

Item A-F (19-2021) CM 26/05/2021	2021/22 To 2023/24 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND 2021/22 REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP)
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Resolved:

4. That to guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the reviewed policies and by-laws as set out in the following Annexures of this document:

- Annexure D1** Medium-term Budget Statement Policy (reviewed)
- Annexure D2** Pricing Policy Statement (reviewed)
- Annexure D3** Property Rates Policy (reviewed)
- Annexure D4** Provision of Free Basic Electricity Policy (reviewed)
- Annexure D5** Waste Management Tariff Policy (reviewed)
- Annexure D6** Consumer Deposit Policy (reviewed)
- Annexure D7** Indigent Support Policy (reviewed)
- Annexure D8** Credit Control & Debt Collection Policy (reviewed)
- Annexure D9** Provision for Doubtful Debtors and Debtors Write Off (reviewed)
- Annexure D10** Budget Implementation and Monitoring Policy (reviewed)
- Annexure D11** Municipal Entity Financial Support Policy (reviewed)
- Annexure D12** Accounting Policy (reviewed)
- Annexure D13** **Electricity** Metering for Residential and business Customers (reviewed)
- Annexure D14** Policy for the Vending of pre-paid electricity (reviewed)
- Annexure D15** Policy for Correction of Meter Reading and Billing Data (reviewed)
- Annexure D16** Electricity Tariff policy (reviewed)
- Annexure D17** Virement Policy (reviewed)
- Annexure D18** Consumer Agreement Policy (reviewed)
- Annexure D19** Supply Chain Management Policy (reviewed)
- Annexure D20** Treasury Policy Consolidation of various polices (reviewed)
- Annexure D21** **Grants-in-Aid (reviewed)**
- Annexure D22** Assets Management Policy (reviewed)
- Annexure D23** Cost Containment Policy (reviewed)
- Annexure D24** Policy for the wheeling of Electricity (reviewed)
- Annexure D25** Policy guideline for Small-scale Embedded generation (reviewed)
- Annexure D26** Ekurhuleni Community Enterprise Development (reviewed)

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POLICY FOR THE ALLOCATION OF GRANTS-IN-AID

1. INTRODUCTION

Section 67 transfers / Grants is the allocation of the funds of the Municipality from its operating budget to organizations or bodies outside the sphere of government. These allocations are gratuitous transfers by the Municipality to the Grantee organization and are not payments made in compliance with any commercial or other business transaction or to fund specific delivery agreements.

The projects, funded or part funded by these Grants can be as modest as community soup kitchens, food gardens, feeding schemes and early childhood development centers, aligned to the strategic objectives of the Department for SRAC and Health & Social Development Department.

Grants-in-Aid should not duplicate operations already provided for within the Council or within the jurisdiction of the Council.

2. DEFINITION OF CONCEPTS

In the Policy, unless the context otherwise indicates, the following meaning to be given to the words / terms:

“**The Act**” refers to the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)

“**Council**” is the City of Ekurhuleni Metropolitan Municipality.

“**CoE**” refers to the City of Ekurhuleni

“**Disaster**” means a progressive or sudden, widespread or localised natural or human-caused occurrence which-

- (a) causes or threatens to cause -
 - (i) death, injury or disease;
 - (ii) damage to property, infrastructure or the environment; or,
 - (iii) disruption of the life of a community, e.g. affected by a disaster, but the area or community in which you live has not been declared a disaster area.
- (b) is of a magnitude that exceeds the ability of those affected by the disaster to cope with its effects using only their own resources;

“**Disaster management**” means a continuous and integrated multi-sectoral, multi-disciplinary process of planning and implementation of measures aimed at-

- (a) preventing or reducing the risk of disasters;
- (b) mitigating the severity or consequences of disasters;
- (c) emergency preparedness;
- (d) rapid and effective response to disasters; *and*,
- (e) post-disaster recovery and rehabilitation;

“Grant-in-Aid means a discretionary financial assistance or grant or allocation, as referred to in Section 17(3)(j)(iv) of the MFMA, made by the Municipality to any organisation or body referred to in Section 67(1) and to be utilised to assist the municipality in fulfilling the Constitutional mandates including social development and arts and culture as set out therein.

