



GRANT-IN-AID POLICY FOR EDEN DM

PREAMBLE

Whereas section 67 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) requires a municipality to ensure that certain criteria and conditions are met before funds are transferred to an organization outside any sphere of government, otherwise than in compliance with a commercial transaction;

And whereas a policy would give guidelines as to which categories of organizations could apply to become beneficiaries;

Now therefore the Municipal Council of the Eden District Municipality adopts the Grant-in-Aid Policy as set out in the document:-

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1. INTRODUCTION

For the purpose of this policy '*Grant in Aid*' means the donation of municipal funds, to an organization or body outside any sphere of government, which does not constitute a commercial or business transaction.

2. LEGAL FRAMEWORK

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

- (a) Constitution of the Republic of South Africa, 1996 as amended (Constitution);
- (b) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended (MSA);
- (c) Local Government: Municipal Finance Management act, 2003)Act 56 of 2003) (MFMA); and
- (d) Any other applicable legislation, regulations and policies that may govern the transfer of municipal funds and that are not in contradiction to the above.

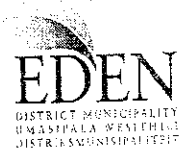
The Constitutional Court held in the *Fedsure* case that a municipality is constrained by the principle that it may not perform any function nor exercise any power other than that permitted by law.

The power of the Municipality to make grants in aid is regulated by section 156 of the Constitution as read with section 8 of the Municipal Systems Act (MSA), Act 32 of 2000. These provisions limit the power to make grants in aid to circumstances where it is reasonable and necessary for or incidental to the functions and exercises by the municipal of its powers.

The powers and functions of municipalities are set out in section 156 of the Constitution as read with part B of Schedules 4 and 5 to the Constitution.

Any grant made that does not conform to the abovementioned requirements is irregular expenditure in terms of the Municipal Finance Management Act (MFMA) and could also be considered in some circumstances as unauthorized. These funds would therefore have to be recovered from the person liable for the expenditure in terms of section 32 of the MFMA.

All particulars of grants must be reflected in the budget and any adjustment budgets, in accordance with S17(3)(i) of the MFMA. Before transferring funds in terms of the grant in aid policy, the provisions of section 67 of the MFMA must be complied with.



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1. INTRODUCTION

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3. PURPOSE

With the legislative framework, the purpose of this Policy is to complement the goals, objectives, programmes and actions of the Eden District Municipality in order to create a sustainable, credible and caring Municipality by empowering and building communities and enhancing growth and sharing through partnerships.

4. OBJECTIVES

The objectives of the Grant-in-Aid Policy is to complement the goals, objectives, programmes and actions of the Eden District Municipality order to create a sustainable, credible and caring town by empowering and building communities and enhancing growth and sharing through partnerships. Grants in Aid should improve the opportunity for the Municipality to elicit support of external organizations to deliver those services to communities which fall within the Municipality's area of responsibility in a way that allows the Municipality to create an enabling environment for community development and partnerships.

A key objective is to provide the opportunity of creating sustainable partnerships with outside agencies to achieve the objectives of the Municipality's Business Plan as outlined in the Integrated Development Plan.

It should also provide the opportunity for developing methods of joint funding strategies with outside agencies such matching funding or sponsorship partnerships to meet the objectives of developmental local government.

5. RESTRICTIONS

- 5.1 The Policy applies to all transfers of grants made by the Municipality.
- 5.2 The total expenditure on grants must be provided for in the operational budget of the Municipality.
- 5.3 No transfer may be made which exceeds R26 000.00, or until a higher amount is approved by Council, per organization or body per annum, except for allocations to organizations which in terms of an agreement, perform a municipal function on behalf of the Municipality. In such case, these grants will be determined annually when the Municipality's budget is approved by council.

6. APPLICABILITY

This Grants in Aid policy does **not** apply to the following, which Council may regulate via separate policies.

