



**CAPE WINELANDS DISTRICT**  
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

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## **GRANTS IN AID POLICY**

**JUNE 2015**

**Adopted by Council:**  
**Implemented:**

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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.

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)(j)(iv) 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 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 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 such percentage of the operational budget of the municipality as decided annually by Council.

5.3 No transfer may be made which exceeds the amount per organisation or body, as been determined by Council in the annual approved budget.

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

- Bursaries or funds to bursars for other activities / reasons / resources;
- Disaster relief;
- Donation of assets, movable or immovable;
- Rewards and Awards; donations to support individual, meritorious cases in order to assist and/or recognise individual excellence in whichever field;
- Conditional grants received by the Municipality, which are in turn awarded to outside organisations to perform the service/function;
- Inter-Governmental Grants;

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

- Where only individuals will benefits;
- Political organisations;
- Where the utilisation of the grant-in-aid will be outside of the Cape Winelands Districts Municipality's municipal boundary;

- Where expenses have already been incurred;
- Where the application does not meet with the stated objective of this policy;
- Where the application does not meet with the priorities, strategies and objectives as set out in the IDP;
- Requests from applicants to cover overspending on projects;
- Where an Organisation received a previous Grant-in-Aid allocation but failed to comply with the Memorandum of Agreement;
- Where a project or organisation is already receiving funds from Council in terms of Councils functions;
- Where a member of Council or an official of the 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.

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 Deviation from 6.1 will only be allowed in extraordinary cases where no acceptable or no applications have been received. In such cases competitive bidding processes in terms of the municipalities Supply Chain Policy and the procedures in terms of this policy must be followed.
- 6.3 Organisations must also be registered and or comply in terms of any other relevant legislation.
- 6.4 The Municipality reserves the right not to fund an organisation or body two years in succession or in any future years.
- 6.5 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.
- 6.6 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.

## **7. PUBLIC ADVERTISEMENT**

- 7.1. The Municipal Manager must place a public advert in the main local newspapers distributed in the 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 (see **Annexure A**) 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 GRANTS-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 restricted to of TB, STDs and HIV/Aids;
- (ii) preventable lifestyle diseases e.g. drug/alcohol abuse, tobacco related illnesses; and
- (iii) preventative services to infants, children and women.
- (iv) prostheses and hearing aids

### **8.2 ENVIRONMENT**

To stimulate the development of sustainable leisure, aesthetic and environmental projects within the municipal area and to increase the awareness of the environment.

### **8.3 SOCIAL AND ECONOMIC DEVELOPMENT**

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

### **8.4 SPORTS AND RECREATION**

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.

## **9. APPLICATION PROCEDURE**

Applications and proposals for grants-in-aid must be on the prescribed form stated in 7.3 above, a copy of which is attached hereto as **Annexure A**. 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 organisation's 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. OBLIGATIONS 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 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.

- 10.3 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.
- 10.4 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**

- 13.1 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 any other official the Committee may wish to include.
- 13.2 The Adjudication Committee will evaluate all proposals received.
- 13.3 The Adjudication Committee will have the power to make final awards.
- 13.4 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.

**MEMORANDUM OF AGREEMENT**

Entered into by and between

**CAPE WINELANDS DISTRICT  
MUNICIPALITY**

Herein represented by

\_\_\_\_\_   
 in his / her capacity as

\_\_\_\_\_   
 he/she being duly authorized thereto   
 (hereinafter referred to as "the Municipality")

and

\_\_\_\_\_   
 herein represented by

\_\_\_\_\_   
 in his/her capacity as

\_\_\_\_\_   
 he/she being duly authorized thereto   
 (hereinafter referred to as "the Beneficiary")

**WHEREAS** the Municipality has agreed to allocate the sum of R \_\_\_\_\_ ,   
 ( \_\_\_\_\_ ) to the Beneficiary and the Beneficiary has   
 agreed to accept the money, subject to the conditions stipulated hereinafter;

**WHEREAS** the Beneficiary agrees to apply such allocated amount of money for the purposes of funding the programme as set out in the attached project/programme description or business plan and/or service delivery\* agreement attached as Annexure \_\_, which project/programme description, business plan or service delivery

agreement forms part of this agreement.

(\* service delivery to the community, not to the Municipality)

**NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

The Municipality shall effect payment of the sum of R \_\_\_\_\_

\_\_\_\_\_

to the Beneficiary in a lump sum and /or by instalments as follows:

\_\_\_\_\_

\_\_\_\_\_

and the Beneficiary accepts the money allocated, subject to the following terms and conditions.

1. The Beneficiary undertakes to provide the Municipality with the details of a bank account opened at any registered bank within the Republic of South Africa within 7 (seven) days of the date of signing of this agreement in order to allow the Municipality to deposit the funds directly into such bank account.
2. The Beneficiary herewith confirms that effective, efficient and transparent financial management and internal control systems are in place.
3. The Beneficiary will provided the Municipality with a copy of its most recent audited financial statements or audit certificate, prior to the signing of this agreement, as part of the Municipality's assessment process.
4. The Beneficiary undertakes to prepare financial statements in respect of the financial years for which this agreement is or remains in force, and undertakes to have these financial statements audited.
5. The Beneficiary herewith confirms and acknowledges that the funds may only be utilized for the purpose for which it was approved.
6. The Beneficiary must ensure that the funds earn interest at competitive rates until they can be utilized for the purpose for which it was approved.
7. Interest earned must be credited to the account opened in terms of clause 2 and may only be utilized for the benefit of the approved project.
8. The parties agree that in the event of the project not commencing within 6 (six) months after the funds were deposited into the bank account of the Beneficiary, all funds paid by the Municipality in respect of this project/programme must immediately be refunded to the Municipality, with all interest accrued.
9. The Parties agree that, on completion of the project/programme, any unutilised funds and interest earned thereon will be paid back to the Municipality within one month or on a date as determined by the Municipality.
10. The Beneficiary undertakes to retain all expenditure vouchers, including cashed cheques, indicating the project number, etc. for audit purposes.
11. The Beneficiary undertakes to submit to the Municipality (Director: \_\_\_\_\_) reports reflecting expenditure incurred against the funds deposited. The Municipality retains the right to

request more frequent expenditure reports if deemed necessary.

