LANGEBERG
MUNISIPALITEIT MUNICIPALITY MASIPALA

ASHTON. ROBERTSON. MONTAGU. BONNIEVALE. MCGREGOR

MUNICIPALITY . UMASIPALA . MUNISIPALITEIT

APPLICATION FOR A GRANT-IN-AID

A	**DATE AND YEAR IN WHICH THE ORGANISATION WAS FOUNDED, INCLUDE BRIEF DESRIPTION OF BUSINESS OR ACTIVITIES OF ORGANISATION:** …… …… …… ……
B	**ADDRESS** **(I) Physical** **(ii) Postal** ……………………………………………….. …………………………………………………… ……………………………………………….. …………………………………………………… ……………………………………………….. …………………………………………………… **Contact details:** **Name: ………………………………** **Title/Position held: ……………………………………..** **Tel: ………………………………** **Fax: ……………………………** **E-mail: ………………………………..**
C	**INDICATE IN WHICH WARD THE ORGANISATION IS ACTIVE: WARD ………………….** Is the organisation a non-profit organisation? **Yes / No** If YES, registration number: ………………………………………………………………………………………………. Is funding required for a specific project? …………………………………………………………………………. If yes, attach details separately Budget amount for projects: …………………………………………………………………………………………… Duration of project…………………………………….. If no, is funding required for general support? **Yes / No** If yes, attach a copy of the organisation's overall budget

D	**CATEGORY:** **Please indicate in which of the following categories your application falls:** Health ☐ Environment ☐ Solid Waste (recycling projects) ☐ Social Development ☐ Sport and Recreation ☐ Other ☐
	NOTE: FOR MORE DETAIL, SEE ATTACHED GRANTS-IN-AID POLICY (GENERAL GUIDELINES AND CATEGORIES – PAGE 5) **Please indicate the specific type of project/programme, as per the Grants-in-Aid Policy (Compulsory):** …… …… …… ……

E	**THE FOLLOWING MUST ACCOMPANY THIS APPLICATION:**
	
	• A copy of the NPO Certificate.
	• A copy of the NPO Letter of Compliance**.**
	• A copy of the Organisation's Constitution.
	• A copy of the latest, audited financial statements **(**applicable to Nonprofit Organisations Act 71 of 1997 (NPO Act)).
	• A project/business plan for the upcoming financial year, including:
	  ➢ the project description and objectives;
	  ➢ the number of beneficiaries;
	  ➢ how the project supports the strategic objectives of Langeberg Municipality; and
	  ➢ the project's start and completion dates.
	• Information of the total cost of the project budget, including a breakdown of costs and of an outline of any contribution by fundraising and/or own contribution.
	• A list of all other sources of funding together with the assessments.
	• A summary of past achievements.
	• References independent of the applicant and its executive.
	
	(A copy of council's Grant-in-Aid Policy is available from any Municipal Office for easy reference)

F THE FOLLOWING SHALL APPLY:

1. The allocation of a grant-in-aid will only be considered if the application document has been completed and signed and is accompanied by the required and supporting document referred to therein.

2. An applicant who has been registered as "non-profit" organisation in terms of Section 13 of the Non-profit organisation Act, 1997 must submit the necessary proof there-of together with its application.

3. Applicants must in their submission clearly indicate / specify / and motivate what the funds will utilized for.

4. The grant-in-aid must be exclusive utilized for the purpose defined and the successful applicant must submit the necessary undertaking to this effect.

5. Applicants must in their submission satisfy the Council of their ability to execute the project successfully.

6. Organisations who have already received financial or other assistance from the Council during the previous financial year must specify this in their application.

7. No funding will be considered for political groupings, churches/ sectarian bodies or ratepayers organisations.

8. No funding will be considered where only an individual will benefit or where a member of council or an official of Langeberg Municipality will receive any financial or other gain.

9. Projects outside the boundaries of the Council will not be considered.

10. Subsequent request from applicants to cover overspending on projects will not be considered.

11. Successful applicants must at all times comply with the provisions of Section 67(1) of the Municipal Finance Management Act No. 56 of 2003 which *inter alia* stipulates that the organisation or body has to: -

    - Enter into a comply with a Memorandum of Agreement with the Municipal as well as with all reporting, financial management an auditing requirement as may be contained in such agreement. The Memorandum of agreement will be made available to successful applicants for completion.
    - Reporting monthly on the actual expenditure of the amount allocated to it.

