bank

account and that the amount is/will be utilised to the benefit and in accordance with the role of the organisation or body in society.

- 6.2 The organisation or body shall regularly report, if and when required, to the Accounting Officer of the Municipality regarding the activities conducted, the ward within which activities are conducted as well as the number of people benefiting from the activities.

7. RIGHTS OF THE MUNICIPALITY

- 7.1 The Municipality shall be entitled, from time-to-time, to verify and inspect the existence and activities of the organisation or body.
- 7.2 The Municipality shall manage contracts entered into with organisations or bodies by receiving reports and doing the necessary site visits and inspections to ensure that this policy and contract is complied with.

8. CONTRACTS

Before any funds are transferred to an organisation or body that serves the poor, an agreement must be concluded by the Accounting Officer of the Municipality with the beneficiary to protect the interest of the Municipality.

9. ADJUDICATION COMMITTEE

- 9.1 The adjudication committee will consist of the Accounting Officer, the Chief Financial Officer and any other director appointed, in writing, by the Accounting Officer;
- 9.2 The adjudication committee will evaluate all proposals received in time;
- 9.3 The adjudication committee will have the power to make final awards;
- 9.4 The adjudication committee must submit a report, to the council of the municipality, containing particulars of each final award made, including –
- (a) the amount of each award;
 - (b) the name of the organisation or body to whom the award was made; and
 - (c) the short motivation why the award was made to that organisation or body.

10. DEVIATION FROM PROCESS SETOUT IN PARAGRAGHS 4, 5 and 9

The Accounting Officer is authorised to deviate from the processes set out in paragraphs 4, 5 and 9 above to transfer funds to bodies or organisation serving the poor when transfers are made to fund ward projects, or projects that supports constitutional functions of local government.

11. COMMENCEMENT

This policy takes effect on the date of approval by Council.