

PRINCE ALBERT MUNICIPALITY



GRANT IN AID POLICY

PRINCE ALBERT MUNICIPALITY *GRANT-IN-AID POLICY*

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 organisation 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 organisations could apply to become beneficiaries;

Now therefore the Municipal Council of the Prince Albert Municipality adopts the Grant-in-Aid Policy as set out in this 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 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 exercise by the municipality of its powers.

The powers and functions of municipalities are set out in section 156 of the Constitution as read with parts 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 circumstance as unauthorised. These funds would therefore have to be recovered from the person liable for the expenditure in terms of section 32 of the MFMA.

Section 16(2) of the MFMA provides that a Mayor of a municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. Section 17(3)(i)(j) of same stipulates that when an annual budget is tabled in terms of section 16(2), it must be accompanied by the particulars of any proposed allocations or grants to any organisation or body referred to in section 67. Before transferring funds in terms of the Grant-in-aid Policy, the provisions of section 67 of the MFMA must be complied with.

3. PURPOSE

Within the legislative framework, the purpose of this Policy is to complement the goals, objectives, programmes and actions of the Prince Albert 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

Grants-in-Aid should improve the opportunity for the Municipality to elicit the support of external organisations 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 as matching funding or sponsorship partnerships to meet the objectives of developmental local government.

Grants-in-Aid should not duplicate operations already provided by Council in the jurisdiction of the municipality, but rather compliment such operations where possible.

5. RESTRICTIONS

5.1 The Policy applies to all transfers of grants made by the Municipality in terms of Section 67 of the MFMA.

5.2 The total expenditure on grants may not exceed 0.05% of the operational budget of the Municipality.

5.3 No transfer may be made which exceeds **R500, 000.00** per organisation or body per annum.

5.4 This Grant-in-Aid Policy does not apply to the following, which Council may regulate via separate policies:

- i. Bursaries or funds to bursars for other activities / reasons /resources;
- ii. Disaster relief;
- iii. Indigent grants;
- iv. Housing development subsidies;
- v. Housing billing subsidies;
- vi. Donation of assets, movable or immovable;
- vii. Rewards and Awards; donations to support individual, meritorious cases in order to

- assist and/or recognise individual excellence in whichever field;
- viii. Conditional grants received by the Municipality, which are in turn awarded to outside organisations to perform the service/function;
 - ix. Inter-Governmental Grants; and
 - x. Funding for property rates or tariffs.

5.5 Funding will also not be considered in the following instances:

- i. Where only an individual will benefit;
- ii. Political organisations/ groupings;
- iii. Where the utilisation of the grant-in-aid will be outside of the Prince Albert municipal boundary;
- iv. Where expenses have already been incurred;
- v. Where the application does not meet with the stated objective of this policy;
- vi. Where the application does not meet with the priorities, strategies and objectives as set out in the IDP;
- vii. Requests from applicants to cover overspending on projects;
- viii. Where an Organisation received a previous Grant-in-Aid allocation but failed to comply with the Memorandum of Agreement;
- ix. Where a project or organisation is already receiving funds from Council in terms of Councils functions;
- x. Where a member of Council or an official of the Prince Albert Municipality receives any direct financial or other gain.

5.6 An organisation or body is only entitled to one allocation per financial year.

6. APPLICATION REQUIREMENTS

Funding application will only be considered on an annual basis in response to the annual advertisement. **Applicants must complete the application form in full, incomplete application forms and applications will not be considered.**

The following requirements shall apply upon application:

6.1 Applicants are required to be registered as non-profit organisations in terms of Section 13 of the Non-Profit Organisation Act, 1997 or registered as Section 21 (not for gain) Companies in terms of the Companies Act, 1973, or organs of state, or properly constituted community, welfare or voluntary organisations which have a constitution, provable active membership and an annual general meeting held within the previous 12 months.

6.2 Organisations must also be registered and or comply in terms of any other relevant legislation.

6.3 The Municipality reserves the right not to fund an organisation or body two years in succession or in any future years.

6.4 Applications for grants-in-aid should be aligned with the powers and functions allocated to municipalities by the Constitution of South Africa (Section 156), section 8 of the Systems Act, as interpreted by the Municipality's IDP and the relevant sections of the MFMA.

6.5 Applicants / organisations and bodies may not be in arrears with their municipal accounts.

6.6 To ensure the sustainability of project(s) undertaken by the organisation 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.

6.7 Grants-in-aid transfers/payments shall be restricted to deserving organisations provided that such organisations or bodies:

- a) operate as a separate legal entity and are recognized as such by South African legislation;
- b) are governed by their constitutions, have regular meetings with their members and subscribe to sound accounting practices; and
- c) are located and serve communities and individuals who are most in need within the jurisdiction of the Municipality.

7. PUBLIC ADVERTISEMENT

7.1 The Municipal Manager must place a public advert in the main local newspapers distributed in the Prince Albert Municipal Area, calling for requests.

7.2 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.

7.3 Only applications made on the prescribed form may be considered.

7.4 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 organisations that have received funds in the previous year but have not complied with the Memorandum of Agreement.

8. CATEGORIES ELIGIBLE FOR GRANT-IN-AID

The following categories currently apply. Cognizance should be taken that these categories are not exhaustive and this policy 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:

8.1 HEALTH

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

- i. Public Health interventions related to TB, STDs, HIV/Aids, and other terminal illnesses;
- ii. preventable lifestyle diseases e.g. drug/alcohol abuse, tobacco related illnesses; and
- iii. promotive and preventative services to infants, children and women.

8.2 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 Prince Albert Municipality".