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

“Local Institution” refers to an institution based in and/or rendering services within the Ekurhuleni Metropolitan area of jurisdiction

“Memorandum of Agreement (MOA)” means the agreement entered into between the municipality and any organisation or body which receives a Grant-in-Aid in terms of this Policy.

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

PREAMBLE

WHEREAS section 67 of the Local Government: Municipal Finance Management Act, 2003 (MFMA, Act 56 / 2003) requires a Municipality to ensure that certain criteria and conditions are met before funds are transferred to an organization / body outside any sphere of government, other than in compliance with a commercial transaction; and

WHEREAS a Policy would give effect and provide guidelines as to which categories of organizations can apply to become beneficiaries; and

NOW THEREFORE the City of Ekurhuleni adopts the Section 67 Funds Transfer Policy for the allocation of Grants-in-Aid as set out in this document.

3. PURPOSE AND OBJECTIVES

3.1 This Policy aims to provide a framework to regulate the allocation of Grants-in-aid to non-governmental organizations [NGOs], community-based organisations [CBOs] and non-profit organizations [NPOs] and bodies that are used by government as an agency to serve the poor, marginalised or otherwise vulnerable as envisaged by sections 12 and 67 of the Act, aligned to the strategic objectives of the Department for SRAC and Health & Social Development Department. The IDP represents the needs of communities within Ekurhuleni’s jurisdiction and **MUST** be the guiding factor in developing these partnerships;

3.2 It complements the goals, objectives, programmes and actions of Council’s IDP in order to create a sustainable, credible and caring city by empowering and building communities and enhancing growth and sharing through partnerships;

3.3 It creates and increases the opportunity for Council to elicit the support of external organizations to deliver on those services to communities that fall within the Council’s area of responsibility in a way which allows the city to create an enabling environment for community development;

3.4 The Policy provides the opportunity for developing methods of joint funding strategies with outside agencies, such as matching funding or sponsorship partnerships to meet the

objectives of a developmental local government;

- 3.5 A key objective of the scheme is to create sustainable partnerships between the municipality and deserving and qualifying institutions / organizations / associations / bodies. In order to achieve the objectives of the municipality's Business Plan based on pre-determined priorities and specific focus areas of a financial year as outlined in the IDP. The municipality ensures this through funding sustainable projects for sound management of the municipality's financial affairs and specifically taking reasonable steps to ensure that the municipality maintains an effective system of expenditure control including procedures for the approval, authorization, withdrawal, and payment of funds
- 3.6 To build into the Policy, a heavy social developmental bias to respond to disasters for the advancement of public interest.
- 3.7 To address urgent and immediate needs of communities within the City's boundaries that improve their quality of life.
- 3.8 To provide a platform for pro-poor interventions by ring-fencing a portion of the funds allocated towards the Grant-in-Aid for major and / or minor disaster relief for families and residents of Ekurhuleni.

4. LEGAL FRAMEWORK

The power of the Municipality to allocate Grants-in-Aid is regulated in terms of *section 156* of the *Constitution*, read with ***section 8 of the Local Government: Municipal Systems Act, 32/2000 (MSA)***. These provisions limit the power to make Grants-in-Aid in 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***, read with ***part B of Schedules 4 and 5 to the Constitution***. The Framework that regulates the Grants-in-aid scheme is provided in the following Sections of ***the Act***.

Local Government: Municipal Finance Management Act, 56/2003 (MFMA) -

Section 15 - a municipality may incur expenditure only –

- (a) in terms of an approved budget; and
- (b) within the limits of the amounts appropriated for the different votes in an approved budget.

Section 17(3) - when an annual budget is tabled in terms of ***Section 16(2)***, it must be accompanied by the following documents:

- (a) Particulars of any proposed allocations or Grants by the municipality to-
- (b) any organizations or bodies referred to in ***section 67 (1)***.

Section 65 requires sound and sustainable management of the financial affairs of the municipality and specifically requires of the Accounting Officer of the municipality to take reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control including procedures for the approval, authorization, withdrawal, and payment of funds.

Section 67 (1) - before transferring funds of the municipality to an organization or body

outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the Accounting Officer must be satisfied that the organization or body:

(a) has the capacity and has agreed –

- (i) to comply with any agreement with the municipality;
- (ii) for the period of the agreement to comply with all reporting financial management and auditing requirements as may be stipulated in the agreement;
- (iii) to report at least monthly to the Accounting Officer on actual expenditure against such transfer; and
- (iv) to submit its audited financial statements for its financial year to the Accounting Officer promptly.

