



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

# ANNEXURE 9

## DRAFT GRANTS-IN-AID POLICY

March 2020



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## 1. DEFINITIONS AND ABBREVIATIONS

In this policy unless the context indicates otherwise -

**“Accountability and responsibility”** means top management, senior managers and other officials and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure compliance.

**“Beneficiary”** means the target community or group that will benefit from a Grants-in-Aid funded project or programme.

**“Capacity building”** refers to a process which enables human beings to realize their potential, build self-confidence and lead lives of dignity and fulfilment. These capacity building programs have to align to the basket of services of the Directorate: Social Development and Early Childhood Development i.e. Early Childhood Development, Youth Development, Substance Abuse, Poverty Alleviation, Vulnerable Groups and Street People.

**“Chief Financial Officer (CFO)”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act.

**“Commercial or other business transactions”** means a contract or transaction entered into between the City and an outside contractor or vendor in terms of the City’s SCM Policy and Procedures for the supply of goods and/or services by the contractor or vendor.

**“Council”** means the municipal council of the City of Cape Town.

**“Disclosure and declaration of interests - Councillors”** means disclosure and declaration by Councillors as required in terms of sections 5 and 7 of Schedule 1 – (Code of Conduct for Councillors) of the Local Government: Municipal Systems Act, 32 of 2003 (MSA).

**“Disclosure and declaration of interest – staff”** means disclosures and declarations by staff as required in terms of Sections 2 (Code of Conduct for Municipal Staff Members) of the Local Government Municipal Systems Act, 32 of 2003 (MSA).



**“Early Childhood Development (“ECD”) Facility”** means any place, building or premises, including a private residence, maintained or used partly or exclusively, whether for profit or otherwise, for the reception, protection and temporary or partial care of more than six children that shall be registered with the Western Cape Government and be managed and maintained in terms of the Children’s Amendment Act, 41 of 2007.

**“Economic Growth Strategy”** means a strategy that is aimed at coordinating and directing the work of the City and its external partners towards the expansion of access to economic opportunities by growing the economy and creating jobs being core objectives of the City’s strategic focus area of being an opportunity City.

**“Finance manager”** means the official in a directorate/line department who is responsible for the financial management and administration of the directorate/department.

**“Grants-in-Aid”** means a grants-in-aid or allocation, as referred to in MFMA section 17(3)(j)(iv), made by the City to any organisation or body referred to in MFMA section 67(1) and, to be utilised to assist the City in fulfilling its constitutional mandates including social developmental, and arts and culture programmes as set out in the respective Implementation Protocol Agreements with the Western Cape Government, the Economic Growth Strategy (EGS) and the Social Development Strategy (SDS) criteria.

**“Grants-in-Aid Committee”** means the committee established in terms of section 79 of the MFMA as well as paragraph 7.1.2 of this policy.

**“Memorandum of agreement (MOA)”** means the agreement entered into between the City and any organisation or body which receives a grant-in-aid in terms of this policy.

**“MFMA”** means Municipal Finance Management Act (Act 56 of 2003).

**“MOA”** means memorandum of agreement.

**“MPRA”** means Municipal Property Rates Act.

**“Municipal account”** means the municipal services account in respect of property rates, services and user charges for services rendered by the City.



**“Non-governmental Organisation (NGO)”** means a non-governmental organisation that is a legally constituted non-profit organisation that operates independently from any form of government.

**“Non-profit company (NPC)”** means a company whose memorandum of incorporation must set out at least one object of the company and each such object must be either a public benefit object or object relating to one or more cultural or social activities, or communal or group interests as required by Item 1(1) of Schedule 1 of the Companies Act, 71 of 2008.

**“Non-profit Organisation (NPO)”** means a non-profit organisation registered in terms of section 13 of the NPO Act, 71 of 1997.

**“Public benefit organisation (PBO)”** means any organisation which is a non-profit company (NPC) as defined in section 1 of the Companies Act or a trust or an association of person that has been incorporated, formed or established in the Republic.

**“Social Development Strategy (SDS)”** means a strategy that is aimed at coordinating and directing the work of the City and its external partners towards realising the City’s aim and commitment to the building of a caring and inclusive City to improve the lives of its citizens especially the poor, marginalized and vulnerable.

**“specific delivery agreement”** means an agreement entered into between the City and a beneficiary to deliver goods and services of a specialised and unique nature and/or require specific expertise and special skills to produce, install and/or provide.

