

<p>Item A-F (28-2019) CM 23/5/2019</p>	<p>REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP), MEDIUM - TERM REVENUE AND EXPENDITURE FRAME WORK (MTREF), DEMAND MANAGEMENT PLAN AND BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): 2019/2020 TO 2021/2022</p>
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Resolved:

5. **That** to guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the policies as set out in the following Annexures of this document.

- Annexure D1** Medium-term Budget Policy Statement (reviewed)
- Annexure D2** Pricing Policy Statement (reviewed)
- Annexure D3** Property Rates Policy (reviewed)
- Annexure D4** Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed)
- Annexure D5** Waste Management Services Tariff Policy (reviewed)
- Annexure D6** Consumer Deposit Policy (reviewed)
- Annexure D7** Indigent 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 (reviewed)
- Annexure D21** Allocation for Grants-in-Aid Policy (reviewed)
- Annexure D22** Assets Management Policy (new)

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POLICY FOR THE ALLOCATION OF GRANTS-IN-AID

1. INTRODUCTION

Section 67 transfers or Grants is the allocation of funds from the Municipality's approved operating budget to organisations or bodies outside the sphere of government. These allocations are gratuitous transfers by the Municipality to the Grantee organisation 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, or could involve substantial allocations aimed at inter alia promoting local tourism, destination marketing, creating job opportunities, economic development and sporting events.

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

“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 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 (NGO)** means a non-governmental organisation (NGO) that is a legally constituted non-profit organisation 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 organisation 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 organisations could 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 organisations [NGOs], community-based organisations [CBOs] and non-profit organisations [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. The IDP represents the Ekurhuleni Community's needs and **MUST** be the guiding factor in developing these partnerships;
- 3.2 It complement the goals, objectives, programmes and actions of Council's IDP in order to create a sustainable, credible and caring town by empowering and building communities and enhancing growth and sharing through partnerships;
- 3.1 It improves the opportunity for Council to elicit the support of external organisations to deliver on those services to communities which fall within the Council's area of responsibility in a way which allows the town 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 / organisations / associations / bodies to achieve the objectives of the municipality's Business Plan based on pre-determined priorities and specific focus areas of a financial year, 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.

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 for in the following Sections of **the Act**.

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 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.

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
	Individuals; 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 individual, groups and communities. The pillar looks at community education and prevention of ... of problems. It focuses on information, education and communication of social ills process to manager. 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 emphasize development of more social networks and advice centers.

Advocacy The third pillar looks at advocacy, this focal area is right 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 disadvantage. The pillar articulates the realization of Economic, Social and Culture rights, focusing, 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 promotes 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 harness the effect of various intervention through all pillars. It focuses on knowledge, which include research within the Health and Social Development field to monitor and evaluate programmes presented, development of new knowledge for new service as new social ill emerge allowing departmental intervention's relevance.

The Social Policy pillars talks to relevance and appropriateness of interventions and policy outlook. It talks to the use of current numbers to planning and development. This pillars 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 focuses 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

5.3 ECONOMIC DEVELOPMENT DEPARTMENT

GRANTS-IN-AID FOCUS AREAS AND SELECTION CRITERIA:

FOCUS AREA	PRIORITY AREAS FOR FINANCIAL ASSISTANCE
Construction	Seed funding for operation
	Equipment's and assets
	Youth & Women owned
	People with disabilities
Manufacturing	Seed funding
	Equipment & assets
	Stock and inventory (inputs for manufacturing)
	Plant
Retail	Trading equipment
	Stock
	Equipment's and assets
	Transport for logistic purposes (deliveries)
ICT / Digital industry	Fibre projects
	Software and hardware
	Digital spares
	Programming licenses
Green Economy	Energy saving equipment's
	Recycling equipment's
	Required assets and plants
Agriculture	Agricultural implements
	Seedlings, manure, pest control and Vaccines
	Cooperatives and SMME's
	Women and Youth owned
	Hydroponics
	Irrigation
Fleet	Plant
	Equipment
	Commercial Vehicles (trailers, etc.)
	Civil Related Plant and Equipment
	Vehicles fitted with Specialised Equipment's

