

MAYOR'S SPECIAL FUND IN TERMS OF SECTION 12 OF MFMA

BITOU MUNICIPALITY



**POLICY FOR
THE MAYOR'S SPECIAL FUND
IN TERMS OF SECTION 12
OF THE MFMA**

MAYOR'S SPECIAL FUND IN TERMS OF SECTION 12 OF MFMA

1. PURPOSE

The Mayor receives regular request for grants, donations and financial assistance. A special fund has been created by Bitou Municipality and subject to the guidelines set out below, the Executive Mayor is authorized to decide on the use of the Fund for grants to such exceptional beneficiaries. ***(According to MFMA Chapter 7 Section: 52 The Mayor of the Municipality (a) Must provide general political guidance over the fiscal and financial affairs of the Municipality and Section: 53 The Mayor of the Municipality must (a) Provide general political guidance over the budget and the priorities that must guide the preparation of the budget)***

2. FUNCTIONS

- 2.1 The Mayor's special fund should improve the opportunity for the Municipality to elicit the support of external organization to deliver those services to communities which fall within the Municipality's geographical area of jurisdiction in a way that allows the Municipality to increase an enabling environment for community development.
- 2.2 The Mayors special fund should provide an enabling environment for external organizations to perform and enter into meaningful partnerships with the Municipality to meet the objectives of community development and to assist victims.
- 2.3 The Mayors Special fund should not duplicate operations already provided in Council or within the jurisdiction of the Municipality.

3. LEGAL REQUIREMENTS

- 3.1 The Mayor's Special Fund must comply with the Local Government: Municipal Finance Management Act (56/2003) in General and Section 12 specifically which permits the establishment of a "relief, charitable, trust or other fund" in the name of Bitou.
- 3.2 Bitou Municipality may open a separate bank account and any money received for the purpose of the fund must be paid into the fund.
- 3.3 Money paid into the separate bank account may be withdrawn from the account without appropriation in terms of a Council approved budget, but only by or on the written authority of the accounting officer acting in accordance with the decisions of the council and for the purpose the fund was established for.

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4. CRITERIA

4.1 General Guidelines

The following guidelines shall apply upon application:

- 4.1.1 Funding of applications will be considered on an individual basis.
- 4.1.2 The Municipality reserves the right not to fund an Organization two years is succession.
- 4.1.3 The fund may be used for causes that will promote the profile of Bitou Municipality.
- 4.1.4 The fund may be used for cases of hardship which fall outside Bitou section 67 Grant in Aid Policy.
- 4.1.5 The fund may be used for emergency/disaster situations Where Bitou Municipality has no other provision to cater for the event.
- 4.1.6 The fund may be used for the specific use and conditions as may be set out by a donor to the fund.
- 4.1.7 Funding will not be considered in the following instances:
 - a) Applicants are required to disclose other sources of funding but fail or refuse to.
 - b) Where in the municipality's opinion, an organization receives sufficient funds from other sources to sustain its activities or the project applied for. For this purpose, organizations must submit financial statements and a budget for the ensuing financial year. Each case will be judged on merit and newly found organizations or small organizations will be exempted from this requirement.
 - c) For political or rate payers organizations/groupings
 - d) Projects outside the boundaries of the Municipality and/or
 - e) Appropriations may not benefit any member of the Council or a family or relative of any member of the council.
 - f) Grants may not be paid directly to any individual.
 - g) Grants may not be used for travelling expenses or accommodation for choirs, sports teams etc.
 - h) Grants should not be used in conjunction with other Bitou Municipality funding for grants.
- 4.1.8 The type of expenses to be funded is left to the discretion of the Executive Mayor in consultation with the Mayoral Committee. Such discretion must be exercised with due consideration to the provisions and particularly Section 12 of the Municipal Finance Management Act; Nr. 56 of 2003 (MFMA), which determines as follows:

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“Relief, charitable, trust or other funds

12. (1) No political structure or office-bearer of a municipality may set up a relief, charitable, trust or other fund of whatever description except in the name of the Municipality. Only the municipal Manager may be the accounting officer of any such fund.

(2) A Municipality may in terms of section 7 open a separate bank account in the name of the municipality for the purpose of a relief, charitable, trust or other fund.

(3) Money received by the Municipality for the purpose of a relief, charitable, trust or other fund must be paid into bank of the municipality, or if a separate bank account has been opened in terms of an subsection (2), into that account.