## 2. **PROBLEM STATEMENT**

The Grants-in-Aid Policy (hereafter referred to as the/this policy) was drafted in order to ensure that all grants-in-aid, allocated in terms of this policy, are only allocated or transferred to an organisation or body (beneficiary), outside any sphere of government, following confirmation of compliance with all relevant legislation and the due application of proper and sound regulatory and approval processes.

## 3. **DESIRED OUTCOMES**

The projects and/or programmes supported by the grant-in-aid allocations aims to assist the City in:

- 3.1 Addressing the social developmental and early childhood developmental needs of communities as set out in the Social Development and Early Childhood Developmental Implementation Protocol;



- 3.2 Building and growing arts and culture within communities and involving youth in Arts and Culture programmes as set out in the Arts and Culture Implementation Protocol;
- 3.3 Driving Economic and Social Development within its area of jurisdiction in terms of its EGS and SDS through application of the respective criteria as detailed in;
  - 3.3.1 Promoting sports and recreation and the utilisation of local sports facilities;
  - 3.3.2 Ensuring the safety of the general public using City's beaches;
  - 3.3.3 Fighting crime to ensure the safety and security of its citizens by supporting the establishment of neighbourhood watch services within communities; and,
  - 3.3.4 Pursuing its mandates and responsibilities relating to existing health situations in terms of the Health Act.

#### **4. STRATEGIC FOCUS AREA**

- 4.1 The City's IDP identifies five strategic focus areas (SFA), which provide a solid foundation for the articulation of service delivery. The five SFA are The Opportunity City, The Safe City, The Caring City, The Inclusive City and The Well-Run City. The City has identified linked objectives within the five SFA.
- 4.2 This policy supports the following strategic focus areas and objectives:
  - 4.2.1 The Well Run City - Objective 5.1: Operational sustainability:  
This objective is about delivering services and creating value for customers in an operationally sustainable manner based on evidenced led decision making so that the City can remain financially stable and resilient to shocks in a changing environment.
  - 4.2.2 The Inclusive City - Objective 4.3: Building integrated communities:  
This objective looks at increasing understanding of diversity within and amongst communities, improving spatial transformation, promoting the optimal use of facilities for social and cultural activities and fostering talent with the intention of developing an inclusive city.

#### **5. ROLE PLAYERS AND STAKEHOLDERS**

- 5.1 Council
  - 5.1.1 Assess and approve grant-in-aid allocations as submitted by subcouncils and line departments.
- 5.2 Mayoral Committee (MayCo)
  - 5.2.1 Assess and recommend grant-in-aid allocations as submitted by subcouncils and line departments.
- 5.3 Section 79 Committees
  - 5.3.1 Review and propose amendments to the Grants-in-Aid policy; and



- 5.3.2 Recommend the proposed changes for implementation during the budget process.
- 5.4 Subcouncils
  - 5.4.1 Subcouncil manager to place adverts inviting organisations to apply for grants-in-aid funding through the ward allocations budget;
  - 5.4.2 Administer the grant-in-aid application process;
  - 5.4.3 Submit the proposed grant-in-aid allocations to their respective subcouncil meetings to be recommended;
  - 5.4.4 Submit the recommended grant-in-aid applications on the prescribed documents to the Grants-in-Aid Committee; and
  - 5.4.5 Prepare and submit a report with the supported grant-in-aid applications to MayCo for recommendation and to Council for approval.
- 5.5 Line departments
  - 5.5.1 Place adverts inviting organisations to apply for grant-in-aid funding;
  - 5.5.2 Administer the grant-in-aid application process;
  - 5.5.3 Submit the recommended grant-in-aid allocations on the prescribed documents to the Grants-in-Aid Committee; and
  - 5.5.4 Prepare and submit a report with the supported grant-in-aid applications to MayCo for recommendation and to Council for approval.
- 5.6 Grant-in-Aid Committee
  - 5.6.1 Ensure that the grant-in-aid applications comply with the requirements of the IDP; and
  - 5.6.2 Review and support the proposed grant-in-aid applications.
- 5.7 Budgets department
  - 5.7.1 Review and assess the grant-in-aid applications at a preliminary screening process;
  - 5.7.2 Review and assess the grant-in-aid applications during the first screening processes;
  - 5.7.3 Co-ordinate and facilitate the grant-in-aid meetings; and
  - 5.7.4 To note the minutes of the Grants-in-Aid Committee.