12. The Council reserves the right not to give a grant-in-aid to any or all organisations applying for grants. Having been awarded a grant previously does not give an applicant the right to receive a grant again.

13. Funding will not be considered where in Council's opinion, an organisation is already receiving funds from Council in terms of Council's functions. Applications are required to disclose other sources of funding, failing which such applicant will be disqualified.

14. Funding will not be considered where in Council's opinion, an organisation received sufficient funds from other sources to sustain its activities or the project applied for. For this purpose, organisations must submit financial statement and budget for the ensuing financial year.

15. Organisation having received funding from Langeberg Municipality during the previous financial year, are required to attached to any new application, 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 Organisation Act, 1997 and Section 67(1) of the Municipal Finance Management Act, 2003 (MFMA).

16. Funding will not be considered where expenses have already been incurred on a project by the Applicant.

(The Council's Grants-in-Aid Policy must be consulted for the sake of completeness)

G	**UNDERTAKING:** I/We hereby verify that the information provided in this application is true and correct and the conditions applicable to the allocation of a grant-in-aid as set out above have been read, understood and will be compiled with. I/We also declare that the organisation implements effective and transparent financial management and internal control mechanisms to guard against fraud, theft and financial mismanagement and has in the past complied with requirements for similar transfers of funds. This done and signed at Langeberg Municipality on this ………. day of………………… 20……... _______________________________ **Chairperson/Authorized Representative** **Date**: ____________________________ _____________________________________ **Date:** ____________________________ **Secretary / Duly Authorized Signatory**

NATIONAL TREASURY

MFMA Circular No.131

Municipal Finance Management Act No. 56 of 2003

Section 67 of the MFMA: Funds Transferred by Municipalities to Organisations and Bodies Outside the Government

Contents

1. Purpose of Circular

The purpose of this Circular is to guide municipalities on the implementation of section 67 in the Municipal Finance Management Act 56 of 2003 (MFMA) relating to instances when municipalities transfer funds to organisations or bodies outside of government, i.e. non-governmental organisations (NGOs), which also includes nonprofit organisation (NPOs). This Circular includes an Annexure, which outlines examples of instances where municipalities must follow procurement processes instead of making a transfer payment as contemplated in terms of section 67 of the MFMA. Note that the provisions of section 67 of the MFMA are not applicable to municipal entities.

2. Background

Section 67 of the MFMA outlines a process which must be followed before transferring funds to NGOs in instances where such transfers are not for the actual supply of goods or services. **Where a municipality procures goods and services, even from an NGO, it must comply with the procurement processes as required in terms of section 217 of the Constitution, read with chapter 11 of the MFMA, the Municipal Supply Chain Management (SCM) Regulations and other applicable procurement prescripts, before appointing an NGO to provide goods and services to a municipality.** Section 67 of the MFMA should, therefore, not be used as a mechanism to bypass official public sector procurement legal prescripts as it only enables municipalities to make transfers to NGOs in instances other than through the normal course of providing municipal services.

A transfer within the context of section 67 of the MFMA refers to instances where a municipality does not buy any item or pay for goods or services, regardless of whether it is in furtherance of a municipal assigned or unassigned function. Section 67 of the MFMA provides a mechanism for municipalities to make transfers to organisations or bodies outside of government, such as nonprofit organisations (which include non-governmental organisations and community-based organisations), to enable them to support projects and programmes of these organisations.

Municipalities should prioritise budgeting for sufficient service delivery municipal mandates over budgeting for unassigned functions. Irrespective of whether a municipality is performing an assigned or unassigned function, section 217 of the Constitution will apply to any procurement of goods or services in relation to the performance of the assigned or unassigned function. Therefore, section 67 of the MFMA cannot be used to procure goods and services from NGOs for unassigned functions.

In budgeting for section 67 transfers, municipalities must always take cognisance of sections 62(1)(a) of the MFMA, which stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must, for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically. Service delivery must always be prioritised.

