

# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **GRANTS-IN-AID POLICY**

## **TABLE OF CONTENT**

1. Preamble
2. Definitions
3. Statutory Provisions and Compliance
  - 3.1 Procedural and Regulatory Oversight – First Screening for Sub-councils and Line Departments
  - 3.2 The Grants-in-Aid Committee
  - 3.3 Self-regulatory Process
  - 3.4 Constitutional Powers and Functions, Implementation, Protocols and Economic and Social Development Criteria
  - 3.5 Arts and Culture Implementation Protocol
  - 3.6 Economic and Social Development Criteria
  - 3.7 VAT and SCM 9
4. Organizations or Bodies making Application for Grants-in-Aid in terms of this Policy – Qualifying Criteria
5. Projects and Expenditure that cannot be funded by means of a grants-in-aid allocated in terms of this Policy
6. Other Requirements
7. Utilization of grants-in-aid – control, monitoring, reporting and recovery of grants-in-aid funds and assets
  - 7.1 Reports to the Committee
  - 7.2 Reports to Portfolio Committees, Sub-councils, MAYCO and Council
  - 7.3 Auditor General's Office

1. **PREAMBLE:**

The Central Karoo District Municipality (“the CKDM”), apart from entering into commercial and other business transactions or specific delivery agreements with organizations or bodies outside any sphere of government to deliver goods and services within its area of jurisdiction, also makes grants-in-aid to such organizations or bodies to fund projects that benefit the community and, in partnership with the CKDM, also utilize grants-in-aid to carry out projects that assist the CKDM in realizing its goals and objectives as set out in its IDP and strategies to be an opportunity, a safe, a caring, an inclusive and a well-run CKDM.

The projects and/or programs supported by these grants-in-aid assist the CKDM in:-

- Addressing the social developmental and early childhood developmental needs of communities as set out in the Social Development and Early Childhood Developmental Implementation Protocol;
- Building and growing arts and culture within communities and involving youth in Arts and Culture programs as set out in the Arts and Culture Implementation Protocol;
- Driving Economic and Social Development within its area of jurisdiction in terms of its Economic Growth Strategy (“EGS”) and Social Development Strategy (“SDS”) through application of the respective criteria as detailed in;
- Promoting sports and recreation and the utilization of local sports facilities
- Fighting crime to ensure the safety and security of its citizens by supporting the establishment of neighborhood watch services within communities; and
- Pursuing its mandates and responsibilities relating to existing health situations in terms of the Health Act.

The Grants-in-aid Policy (“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 any organization 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 and/or procedures; that grants-in-aid funds received by any beneficiary are only utilized for the purposes or for carrying out the project or program as per the Business and Project Plan for which the funds were approved by means of the application of the proper monitoring, recording and reporting processes and/or procedures; service providers have the capacity and have agreed in terms of the Memorandum of Agreement (“MOA”) to implement effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; proper and effective political oversight by Councilors at the First Screening Process (“FSP”) when the initial administrative processes, in respect of grants-in-aid applications, are carried out; and, application of the principles associated with good corporate governance.

## 2. **DEFINITIONS:**

In this Policy unless the context indicates otherwise –

**“beneficiary”** means the target community or group that will benefit from a grants-in-aid funded project or program;

**“capacity building”** 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.

<b>“Commercial or other business transactions”</b>	means a contract or transaction entered into between the CKDM and an outside contractor or vendor in terms of the CKDM’s SCM Policy and Procedures for the supply of goods and/or services by the contractor or vendor;
<b>“disclosure and declaration of interests - Councilors”</b>	means disclosures and declarations by Councilors as required in terms of Sections 5 and 7 of Schedule 1 – (Code of Conduct for Councilors) of the Local Government: Municipal Systems Act, 32 of 2000 (MSA);
<b>“Early Childhood Development (“ECD”) Facility”</b>	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 WCG and be managed and maintained in terms of the Children’s Amendment Act, 41 of 2007;
<b>“Economic Growth Strategy”</b>	means a strategy that is aimed at coordinating and directing the work of the CKDM and its external partners towards the expansion of access to economic opportunities by growing the economy and creating jobs being core objectives of the CKDM’s strategic focus area of being an opportunity CKDM.
<b>“finance manager”</b>	means the official in a Directorate or Line Department who is responsible for the financial management and administration of his/her directorate or department;
<b>“grants-in-aid”</b>	means a grants-in-aid or allocation, as referred to in Section 17 (3) (j) (iv) of the MFMA, made by the CKDM to any organization or body referred to in Section 67(1) and to be utilized to assist the CKDM in fulfilling the