## 6. REGULATORY CONTEXT

- 6.1 Section 67 of the MFMA requires the City to implement and sustain proper and effective controls and procedures when transferring City funds to an organisation or body outside any sphere of government. Compliance with the regulatory and control measures as set out in section 67(1) must be enforced by the Accounting Officer through contractual and other appropriate measures in terms of section 67(3).





## 7. GUIDING PRINCIPLES

### 7.1 The Grants-in-Aid Committee

7.1.1 Section 67 of the MFMA requires the City to implement and sustain proper and effective controls and procedures when transferring funds of the City to an organisation or body outside any sphere of government. Compliance with the regulatory- and control measures as set out in section 67(1) must be enforced by the Accounting Officer through contractual and other appropriate measures in terms of section 67(3).

7.1.2 This regulatory process will receive oversight from the Grants-in-Aid Committee (“the Committee”). The members of the Committee shall be officials of the City appointed by the CFO. The Committee will have a broad strategic representation by including officials from various functional areas in the City as members and will be chaired by the CFO or nominee(s).

7.1.3 The Committee will administer and co-ordinate grant-in-aid applications recommended by line departments and subcouncils. The Committee must ensure that each of the recommended grant-in-aid allocations comply with the provisions contained in this policy, the Constitution and relevant legislation, Implementation Protocol Agreements and other policies of the City where applicable. The Committee is mandated to support or not support a recommendation received from a subcouncil or a line department dependent on the outcome of its assessment of the grant-in-aid allocation.

### 7.2 Financial Control and Oversight

7.2.1 In determining that the payment is in terms of this policy, such payment will, in terms of the VAT Act 89 of 1991, be deemed zero-rated if it's made to a registered welfare organisation, which means any public benefit organisation contemplated in paragraph (a) of the definition of “public benefit organisation” in section 30(1) of the Income Tax Act, 58 of 1962, and especially Interpretation Note 39 published by SARS on 8 February 2013, that has been approved by the Commissioner in terms of section 30(3) of that Act. Payments made to other organisations/bodies that are VAT vendors can also be deemed zero-rated grants-in-aid, provided that the grant-in-aid paid to/on behalf of that vendor is in the course or furtherance of an enterprise carried on by that vendor. All other payments to non-VAT vendors will not be seen as a grant-in-aid in terms of the VAT Act but a transfer payment made in compliance with section 67. All VAT and non-VAT vendors must be registered on the City's SAP Vendor Data Base, which forms part of the SCM process.





- 7.2.2 Outside contractors are appointed to deliver goods and services that are normally performed and delivered by the City's line departments utilising funds on their approved operating budgets. Line departments also utilise funds allocated and transferred to them by various subcouncils from their ward allocations to appoint contractors to deliver goods and services. All contractor appointments shall be made in terms of the City's SCM Policy and procedures as applied and interpreted by the SCM department. Such appointments shall be regulated and managed as commercial or business transactions. Grants-in-aid allocated in terms of this policy may not be utilised to fund such expenditure.
- 7.3 Specific qualifying criteria for organisations/bodies making application for grant-in-aid funding in terms of this policy  
Applicants who apply for grant-in-aid funding, in terms of this policy, in order to carry out projects and/or programmes that meet the project qualifying criteria, shall be one or more of the following:
- 7.3.1 A PBO that is a NPC
- 7.3.1.1 Incorporated in terms of Schedule 1 of the Companies Act, 71 of 2008; and
- 7.3.1.2 A trust or an association of persons that has been incorporated, formed or established in the Republic as contemplated in the definition of public benefit organisations in sections 30(1) and 30(3) of the Income Tax Act, 58 of 1962 as amended.
- 7.3.2 A NPO registered in terms of section 13 of the Non-Profit Organisations Act, 71 of 1997.
- 7.3.3 A ECD site or child care and development facility such as a crèche, day care or educare centre
- 7.3.3.1 With the principal object being early childhood development for children aged 0 – 6 years; and
- 7.3.3.2 Duly registered with the Department of Social Services of the Western Cape Government as a place of care in terms of the Children's Amendment Act, 41 of 2007