Section 67 (4), subsection (1)(a) does not apply to an organization or body serving the poor or used by government as an agency to serve the poor, provided –

- (a) that the transfer does not exceed a prescribed limit (*determined by the City of Ekurhuleni to be R100 000 (One hundred Thousand Rand)*); and
- (b) that the Accounting Officer –
 - (i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds, and
 - (ii) certifies to the Auditor-General that compliance by that organization or body with **subsection (1)(a)** is uneconomical or unreasonable.

National Treasury MFMA Circular No. 68 (June 2019) provides -

“With reference to **Section 67 1(f)** of the MFMA regulates the transfer of municipal funds to organizations and bodies outside government. In terms of this section, a municipality may only provide grants to organizations and **NOT INDIVIDUALS**. Therefore, any grant allocated to an individual is unauthorized expenditure....”

5. CATEGORIES OF ORGANISATIONS / INSTITUTION ELIGIBLE FOR GRANT-IN-AID

The following categories currently apply but 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 now indicated may require specific criteria applicable to its projects / programmes:

5.1 SPORTS, RECREATION, ARTS & CULTURE (SRAC) DEPARTMENT

GRANTS-IN-AID FOCUS AREAS AND SELECTION CRITERIA:

Focus Area	Priority areas for financial assistance
Arts, Culture and Heritage	Heritage management and preservations
	Film Development mass based
	Craft Development mass based
	Art development mass based
	Oral history projects
	Music Development mass based
	Visual art projects mass based

	Creative scriptwriters, actors, singers, choreographers, composers, designer's
	Dance/Choreography, Music, Theatre/Drama, Multi-discipline and Visual Arts.
Library and Information Services	Reading Awareness programmes
	Literary development and promotion
	Digital Information literacy
	Writing and Publishing
	Community groups/ reading and book clubs
Sport and Recreation	Programmes promoting indigenous games
	Club Development
	Disability Sport
	Programmes promoting healthy lifestyle
Cross Cutting projects addressing the above focus areas of the department	Capacity Building and training
	Early Childhood Development programmes promoting sport, recreation, arts development and promotion of reading
	Programmes targeting women empowerment
	Programmes targeting senior citizens
	Social Cohesion
	Youth programmes
	Local artist and athletes' participation in national/International events, these will be considered on a case by case basis.

5.2 HEALTH AND SOCIAL DEVELOPMENT DEPARTMENT

GRANTS-IN-AID FOCUS AREAS AND SELECTION CRITERIA:

Number	Focal area
1	Cooperative (emerging Cooperatives)
2	Early Childhood Development
3	Capacity Building and skills development
4	Older Person's programmes
5	Disability programmes
6	Women's programmes
7	Youth Development
8	Children programmes
9	Drugs and Substance Abuse
10	Poverty Alleviation (Income-Generating)
11	Health and Health promotion programmes with exception of HIV and AIDS programmes
12	Men Development Programmes

The Health and Social Development Department strategy nexus is based on five strategic pillars that guide and influence the Grant-in-Aid implementation and policy outlook. The area of focus are as follows:

Client Centre Approach

The service to be funded should be aimed at addressing specific client needs and challenges and each client is unique and special as such. The client should be treated according to the needs that are presented. The services should not focus on what this institution aspired to achieve but on what clients' needs are and the maximum impact that the service would have on the client and to client support system.

Information, Education and Communication

The **second pillar** focuses on empowering the groups and communities. The pillar looks at community education and prevention of problems. It focuses on information, education and communication of social ills process to manage. The social ills and interventions that individuals, groups communication to access. It looks at the capacity building and human development, community education for empowerment, self-reliance, ownership, self-initiative and it emphasizes the development of more social networks and advice centers.

Advocacy

The **third pillar** looks at advocacy. This focal area is a rights-based approach that emphasizes social justice, a minimum standard of living, equitable access and equal opportunities to services and benefits. A commitment to meeting the needs of all residents of the City with specific reference and emphasis on the needs of the most disadvantaged. The pillar articulates the realization of Economic, Social and Cultural rights, focusing on and including the right to social assistance, anti-poverty strategies and to the development trajectory.