3. Council Policy

Municipalities should develop and approve a policy to transfer funds to NGOs in terms of section 67 of the MFMA to ensure transparency and accountability. This policy must govern how a municipality will provide financial assistance to NGOs. Below are some key elements that should be addressed in a section 67 transfer policy:

- **Purpose and objectives:** Clearly state the purpose, desired outcomes, and impacts that the funding aims to achieve.

- **Eligibility criteria:** Specify the eligibility requirements for potential recipients. These criteria may include jurisdiction, project alignment with funding priorities, and compliance with legal and financial standards.
- **Application process:** Outline the process for NGOs to apply for transfer funding. This should include details on the application form, submission deadlines, and required documentation associated with the application.
- **Selection criteria:** Describe the criteria and evaluation process used to assess transfer applications. Explain how applications will be scored and selected for transfer funding.
- **Funding amounts and duration:** Specify the minimum and maximum transfer amounts that can be awarded and the duration of funding support. Address any conditions or milestones that may affect funding levels.
- **Reporting and accountability:** Define the reporting requirements for transfer funding recipients. Explain how recipients will be held accountable for the spending of transferred funds. Outline the responsibilities of the municipality and the transfer funding recipients in ensuring compliance with the funding terms and conditions. Describe the monitoring processes to ensure funds are used appropriately.
- **Payment and disbursement:** Detail the method of disbursement. Specify how funds can be used. This may include budget categories, allowable expenses, and limitations on administrative costs.
- **Amendment and termination:** Address the circumstances under which a transfer agreement may be amended or terminated and the procedures for doing so.
- **Appeals and grievance procedures:** Establish a process for addressing disputes or grievances related to funding decisions or implementation, which should also include reference to a public process as part of the annual budget approval process.
- **Transparency and public information:** Discuss the level of transparency the municipality will maintain regarding funding decisions, recipients, and outcomes. Clarify how information about the transfer program will be communicated to potential applicants, stakeholders, and the public.
- **Legal and regulatory compliance:** Ensure that the policy aligns with all relevant laws, regulations, and guidelines governing grant-making activities.
- **Evaluation and review:** Specify how the section 67 policy will be periodically reviewed and updated to reflect changing needs, priorities, and best practices.
- **Conflict of interest:** Address conflict of interest guidelines for both the municipality's staff and transfer review committee members.

The municipality's section 67 transfer policy should align with its integrated development plan and legal requirements and be regularly reviewed and updated to meet evolving needs.

4. Meaning of "otherwise, than in Compliance with a Commercial or Other Business Transaction"

Section 67 of the MFMA makes reference to "otherwise than in compliance with a commercial or other business transaction". These terms have not been defined in the MFMA and should, therefore, be interpreted based on the ordinary meanings of the words within the context of the scope and purpose of section 67 of the MFMA, as well as the overarching principles in the MFMA. The word "commerce" in general, is defined as the exchange of goods and services between two or more persons and "commercial" generally means one is engaged in commerce. The general meaning of "business transaction" is the process of executing a transaction where goods and services are exchanged between two or more parties. Therefore, this section was never meant to be applied to procuring goods and services for the municipality's own benefit or even in the case where it is not for the municipality's own benefit.

In *Agribee Beef Fund (Pty) Ltd and Another v Eastern Cape Development Agency and Another* [2023] ZACC 6, the Court confirmed that section 217(1) of the Constitution applies to all public procurement, even if the organ of state is not the direct beneficiary of the goods or services. In line with the principle that section 217(1) is "not confined to instances of procurement of goods and services by an organ of state for its own benefit or use," any arrangement in which an organ of state procures goods and services, must be done in terms of section 217(1) of the Constitution.

5. Irregular Expenditure due to Incorrect Application of Section 67 of the MFMA

Chapter 11 of the MFMA, read together with Municipal Supply Chain Management Regulations apply to the procurement of goods and services. In the context of section 67 of the MFMA, where a municipality receives or is due to receive goods or services from an NGO, the payment for those goods or services cannot be made in terms of section 67 of the MFMA. For a transfer to be in line with section 67 of the MFMA, it must be truly unrequited for the municipality in form and in substance - i.e. the municipality should not receive or have not received any goods and services in exchange for the transfer to the NGO.