- 7.3.4 An old age home registered with the Department of Social Services: Western Cape Government in terms of the Older Persons Act, 13 of 2006 or a senior citizens group, association or recreational club registered as a PBO or a NPO. The grant-in-aid funding may be used for the promotion of sport and the utilisation of local sports facilities by the aged or to acquire recreational material or to promote arts and culture among the aged. They may acquire special frail care equipment to improve mobility of the aged. The old age home and the senior citizen groups may utilise grant-in-aid funding to provide a service to the community in respect of skills development, poverty alleviation or other projects or programmes that qualify for grant-in-aid funding in terms of this policy.
- 7.3.5 A PBO, in terms of section 30 of the Income Tax Act, 58 of 1962 as amended, performing public benefit activities or carrying out community based projects or programmes aligned to requirements of this policy
- 7.3.6 Any public school, as defined in the South African Schools Act, 84 of 1996, or independent school registered in terms of section 46 of that Act, where grant-in-aid funding may only be allocated and used to provide and/or maintain their own sports facilities and/or acquire sports equipment.
- 7.3.7 Any sports body, club, association or group registered as a PBO or NPO i.e. not an undertaking or enterprise operating as a business for profit and who actively promotes the utilisation and provision of sport facilities, and the repairs and maintenance thereof and/or provides sports equipment to be utilised by participants on a non-professional basis as a past time.
- 7.3.8 A lifesaving clubs registered as a PBO and affiliated to Life Saving Western Province who ensures the safety of the general public using the City's beaches by training and providing lifeguards and the necessary equipment and facilities to effectively perform their functions, including National Sea Rescue Institute lifesaving awareness programmes performed on inland rivers and dams.
- 7.3.9 Any arts and culture association/group, heritage- and history society, theatre- and dance group, and museum registered as a PBO or NPO. They must be properly constituted voluntary organisations or associations with verifiable lists of members and with minutes of recent annual general meetings functioning as arts collectives or groupings which actively promote the utilisation and provision of arts and culture.



## **8. PROJECTS, PROGRAMMES AND EXPENDITURE THAT CANNOT BE FUNDED BY MEANS OF GRANTS-IN-AID ALLOCATED IN TERMS OF THIS POLICY**

- 8.1 The following, being either, projects, activities, programmes or types of expenditure, will not qualify for grants-in-aid funding in terms of this policy:
- 8.1.1 Bursaries of any kind.
  - 8.1.2 Disaster management and relief.
  - 8.1.3 Donation of assets, moveable or immovable.
  - 8.1.4 Public functions, conferences and seminars of any kind.
  - 8.1.5 Rewards and awards.
  - 8.1.6 Sponsorships, of any kind, as defined in and regulated by other policies of the City.
  - 8.1.7 Luncheons, dinners, parties and functions of any kind.
  - 8.1.8 Sporting, entertainment, recreational, religious, cultural, exhibition, organisational or similar activities, hosted at a stadium, venue or along a route or within respective precincts.
  - 8.1.9 If not aligned to the priorities, strategies and objectives as set out in the City's IDP.
  - 8.1.10 Retrospective funding of expenditure that has already been incurred or to fund any over expenditure that may be incurred on an approved Grants-in-Aid project.
  - 8.1.11 Where only one individual will benefit.
  - 8.1.12 Which are to be carried out beyond the City's area of jurisdiction unless a clear and compelling benefit to the City and its residents can be demonstrated.
  - 8.1.13 For the benefit of any particular political party, organisation, group or affiliation.
  - 8.1.14 Subsidisation or funding of municipal rates, tariffs, service or user charges.
  - 8.1.15 Funding of any expenditure relating to or associated with the operation of special rating areas established in terms of the MPRA.
  - 8.1.16 Funding any organisation's or body's normal operational expenditure including:
    - 8.1.16.1 Employee costs or any expenditure required to establish an organisation or to make it viable.
    - 8.1.16.2 Where employee costs are an integral part of project's management/implementation or operational costs except for projects undertaken by organisations who provide residential care to victims of abuse who are removed from their family units due to circumstances.
  - 8.1.17 Any commercial or other business transactions entered into between the City and outside contractors or suppliers, in terms of the City's SCM Policy for the supply of goods or services.