Constitutional mandates including social developmental and arts and culture programs as set out in the respective Implementation Protocol agreements with the WCG and the EGS and SDS criteria;

**“Grants-in-aid Committee”** means the committee established in terms of clause 2 of this Policy;

**“memorandum of agreement” (“MOA”)** means the agreement entered into between the CKDM and any organization or body which receives a grants-in-aid in terms of this Policy;

**“municipal account”** means the municipal services account rendered by the CKDM in respect of property rates, service and user charges for services rendered;

**“Non-governmental Organization (NGO)”** Means a non-governmental organization (NGO) that is a legally constituted non-profit organization 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 Organization (NPO)”** means a non-profit Organization (NPO) registered in terms of Section 13 of the NPO Act, 71 of 1997;

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

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

**3. STATUTORY PROVISIONS AND COMPLIANCE:**

**3.1 Procedural and Regulatory Oversight – First Screening for Sub-councils and Line Departments:**

Inter-services Liaison, shall, in conjunction with the relevant sub-council manager and ward councilors, carry out a FSP of all grants-in-aid applications received by the advertised closing date. The FSP shall be chaired by the sub-council manager. All ward councilors that allocate grants-in-aid shall attend the FSP. The presence of ward councilors provides the necessary political oversight during the FSP and ensures fairness, equity and transparency when grants-in-aid applications are being considered. ISL shall attend all FSP’s held by Line Departments. Grants-in-Aid allocation amounts are at the discretion of the Sub-council and not the officials. All revised Business and Project Plans must be re-submitted to Inter Services Liaison for review appertaining legal compliance.

## **3.2 The Grants-in-Aid Committee:**

- 3.2.1 Section 67 of the MFMA requires the CKDM to implement and sustain proper and effective controls and procedures when transferring funds of the CKDM to an organization 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).
- 3.2.2 This regulatory process will receive oversight from the Grants-in-aid Committee (“the Committee”). The members of the Committee shall be officials of the CKDM appointed by the CFO. The Committee will have a broad strategic representation by including officials from various functional areas in the CKDM as members and will be chaired by the CFO or his/her nominee.
- 3.2.3 The Committee will administer, co-ordinate and control the Second Screening Process (“SSP”) in respect of grants-in-aid applications recommended by line departments and sub-councils. The Committee must ensure that each of the recommended grants-in-aid complies with all the provisions contained in this Policy, the Constitution and relevant legislation, Implementation Protocol Agreements and other policies of the CKDM where applicable, especially the Supply Chain Management Policy. The Committee is mandated to either support or not support a recommendation received from a sub-council or a line department dependent upon the outcome of its assessment of the grants-in-aid proposal or recommendation.



### **3.3 Self-Regulatory Process:**

- 3.3.1 The self-regulatory process (“SRP”) must be used by a line department to submit grants-in-aid applications/proposals to the Committee for consideration at the SSP before submission of grants-in-aid reports to the relevant Portfolio Committee, MAYCO and Council for approval. In order for the Committee to concentrate on performing its regulatory and compliance mandates the full report including the SRP and the TAP must be submitted to the Committee;
- 3.3.2 This process only applies where a grants-in-aid is allocated in terms of this Policy. It therefore does not apply to any allocation of funds for projects and expenditure listed as exclusions under paragraphs 5.1 and 5.2 of this Policy, including funds allocated in terms of paragraph 3.7.3 when making use of the specific delivery agreement. These either represent projects or expenditure that, will not qualify for grants-in-aid funding under this Policy, or, are administered and regulated in terms of other specific policies and procedures that shall at least include similar monitoring requirements, controls and reports.