Therefore, municipalities must not circumvent the procurement processes by procuring goods and services from NGOs under the guise that section 67 of the MFMA is applicable. Where the municipality procures goods and services in terms of section 67 of the MFMA, instead of the applicable procurement processes, the expenditure incurred will be classified as irregular as defined in the MFMA. If a municipality pays an NGO without following procurement processes, this irregular expenditure must be referred to the Municipal Public Accounts Committee (MPAC) for investigation in terms of section 32(2)(b) of the MFMA. MPAC's recommendations must then be tabled at the next available council meeting. Municipalities must, therefore, identify and address transactions where section 67 was incorrectly applied, as required in section 32 of the MFMA.

6. Financial Misconduct, Financial Offence and Other Offences

The irregular expenditure incurred must also be referred to the municipality's disciplinary board for a financial misconduct investigation in line with section 171 of the MFMA, read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. If there is suspected fraud or the conduct of the officials also amounts to a financial offence in terms of section 173 of the MFMA, then the matter must also be reported to the South African Police Service for investigation. Municipalities must also take cognisance of section 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004, where there is suspicion of corruption involving an amount of more than R100,000.

7. The Requirement to Provide Audited Financial Statements

Section 67(1)(a)(iv) of the MFMA requires an NGO that will be receiving a transfer in terms of section 67 to submit its audited financial statements to the municipality. Given the various legal forms an NGO can take, not all NGOs are compelled to have audited financial statements. If the organisation is a nonprofit organisation, then the municipality may, subject to compliance with section 67(4) of the MFMA, enter into an agreement with the relevant organisation requiring that organisation to submit financial statements that comply with the requirements of the Nonprofit Organisations Act 71 of 1997 (NPO Act) instead of submitting audited financial statements as required by section 67(1)(a)(iv) of the MFMA. Note that the possible exemption from submitting audited financial statements is limited to NGOs serving the poor, as contemplated in and subject to section 67(4) of the MFMA.

8. General Budgeting Requirements of Section 67 Transfers

Section 67 of the MFMA read with section 17(3)(j)(iv) of the MFMA, requiring that an annual budget tabled under section 16(2) of the MFMA includes details of proposed allocations to NGOs. Consequently, the municipal council approves NGO transfers as part of the budget, contingent on affordability. The accounting officer, empowered by section 67 of the MFMA, implements these transfers according to the approved budget. Municipalities must ensure that the proposed NGO transfers are clearly indicated in the budget submission to the council, including names of NGOs intended to receive funds.

Municipalities should start the section 67 process by July of the preceding financial year, ensuring provisional NGO allocations are disclosed during consultations on the draft budget. The section 67 policy must state that NGO allocations are provisional and subject to public participation. If objections arise, NGOs must be given a chance to respond to objections, but if the municipality deems their response inadequate, no transfer should be made to an NGO.

9. NGOs Serving the Poor/ Indigent

NGOs serving the poor/ indigent are exempted from compliance with section 67(1)(a) of the MFMA as stated in section 67(4) of the MFMA, subject to the following:

- If the transfer does not exceed a prescribed limit;
- If the accounting officer takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and
- If the accounting officer certifies to the Auditor-General that compliance by that NGO with subsection (1)(a) is uneconomical or unreasonable.

Although section 67(4) of the MFMA might appear to fully exempt municipalities from section 67(1)(a), this exemption is limited and applies only to specific NGO agreement requirements. A funding agreement with the NGO remains necessary, and if compliance is relaxed, the accounting officer must certify in writing to the Auditor-General of South Africa (AGSA) why such compliance would be uneconomical or unreasonable. The certification contemplated in section 67(4) refers to at least a letter to the AGSA.

The minimum considerations that must be included in the AGSA certification are the following:

- The relevant factors behind the accounting officer's conclusion;
- Why compliance with section 67(1)(a) of the MFMA is deemed uneconomical or unreasonable; and
- The compensatory compliance measures the municipality will require from the NGO.

The accounting officer's conclusion must be justifiable, reasonable and fact-specific.