- 8.1.18 Any undertaking or enterprise operating as a business for profit or gain except in the case of an ECD site or child care facility referred to in paragraph 7.3 or economic and social developmental projects and initiatives approved by Council in terms of the City's EGS and SDS.
- 8.1.19 To civic or ratepayers' associations.
- 8.2 This Policy does also not apply to the following, which are processed and regulated in terms of other polices of the City or are administered and regulated in terms of other empowering legislation, are considered to be commercial or business transactions, or are transfers made in terms of Specific Delivery Agreements referred to in paragraph 8.2.15 as utilised by certain line departments: -
  - 8.2.1 Housing billing subsidies.
  - 8.2.2 Housing development subsidies.
  - 8.2.3 Indigent grants and rates rebates.
  - 8.2.4 Inter-governmental grants.
  - 8.2.5 Transfers to other municipalities.
  - 8.2.6 Transfers to other organs of state.
  - 8.2.7 Transfers to municipal entities.
  - 8.2.8 Allocations, by the Social Services directorate, in terms of specific delivery agreements as provided for under paragraph 8.2.15 to fund municipal delivery partnerships utilised to regulate the funding of "caretaker allocations", municipal facility management committees and district sports councils and annual allocations to the Life Saving Western Province Organisation.
  - 8.2.9 Allocations in terms of environmental or heritage management and/or conservation specific delivery agreements as provided for under paragraph 8.2.15 entered into by the relevant City department with other organs of state and non-governmental organisations, which are registered NPOs or section 21 companies. The provisions for these allocations are made on the approved operating budget of that department.
  - 8.2.10 Provision of capital expenditure and the erection of buildings or the extension of or alterations to buildings on property either belonging to the City or property belonging to the organisation or body making application for a grant-in-aid in terms of this policy or to property being leased by such organisation and body from another party.
  - 8.2.11 Repairs and maintenance to Council owned facilities, buildings or properties utilised by organisations either in terms of a lease agreement with the City, or hired at the applicable tariff in terms of its tariff policies.
  - 8.2.12 Funds established and operated by the City in terms of section 12 of the MFMA.



- 8.2.13 Events of any kind, including the marketing thereof, which include large sporting and major cultural events, concerts, shows and/or exhibitions and “indabas”.
- 8.2.14 The promotion of tourism and/or destination marketing.
- 8.2.15 Allocations by departments in respect of: analysis and policy; entrepreneurship; business promotion; sector development; job creation and skills development; and area development as per the economic developmental criteria of the EGS. These allocations/transfers of funds are made in terms of specific delivery agreements, as entered into between the City and the beneficiary but excludes grant-in-aid funding that will be allocated under GL 457100 in terms of this policy for creating an enabling environment for Local Tourism and Development. These payments should therefore be allocated under GL 457200.

## 9. SPECIFIC REQUIREMENTS

- 9.1 Applications for grant-in-aid funding in terms of this policy shall only be considered where organisations/ bodies have responded to advertisements published in the local press. All grant-in-aid adverts must be placed by July in order for the grant-in-aid process to be finalised by end November each financial year. A copy of the grant-in-aid advert must be forwarded to the Budgets department after date of publication. All applications must be delivered, e-mailed or posted to subcouncil offices and/or relevant line departments and no applications may be delivered to or be accepted by any councillor. No late applications received in response to an advertisement may be considered and processed. All grant-in-aid applications received in response to the advert must be processed and submitted to Council for consideration.  
Adverts must stipulate that applicants must provide proof that they are a bona-fide organisation by submitting the minutes of its Annual General Meeting (“AGM”) (not older than 18 months) and the minutes of its last meeting where the organisation took the decision to apply for the grant-in-aid funding.
- 9.2 The City may, however, consider grant-in-aid applications during a financial year, as and when received, and such applications shall also be processed in terms of this policy. Reasons must be provided where ad-hoc applications were received and where no advertisements were placed. Such requests, being exceptions to the norm, shall be processed as adjustments to the approved operating budget as regulated by section 28 of the MFMA.