The following allocation principles will be applied by the department of Economic Development:

- (i) S.M.A.R.T (Specific, Measurable, Achievable, Relevant, Time-bound);
- (ii) Applications will be assessed on Return on Investment (RoI) on funds allocated e.g. Job creation, skills development, enterprise development, local production, geographic allocation, industry sector etc.;
- (iii) GEYODI elements (Gender, Youth and Disability) to ensure inclusiveness and social cohesion.

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Furthermore, the department evaluates applications against the focus areas as listed below:

Focus Area	Targeted Beneficiaries
Increase number of job opportunities	SMMEs
Strengthening the capacity of enterprises through modernization and technological advancement	SMMEs Co-operatives
Increase the number of sustainable enterprises participating in business incubation	Incubation/Mentorship Programmes
Revitalization of the manufacturing sector	SMMEs
Accelerate transformation of the tourism sector	Tourism Product Owners
Increase the number of business tourists visiting Ekurhuleni per annum	Tourism associates

Points scoring process derived as a tie breaking measure for all eligible applicants:

Business Case: Based on the strength of the business case or the combination of any of the following:

- (a) Business Plan and Profile
- (b) Existing Business
- (c) Operational processes
- (d) Required Grant recapitalise business
- (e) Required Grant benefit immediate community

Return on investment: based on the combination of any of the following:

- (a) Increase employment
- (b) Increase asset base
- (c) Increase turnover
- (d) Involve poor
- (e) Involve youth/Women and People Living with Disabilities (PWDs)

Local production: the applicants must be based within the boundaries of Ekurhuleni.

Priority sector bonus point: Applicants will be allocated bonus points for participating in the priority sectors, plus an additional point based on the combination of the following elements:

Point	Element
1	Sector
1	Skills development
1	Mentorship
1	City imperative services
1	Job creation

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 and 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 subjected to the following cooling-off period(s) before they can be eligible to apply for a Grant-in-Aid again;
 - (i) 3 years: Economic Development Department.
 - (ii) 1 year: Sports, Heritage, Recreation, Arts & Culture and, Social Development Departments.
- (h) The submission of a fully completed application form is a prerequisite for consideration for the allocation of funding;
- (i) All applications in excess of R100 000.00 (<One Hundred Thousand Rand), must submit their most recent audited financial statements. Applications for Grants less than R100 000.00 (>One hundred Thousand Rand) must submit certified financial statements) and, a budget for the ensuing financial year; and,
- (j) All applications in excess of R100 000.00 (one hundred thousand Rand) must submit their most recent audited financial statements. Applications for relatively small Grants less than R100 000.00 (one hundred thousand Rand) must submit certified Bank statements) and, a budget for the ensuing financial year; and,
- (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 (staggered) will be made to ALL Grant beneficiaries to ensure the retention of control by Council where a beneficiary default in fulfilling the obligations in

terms of the signed MOA (not complying to the terms), by withholding further payments (e.g. no expenditure report on the project impact have been submitted).

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 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 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 organisation), 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 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 organisation / body and the intended service is to be rendered, etc.)
- (l) All applications shall first be considered by the relevant allocating Department on the

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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 is accordingly 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:
 - i. monthly progress reports on how the Grant was spent, subject to the proviso that:
 - ii. 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.
 - iii. 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, quarterly. Failure to submit progress reports / applying the Grant for a purpose different from the one its allocated 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 outstanding expenditure report on a previously allocated Grant will automatically disqualify such applicant for consideration for a Grant-in-aid;
- (o) Application of cooling-off period(s): An organisation/body receiving a Grant in a particular financial year can only re-apply for a Grant-in-Aid as follows:
 - (i) 3 years: Economic Development Department.
 - (ii) 1 year: Sports, Heritage, Recreation, Arts & Culture and, Social Development Departments.