While section 67(4) does not prescribe a limit on the total transfer amount per year, municipalities must consider their budget constraints. Despite relaxed compliance requirements under section 67(1)(a), the accounting officer must ensure internal controls confirm that funds reach intended beneficiaries.

10. Section 67 Application Process Timeline

Transfers in terms of section 67 of the MFMA should be effected in terms of a budget-related policy, and should, therefore, follow a municipality's typical budget process. The following minimum steps are relevant to consider as part of a full-cycle section 67 transfer process.

Figure 1: Steps in a typical section 67 transfer full-cycle process:

Step 1:
- July: Assessment of prior financial year section 67 transfer payment performance of NGOs that received transfers.

Step 2:
- August: Based on the section 67 transfer performance assessment of the prior financial year, determine if any changes to a section 67 policy for the new upcoming financial year will be required, specifically focusing on if changes need to be made to the sub-allocation of section 67 budgeted funds as it relates to the different social programs of the municipality as indicated by the municipality's IDP.

Step 3:
- September: Compile call for proposals for section 67 transfers to NGOs, including dates for workshops to be held as part of the section 67 transfer application process based on the municipality's IDP objectives.

Step 4:
- September: Advertise call for section 67 transfer proposals for the new upcoming financial year following the normal advertisement protocols, including advertising the date(s) of any section 67 workshop that will be held with NGOs considering applying for section 67 transfers.

Step 5:
- October: Conduct a workshop with NGOs concerning the request for section 67 proposals related to the requirements of section 67 of the MFMA.

Step 6:
- October: Review the section 67 transfer proposals received to determine the NGOs that may qualify for section 67 transfers, who will be subjected to the public participation process.

Step 7:
- October: Review section 67 transfer policy and make proposals for any amendment to the policy, if so required.

Step 8:
- November: Based on the section 67 transfer proposals received and the proposed revised section 67 transfer policy, proposed the budgeted amounts for the next three financial years.

Step 9:
- March: Based on the draft of the new financial year budgeted figures, determine the provisional section 67 transfer amounts that will be paid to the identified NGOs, which will still be subjected to a public participation process.

Step 10:
- April: Advertise the list of preferred NGOs that are contemplated to receive section 67 transfers in the new financial year, with the draft budget documents that are advertised for public comments.

Step 11:
- April-May: As part of the draft budget public consultation, section 67 transfers to NGOs for the new financial year should be covered in the public budget consultation sessions.

Step 12:
- May: Review public comments received on the proposed section 67 transfers and provide an opportunity for NGOs that have received unfavourable comments to respond to the comments.

Step 13:
- June: Determine the final list of NGOs that will receive section 67 transfers based on the amounts of the new financial year's approved budget, including finalisation of the section 67 NGO agreements, after which the payments to the NGOs can commence from July.

11. Conclusion

The municipality's accounting officer must ensure that this Circular, including the Annexure to this Circular, are tabled in the next available Municipal Council meeting by submitting the Circular to the municipality's Speaker as an Annexure to a Council item. The contemplated Council item should explain the Circular and the impact of the Circular on the municipality's operations and policies. The Circular must also be brought to the attention of officials within the municipality, including the municipality's disciplinary board and the audit committee.

All clarification requests concerning this Circular should be emailed to mfma@treasury.gov.za.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post	**Private Bag X115, Pretoria 0001**
Email – General	***mfma@treasury.gov.za***
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Mr W McComans
Chief Director: MFMA Implementation
31 March 2025

Annexure: Examples of NGO payments that do not qualify as section 67 transfers

Annexure: Examples of NGO payments that do not qualify as section 67 transfers

The National Treasury has observed certain payments made to NGOs in terms of section 67 of the MFMA for goods and services provided to municipalities by the NGO. Below are examples of section 67 payments that should have been subjected to a proper supply chain management process.

The following examples are covered in this Annexure:

- Payments to NGOs providing local tourism promotion/ facilities for the accommodation, care and burial of animal services for which municipalities are responsible;
- Payments to NGOs in the furtherance of crime prevention, including initiatives to support the South African Police Service;
- Sponsorships to sports teams;
- Payments to NGOs/ NPOs operating special rating areas/ City Improvement Districts (CIDs);
- Ward projects; and
- Festivals/ events.