- 6.1 Bursaries or funds to bursars for other activities / reasons / resources;
- 6.2 Disaster relief;
- 6.3 Indigent grants;
- 6.4 Housing development subsidies;
- 6.5 Housing billing subsidies;
- 6.6 Donation of assets, moveable or immovable;

- 6.7 Rewards and Awards: donations to support individual, meritorious cases in order to assist and/or recognize individual excellence in whichever field.
- 6.8 Conditional grants received by the Municipality, which are in turn awarded to outside organizations to perform the services/ function.
- 6.9 Inter Governmental Grants
- 6.10 Grants-in-Aid in respect of property rates. This is contained in the Property rates Policy.

7. CRITERIA- GENERAL GUIDELINES

The following guidelines shall apply upon application:

- 7.1 Applicants are required to be registered as non profit organizations in terms of Section 13 of the Non Profit organizations Act, 1997 or registered as Section 21 (non for gain) Companies in terms of Companies Act, 1973, or properly constituted community, welfare or voluntary organizations which have a constitution, provable active membership and an annual general meeting held within the previous 12 months.
- 7.2 Notwithstanding 7.1 above, in exception circumstances as determined by the delegated authority, grants-in-aid may be made to any organization or body that complies with the other criteria contained in the Policy.
- 7.3 Section 7.1 does not apply to grants regulated in terms of sec. 67 (4) of the MFMA to organizations or bodies serving the poor provided that the transfer does not exceed the prescribed limit and the provision of Section 67 (4)(b) are complied with.
- 7.4 Organisations or bodies having received funding from the Municipality during the previous financial year are required to attach to any **new application**, a copy of the audited Financial Statements or audit certificate relating to the year in which the funding was received from the Municipality, as required in terms of section 37(1) of the MFMA.
- 7.5 The Municipality reserves the right not to fund an organization or body two years in succession or in any further years.
- 7.6 Funding will not be considered in the following instances:
 - a) where only an individual will benefit subject to 6 above.
 - b) political organization/ groupings;
 - c) where the utilization of the grant in aid will be outside the boundaries of the Municipality, unless a clear and compelling benefit to the Municipality can be demonstrated;
 - d) where the application does not meet the stated objectives of this policy;
 - e) where the application meet the priorities, strategies and objectives as set out in the IDP.

- 7.7 Subsequent requests from applications to cover overspending on projects will not be considered.
- 7.8 Applications for Grants in Aid should be aligned with the powers and functions allocated to Municipalities by the Constitution of South Africa (Section 156) (**Annexure A**), section 8 of the Systems Act, as interpreted by the Municipality's IPD and the relevant sections of the MFMA.
- 7.9 Applicants / organizations and bodies may not be in arrears with their municipal accounts, where applicable.
- 7.10 To ensure the sustainability of project(s) undertaken by the organization or body consideration should be given to granting the full funding requirements of deserving projects / programmes, rather than pro-rata allocations, unless there is also grant counter-funding from other sources.
- 7.11 Grants-in-Aid transfers/ payments shall be restricted to deserving organizations provided that such organizations or bodies:
- 7.11.1 operate as separate legal entity and are recognize as such by South Africa legislation;
 - 7.11.2 are governed by their constitutions, have regular meetings with their membership and subscribe to sound accounting practice; and
 - 7.11.3 are located and serve communities and individuals who are mostly in need within the jurisdiction of the Municipality.
- 7.12 No grants will be allocated, under this policy, to organizations or bodies in case where a member of Council or an official of Eden District Municipality receives any direct financial or other gain.
- 7.13 An organization or body is only entitled to one allocation per financial year, but disbursements can be made more often.