It looks at harmonizing Social and Economic activities to advance pro-poor approaches that promote social investments in human capital development and building social capital through advocacy programmes (organizing awareness campaigns, sensitizing, advocating, building support structures and networks protecting rights and mobilizing communities)

Social Policy

The **fourth pillar** looks at development of cohesive social policy within a developmental local government. This pillar harnesses the effect of various interventions through all pillars. It focuses on knowledge, which includes research within the Health and Social Development field to monitor and evaluate programmes presented, development of new knowledge for new services as new social ills emerge allowing departmental interventions' relevance.

The Social Policy pillars talk to relevance and appropriateness of interventions and policy outlook. It talks to the use of current numbers to planning and development. This pillar emphasizes the development of appropriate tools to capturing, recording, interpretation and correct data and extrapolation of data to the general residents and mitigation of interventions against the presenting problem or social ills.

Poverty Reduction and Sustainable Development

The pillars focus on re-mobilizing to achieve social empowerment and upliftment. The pillars strive towards ensuring that the residents of the City who were previously marginalized and or disadvantaged from the economy and had food insecurity are empowered and have access to economic opportunities.

It includes building of assets and infrastructure within communities, groups and individuals. This entails creating a conducive environment for the development of income generating projects, small scale farming projects, food generation that is household based (food garden) initiation, development and allocation of seed funding for cooperatives:

- Job Creation: (temporary, internship etc.)
- Food Security.

52% of the Grant-In-Aid will be focused on seed funding for cooperatives, Capacity Building and Social Development, training of identified beneficiaries within Indigent register. This will include accredited SETA Training Programmes:

- Catering and Food Management
- Standard Development in Production and Quality
- Conflict Management in Organization, discipline.
- Financial Management, book keeping
- Development of business plan and marketing tools for business, cooperatives and organization
- Leadership
- Fundraising
- Tender processes
- Entrepreneurship
- Contract management

Ten percent (10%) of the annual Disaster Grant be ring-fenced and allocated for relief to households and organisations that are affected by minor disasters declared within the City. This will include but not be limited to:

- houses and shacks that burnt down;
- the provision of survival and start-up kits for families and registered compliant non-profit and non-governmental organizations due the disaster, subject to the following-organisations eligible for relief funds to meet the following minimum qualification criteria -
 - not be in arrears on their municipality rates bill or if owing, the amount owing must not be more than R5000.00 and, arrangements should have been made with the Finance Office to pay such arrears off.
 - affected organization to comply with the (Non-Profit (governmental) Organisations (NPO) Act, 1997.

6. GENERAL GUIDELINES, CONDITIONS AND EXCLUSIONS

6.1 General Guidelines -

- (a) The funding of applications shall proceed on the basis listed below in response to an advertisement issued by the Municipality after the expiry of the relevant period associated with the specific priority categories, after a compulsory application process and the required documentation have been submitted by the applicants and vetted by the Municipality, subject to each qualifying beneficiary signing a MoA, undertaking to comply with section 67 of *the Act*.

- (b) The Policy applies to all transfers of grants made by the Municipality restricted to deserving organisations and bodies serving, especially those working with the poor / marginalized / aged / youth / disabled / women or otherwise vulnerable people, as per the eligible Categories in 5;
- (c) Receiving a Grant-in-Aid, irrespective of the amount granted is a privilege AND not a right;
- (d) No precedent is established in respect of applicants who have been awarded Grants-in-aid before;
- (e) Funding of application will largely be considered on an annual basis in response to the annual advertisement inviting applications for the submission of Proposals for Grants-in-Aid;
- (f) No Grant-in-Aid applicant shall receive more than one Grant per financial year [*applicant Directorship Boards to be vetted*].
- (g) A beneficiary of a Grant shall be subject to the following cooling-off period(s) before they can be eligible to apply for a Grant-in-Aid again;
 - (i) 1 year: Sports, Heritage, Recreation, Arts & Culture department, *and*,
 - (ii) 1 year: Social Development department.
- (h) The submission of a fully completed application form is a prerequisite for consideration for the allocation of funding;
- (i) All applications for Grants *in excess of R100 000.00* (<One Hundred Thousand Rand), must submit their most recent audited financial statements, and,
- (j) All applications for Grants less than R100 000.00 (one hundred thousand Rand) must submit certified Bank statements) and, a budget for the ensuing financial year.
- (k) Applicants must satisfy Council in their submissions about the cost-effectiveness of the project to be funded and a demonstration of their ability to execute such project successfully.
- (l)** Tranche payments (2x staggered) will be made to ALL other Grant beneficiaries, to ensure the retention of control by Council where a beneficiary defaults in fulfilling the obligations in terms of the signed MOA (not complying to the terms), by withholding the second tranche payment i.e. where no expenditure report on the implemented project is submitted.
- (l)** Tranche payments (staggered) will be made to ALL Grant beneficiaries, subject to instances where based on the nature of the funded project a once-off payment is the only viable option for the full implementation of the funded project but limited to Grants of a total amount not exceeding R50,000.00 per beneficiary;