Payments to NGOs providing local tourism promotion/ facilities for the accommodation, care and burial of animal services for which municipalities are responsible

Municipalities have a constitutional mandate to promote local tourism (Schedule 4B) and to provide facilities for the accommodation, care, and burial of animals (Schedule 5B). The National Treasury has noted that some municipalities outsource these services to NGOs in terms of section 67 of the MFMA instead of following a procurement process as required by section 217 of the Constitution. Where tourism promotion and animal care functions are outsourced in this manner, any expenditure incurred should be disclosed as irregular expenditure if not procured through the prescribed supply chain management processes.

Payments to NGOs in the furtherance of crime prevention, including initiatives to support the South African Police Service

Where provincial and national functions have not been assigned to municipalities, such as crime prevention services, and a municipality partners with security firms to procure, maintain, and operate cameras under crime prevention objectives (mandated to the South African Police Services), these services must be procured through a procurement process. Paying any service provider in terms of section 67 of the MFMA without following the legally required procurement process—constitutes non-compliance and must be disclosed as irregular expenditure.

Sponsorships to sports teams or sports organisers

National Treasury has observed that municipalities sponsor sports teams in terms of section 67 of the MFMA for various reasons, including promoting local economic development and tourism. In some instances, irrespective of whether the sports team uses municipal facilities or its own, in order to receive a sponsorship, there will be an obligation to advertise and market the municipality. This is the procurement of a service, and it must follow the necessary procurement process.

When a municipality sponsors a sports team, the sports team or sports organiser's may provide complimentary tickets (including food and beverages) to councillors and officials, which constitutes fringe benefits not covered by the upper limits of councillor remuneration or salary agreements. This non-compliance triggers irregular expenditure and contravenes Regulation 10 of the Municipal Cost Containment Regulations, 2019.

Payments to NGOs/ NPOs operating special rating areas/ City Improvement Districts (CIDs)

Section 22 of the Municipal Property Rates Act 6 of 2004 allows municipalities to designate special rating areas and levy additional rates to fund extra services exceeding the standard level of service in a specific municipal area. Once a special rating area is established, the municipality collects additional rates from property owners in that area. It then pays the collected additional rate over to a nonprofit company (NPC) managing the area.

Payments to the NPC are not section 67 transfers as such payments are made in the normal course of business, e.g. paying a service provider for municipal waste collection or paying a security firm to provide security services for residents/organisations in the special rating area from the additional rates charged. As a result, the payment to the NPC is part of a standard business transaction, much like any other municipal service arrangement.

Ward projects

The basis of budgeting for ward projects lies in the municipality's Integrated Development Plan (IDP), with each ward identifying and prioritising local needs through its ward committee and councillor. These needs, such as youth camps, outreach programmes, and events for the elderly, are communicated to the municipal council as part of the budgeting process. Once the budget is approved, resources are allocated based on overall budgetary constraints, project priorities, and equitable distribution across the municipality.

Where the municipality appoints an NGO to implement ward projects, the required procurement processes must be followed to appoint the NGO. However, if the municipality donates funds to an organisation whose primary objective is to pursue social purposes, compliance with section 67 of the MFMA is required.

Festivals/ events

It has been observed that municipalities host annual events, such as festivals of lights and other cultural and heritage celebrations. Where a municipality appoints an NGO to execute the event, the NGO must be appointed via a procurement process before any payment is made to the NGO for the event services rendered. The municipality cannot simply pay the NGO via section 67 of the MFMA.

Where a municipality procures artists' or bands' services to perform at the festival or event, the artists or bands must be procured following a procurement process before any payment is made to the artist or band for the event services rendered. The municipality cannot simply pay the artist or band via section 67 of the MFMA.

LANGEBERG

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Grants in Aid Policy in terms of
Section 67 of the
Municipal Finance Management Act,
(Act 56 of 2003)

CONTENTS

1. AIMS AND OBJECTIVES

1.1 This policy aims to provide a framework for grants-in-aid to non-governmental organisations (NGOs) community-based organizations (CBOs) or non-profit organizations (NPOs) and bodies that are used by government as an agency to serve the poor, marginalized or otherwise vulnerable as envisaged by Section 12 and 67 of the Municipal Finance Management Act, 2003 (Act 56 of 2003). This policy also replaces Council's interim "Transfer of Municipal Funds to Organisations and Bodies outside of Government Policy.