12. Audited financial statements, which disclose the total allocation of funds from the Municipality, total interest earned and total expenditure, must be forwarded to the Municipality (Director: \_\_\_\_\_) within three months of the end of the Beneficiary's financial year in respect of the financial years for which this agreement is or remains in force.
13. The Beneficiary, on completion of the project if sooner or at least annually, must submit a comprehensive report, prepared by its Director, Chief Executive Officer or other most senior member of its management team, as the case may be, pertaining to the project funds allocated and which refers to:
  - the functions and objectives of the Beneficiary organisation provided for by law or in terms of this agreement;
  - the extent to which the Beneficiary achieved the objectives for which the funds have been provided; and
  - any other appropriate performance information regarding the economical, effective, efficient and appropriate utilisation of the funds.
14. The Municipality has the right to withhold any funds payable to the Beneficiary in terms of this agreement, until all reports referred to in clause 12 have been received.
15. In the event of the Beneficiary not complying with any or all of the conditions as set out in this agreement, or conditions as set out in any project/programme description, business plan or service delivery agreement attached to this agreement as an annexure, the Municipality shall be entitled to, immediately and without notice, cancel this agreement and claim back all the funds allocated together with interest accrued, and to stop all future payment/s with regard to the project/programme of the Beneficiary, without detriment to any other remedy which may be available to it in law.
16. Each of the parties chooses its domicilium citandi et executandi for the purposes of the giving of any notice, the serving of any legal process and for any purposes arising from its Agreement at their respective addresses set forth hereunder:

The Beneficiary:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Municipality:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice to any party shall be addressed to it at its domicilium aforesaid and be sent either by pre-paid registered post or be delivered by hand. In the case of any notice:

- sent by pre-paid registered post, it shall be deemed to have been received, unless the contrary is proved, on the third business day after posting; and
- delivered by hand, it shall be deemed to have been received, unless the contrary is proved, on the date of delivery, provided such date is a business day or otherwise on the next following business day.

Any party shall be entitled by notice in writing to the other, to change its domicilium to any other address within the Republic of South Africa, provided that the change shall become effective only ten (10) business days after the service of the notice in question;

Any notice addressed to the Municipality shall be required to be addressed to the Municipal Manager, for the attention of \_\_\_\_\_ to be deemed to have been effectively delivered or served.

17. This agreement constitutes the entire agreement between the parties regarding the subject matter hereof. No agreements, guarantees of representations, whether verbal or in writing, have been concluded, issued or made, upon which either party is relying in concluding this Agreement, save to the extent set out herein.
18. No variation of, or addition or agreed cancellation to this Agreement shall be of any force or effect unless it is reduced to writing and signed by or on behalf of the parties.
19. If any of the clauses of this Agreement or Annexure thereto are found to be invalid or not binding on the parties, such finding will not affect the validity of this agreement and the parties agree to be bound by the other provisions of the agreement.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

**AS WITNESSES:**

1. \_\_\_\_\_  
 \_\_\_\_\_  
 (Name in capital letters)
- \_\_\_\_\_
- For **THE BENEFICIARY**  
 Duly represented by:
2. \_\_\_\_\_  
 \_\_\_\_\_  
 (Name in capital letters) in  
 his/her capacity as:
- \_\_\_\_\_
- \_\_\_\_\_
- (Name in capital letters)

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

**AS WITNESSES:**

1. \_\_\_\_\_  
 \_\_\_\_\_  
 (Name in capital letters)
- \_\_\_\_\_
- For **THE MUNICIPALITY**  
 Duly represented by:
2. \_\_\_\_\_  
 \_\_\_\_\_  
 (Name in capital letters) in  
 his/her capacity as:
- \_\_\_\_\_
- \_\_\_\_\_
- (Name in capital letters)

## ANNEXURE B

<b>APPLICATION FOR A GRANT-IN-AID</b>					
<b>A</b>	Legal Name of the Organisation				
<b>B</b>	Date and year in which the organisation was founded:				
	<i>(Give a brief description of business or activities of the organisation.)</i>				
<b>C</b>	<b>Contact Details:</b>				
	Name:		Title/Position:		
	Physical Address:			Postal Address:	
	Postal Code:		Postal Code:		
	Tel. No:	Fax. No:		E-mail:	
<b>D</b>	In which area/s is the organisation active?				
	Indicate how the organization is registered. (NPO, Section 21 etc.)?				
	Please provide the Organisations registration number::				
	Focus of the project:				
	Budget for projects:				
	Duration of project:				
	Has the organisation received a grant-in-aid from the Municipality before?			YES	NO
	If yes, state the amount and date it was received.				
<b>E</b>	HEALTH				
	ENVIRONMENT		SOCIAL DEVELOPMENT		
	SPORT AND RECREATION		OTHER		
	If "Other", please specify:				
	<b>Note:</b> For more detail see the section on Application Guidelines and categories in the attached Grant-in-Aid Policy.				
	Indicate specific type of project/program, as per the Grant-in-Aid Policy:				