### **3.4 Constitutional Powers and Functions, Implementation, Protocols and Economic and Social Development Criteria:**

- 3.4.1 In terms of section 156 of the Constitution, the CKDM has executive authority in respect of and the right to administer the local government matters as listed in parts B of schedules 4 and 5 and any other matter assigned to it by national or provincial legislation reflects the project qualifying criteria utilized to assess compliance with these requirements and provisions.

3.4.2 Social Development and Early Childhood Developmental Implementation Protocol Agreement between the Western Cape Government and the CKDM for implementation of the Directorate's Social Development and Early Childhood Development programs.

3.4.3 This is an agreement entered into between the Western Cape Government and the CKDM in order for the CKDM, through its Social Development and Early Childhood Development Directorate, to address the social developmental needs of communities and for the purposes of executing projects and initiatives in alignment with the CKDM's IDP.

**3.5 Arts and Culture Implementation Protocol:**

This is an agreement entered into between the Western Cape Government via its Department of Cultural Affairs and Sport and the CKDM in order for the CKDM to build and grow arts and culture within communities and involving youth in Arts and Culture Programs and for the purposes of extending projects and initiatives in support of addressing the developmental needs of communities and individuals either in collaboration with each other or on their own.

**3.6 Economic and Social Development Criteria:**

These criteria are set out in the CKDM's EGS and SDS which are aimed at coordinating and directing the work of the CKDM and its external partners towards achieving the strategic goals of being an Opportunity, a Caring, an Inclusive, a Safe and a Well-run.

### **3.7 VAT and SCM 9:**

- 3.7.1 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 Organization which means any public benefit organization contemplated in paragraph (a) of the definition of "public benefit organization" 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 organizations/bodies that are VAT vendors can also be deemed a zero rated grants-in-aid, provided that the grants-in-aid paid to or 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 grants-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 CKDM's SAP Vendor Data Base which forms part of the SCM process.
- 3.7.2 The appointment of outside contractors to deliver goods and services that are normally performed and delivered by the CKDM's line departments should be undertaken by the line departments utilizing funds provided for the delivery of goods and services on their approved operating budgets. Line departments also utilize funds allocated and transferred by the various sub-councils, from their ward allocations, to the relevant line departments to appoint contractors to deliver goods and services. All appointments of contractors shall be made in terms of the CKDM's SCM Policy and procedures as applied and interpreted by the SCM Department and such appointments shall be regulated and managed as commercial or business transactions. A grants-in-aid allocated in terms of this Policy may not be utilized to fund such expenditure.

3.7.3 Line Departments may, apart from appointing contractors in terms of the SCM Policy, also utilize Specific Delivery Agreements entered into with certain service providers to carry out projects for the delivery of goods and services subject to sanction by the SCM department which must be consulted by the relevant line department's project manager and the Directorate's finance manager. Such projects or deliverables are funded directly by the respective departments utilizing their approved budget and not by means of a grants-in-aid allocated in terms of this Policy. The goods and services provided should be of such a nature that they can only be effectively delivered by a specialist organization. Line Departments utilizing this delivery model shall be identified under paragraph 5.2 below confirming that these transfers of funds are not Grants-in-aid allocated in terms of this Policy.