1.2 The purpose of the Grants-in-Aid Policy is to complement the goals, objectives, programmes, and actions of the Langeberg Municipality as identified in the IDP in order to create a sustainable, credible and caring community or residents by empowering and building communities and enhancing growth and sharing through partnerships.

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

1.4 Grants-in-Aid should improve the opportunity for Council to elicit support from external organisations to deliver those services to communities, falling within the Council's area, in a way that allows the creation of an enabling environment for community development.

2. LEGAL FRAMEWORK

2.1 All transfers of funds in terms of this policy shall comply with the:

(a) Constitution of the Republic of South Africa, 1996 as amended (Constitution);
(b) Local Government: Municipal systems Act, 2000 (Act 32 of 2000) as amended (MSA);
(c) Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA);
(d) Municipal Regulations on Cost Containment, 2019; and
(d) Any other applicable legislation, regulations and policies that may govern the transfer of municipal funds and that are not in contradiction to the above.

3. RESTRICTIONS

3.1 The Policy applies to all transfers of grants made by the municipality.

3.2 The total expenditure on grants may not exceed 1% of the operational budget of the municipality.

3.3 No transfer may be made which exceeds R 500 000.00 per organization or body, except for allocations to organizations which performs a Municipal function on behalf of the municipality or in exceptional cases. In such a case, these grants will be determined annually when the municipality's budget is approved by Council.

3.4 Grants-in-Aid transfers/payments shall be restricted to deserving organizations and bodies serving, especially those working with the **poor/aged/youth/disabled/women/unemployed,** as per the eligible categories provided that such organisations or bodies:

(a) Operate as a separate legal entity and are recognized as such by South African legislation;

(b) Are governed by their constitutions, have regular meetings with their membership and subscribe to sound accounting practices; and

(c) Are allocated and serves communities and individuals who are most in need within the jurisdiction of the municipality.

3.5 No grants-in-aid may be made to any political, church or sectarian organisation or body.

3.6 No grants will be allocated, under this policy, to organisations or bodies in cases where a member of Council or an official of Langeberg Municipality receives any financial or other gain.

3.7 Individuals may not apply for Grants-in-Aid and no payments may be made under this policy to individuals.

3.8 Funds may only be transferred to an organisation or body if provision has been made for the expenditure on the budget or appropriations budget.

3.9 An organisation or body is only entitled to one allocation per financial year, but disbursements can be made more often.

4. PUBLIC ADVERTISEMENT

4.1. An official delegated by the Municipal Manager must, within three months after the approval of the annual budget, place a first public advert on the municipal web site, calling for proposals.

4.2. Advertisement should clearly specify the categories for which proposals are called, the closing date for applications, who they should be addressed to, and where and how to obtain the relevant documentation pertaining to such applications, including the prescribed forms. Only applications made on the prescribed forms may be considered. Advertisements should also clearly reflect the Municipality's right not to make an award, as well as the fact that awards will not be made to organizations that have received funds in the previous year, but have not submitted a final audited report on the projects or previous expenditure.

4.3 Funds may not be transferred to any organisation or body that has not submitted a proposal in response to a public advertisement.

5. GENERAL GUIDELINES AND CATEGORIES

General Guidelines

(a) Funding of applications will primarily be considered on an annual basis in response to the annual advertisement.
(b) Council reserves the right not to fund an organisation two years in succession.
(c) Funding will not be considered in the following instances:

(i) No sponsorship or donation can be considered for any other government department, sporting body or community-based organisation unless such sponsorship or donation will promote or be in line with the objects of Local Government as stipulated in section 152 of the Constitution of the Republic of South Africa or the Integrated Development Plan of the municipality.

(ii) Where a project or organisation is already receiving funds from Council or other government structures in terms of Council's functions. Applicants are required to disclose other sources of funding;

(iii) Where in Council's opinion, an organisation receives sufficient funds from other sources to sustain its activities or the project applied for, organizations must submit financial statements and a budget for the ensuing financial year;
(iv) Where only an individual will benefit;
(v) For political or ratepayers' organisations/ groupings;
(vi) Projects outside the boundaries of the Municipality; and
(vii) Where expenses have already been incurred.