6.2 Special Conditions –

- (a) The applicant's key functional areas shall be those that are aligned to the responsibility of the Municipality, i.e. the applicant must be a non-profit institution / organization / body that is serving the poor, regulated in terms of section 67(4) of the *Act*, engaging in activities that support the municipality's Strategic Plan and Priorities, functioning in

the fields where the Municipality itself is not actively or sufficiently engaged and where it is considered capable of delivering more effectively in terms of civic empowerment and value for money than the municipality could. Should this not be the case, the applicant will be advised to direct the application to the correct authority, e.g. the State, Provincial Government or other body;

- (b) The applicant must be a local institution/organisation (operating within Ekurhuleni) that contributes and/or that will contribute to the local community;
- (c) A local institution/organization that will contribute to any future commitment that may be imposed on the Municipality may also be considered;
- (d) The need for financial assistance, to be assessed from the applicant's certified financial statements, must be addressed;
- (e) The financial resources of the applicant may determine its prioritisation for assistance, provided that organizations that have built-up reserves for specific projects and which are self-sufficient will not be penalized;
- (f) The non-utilisation of assets, such as property, which could be sold to cover costs, may count against an applicant unless it forms a material source of the annual income;
- (g) The allocation of the Grant-in-Aid should further the rendering of equitable services throughout all communities of the Municipality to the extent appropriate;
- (h) A copy of the applicant's Constitution, latest financial statements (certified if it is a registered organization), annual reports, business plan and budget estimates (to be submitted by all applicants) which clearly indicate the benefit to the historically disadvantaged within the Community in the form of Development Programmes, etc., to be attached to the application. Failure to attach the abovementioned document will result in such an application not being processed for consideration;
- (i) The applicant must submit a copy of their latest Municipal Services Account or obtain a certified letter from the Chief Financial Officer reflecting the status of the applicant's Municipal services account / debt repayment arrangement;
- (j) The applicant's Constitution must provide that any assets remaining in the event of dissolution of the organization shall be handed over to any charitable organization or society with similar objectives;
- (k) All applications to be verified by the relevant Department in the specific sector (verification of the existence of the organization / body and the intended service to be rendered, etc.) through site visits;
- (l) All applications shall first be considered by the relevant allocating Department on the basis of their set criteria, in line with their individual strategic plan, *inter alia*, approved on this basis by the Grants-in-Aid Committee and subsequently submitted to the Mayoral Committee for approval;
- (m) All the recipients of Grants shall in terms of section 67 of the Act be required to submit monthly progress reports on how the Grant was spent, subject to the proviso that:
 - (i) if the project is such that the expenditure is incurred once-off, then the expenditure report must be submitted immediately once the funds are exhausted and if the funds are expended as the implementation of the project progresses, monthly reporting is peremptory until the funds are all spent.

- (ii) a final closing report not later than the end of the financial year of receiving the Grant, to be collated and submitted to Mayoral Committee. Failure to submit progress reports / applying the Grant for a purpose other than the one it is allocated for may result in no consideration being given to future applications for a Grant and/or the Municipality taking legal action to recover the Grant allocated.
- (n) Any beneficiary who does not comply with the provisions of the Policy in terms of Monitoring and Evaluation of the funded project and, who has any outstanding expenditure / closing report/s and other required POE regarding a previously allocated Grant, **SHALL NOT BE CONSIDERED** for any future GiA allocation (i.e. *automatically blacklisted*) until such outstanding documents (i.e. progress / closing reports, financial statement/s and other required POE) have been submitted (*this is despite the cooling-off period as this will ensure that such organisations are never considered for further allocations due to non-compliance*).
- (o) Application of cooling-off period(s): An organization/body receiving a Grant in a particular financial year can only re-apply for a Grant-in-Aid after:
 - (i) 1 year: Health & Social Development department, and,
 - (ii) 1 year: Sports, Heritage, Recreation, Arts & Culture, has lapsed from the last date when they were awarded a Grant-in-Aid.
- (p) Funding will be considered for the purposes of disaster relief (Disaster as defined in the Definitions Clause), where applicable.