**4. ORGANIZATIONS OR BODIES MAKING APPLICATION FOR GRANTS-IN-AID FUNDING IN TERMS OF THIS POLICY – SPECIFIC QUALIFYING CRITERIA:**

Applicants, who apply for grants-in-aid in terms of this Policy in order to carry out projects and/or programs that meet the project qualifying criteria, shall either be one or more of the following:

- 4.1 a public benefit organization ("PBO") which is a non-profit company ("NPC") incorporated in terms of Schedule 1 of the Companies Act, 71 of 2008 or 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 organizations in sections 30(1) and 30(3) of the Income Tax Act, 58 of 1962 as amended; or
- 4.2 a NPO registered as such in terms of section 13 of the Non-Profit Organizations Act, 71 of 1997; or
- 4.3 an ECD site or child care and development facility such as a crèche, day care or educare centre with the principal object being early childhood

development for children aged 0 – 6 years and that is duly registered with the Department of Social Services of the WCG as a place of care in terms of the Children's Amendment Act, 41 of 2007; or

- 4.4 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 and provided the grants-in-aid is to be used for the promotion of sport and utilization of local sports facilities by the aged or to acquire recreational material or to promote arts and culture among the aged, or to acquire special frail care equipment to improve mobility of the aged, or where the old age home and the senior citizen groups utilize grants-in-aid funding to provide a service to the community in respect of skills development, poverty alleviation or other projects or programs that qualify for grants-in-aid funding in terms of this Policy; or
- 4.5 any religious body, institution or association of a public character registered as a PBO in terms of section 30 of the Income Tax Act, 58 of 1962 as amended and performing public benefit activities or carrying out community based projects or programs aligned to requirements of this Policy and thereby assisting the CKDM in pursuing its broader mandates especially with respect to social development; or,
- 4.6 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 grants-in-aid may only be allocated and used to provide and/or maintain their own sports facilities and/or acquire sports equipment in order to promote access to sporting activities and the utilization of local sports facilities thereby assisting the CKDM in pursuing its broader developmental and municipal health mandates in respect of the youth; or,

- 4.7 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 as referred to under paragraph 5.1.18, which actively promotes the utilization and provision of sport facilities, and the repairs and maintenance thereof and/or provides sports equipment to be utilized by participants on a non-professional basis as a past time and thereby assisting the CKDM in pursuing its broader mandates in terms of promoting community and municipal health provided that access to and utilization of the facilities of such an organization and the activities carried out by that organization is for the benefit, of, or is widely accessible to, the general public at large including any sector thereof (other than small and exclusive groups); or
- 4.8 any arts and culture associations or groups, heritage and history societies, theatre and dance groups, museums registered as PBO's or NPO's being properly constituted, voluntary organizations 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 utilization and provision of arts and culture facilities, and the repairs and maintenance thereof and/or provide arts spaces thereby assisting the CKDM in pursuing its broader mandates in terms of promoting community needs for arts and culture provided that membership of such an organization is not exclusive and the organization has a sustainability plan.

**5. PROJECTS, PROGRAMS AND EXPENDITURE THAT CANNOT BE FUNDED BY MEANS OF GRANTS-IN-AID ALLOCATED IN TERMS OF THIS POLICY:**

**5.1 The following, being either, projects, activities, programs or types of expenditure, will not qualify for grants-in-aid funding in terms of this Policy:**

- 5.1.1 bursaries of any kind; or
- 5.1.2 disaster management and relief; or
- 5.1.3 donation of assets, moveable or immovable; or
- 5.1.4 public functions, conferences and seminars of any kind; or
- 5.1.5 rewards and awards; or
- 5.1.6 sponsorships, of any kind, as defined in and regulated by other policies of the CKDM; or
- 5.1.7 luncheons, dinners, parties and functions of any kind; or,
- 5.1.8 sporting, entertainment, recreational, religious, cultural, exhibition, organizational or similar activities, hosted at a stadium, venue or along a route or within their respective precincts; or,
- 5.1.9 if not aligned to the priorities, strategies and objectives as set out in the CKDM's IDP; or,
- 5.1.10 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; or;
- 5.1.11 where only an individual will benefit; or,

