

# **BITOU LOCAL MUNICIPALITY**

## **GRANTS-IN-AID: DRAFT POLICY**

### **1. Purpose**

The purpose of the Grants-in-Aid Policy is to complement the goals, objectives, programmes and actions of the Bitou Local Municipality in order to create a sustainable, credible and caring municipality by empowering and building communities and enhancing growth and sharing through partnership.

### **2. Functions**

- 2.1 Grants-in-Aid should not duplicate operations already provided in Council or within the jurisdiction of Council.
- 2.2 Grants-in-Aid should improve the opportunity for Council to elicit the support of external organizations to deliver those services to communities which fall within the Council's area of responsibility in a way that allows the Municipality to create an enabling environment for community development.
- 2.3 Grants-in-Aid should provide an enabling environment for external organizations to perform and enter into meaningful partnerships with Council to meet the objectives of community development

### **3. Objectives**

- 3.1 To provide the opportunity of creating sustainable partnerships with outside agencies.
- 3.2 To provide the opportunity for developing creative methods of joint funding strategies with outside agencies such as matching funding of sponsorship partnerships to meet the objectives of community development.

### **4. Criteria**

#### **4.1 General Guidelines**

The following guidelines shall apply upon application:

- 4.1.1 Applications will be considered on an annual basis during the compilation of the annual budget.
- 4.1.2 Council reserves the right not to fund an Organization two years in succession.
- 4.1.3 Funding will not be considered in the following instances:
  - a) Where a project or organization is already receiving funds from Council in terms of Council's functions. Applicants are required to disclose other sources of funding.
  - b) Where, in Council'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 statements and a budget for the ensuing financial year.

- c) Where only an individual will benefit.
  - d) For political or ratepayers organizations/grouping.
  - e) Projects outside the boundaries of the BITOU LOCAL MUNICIPALITY and
  - f) Where expenses have already been incurred
- 4.1.4 Funding of projects and to organizations shall exclude travel costs, subsistence, accommodation, food or entertainment expenses of any kind, administrative staff salaries, capital costs, bursaries, payments in lieu of rates or other municipal charges.
- 4.1.5 Subsequent requests from applicants to cover overspending on projects will not be considered.
- 4.1.6 Where applications are turned down, written reasons for unsuccessful applicants will be furnished.

## **4.2 Conditions**

### **4.2.1 First Screening taking into consideration the General Guidelines listed above**

- 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 allocation is R10 000 or less.
- b) Registered Section 21 (not for gain) Companies in terms of the Companies Act, 1973 may also be considered for Grant-in-Aid assistance.
- c) The focus area of a project/organization must enhance the strategic priorities of the BITOU LOCAL MUNICIPALITY.
- d) Organizations having received funding from the BITOU LOCAL MUNICIPALITY during the previous financial year, are required to attach to any **new applications**, a copy of the Financial Statements relating to the year in which the funding was received from Council as required in terms of Section 17 of the Non-profit Organizations Act, 1997 and section 67(1) of the Municipal Finance Management Act 2003 (MFMA).

### **4.2.2 Second Screening**

- a) Applicants are required to demonstrate/substantiate the suitability, socio-economic upliftment component and impact of their projects/programmes with affected communities. The accessibility of such projects/programmes to the broader community must also be able to be demonstrated. When called upon by the BITOU LOCAL MUNICIPALITY, successful applicants will be required to submit development proposals and programmes 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 BITOU LOCAL 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.



- d) Applicants must satisfy Council that they will be able to comply with the following stipulations of the MFMA:
- 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 to the accounting officer promptly.
      - 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 this section.
- e) Grants allocated are exclusively to be utilized for the purposes defined in the agreement reached with successful applicants. Such agreement to comply with the relevant sections of the MFMA.
- f) Successful applicants are required to submit monthly review/progress reports to the BITOU LOCAL MUNICIPALITY in terms of section 67(1) (a) (iii) of the Municipal Finance Management Act, 56 of 2003. Payment or part payment of grants may be allocated based on project review/progress.
- g) Successful applicants are required to acknowledge the BITOU LOCAL MUNICIPALITY as a sponsor in their funding record as well as any public record of grants/donations received.

# MEMORANDUM OF AGREEMENT

Entered into by and between

Bitou Local Municipality

Herein represented by \_\_\_\_\_ in his/her capacity  
as \_\_\_\_\_  
he/she being duly authorized thereto  
(hereinafter referred to as "the Municipality")  
AND

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Herein represented by \_\_\_\_\_ in his/her capacity as  
\_\_\_\_\_ he/she being duly authorized thereto  
(herein after referred to as "the Beneficiary")

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

**WHEREAS the Beneficiary** agrees to apply such allocated amount of money for the purposed of funding the programme as set out in the attached project/programme description and/or business plan attached as Annexure A, which project/programme description or business plan forms part of this agreement.

## NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. **The Municipality** shall effect payment of the sum of R \_\_\_\_\_ (..) to **the Beneficiary** in a lump sum or by instalments as follows:

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

2. **The Beneficiary** undertakes to provide **the Municipality** with details of a separate bank account opened at any registered bank within the Republic of South Africa within 7 (seven) days of the date of signing of this agreement in order to allow **the Municipality** to deposit the funds directly into such bank account
3. **The Beneficiary** herewith confirms that effective, efficient and transparent financial management and internal control systems are in place.
4. **The Beneficiary** will have provided **the Municipality** with a copy of its most recent financial statements, prior to the signing of this agreement, as part of **the Municipality's** assessment process.
5. **The Beneficiary** undertakes to appoint a registered accountant to prepare and audit its financial statement in respect of the financial years for which this agreement is or remains in force.
6. **The Beneficiary** herewith confirms and acknowledges **that the funds may only be** utilized for the purpose for which it was approved.
7. **The Beneficiary** must ensure that the funds earn **interest at competitive rates** until it can be utilized for the purpose for which it was approved.
8. Interest earned must be credited to the account opened in **terms of clause 2 and** may only be utilized for the benefit of the approved project.



9. The parties agree that in the event that the project **does not commence within 6 (six) months** after the funds were deposited into the **bank account of the Beneficiary**, all funds paid by the **Municipality** in respect of **this project/programme** must immediately be refunded to the **Municipality**, with all interest accrued.
10. The Parties agree that, on completion of the project/programme, any unutilized funds and interest earned thereon will be paid back to the **Municipality** within one month or on a date as determined by the **Municipality**.
11. **The Beneficiary** undertakes to retain all expenditure vouchers, including cashed cheques, indicating the project number, etc, for audit purposes.
12. **The Beneficiary** undertakes to submit to the **Municipality** monthly reports reflecting expenditure incurred against the funds deposited. The **Municipality** retains the right to request more frequent expenditure reports if deemed necessary.
13. Audited financial statements, which disclose the total allocation of funds from the **Municipality**, total interest earned and total expenditure, must be forwarded to the **Municipality** within three months of the end of the **Beneficiary's** financial year in respect of the financial years for which this agreement is or remains in force.
14. **The Beneficiary**, on completion of the project, must submit a comprehensive report, prepared by its Director, Chief Executive Officer or other most senior member of its management team, as the case may be, pertaining to the project funds allocated and which refers to:
  - the functions and objectives of the **Beneficiary** organization provided for by law or in terms of this agreement
  - the extent to which the **Beneficiary** achieved the objectives for which the funds have been provided; and
  - any other appropriate performance information regarding the economical, effective, efficient and appropriate utilization of the funds.
15. **The Municipality** has the right to withhold any funds payable to the **Beneficiary** in terms of this agreement, until all reports referred to in clause 12 have been received.
16. In the event that the **Beneficiary** does not comply with any or all of the conditions as set out in this agreement, the **Municipality** shall be entitled to immediately and without notice cancel this agreement and claim back all the funds allocated together with interest accrued, and to stop all future payment/s with regard to the project/programme of the **Beneficiary**, without detriment to any other remedy which may be available to it in law.
17. Each of the parties chooses its domicilium citandi et executandi for the purposes of the giving of any notice, the serving of any legal process and for any purposes arising from this Agreement at their respective addresses set forth hereunder:

**The Beneficiary:** \_\_\_\_\_

**The Municipality:** \_\_\_\_\_

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

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

Any party shall be entitled by notice in writing to the other, to change its domicile to any other address within the Republic of South Africa, provided that the change shall become effective only fourteen (14) working days after the service of the notice in question;

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

18. This agreement constitutes the entire agreement between the parties regarding the subject matter hereof. No agreements, guarantees or representations, whether verbal or in writing, have been concluded, issued or made upon which neither party is relying in concluding this Agreement, save to the extent set out herein.
19. No variation of, or addition or agreed cancellation to this Agreement shall be of any force or effect unless it is reduced to writing and signed by or on behalf of the parties.
20. If any of the clauses of this agreement or Annexure thereto are found to be invalid or not binding on the parties, such finding will not affect the validity of this agreement and the parties agree to be bound by the other provisions of the agreement.

SIGNED AT \_\_\_\_\_ ON THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2007

1. \_\_\_\_\_  
WITNESS  
(Name in capital letters)

\_\_\_\_\_  
THE MUNICIPALITY  
Duly represented by \_\_\_\_\_  
In his/her capacity as \_\_\_\_\_

2. \_\_\_\_\_  
WITNESS  
(Name in capital letters)

SIGNED AT \_\_\_\_\_ ON THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2007

1. \_\_\_\_\_  
WITNESS  
(Name in capital letters)

\_\_\_\_\_  
THE BENEFICIARY  
Duly represented by \_\_\_\_\_  
In his/her capacity as \_\_\_\_\_

2. \_\_\_\_\_  
WITNESS  
(Name in capital letters)