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 are automatically disqualified from any future Grant-in-aid until such time that the applicant's municipal services account is properly managed (*prior arrangement made with Finance to pay off arrears less than R5000.00*);
- (c) Where projects fall outside the Municipal boundaries, unless the project benefits the Ekurhuleni community or a specific group within the Municipal boundaries;
- (d) Where only one individual will benefit from the funded project (unless proof of job-creation and community benefit / impact is attached to the close-up report).
- (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 organisation that cannot account for the expenditure of a previously awarded Grant-in-Aid;
- (g) Where an applicant seeks to establish a new organisation;
- (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 (rates & Taxes);

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- (j) Funding for a bursary or other related activities / reasons / resources. [Bursaries to individuals are dealt with in accordance with the Council's Bursary Policy];
- (k) For the purposes of disaster relief;
- (l) Indigent Grants;
- (m) Housing development subsidies;
- (n) Originations/Bodies receiving any other financial assistance offered by CoE;
- (o) Donation of assets, moveable or immovable;
- (p) Rewards and Awards;
- (q) Conditional Grants received by the Municipality, which are in turn awarded to outside organizations to perform the service function;
- (r) Inter-governmental Grants;
- (s) Political organisations and Civic Organisation, Rate Payers' Association or for any religious purposes;
- (t) Where expenses have already been incurred;
- (u) Subsidies for municipal rates/housing billing subsidies;
- (v) No Grant-in-aid award to an organisation that cannot account for the expenditure of a previous Grant-in-aid within the prescribed period;
- (w) No subsequent requests for Grants-in-aid are to cover unauthorised overspending on projects;
- (x) Where the application does not meet with the priorities, strategies and objectives set out in the IDP of the Municipality;
- (y) Funds to support transportation costs, salaries and other overhead costs, *and*,
- (z) No grant will be allocated under this Policy, to an organisation / 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 or other gain.

6.4 Specific Conditions:

Crèches and Soup Kitchens:

- (a) Must be affiliated with a Non-Profit Organisation (NPO) for service delivery;
- (b) Must be registered with the Department of Social Development.

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.

Advertisement 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 organisations that have received Grants in the 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 organisation 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 Organisation 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.

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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) Individual applicants to assert / attach proof how the funded project will contribute towards job-creation and/or community benefit.
- (i) That applicants have demonstrated cost-effective measures and ability to execute project successfully, achieve clearly defined outputs or outcomes and the ability to manage funds effectively;
- (j) That the applicants have agreed to:
 - (i) Report monthly to the Accounting Officer on actual expenditure;
 - (ii) Submit audited 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 Committee of the line Department will make recommendations to the Council. 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 declined, they must be provided with reasons within two weeks of the decision to decline.
- (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 such 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 must 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 organisations. 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 Grants-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**.

- It was noted the Corporate and Legal department does not have clear milestones and deliverable in place to measure planning processes until the implementation of the Project. (GiA Framework endorsed by the GiA Committee).

9. AGREEMENT

- Before any funds are transferred to an organisation / 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 PROCESS

- **Legal Compliance:** Each Committee member/Official involved in the Grant-in-Aid scheme is required to sign a declaration of interest independence 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 of the Policy and the Act will be regarded as null and void. The municipality shall take steps to recover the money 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 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.

13. FRAMEWORK (Process-flow) FOR THE ALLOCATION OF THE GRANT-IN-AID

ADDENDUM

**CITY OF EKURHULENI
METROPOLITAN MUNICIPALITY**

Section 67 Funds Transfer (Grant-in-Aid) Process-flow

PURPOSE OF THIS TOOL

The purpose of the Process-flow is to chart the implementation process of the administration of Grant-in-Aid scheme of the City of Ekurhuleni, as well as the **allocation of Grants** to beneficiaries **by the Mayoral Committee**.