- 9.3 All applications must be submitted using the standardised application form and business and project plan and a valid Tax Compliance Status as well as an up to date municipal account must be included with the application. The Tax Compliance Status must be valid upon the time when payment is affected. All applications and business and project plans must be fully and properly completed and must reflect the desired outcomes of the project.
- 9.4 The City reserves the right to fund an organisation for two years or more in succession without creating any expectations as it is under no obligation to allocate grant-in-aid funding. Notwithstanding the latter, all applications will be considered at Council's discretion.
- 9.5 The organisation must be up-to-date with its municipal account(s) by either settling any arrears or amounts outstanding in full or making the necessary payment arrangements, as agreed with and applied by the City's Revenue department, in terms of the City's Credit Control and Debt Collection Policy, before a grant-in-aid application can be fully processed. Subcouncils and line departments must verify all linked municipal accounts of such organisations.
- 9.6 The organisation must be up-to-date with any lease rental and services charges where it is leasing property from the City before a grant-in-aid application shall be processed. No grant-in-aid funds shall be allocated to any organisation if, apart from the need to comply with this policy, it is precluded from carrying out the particular project, for which it requires grant-in-aid funding, on the property leased from the City in terms of the lease agreement.
- 9.7 Where there is a payment arrangement in place, the City's Debt Management department monitors and takes appropriate action if a default on arrangements occurs. The Revenue: Debt Management department is unaware of the benefit linked to the agreed arrangement, therefore the subcouncil and finance/project manager must monitor payments in order to ensure adherence to the MOA and the payment arrangement. The arrangement must show that there is intention to sustain regular payments towards settling arrears.
- 9.8 The owner of a property that is leased to an organisation applying for a grant in-aid must be up to date with his/her municipal account before the grant-in-aid application can be processed. The organisation should also ascertain, from the City, that it may in terms of other relevant legislation and policies, utilise the property for the purpose for which it requires the grant-in-aid. The lease agreement with the lessor must also be taken into account in order to ensure the City's funds are not paid over at risk should the lease agreement in any way serve to curtail an organisation's ability to perform specifically as stipulated in the MOA entered into with the City when accessing the grant-in-aid.





- 9.9 The City is legally empowered, in terms of its Credit Control and Debt Collection Policy, to recover any arrear rates on the property by laying claim to the rental being paid by the organisation to the owner. It may also cut off the electricity to the property and curtail the water supply to the property by utilising various water demand management devices if the owner does not bring their municipal account up to date.
- 9.10 The minimum amount of any grant-in-aid allocation shall not be less than R15 000 per approved project/programme in a particular financial year.
- 9.11 A copy of the latest audited annual financial statements of the organisation is required where the grant-in-aid amount applied for exceeds R50 000. Where the amount of the grant-in-aid being applied for is R50 000 or less, the organisation is required to attach a copy of its Income and Expenditure Statement for its previous financial year as tabled at its AGM and signed by the chairperson/other relevant official/member of the organisation together with a copy of the minutes of the relevant AGM. Council reserves the right to call for audited financial statements of organisations irrespective of the amount of grant-in-aid funding applied for.
- 9.12 A grant-in-aid shall only be paid over to an organisation after all of the above has been complied with and Council has approved the grant-in-aid and the MOA has been signed.
- 9.13 Approved grant-in-aid applications may be paid over as a single payment or in tranches as determined or required dependent upon the nature and/or progress of the project. The disbursement of the grant-in-aid funding by way of progress payments must be arranged, in advance, with the Accounts Payable department, by the subcouncil or project manager. The full amount of the approved grant-in-aid must be disbursed in the financial year that coincides with the relevant approved budgets.
- 9.14 Underspent grant-in-aid funds, as reflected on the operating budgets of subcouncils and line departments, in any financial year, may not be carried over into any ensuing financial year.
- 9.15 All organisations or bodies making application for grants-in-aid must register as vendors on the City's SAP Vendor Data Base in terms of the City's SCM policy and procedures. Such SCM vendor registration process includes the submission of an original and up to date tax clearance certificate issued by SARS. A vendor who is registered for VAT purposes must also submit a zero-rated tax invoice when applying for registration as a vendor on the SCM database. All organisations applying for grant-in-aid funding must register on the National Treasury Centralised Supplier Database (CSD).