- 5.1.12 which are to be carried out beyond the CKDM's area of jurisdiction unless a clear and compelling benefit to the CKDM and its residents can be demonstrated; or,
- 5.1.13 for the benefit of any particular political party, organization, group grouping or affiliation; or,
- 5.1.14 subsidization or funding of municipal rates, tariffs, service or user charges; or,
- 5.1.15 the funding of any expenditure relating to or associated with the operation of special rating areas established in terms of the MPRA; or,
- 5.1.16 funding any organization's or body's normal operational expenditure including employee costs or any expenditure required to establish an organization or to make it viable where employee costs are an integral part of project's management/implementation or operational costs except for projects undertaken by organizations which provide residential care to victims of abuse who are removed from their family units due to circumstances; or,
- 5.1.17 any commercial or other business transactions entered into between the CKDM and outside contractors or suppliers, in terms of the CKDM's SCM Policy for the supply of goods or services; or,
- 5.1.18 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 4.1.3 above or economic and social developmental projects and initiatives approved by Council in terms of the CKDM's EGS and SDS; or,
- 5.1.19 grants-in-aid to civic or ratepayers associations.



**5.2 This Policy does also not apply to the following which are either processed and regulated in terms of other polices of the CKDM 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 3.7.3 as utilized by certain Line Departments:-**

- 5.2.1 housing billing subsidies; or,
- 5.2.2 housing development subsidies; or,
- 5.2.3 indigent grants-in-aid and rates rebates; or;
- 5.2.4 inter-governmental grants-in-aid; or,
- 5.2.5 a grants-in-aid to other municipalities; or,
- 5.2.6 a grants-in-aid to other organs of state; or,
- 5.2.7 a grants-in-aid to municipal entities; or,
- 5.2.8 allocations by the Sports and Recreation Department, in terms of specific delivery agreements as provided for under paragraph 3.7.3 above to fund municipal delivery partnerships utilized to regulate the funding of “caretaker allocations”, municipal facility management committees and district sports councils and annual allocations to the Life Saving Western Province.
- 5.2.9 allocations in terms of environmental or heritage management and/or conservation specific delivery agreements as provided for under paragraph 3.7.3 above entered into by the Environmental Resource Management Department with other organs of state and non-governmental organizations which are registered NPO's or section 21

companies. The provisions for these allocations are made on the approved operating budget of that department under the relevant GL accounts and not 457100; or,

- 5.2.10 provision of capital infrastructure and the erection of buildings or the extension of or alterations to buildings on property either belonging to the CKDM or property belonging to the organization or body making application for a grant-in-aid in terms of this Policy or to property being leased by such organization and body from another party; or,
- 5.2.11 repairs and maintenance to Council owned facilities, buildings or properties utilized by organizations either in terms of a lease agreement with the CKDM, or hired at the applicable tariff in terms of its tariff policies; or
- 5.2.12 funds established and operated by the CKDM in terms of section 12 of the MFMA; or
- 5.2.13 events of any kind, including the marketing thereof, which include large sporting and major cultural events, concerts, shows and/or exhibitions and “indabas”; or
- 5.2.14 the promotion of tourism and/or destination marketing; or
- 5.2.15 allocations by the Economic Development Department 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 or transfers of funds are made in terms of specific delivery agreements, as provided for under paragraph 3.7.3 above, entered into between the beneficiary and the CKDM but exclude grants-in-aid that will be allocated under GL 457100 in terms of this Policy for creating an enabling

environment for Local Area Economic Development. These payments should therefore be allocated under GL 457200.

**6. OTHER REQUIREMENTS:**

6.1 Applications for grants-in-aid funding in terms of this Policy shall only be considered where organizations or bodies have responded to advertisements published in the local press except in those instances referred to in 6.2 below where such applications are processed and motivations or reasons must be given why no advert(s) were published. Adverts calling for applications for grants-in-aid, in terms of this Policy, may not be published unless they have first been signed off by the Strategic Policy Unit. A copy of the grants-in-aid advert must be forwarded to Inter-Services Liaison within two working days after date of publication. All applications must be delivered or posted to the offices of the Sub-council manager and no applications may be delivered to or be accepted by any Councilor. No late applications received in response to an advertisement may be considered and processed. All grants-in-aid applications received in response to the advertisement must be processed and be submitted to Council for consideration.