(4) Money in a separate account opened in terms of subsection (2) may be withdrawn from the account without appropriation in terms of an approved budget, but only-

- a) By or on the written authority of the accounting officer acting in accordance with decisions of the municipal council, and*
- b) For the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated”*

4.1.9 Subsequent requests from applicants to cover overspending on projects will not be considered.

4.2 CONDITIONS

4.2.1 First screening

- a) Applicants are required to be registered as non-profit organizations in terms of section 13 of the Non-profit organization Act, 1997. This requirement will not be applicable where the annual allocation is R60 000 or less.**
- b) Voluntary Association must also be considered.
- c) The focus area of a project/organization must enhance the strategic priorities of the Municipality.
- d) The organization must be registered on the Bitou Local Municipality Vendor Data Base.

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4.2.2 Second screening

- a) Applicants are required to demonstrate/substantiate the suitability, socio-economic upliftment component and impact of their projects plans/programmes with affected communities. The accessibility of such projects/programmes to the broader community must also be demonstrated.

When called upon by the Municipality successful applicants will be required to submit development business and programs in respect of their projects/programmes. The degree of self-reliance shown in the execution of projects/programmes is also a requirement.

- b) Applicants in their submissions are required to satisfy the Municipality of the cost-effectiveness of their projects and their ability to execute such projects successfully.
- c) Applicants must demonstrate the ability to manage funds effectively and be able to substantiate the financial viability of their projects/programmes. Applicants must satisfy the Municipality that they will be able to comply with any agreement with the Municipality
- Implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and
 - Has in respect of previous similar transfers complied with all the requirements of section 12 of the MFMA
- d) Grants allocated are exclusively to be utilized for the purposes defined in the agreement reached with successful applicants, which agreement must comply with the relevant sections of the MFMA.
- e) Successful applicants are required to acknowledge the Municipality as a sponsor in their funding record as well as any public record of grants/donations received.

4.3 Categories Eligible for Mayor's Special Fund

The categories are the discretion of the Executive Mayor.

The categories include but **not** limited to:

Health

Projects/programmes include the following but are **not** limited to:

- Public health interventions inclusive of TB, STDs and HIV/AIDS
- Preventable diseases of lifestyle eg. Drug and alcohol abuse, tobacco related illnesses
- The promotion and preventative services for infants, children and women.

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Social Development

The promotion of projects/programmes focusing especially on the needs of the most marginalized sectors in the Municipality.

- Poverty alleviation
- Urban renewal
- Capacity building of communities
- Youth development
- Women and gender development
- Early childhood development
- Street people programmes
- Facilitation of public participation processes
- Library services
- Arts and culture programmes
- People with disabilities

Sports and Recreation

To stimulate the development of sustainable Sport and Recreation programmes within the Municipality especially targeting disadvantaged communities; Encourage creativity and self-reliance on the part of grassroots sport and recreation bodies or groups; to increase participation in sport and recreation programmes and Activities.

- District sport and recreation clubs
- District sport and recreation councils or associations
- Informal sport and recreation groups
- Civic, community and non-governmental organizations

NB: Some NPO's which are not included will be assisted on the Executive Mayor's discretion.

5. Decision Making Procedure

Applications for the Mayor's Special Fund are submitted to the Executive Mayor who will allocate the funds.

6. Process for release of funds

- The Executive Mayor identifies an appropriate use and determines the amount as well as the beneficiary and forwards the request to the Municipal Manager.
- The Executive Mayor may impose conditions in respect of any grant made from the fund.

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- The Municipal Manager or his delegate must assess the request and determine whether it meets the Guidelines set out above as is required by Section 12(4) of the MFMA. If there is sufficient funds the Municipal Manager or his delegate will withdraw the amount from the Fund.

7. Reporting requirements

The Mayor must report to council on an annual basis in respect of the status of the Fund including amounts withdrawn, and the names of the beneficiaries. Any donations received must also be reported.

8. Donations to the Mayor's Special Fund

Any member of the public or organization may donate money to the Fund.

Bitou Municipality may actively canvass for donations to the Fund.

If a donor specifies conditions in respect of any donation, the donated amount may only be utilized in terms of those conditions.

The Executive Mayor may refuse any donation where the conditions attached are unacceptable to the Executive Mayor.

Bitou Municipality may appropriate to the Mayor's Special Fund from its annual budget.

9. Grant Limits

The Council may determine the maximum limit of any grant from time to time.