- 9.16 The organisation or body shall commence the project within 2 (two) months after the grant-in-aid funds are deposited into its bank account by EFT and finalise the project within six months of the new financial year failing which all such grant-in-aid funds must immediately be refunded to the City together with any interest that may have accrued thereon in terms of clause 8.8 of the MOA. The MOA will be cancelled in terms of clause 18 thereof and the grant-in-aid funding, together with any accrued interest, shall be immediately repaid to the City. Should this not occur within 30 calendar days of the organisation receiving a written notice from the City, the subcouncil or project manager shall refer the matter, together with all the relevant details, in terms of the Recovery Process per the Standing Operating Procedures. Organisations who need to extend the timeframe of their programmes must apply in writing and provide proper motivation as to the reasons why the timeframe must be extended and until what date. Permission to extend the timeframe can only be granted by the subcouncil manager and the Director: Budgets and the CFO for line departments. Should the organisation fail to complete the programme in the extended timeframe, all such grant-in-aid funding must immediately be refunded to the City together with any interest that may have accrued thereon.
- 9.17 The City may consider granting extension to the beneficiary if it is unable to commence the project within the 2 (two) months after receipt of the grant-in-aid funding, but such extension shall only be considered in the event of exceptional circumstances caused/ created through no fault of the beneficiary who must submit a complete written motivation when requesting extension.

## **10. CONTROL, MONITORING, REPORTING AND RECOVERY OF GRANTS-IN-AID FUNDS AND ASSET**

- 10.1 Reports to subcouncils and the Accounting Officer
- 10.1.1 Subcouncils and line departments shall prepare monthly status reports on grants-in-aid approved by Council. Such reports shall be submitted to the Committee and subcouncil managers for information and/or action, where relevant, regarding the expenditure and implementation on the deliverables against the approved business plan of the beneficiary for assessment, monitoring and compliance.
- 10.1.2 Beneficiaries shall comply with all reporting, financial management and auditing requirements as stipulated in the MOA.
- 10.1.3 Beneficiaries must implement effective, efficient and transparent financial management as well as internal control systems to guard against financial misconduct.
- 10.1.4 Beneficiaries must promptly, or no longer than 6 months after the end of their financial year, submit their audited financial statements (where applicable) to the subcouncil or project manager.



- 10.2 Reports to Section 79 Committees, subcouncils, MayCo and Council
  - 10.2.1 Recipients of grant-in-aid allocations must report to the subcouncil or line department on a monthly basis regarding their expenditure. Subcouncils and project managers shall submit quarterly reports, in terms of section 67(i) (a) (iii) to the Accounting Officer, as well as relevant Portfolio Committees, on the status or progress of projects and programmes and the targets and outputs of all projects carried out with grant-in-aid funding allocated in terms of this policy or with funding allocated in terms of paragraph 8.2.15 above using specific delivery agreements.
  - 10.2.2 On completion of projects a final report shall be submitted by the subcouncil manager to the relevant subcouncil. The project manager shall compile the report and the directorate's finance manager will sign off the report verifying that the financial details are correct before submitting to Council confirming that the project was successfully completed, that the outputs/ targets as originally submitted and as set out in the business and project plan were effectively realised and achieved and that all the grants-in-aid funding was utilised. This final report will also confirm whether any of the grant-in-aid funding was not utilised by the organisation and such unutilised amounts, together with any interest thereon, where applicable, shall be or have been recovered by the subcouncil or project manager as provided for in clause 9.4 of the MOA. Subcouncil managers and project managers of line departments shall submit a copy of the signed closing-out report to the Budgets department for verification and compliance.
  - 10.2.3 Recipients of grant-in-aid allocations must provide details of all assets and inventory items acquired with the grant-in-aid funding. The subcouncil or project manager must keep an inventory record of such items and annually for a period of 3 years confirm in writing with the organisation that the items are still being utilised by the organisation for the purpose acquired and return to the City any assets acquired with grant-in-aid funds upon dissolution of operations at Council's discretion. The relevant subcouncil or project manager must account for these assets until it has been written off in the formal disposal procedures of the City in terms of paragraph 372.1 of the SCM Policy.
- 10.3 Requirements of organisations applying for less than R50 000
  - 10.3.1 Subcouncil managers and project managers of line departments shall complete the Certificate to the Auditor-General template and submit same to the Office of the Auditor General in terms of section 67(4) (b) (ii) of the MFMA and a copy to the Budgets department who will monitor compliance.



10.3.2 The above must be submitted to the Office of the Auditor-General within 21 days' after Council approval.

## **11. EVALUATION AND REVIEW**

- 11.1 This policy shall be implemented once approved by Council.
  - 11.2 This policy must be reviewed on an annual basis.
  - 11.3 Changes in legislation must be taken into account for future amendments to this policy.
  - 11.4 Any amendments to the policy must be submitted to Council for approval.
  - 11.5 All applicable annexures are available on the Budgets Departments SharePoint site.
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