(d) Funding of projects and organisations shall exclude travel costs, subsistence, accommodation, food (except for projects such as homeless shelters) or entertainment expenses of any kind, staff salaries, capital costs, bursaries, payments in lieu of rates or other municipal charges.

(e) Subsequent applications from applicants to cover overspending on projects will not be considered.

Categories Eligible for Grants-in-Aid

The municipality may only donate or consider a Grant–in–Aid after compliance with applicable legislation. Such donations or grants may only be made or considered where the activity in respect of which it is considered is in line with the core functions and obligations of the municipality as prescribed in legislation.

The following categories currently apply. 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 may require specific criteria applicable to its projects/ programmes**:**

- **Health** - Only if the NGO provides community health education or support services
- **Environment** - Focus on advocacy, education, and community mobilization
- **Solid Waste (cleaning**) - Allow only if the NGO runs awareness or education campaigns, not cleaning services.
- **Social Development** - broad category for community upliftment, poverty alleviation, and support for vulnerable groups
- **Sport and Recreation** - Allow only if the project is community-based and not tied to specific teams or events

6. APPLICATION PROCEDURE

Applications and proposal for Grants-in-Aid must be on the prescribed form stated in 4.2 above. Applications must be accompanied by a covering letter on the letter head of the organisation or body, signed by the head of the organisation or body and must include the following information.

(a) The applicant's legal name and brief description of the applicant organisation's body's business;

(b) If the applicant claims to be a non-profit organisation, the registration number;

(c) The date of establishment, details of the applicant's members, founding documents, including constitution and certificate of incorporation;

(d) A contact name, full street address, telephone number and e-mail address,

(e) If funding is required for a specific project, a brief description of the project and what it aims to achieve, as well as the detailed budget for and duration of the project;

(f) If the request is for a general support, the organisation's or body's overall budget must be included;

(g) reference, independent of the applicant and its executive;

(h) most recent audited financial statements;

(i) a summary of past achievements; and

(j) a declaration by the head of the applicant to the satisfaction of the Accounting Officer, 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 requirements for similar transfers of funds.

7. OBLIGATIONS OF THE APPLICANT

7.1 The head of the organisation or body must acknowledge in writing to the Accounting Officer, that the money was received in its bank account and that the amount is/will be utilized to the benefit and in accordance with the role of the organisation or body in society. The funds should be used as outlined in the application forms.

7.2 The organisation or body shall regularly report, if and when required, but at least once a year, to the Accounting Officer regarding the activities conducted within the ward, as well as on the project.

7.3 If funding is required for a specific project, a brief description of the project and what it aims to achieve, as well as the detailed budget for and duration of the project.

8. RIGHTS OF THE MUNICIPALITY

8.1 The municipality shall be entitled, from time to time, to verify and inspect the existence and activities of the organisation or body. The municipality will therefore have the right to physically visit the premises where the organisation, or the funded project, is based; to peruse the budgets and any progress reports related to the projects (in contract).

8.2 The municipality shall manage contracts entered into with organisations or bodies by receiving reports and doing the necessary site visits and inspections to ensure that this policy and contract are being complied with.

8.3 The Municipality has the right not to give a Grant-in-Aid to any or all organisations applying for grants. Having been awarded a grant previously does not give an applicant the right to receive a grant again.

9. AGREEMENT

Before any funds are transferred to an organisation, an agreement must be concluded between the Municipality and the beneficiary to protect the interest of the Municipality.

10. PROCESS

10.1 Once applications are received, they will be listed and forwarded to all ward Councillors to confirm the existence of the organisation.

10.2 Manager LED will establish committee that will assist with verifying the application against the set criteria listed in the policy.

10.3 The Manager LED must submit a report to the Council of the Municipality, containing particulars of each application that complies with the listed criteria and recommend:

(a) the amount of each award; and

(b) the name of the organisation or body to whom the award was made.

11. COMMMENCEMENT

This Policy takes effect on the date on which it is adopted by the Council of the Langeberg Municipality.