8. PUBLIC ADVERTISEMENT

- 8.1 The Municipal Manager must place a public advert in main local newspaper distributed in the Eden District Municipal Area, calling for requests.
- 8.2 Advertisements should clearly specify the categories for which requests are called, the closing date for applications, who they should be addressed to, and where and how to obtain the relevant documentation pertaining to such applications, including the prescribed forms. Only applications made on the prescribed form (see Annexure B) may be considered. Advertisements should also clearly reflect the Municipality's right not to make an award, as well as the fact that awards will not be made to organizations that have received funds in the previous year but have not submitted a final audited report on the projects or previous expenditure.
- 8.3 Should a body / organization submit an application after the public advertisement process has been dealt with, such application will only be considered if there are unspent funds on the budget in respect of grants-in-aid.

9. GENERAL GUIDELINES AND CATEGORIES

- 9.1 GENERAL GUIDELINES

- a. Funding of applications will primarily be considered on an annual basis in response to the annual advertisement.
- b. Funding will not be considered in the following instances:
 - i) Where a project or organization is already receiving funds from Council in terms of Council's functions. Applicants are required to disclose other sources of funding;
 - ii) Where in Council's opinion, an organization receives sufficient funds from other sources to sustain its activities of the project applied for. For this purpose, organizations must submit financial statements and a budget for the ensuing financial year.
- c. Subsequent requests from applicants to cover overspending on projects will not be considered.

9.2 CATEGORIES ELIGIBLE FOR GRANTS-IN-AID

The following categories currently apply. Cognizance should be taken that these categories are not exhaustive and may be amended from time to time. Other than the general guidelines and conditions set out above, the following categories may require specific criteria applicable to its projects/ programmes.

9.3 HEALTH

Projects/programmes include the following but are not limited to:

- (i) Public Health interventions inclusive of TB, STDs and HIV/Aids;
- (ii) Preventable lifestyle disease e.g drug/alcohol abuse, tobacco related illnesses; and
- (iii) promotive and preventive services to infants, children and women

9.2.2. ENVIRONMENT

Purpose: To stimulate the development of sustainable leisure, aesthetic and environmental projects within the municipal area; to increase the awareness of the environment by promoting "Greening of the Eden District Municipality", to promote swimming skills and water safety.

Projects/programmes include the following but are not limited to:

- (i) Voluntary rescue organizations;
- (ii) Lifesaving clubs and swimming organizations;
- (iii) Environmental groups/ organizations;
- (iv) Organisations promoting community involvement as means of sustaining leisure, aesthetic or environmental projects;

- (v) Projects which further the Council's aims and the strategies of IDP (Integrated Development Policy) and including but not limited to the sustainable management of:
- Coastline within the boundaries of the Eden District Municipality;
 - Riverine corridors;
 - Biodiversity;
 - Nature and build environment;
 - Heritage resources;
 - Quality urban spaces;
 - Ecological conservation area;
 - Urban agricultural complexes;
 - Bio=regional planning
 - Nature area management;
 - Wetlands;
 - Local Agenda 21 projects;
 - Animal welfare organizations;
 - Eco-tourism, eg bird watching

9.2.3 SOLID WASTE (CLEANSING)

Purpose: Waste reduction and awareness.

Project/programmes include the following but are not limited to:

- (i) waste reduction and awareness;
- (ii) Educational programmes/projects addressing litter and waste handling;
and
- (iii) Waste minimization solutions.
- (iv) Promoting of recycling endeavours.

9.2.4. SOCIAL DEVELOPMENT

Purpose: The promotion of projects/programmes which stimulates the Eden District Municipality's Integrated Development Plan (IDP) focusing especially on the needs of the most marginalized sectors in the Eden area.

Project/programmes include the following but are not limited to:

- Poverty alleviation;
- Urban renewal;
- Capacity building of communities;
- Youth development;
- The elderly
- Women and gender development;
- Early childhood development;
- Street people programmes;
- Facilitations of public participation processes; and
- Arts and culture programmes.