6.2 The CKDM may however consider grants-in-aid applications during a financial year, as and when these are received, and such applications shall also be processed in terms of this Policy. 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. All applications must be submitted by organizations or bodies using the standardized application form and business and project plan and need to include a valid Tax Clearance Certificate as well as an up to date municipal account with their application. The Tax Clearance Certificate 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. The CKDM reserves the right to fund an organization for two years or more in succession without creating any expectations as it is under no obligation to allocate Grants-in-aid. Notwithstanding the latter, all applications will be considered at Council's discretion.

- 6.3 The organization must also 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 CKDM's Revenue Department, in terms of the CKDM's Credit Control and Debt Collection Policy, before a grants-in-aid application can be fully processed. Sub-councils and Line Departments must verify all linked municipal accounts of such organizations.
- 6.4 The organization must also be up to date with any lease rental and services charges where it is leasing property from the CKDM before grants-in-aid shall be processed. No grants-in-aid funds shall be allocated to any organization if, apart from the need to comply with this Policy, it is precluded from carrying out the particular project, for which it requires grants-in-aid, on the property leased from the CKDM in terms of the lease agreement.
- 6.5 When there is a payment arrangement, Revenue: Debt Management monitors and takes appropriate action when there is a default on arrangements. Debt management is unaware of the benefit linked to the agreed arrangement, therefore the sub-council and finance or project manager must monitor payments in order to ensure adherence to the MOA and the payment arrangement. The sub-council and finance or project manager may communicate with Revenue: Debt Management to verify the information and to confirm the status of the arrangement.
- 6.6 The owner of a property that is leased to an organization applying for a grants-in-aid must be up to date with his/her municipal account before the grants-in-aid can be processed. The organization should also ascertain from the CKDM that it may, in terms of other relevant legislation and policies, utilize the property for the purpose for which it requires the grants-in-aid. The lease agreement with the lessor must also be taken into account in order to ensure the CKDM's funds are not paid over at risk should the lease agreement in any way serve to curtail an organization's ability to perform specifically as stipulated in the MOA entered into with the CKDM when accessing the grants-in-aid.

- 6.7 The CKDM is legally empowered and, in terms of its Debt Management and Credit Control Policy, to recover any arrear rates on the property by laying claim to the rental being paid by the organization to the owner. It may also cut off the electricity to the property and curtail the water supply to the property by utilizing various water demand management devices if the owner does not bring his/her municipal account up to date.
- 6.8 The minimum amount of any grants-in-aid allocation shall not be less than R15 000 per approved project or program in a particular financial year.
- 6.9 A copy of the latest audited, annual financial statements of the organization where the grants-in-aid amount applied for exceeds R50 000. Where the amount of the grants-in-aid being applied for is R50 000 or less, the organization 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 or other relevant official or member of the organization together with a copy of the minutes of the relevant AGM. Council reserves the right to call for audited financial statements of organizations irrespective of the amount of Grant-In-Aid applied for.
- 6.10 A grants-in-aid shall only be paid over to an organization after all of the above has been complied with, Council has approved the grants-in-aid and the MOA has been signed.
- 6.11 Approved grants-in-aid 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 grants-in-aid, by way of progress payments, must be arranged, in advance, with the Expenditure Department (Accounts Payable), by the sub-council or project manager. The full amount of the approved grants-in-aid must be disbursed in the financial year that co-incides with the relevant approved budgets.
- 6.12 Unexpended grants-in-aid funds, as reflected on the operating budgets of sub-councils and line departments, in any financial year, may not be carried over into any ensuing financial year.