6.3 Exclusions –

Funding WILL NOT be considered in the following circumstances:

- (a) If in Council's opinion an applicant receives sufficient funds from other sources to sustain its activities or the project applied for:
- (b) Applicants with Municipal services accounts in arrears in excess of R5000.00 (Five Thousand Rand) are **automatically disqualified** from any future Grant-in-aid, except where the applicant's municipal services account is in arrears by an amount less than R5000.00 (Five Thousand Rand) and, prior arrangement has been made with the Finance department to pay off the arrears.
- (c) Where the applicant's place of business / offices are outside the Municipal boundaries, unless the project benefits the Ekurhuleni community or a specific group within the Municipal boundaries
- (d) Where an application is submitted by or on behalf of an individual.
- (e) Where subsequent requests for Grant-in-Aid are to cover unauthorised overspending on projects.
- (f) Council reserves the right not to award any Grant to an organization that cannot account for the expenditure of a previously awarded Grant-in-Aid.
- (g) Where an applicant seeks to establish a new organization.
- (h) Where the application form was not completed in full by the applicant and not all documentation provided without a reasonable explanation.

- (i) Where the applicant is more than three months in arrears to Council with their Rates & Taxes.
- (j) Funding for a bursary or other related activities / resources. [Bursaries to individuals are dealt with in accordance with the Council's Bursary Policy].
- (k) Indigent Grants.
- (l) Housing development subsidies.
- (m) Originations/Bodies receiving any other financial assistance offered by CoE.
- (n) Donation of assets, moveable or immovable.
- (o) Rewards and Awards.
- (p) Conditional Grants received by the Municipality, which are in turn awarded to outside organizations to perform the service function.
- (q) Inter-governmental Grants.
- (r) Political organizations and Civic Organization, Rate Payers' Association or for any religious purposes;
- (s) Where expenses have already been incurred.
- (t) Subsidies for municipal rates/housing billing subsidies.
- (u) Where the application does not meet with the priorities, strategies and objectives set out in the IDP of the Municipality;
- (v) Funds to support transportation costs, salaries and other overhead costs, *and*,
- (w) No grant will be allocated under this Policy, to an organization / body in cases where a member of Council or an Official of the Municipality or close relatives of the said individual stands to receive any financial benefit or other gain.
- (x) Allocation of a Grant-in-Aid to an individual is deemed as unauthorized expenditure (***National Treasury MFMA Circular No. 68 of June 2019***).

6.4 Specific Conditions:

Crèches and Soup Kitchens:

- a) Must be registered with the National Department of Health & Social Development as a Non-Profit Organisation (NPO) for service delivery
- b) Centres must have valid Child Care Certificate.
- c) Centres must have valid Food Preparation Certificate
- d) Centres must be registered as partial care facilities as stipulated in the Children's Act (Act 38 of 2005).
- e) Centres must be in existence for two years or more.
- f) Centres must have a management committee or board members.
- g) Centres must have more than 20 (twenty) children.

- h) The names and full particulars of each child admitted in the centre must be reflected on the daily attendance register (the daily attendance register must be updated regularly).
- i) Centres must have proper systems in place, including proper administration and record keeping.
- j) Each child in the centre must have a file with proof of age (e.g. copy of birth certificate or baptismal certificate or clinic card) and date of admission (e.g. signed application form).
- k) Centres must submit asset inventory, attached to the Business plan
- l) Must be registered with the Department of Health & Social Development.
- m) Sport and Recreation applicants: All sport and recreation applicants must submit written proof of support from their local respective structure / federation / controlling body, recognized by the National Department of Sport and Recreation or the South African Sports Confederation and Olympic Committee (SASCOC) *(for accountability and to ensure that unregistered clubs / event owners are forced into existing structures to strengthen these structures)*.