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

- i. Environmental groups/organisations;
- ii. Organisations promoting community involvement as a means of sustaining leisure, aesthetic or environmental projects.
- iii. Projects which further the Council's aims and the strategies of the Environmental Management Services including but not limited to the sustainable management of:
 - ❖ Within the boundaries of the Prince Albert Municipality;
 - ❖ Riverine corridors;
 - ❖ Biodiversity;
 - ❖ Natural and built environment;
 - ❖ Heritage resources;
 - ❖ Ecological conservation areas;
 - ❖ Bio-regional planning;
 - ❖ Nature area management
 - ❖ Animal welfare organisations; or
 - ❖ Eco-tourism

8.3 SOLID WASTE (CLEANSING)

Purpose: Waste Reduction and awareness. Projects/programmes include the following but are not limited to:

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

8.4 SOCIAL DEVELOPMENT

Purpose: The promotion of projects/programmes which stimulates the Prince Albert Municipality's Integrated Development Plan (IDP) focusing especially on the needs of the most marginalised sectors in the Prince Albert Area.

- a) Projects/programmes include the following but are not limited to:
- b) Children and Families;
 - c) Child Protection;
 - d) People with Disabilities;
 - e) Youth development;
 - f) Elderly;
 - g) Women and gender development;
 - h) Early childhood development;
 - i) Street people programmes;
 - j) Nutritional programmes; and
 - k) Arts and culture programmes.

8.5 SPORT DEVELOPMENT

Purpose: To stimulate the development 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. This includes the promotion of swimming skills and water safety.

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

- a) Local sport and recreational clubs;
- b) Schools sport teams or individuals;

- c) Local sport and recreational councils, associations or informal groups;
- d) Lifesaving clubs and swimming organisations;
- e) Voluntary rescue organisations; and
- f) Civic, community and non-governmental organisations.

8.6 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

The purpose of Local Economic Development (LED) is to improve the vibrancy and sustainability of local economies, which will ultimately lead to better living conditions for the majority of the population.

The importance of tourism to the economy means that when tourism thrives, Prince Albert thrives. Prince Albert town is the primary centre for tourism activity within the municipality. Tourist attractions in the region are associated with heritage, adventure and ecotourism. This includes Tourism and LED promotion and development of the entire municipal area. Projects and programmes may include, but are not limited to:

- i. To work on a route that showcase a wide variety of community initiatives in Prince Albert, marketing the route and encouraging visitors to town to follow the route;
- ii. Investigate the need and possibility to communicate the content of the newsflash newsletter to a wider audience in town who do not have access to email;
- iii. Assisting the Prince Albert Municipality to work towards compliance with land use planning legislation by the hospitality sector;
- iv. Maintain an online Directory of Services on which service providers living in Prince Albert municipal area can list their businesses and services at a low fee and promoting the use of the directory;
- v. Ensure that any event that is organised have a component that involves the residents of North End as much as possible the residence of Klaarstroom, Leeu-Gamka and Prince Albert Road; and
- vi. Host Saturday or evening market in the family park in North End at least once a quarter.

8.7 SAFETY AND SECURITY

As part of Prince Albert Municipality's Constitutional mandate, is to provide a safe and healthy environment. The promotion of projects/programmes which promotes a safe and healthy environment which are aligned to the Prince Albert Municipality's Integrated Development Plan (IDP) focusing especially on safety and security of the most marginalised people in the Prince Albert Area.

- a) Functioning neighbourhood Watch
- b) Installation of surveillance cameras
- c) Community Safety Forum Support
- d) Support Community Policing Forum
- e) Support local police initiatives

9. APPLICATION PROCEDURE

Applications and proposals for grants-in-aid must be on the prescribed form stated in 7.3 above. Applications must 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) The applicant's legal name and a brief description of the applicant organisations or institution's business;
- b) If the applicant claims to be a non-profit organisation, 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 address 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 detailed budget for and duration of the project;
- h) The most recent audited financial statements;
- i) A summary of past achievements; and
- j) A declaration by the head of the organisation or body 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 requirements for similar transfers of funds.

10. OBLIGATION OF THE APPLICANT

- 10.1 The head of the organisation or body must acknowledge in writing within 10 days to the Municipal Manager 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. The funds should be used as outlined in the application form.
- 10.2 The organisation or body shall submit monthly reports reflecting expenditure incurred against the Grant-in-Aid allocation.
- 10.3 The organisation or body shall submit a report within the time frames set in the Memorandum of Agreement, to the Municipal Manager regarding the activities conducted, the ward within which activities are conducted, as well as the number of people benefiting from the activities.
- 10.4 Where it is found that grants are being used in breach of the agreement, the provisions contained in the agreement must be invoked, the matter must be reported to the Accounting Officer and steps must immediately be taken to recover the funds misappropriated.
- 10.5 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.

11. RIGHTS OF THE MUNICIPALITY

- 11.1 The Municipality shall be entitled, from time-to-time, to verify and inspect the existence and activities of the organisation or body. The Municipality will therefore have the right to physically visit the premises where the organisation, or the funded project, is based; to peruse the budgets and any progress reports related to the project for which the grant was made.
- 11.2 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.
- 11.3 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.

11.4 The prioritisation of applications as well as the amount of the grant-in-aid may vary from year to year.

12. AGREEMENT

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

13. DONATION ADJUDICATION COMMITTEE

1. The Adjudication Committee will consist of, at least, the Executive Mayor or other Councillor as designated by the Mayor; the Municipal Manager, Chief Financial Officer, and the Director: Management Services as well as any other official the Committee may wish to include.
2. The Adjudication Committee will evaluate all proposals received.
3. The Adjudication Committee will have the power to make final awards.
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; and
 - b) the name of the organisation or body to whom the award was made

14. 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 Prince Albert Municipality.