9.2.5 SPORTS AND RECREATION

Purpose: To stimulate the developments of sustainable Sport and Recreation infrastructure and programmes within the municipal area targeting, in particular, disadvantaged communities, encourage creativity and self reliance on the part of grassroots sport and recreation bodies or groups; to increase participation in sport and recreation programmes and activities.

Projects/programmes include the following but are not limited to

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

10. APPLICATION PROCEDURE

Applications and proposal for Grants-in-Aid must be on the prescribed form stated in 8.2 above, a copy of which is attached hereto as Annexure A. Applications must be accompanied by a covering letter on the letterhead of the organization or body, signed by the head of the organization or body and must include the following information:

- (a) The applicant's legal name and a brief description of the applicant organisation's or institution's business;
- (b) If the applicant claims to be a non-profit organization, the registration number;
- (c) The date of establishment, details of the applicant's members, founding documents, including constitution and certificates of incorporation;

- (d) A contact name, full street address, telephone number and e-mail addresses of the applicant;
- (e) Details of sources of income and funding;
- (f) Banking details;
- (g) 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;
- (h) If the request is for general support, the organisation's or body overall budget must be included;
- (i) The most recent audited financial statements;
- (j) A summary of past achievements; and
- (k) A declaration by the head of the applicant to the satisfaction of the Municipal Manager, that the organization 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.

11. OBLIGATIONS OF THE APPLICANT

- 11.1 The head of the organization or body must acknowledge in writing to the Municipal Manager that the money was received in its bank account and that the amount is/will be utilized to the benefit and in accordance with the role of the application form.
- 11.2. The organization or body shall submit a monthly report, to the Municipal Manager regarding the activities conducted, the award within which activities are conducted, as well as the number of people benefiting from the activities. (Refer 67 (1) (a) (iii))
- 11.3. Where grants are made to organizations serving the poor in terms of section 67 (4) of the MFMA, the relevant Line Department must ensure that the targeted beneficiaries receive the benefit, by obtaining receipts of the actual expenditure incurred and any other appropriate evidence.
- 11.4. Where it is found that grants are being used in breach of agreement, the provisions contained in the agreement must be invoked and the matter must be reported to the Accounting Officer and Council.
- 11.5. Successful applicants are required to acknowledge the Municipality as the provider of funding in their funding record as well as any public record of grants/donations received.

12. RIGHTS OF THE MUNICIPALITY

- 12.1. The Municipality shall be entitled, from time-to-time, to verify and inspect the existence and activities of the organization or body. The municipality will therefore have the right to physically visit the premises where the organization, or the funded project, is based to peruse the budgets and any progress reports related to the project for which the grant was made.
- 12.2. The Municipality shall manage and or monitor 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 are being complied with.
- 12.3. The Municipality has the right not to give a grant-in-aid to any or all organisations applying for grants. Having been awarded a grant previously does not give an applicant the right to receive a grant again. (Refer 7.5 above)
- 12.4. The Municipality has the right to allocate the grant-in-aid, in whole or part, to the beneficiary's municipal accounts(s) in respect of rates and services instead of payments in cash.
- 12.5. The prioritization of applicants as well as the amount of the grant-in-aid may vary from year to year.

13. AGREEMENT

Before any funds are transferred to an organization an agreement must be concluded by the Municipal Manager with the beneficiary to protect the interest of the Municipality.

14. DONATION ADJUDICATION COMMITTEE (FINANCE COMMITTEE)

- 14.1. The Adjudication Committee will consist of, the Portfolio Councillor as designated by the Mayor; the Municipal Manager, Chief Financial Officer as well as other members of the Finance Committee.
- 14.2. The Finance Committee will evaluate all proposals received.
- 14.3. The Finance Committee will make recommendations to Mayoral Committee - final awards.
- 14.4. The Mayoral 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 organization or body to whom the award was made.

15. COMMENCEMENT AND SHORT TITLE

The policy is called the Grant-In-Aid Policy and takes effect on the date on which it is adopted by the Council of Eden District Municipality.