7. PUBLIC ADVERTISEMENT

7.1 Advertisement process

The City Manager must, within three (3) months after the approval of the annual budget or an adjustment budget (in the event that additional funds becoming available), place a public advertisement in the main local newspapers distributed in the municipal area, calling for Proposals / applications to be submitted.

The advertisement to be published should clearly specify:

- (i) The categories for which Proposals are called.
- (ii) The closing date for submitting applications.
- (iii) Who the applications should be addressed to.
- (iv) Where and how to obtain the relevant application forms.
- (v) That Council reserves the right not to make any award.
- (vi) That organizations that have received Grants in previous financial year(s) must first submit a final close-up report on the projects previously funded, *and*,
- (vii) That only duly completed applications on the prescribed forms will be considered.

Funds may not be transferred to any organization or body that has not submitted a Proposal in response to the public advertisement.

7.2 Standard Application process (ALL applications across the departments):

Applications for Grants-in-Aid shall be:

- (a) Made on the prescribed form;
- (b) signed by the Head of the Organization or body and must include the following information:
 - (i) Date of application;
 - (ii) Contact details of the organisation or body;
 - (iii) Date established;
 - (iv) Type of organization;
 - (v) Registration number;
 - (vi) Details of previous funding received from the Municipality;
 - (vii) Details of other funding received from the Municipality;
 - (viii) Purpose or aim of Grant;

- (ix) Detailed description of project to be implemented utilising the funding;
- (x) Detailed breakdown of projected costs;
- (xi) Details of sources of income and funding;
- (xii) Banking details;
- (xiii) References;
- (xiv) Certification of details provided by senior person of organization;
- (xv) Checklist of supporting documentation; and
- (xvi) Declaration by the head of the organisation or nominee to the satisfaction of the City 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 the requirements of similar transfer of funds

7.3 Screening process

Applications will be received and registered by the Customer Care Managers Offices and the Grant-In-Aid support services.

Screening will be conducted by a Committee of the relevant allocating Department/s confirming:

- (a) Site inspections should be conducted (verifying the existence of the organization)
- (b) Compliance with the criteria contained in this Policy;
- (c) Viability of the project;
- (d) Sustainability of the project;
- (e) That the project will be completed within the available funds;
- (f) That sufficient evidence of proper financial control will be exercised;
- (g) That applicants have demonstrated that it meets the goals of the IDP;
- (h) That applicants have demonstrated cost-effective measures and ability to execute the project successfully, achieve clearly defined outputs or outcomes and the ability to manage funds effectively;
- (i) That the applicants have agreed to:
 - (i) Report monthly to the Accounting Officer on the actual expenditure;
 - (ii) Submit audited / certified financial statements for its financial year;
 - (iii) Implement effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
 - (iv) Have in respect of previous similar transfers complied with all requirements (if any).

The GiA Committee of the line Department will make recommendations to the Grants-in-Aid Committee, which will in turn refer its recommendations to the Mayoral Committee for final approval. The final approved list of beneficiaries will be referred to the Full Council, for noting. Ad hoc applications may be considered as part of and in terms of the Council annual Budget Adjustment process.

7.4 Approval Process

The Mayoral Committee of the Council will consider the recommendations of the Grants-in-Aid Committee, as recommended by the prioritized Municipal Departments which will ensure that the applications:

- (i) Comply with the Policy criteria.
- (ii) Allocations are within the approved budgeted funds.
- (iii) Comply with the provisions of section 67, MFMA of 2003, *and*,
- (iv) Applicants' municipal accounts are up to date or if in arrears by an amount below five thousand Rands (R5000.00), prior arrangement for payment has been made with the Finance Department.

The Mayoral Committee of the Council will deliberate on the recommended applicants and make a final determination on the awarding of Grants, to be noted by the Full Council.

7.5 Award process

- (i) All applicants will be informed in writing of the outcome of their applications by the GiA Administrator (Corporate Legal Services Department).
- (ii) Where applicants are not successful, they must be informed accordingly, with reasons, within two weeks of the decision to decline their applications.
- (iii) Successful applicants will sign the Memorandum of Agreement.

7.6 Transfer Process

Payments will only be made once the payment agreement has been duly concluded.

Tranche payments of Grants will be transferred to the Bank account of the applicant in instalments as agreed to in writing in the signed MOA and payment agreement, approved in terms of the applicable delegated authority.