- 6.13 All organizations or bodies making application for grants-in-aid must register as vendors on the CKDM's SAP Vendor Data Base in terms of the CKDM'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.
- 6.14 The organization or body shall commence the project within 2 (two) months after the grants-in-aid funds are deposited into its bank account by EFT and to finalize the project within six months in the new Financial Year, failing, which all such grants-in-aid funds must immediately be refunded to the CKDM 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 grants-in-aid, together with any accrued interest, shall be immediately repaid to the CKDM. Should this not occur within 30 calendar days of the organization receiving a written notice from the CKDM, the sub-council or project manager shall refer the matter, together with all the relevant details as in terms of the Recovery Process per the Standing Operating Procedures. Sub-councils and Line Departments should advertise earlier to identify valid recipients in order to pay over the grants-in-aid funding as soon as possible.
- 6.15 The CKDM may consider granting extension to the beneficiary if it is unable to commence the project within the 2 (two) months after receipt of the grants-in-aid funds as required in terms of paragraph 6.13 but such extension shall only be considered in the event of exceptional circumstances that were caused or created through no fault of the beneficiary who must submit a complete written motivation when requesting extension.

**7. UTILIZATION OF GRANTS-IN-AID – CONTROL, MONITORING, REPORTING AND RECOVERY OF GRANTS-IN-AID FUNDS AND ASSETS:**

**7.1 Reports to the Committee:**

- 7.1.1 Inter-Services Liaison shall prepare monthly status reports on grants-in-aid made by sub-councils. Such reports shall be submitted to the Committee and sub-council managers for information and/or action where relevant.
- 7.1.2 Monthly status reports in respect of line department grants-in-aid, allocated in terms of this Policy, shall be compiled by the relevant project and Directorate's finance manager and signed by the Director of the relevant Line Department and be submitted to the Inter-services Liaison for tabling at the Committee's meeting.
- 7.1.3 Beneficiaries shall comply with all reporting, financial management and auditing requirements as stipulated in the MOA;
- 7.1.4 Beneficiaries must implement effective, efficient and transparent financial management as well as internal control systems to guard against financial misconduct;
- 7.1.5 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 sub-council or project manager.

**7.2 Reports to Portfolio Committees, Sub-councils, MAYCO and Council:**

- 7.2.1 Recipients of grants-in-aid allocations must report to the sub-council or line department on a monthly basis regarding their expenditure. Sub-council and project managers shall submit quarterly reports, in terms of section 67(i) (a) (iii) to the Accounting Officer for information on the status

or progress of projects and programs and the targets and outputs of all projects carried out with grants-in-aid funding allocated in terms of this Policy or with funding allocated in terms of paragraph 3.7.3 above using specific delivery agreements.

- 7.2.2 On completion of such projects a final report shall be submitted by the sub-council manager to the relevant sub-council and the project manager shall compile the report and the directorate's financial 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 or targets, as originally submitted and as set out in the business and project plan, were effectively realized and achieved and that all the grants-in-aid funds were utilized. This final report will also confirm whether some of the grants-in-aid funds were not utilized by the organization and such unutilized amounts, together with any interest thereon, where applicable, shall be or have been recovered by the sub-council or project manager as provided for in clause 8.6 of the MOA.
- 7.2.3 Recipients of grants-in-aid allocations must provide details of all assets and inventory items acquired with grants-in-aid funds. The sub-council or project manager must keep an inventory record of such items and annually, for a period of 3 years, confirm in writing with the organization that the items are still being utilized by the organization for the purpose acquired; and,
- 7.2.4 Return to the CKDM any assets acquired with grants-in-aid funds upon dissolution of operations at Council's discretion. The relevant sub-council or project manager must account for these assets until written off in the formal disposal procedures of the CKDM in terms of paragraph 358 of the SCM policy.



**7.3 Auditor General's Office:**

7.3.1 Sub-council managers and project managers shall complete the Certificate to the Auditor-General template, and submit same to the office of the Auditor General's Office in terms of Section 67(4) (b) (ii) of the MFMA and a copy to ISL who will monitor compliance.

7.3.2 The above must be submitted to the office of the Auditor-General within 21 days after Council approval.