



**Grants in Aid Policy in terms of
Section 67 of the
Municipal Finance Management Act,
(Act 56 of 2003)**

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1. AIMS AND OBJECTIVES

- 1.1 This policy aims to provide a framework for grants-in-aid to non-governmental organisations (NGOs) community-based organizations (CBOs) or non-profit organizations (NPOs) and bodies that are used by government as an agency to serve the poor, marginalized or otherwise vulnerable as envisaged by Section 12 and 67 of the Municipal Finance Management Act, 2003 (Act 56 of 2003). This policy also replaces Council's interim "Transfer of Municipal Funds to Organisations and Bodies outside of Government Policy.
- 1.2 The purpose of the Grants-in-Aid Policy is to complement the goals, objectives, programmes, and actions of the Langeberg Municipality as identified in the IDP in order to create a sustainable, credible and caring community or residents by empowering and building communities and enhancing growth and sharing through partnerships.
- 1.3 Grants-in-Aid may not duplicate operations already provided in Council or within the jurisdiction of Council.
- 1.4 Grants-in-Aid should improve the opportunity for Council to elicit support from external organisations to deliver those services to communities, falling within the Council's area, in a way that allows the creation of an enabling environment for community development.

2. LEGAL FRAMEWORK

- 2.1 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);
 - (d) Municipal Regulations on Cost Containment, 2019; 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.

3. RESTRICTIONS

- 3.1 The Policy applies to all transfers of grants made by the municipality.
- 3.2 The total expenditure on grants may not exceed 1% of the operational budget of the municipality.
- 3.3 No transfer may be made which exceeds R 500 000.00 per organization or body, except for

allocations to organizations which performs a Municipal function on behalf of the municipality or in exceptional cases. In such a case, these grants will be determined annually when the municipality's budget is approved by Council.

3.4 Grants-in-Aid transfers/payments shall be restricted to deserving organizations and bodies serving, especially those working with the **poor/aged/youth/disabled/women/unemployed**, as per the eligible categories 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 membership and subscribe to sound accounting practices; and
- (c) Are allocated and serves communities and individuals who are most in need within the jurisdiction of the municipality.

3.5 No grants-in-aid may be made to any political, church or sectarian organisation or body.

3.6 No grants will be allocated, under this policy, to organisations or bodies in cases where a member of Council or an official of Langeberg Municipality receives any financial or other gain.

3.7 Individuals may not apply for Grants-in-Aid and no payments may be made under this policy to individuals.

3.8 Funds may only be transferred to an organisation or body if provision has been made for the expenditure on the budget or appropriations budget.

3.9 An organisation or body is only entitled to one allocation per financial year, but disbursements can be made more often.

4. PUBLIC ADVERTISEMENT

4.1. An official delegated by the Municipal Manager must, within three months after the approval of the annual budget, place a first public advert on the municipal web site, calling for proposals.

4.2. Advertisement should clearly specify the categories for which proposals 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 forms 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.

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

5. GENERAL GUIDELINES AND CATEGORIES

General Guidelines

- (a) Funding of applications will primarily be considered on an annual basis in response to the annual advertisement.
- (b) Council reserves the right not to fund an organisation two years in succession.
- (c) Funding will not be considered in the following instances:
 - (i) No sponsorship or donation can be considered for any other government department, sporting body or community-based organisation unless such sponsorship or donation will promote or be in line with the objects of Local Government as stipulated in section 152 of the Constitution of the Republic of South Africa or the Integrated Development Plan of the municipality.
 - (ii) Where a project or organisation is already receiving funds from Council or other government structures in terms of Council's functions. Applicants are required to disclose other sources of funding;
 - (iii) Where in Council's opinion, an organisation receives sufficient funds from other sources to sustain its activities or the project applied for, organizations must submit financial statements and a budget for the ensuing financial year;
 - (iv) Where only an individual will benefit;
 - (v) For political or ratepayers' organisations/ groupings;
 - (vi) Projects outside the boundaries of the Municipality; and
 - (vii) Where expenses have already been incurred.
- (d) Funding of projects and organisations shall exclude travel costs, subsistence, accommodation, food (except for projects such as homeless shelters) or entertainment expenses of any kind, staff salaries, capital costs,

bursaries, payments in lieu of rates or other municipal charges.

- (e) Subsequent applications from applicants to cover overspending on projects will not be considered.

Categories Eligible for Grants-in-Aid

The municipality may only donate or consider a Grant-in-Aid after compliance with applicable legislation. Such donations or grants may only be made or considered where the activity in respect of which it is considered is in line with the core functions and obligations of the municipality as prescribed in legislation.

The following categories currently apply. Cognisance 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, categories may require specific criteria applicable to its projects/ programmes:

- **Health** - Only if the NGO provides community health education or support services
- **Environment** - Focus on advocacy, education, and community mobilization
- **Solid Waste (cleaning)** - Allow only if the NGO runs awareness or education campaigns, not cleaning services.
- **Social Development** - broad category for community upliftment, poverty alleviation, and support for vulnerable groups
- **Sport and Recreation** - Allow only if the project is community-based and not tied to specific teams or events

6. APPLICATION PROCEDURE

Applications and proposal for Grants-in-Aid must be on the prescribed form stated in 4.2 above. Applications must be accompanied by a covering letter on the letter head 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 brief description of the applicant organisation's body'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 certificate of incorporation;
- (d) A contact name, full street address, telephone number and e-mail address,
- (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 detailed budget for and duration of the project;
- (f) If the request is for a general support, the organisation's or body's overall budget must be included;
- (g) reference, independent of the applicant and its executive;
- (h) most recent audited financial statements;
- (i) a summary of past achievements; and
- (j) a declaration by the head of the applicant to the satisfaction of the Accounting Officer, 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.

7. OBLIGATIONS OF THE APPLICANT

- 7.1 The head of the organisation or body must acknowledge in writing to the Accounting Officer, 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 organisation or body in society. The funds should be used as outlined in the application forms.
- 7.2 The organisation or body shall regularly report, if and when required, but at least once a year, to the Accounting Officer regarding the activities conducted within the ward, as well as on the project.
- 7.3 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.

8. RIGHTS OF THE MUNICIPALITY

- 8.1 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 projects (in contract).
- 8.2 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 are being complied with.
- 8.3 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.

9. AGREEMENT

Before any funds are transferred to an organisation, an agreement must be concluded between the Municipality and the beneficiary to protect the interest of the Municipality.

10. PROCESS

- 10.1 Once applications are received, they will be listed and forwarded to all ward Councillors to confirm the existence of the organisation.
- 10.2 Manager LED will establish committee that will assist with verifying the application against the set criteria listed in the policy.

10.3 The Manager LED must submit a report to the Council of the Municipality, containing particulars of each application that complies with the listed criteria and recommend:

- (a) the amount of each award; and
- (b) the name of the organisation or body to whom the award was made.

11.COMMMENCEMENT

This Policy takes effect on the date on which it is adopted by the Council of the Langeberg Municipality.