7.7 Monitoring and Evaluation

The City Manager and the line Department are responsible for the monitoring and evaluation of the allocations, by ensuring that:

- (i) A pre-approval process shall be undertaken to ensure that the approved beneficiaries are compliant and have the capacity to spend and report as allocated, thus ensuring avoidance of a recurrence of the previous AG findings.
- (ii) Funds are used exclusively for the purpose defined in the signed Memorandum of Agreement;
- (iii) Monthly progress reports are submitted and reviewed;
- (iv) Section 67(4) related beneficiaries receive the benefit, by obtaining receipts of the actual expenditure incurred and any other appropriate evidence;
- (v) Where it is found that Grants are used in breach of the Agreement, the provisions of the Agreement must be invoked and the matter be reported to the City Manager, the Council or relevant Committee of the Council;
- (vi) A register of all Grants-in-Aid payments made in each Financial Year must be maintained.

8. PROCEDURAL AND REGULATORY OVERSIGHT

Section 67 requires the Municipality to implement and sustain proper and effective controls and procedures when allocating Grants to organizations. Compliance with the regulatory and control measures must be enforced by contractual and other appropriate measures.

This regulatory process will receive oversight and implementation by the responsible line Department on approval of the Grant allocations by the Mayoral Committee as recommended by the Grants-in-Aid Committee, and noted by the Full Council in line with the following guidelines:

- To put processes in place to monitor and follow-up on outstanding expenditure / close-up reports for the transfers, which reports will be **submitted to the Mayoral Committee, quarterly**;

- The applications must include evidence of quotations solicited that substantiate the proposed requested budget estimate, where the project involves the procurement of tools/equipment.
- Conduct **pre-approval site inspections** and **post-approval performance reviews on fully implemented projects**.
- The **prioritized departments** to allocate Grants **to ensure strict compliance with** the criteria set in the **section 67** Funds Transfer Policy in the allocation of Grants.
- The Grant-in-Aid **Policy will be reviewed on an annual basis**, concurrently with the budget-related Policies of the Municipality and all the particulars of Grants must be reflected in the budget and any adjustment budgets in accordance with section 17(3)(j) of the Act. Before transferring funds in terms of the Grants-in-Aid Policy, the provisions of section 67 of the Act must be complied with.
- Any Grant made in contravention of the abovementioned requirements is irregular expenditure and may also be considered in some circumstance as unauthorized expenditure and may attract consequence management. These funds would have to be **recovered** from the person liable for such expenditure in terms of **section 32 of the Act**.
- The GiA Framework endorsed by the GiA Committee, setting out clear milestones and deliverables of the GiA scheme, is attached as an Addendum to measure the process from planning until the implementation of the Project.

9. AGREEMENT

- Before any funds are transferred to an organization / body / association, a Memorandum of Agreement must be concluded and signed by the delegated Council representative with the beneficiary to protect the interests of the Municipality.

10. DECLARATION OF INTEREST: COMMITTEE MEMBERS / OFFICIALS INVOLVED IN THE GRANT-IN-AID SCHEME

- **Legal Compliance:** Each Committee member / Official involved in the Grant-in-Aid scheme is required to sign a declaration of interest with regard to the following:
 - That he / she does not hold a position of Directorship / Partnership with any beneficiary organization awarded a Grant.
 - That he / she is not associated with the Directors/Partners of a Grant beneficiary organization.
 - That there is no conflict of interest between his / her personal interests as a Committee member / Official carrying out his duties on behalf of Council and, the interests of the beneficiary organization.
 - That the Official / Committee member warrants that he / she is not in any way whatsoever related to or associated with any of the funded beneficiaries.

11. DEVIATION FROM THE POLICY / THE ACT

This Policy and the applicable MFMA provisions constitute the entire Framework for the allocation of Grants-in-Aid.

Any allocations in deviation to the Policy and the Act will be regarded as null and void. The municipality shall take steps to recover the money awarded in cases where the allocation was done negligently or fraudulently. If the allocation was done in error, the municipality will institute proceedings against the recipient of the Grant to recover the funds allocated to avoid an irregular expenditure.

12. COMMENCEMENT

This Policy takes effect on the date on which it is adopted by the Full Council of the City of Ekurhuleni Metropolitan Municipality.

