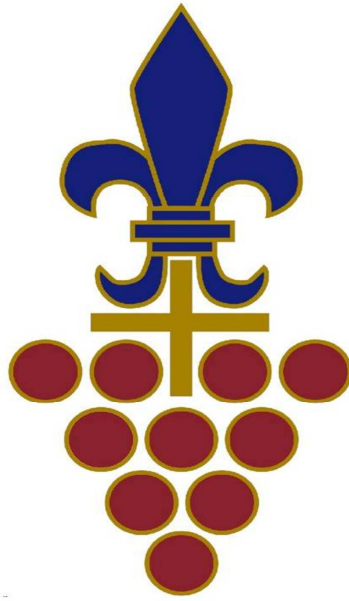


# **STELLENBOSCH MUNICIPALITY**



## **FINANCING OF EXTERNAL BODIES PERFORMING MUNICIPAL FUNCTIONS POLICY**

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## 1. DEFINITIONS

1.1 In this policy unless the context indicates otherwise:

- 1.1.1 “**Accounting Officer**” means the Municipal Manager as referred to in section 60 of the Local Government: Municipal Finance Management Act, 56 of 2003 (“MFMA”);
- 1.1.2 “**Approved Budget**” means the Municipality’s annual budget approved by the Council in terms of section 24 of the MFMA and include an adjustment budget in terms of Section 28 of the MFMA;
- 1.1.3 “**Community**” means the residents within the Stellenbosch WCO24 area;
- 1.1.4 “**Constitution**” means the Constitution of the Republic of South Africa, 1996 and Regulations;
- 1.1.5 “**Director**” means a person appointed in terms of section 56 of the Systems Act who is directly accountable to the Municipal Manager;
- 1.1.6 “**Executive Mayor**” means the councillor elected as the Executive Mayor in terms of section 55 of the Local Government: Municipal Structures Act, 32 of 2000 (“the Structures Act”);
- 1.1.7 “**Chief Financial Officer**” or “**CFO**” means an official as envisaged in section 80(2)(a);
- 1.1.8 “**Grant**” means a grant or allocation, as referred to in section 17(3)(j(ii) and 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 its constitutional mandates including local tourism, municipal health services and such other municipal

functions contemplated in Part B of Schedule 4 of the Constitution;

- 1.1.9 **“Grant Committee”** means the Committee establish in terms of clause 6;
- 1.1.10 **“official”** means an employee in the service of the Municipality;
- 1.1.12 **“organisation or body”** means those organisations or bodies outside any sphere of government making application for Grants in terms of this Policy;
- 1.1.13 **“the Systems Act”** means the Local Government: Municipal Systems Act, 32 of 2000;
- 1.1.14 **“the Structures Act”** means the Local Government: Municipal Structures Act, 117 of 1998;
- 1.1.15 **“the MFMA”** means the Local Government: Municipal Finance Management Act, 56 of 2003;
- 1.1.16 **“the Municipality”** means the Stellenbosch Municipality and reference to Council has a similar meaning;
- 1.1.17 **“the Policy”** means the Financing of External Organisation/Bodies Performing Municipal Function Policy as set out in this document.
- 1.1.18 **"service delivery agreement" or "MOA"** means the agreement entered into between the Municipality and any organisation or body which received a Grant in terms of this Policy.

## 2. PURPOSE, AIMS AND OBJECTIVES

- 2.1 The purpose of this Policy is to provide a framework for financial assistance by Stellenbosch Municipality (“the Municipality”) to external

organisations/bodies conducting local government functions to the extent as set out in section 155(6)(a) and (7) of the Constitution as listed in Part B of Schedule 4 and 5.

- 2.2 The purpose of this Policy is to ensure the efficient performance of the municipal function entrusted to that external organisation/body in a manner which gives effect to the goals and objectives of the Municipality's Integrated Development Plan ("IDP") by establishing partnership to create an innovative, sustainable and caring town for all by empowering and building communities, which includes transformation and redress.

### 3. **LEGAL FRAMEWORK**

- 3.1 In terms of section 156 of the Constitution, the Municipality has executive authority in respect of and the right to administer –
- 3.1.1 the local government matters listed in Part B of Schedule 4 and 5; and
  - 3.1.2 any other matters assigned to it by national and provincial legislation.
- 3.2 Section 16(2) of the MFMA provides that the Mayor of the Municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. Section 17(3)(j)(ii) and 17(3)(j)(iv) provides that when an annual budget is tabled in terms of section 16(2) it must include particulars of any proposed allocation or grants by the municipality to any municipal entities and other external mechanism assisting the municipality in the exercise of its functions or power and any organisation or bodies referred to in section 67(1).
- 3.3 Immediately after the tabling of the annual budget the accounting officer must make public the annual budget and invite the local community to submit representations in connection with the budget

before the budget is approved by Council in terms of section 24 of the MFMA.

- 3.4 Section 67 of the MFMA provides that the Municipality implement and sustain proper and effective controls and procedures when transferring funds of the Municipality to an organisation or body outside any sphere of government.
- 3.5 Section 67(1) provides that the accounting officer must be satisfied that the organisation or body has the capacity and agreed to comply with any agreement with the Municipality including all reporting, financial management and auditing requirements as may be stipulated in the agreement, to report at least monthly to the accounting officer on actual expenditure against such transfer and to submit audited financial statements for its financial year 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 terms of previous similar transfers complied with all the requirements. The accounting officer must through contractual and other appropriate mechanism enforce compliance with subsection (1).
- 3.6 All transfer of funds in terms of this Policy shall comply with the Constitution, the Systems Act, the Structures Act, the MFMA and any other applicable legislation, regulations and policies that may govern the transfer of municipal funds and that are not in contradiction to the aforementioned legislation.

#### **4. PUBLIC ADVERTISEMENT AND APPLICATION PROCEDURE**

- 4.1 Applications for Grant funding shall be considered where organisations or bodies have responded to advertisements published in the local newspaper distributed in the Stellenbosch Municipal Area calling upon organisations or bodies to submit its proposal in the prescribed form, as

set out 4.2 below, to perform a specific municipal function for a period up to 3 years.

4.2 Advertisements should clearly specify the categories for which requests 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 form (see Annexure A) may be considered.

4.3 The organisation/body must submit a detailed business plan with its application, confirming their past achievements in the field and their commitment to performing that particular municipal function effectively and in line with Council's goals. Applications must be accompanied by a covering letter on the organisation/body letterhead, signed by the head of the organisation/body and must include the following information:

4.3.1 the organisation/body's legal name and a brief description of the organisation/body's business;

4.3.2 the organisation/body's registration number, if any;

4.3.3 the date of establishment, details of the organisation/body's members, founding documents, including constitution and certificates of incorporation;

4.3.4 the contact name, full street address, telephone number and email address;

4.3.5 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 the duration of the project;

4.3.6 references, independent of the organisation/body and the head of the organisation/body;

4.3.7 most recent audited financial statements;

- 4.3.8 a summary of its past achievements; and
- 4.3.9 a declaration by the head of the organisation/body to the satisfaction of the Municipal Manager that the organisation/body implements effective, efficient and transparent financial management and internal control mechanism to guard against fraud, theft and financial mismanagement and has in the past complied with requirements for similar transfers of funds.
- 4.4 Individuals will not be considered or appointed as an organisation/body to provide a municipal function as contemplated in this Policy.
- 4.5 The appointment of a particular organisation/body to perform a municipal function for a period of three (3) years does not guarantee financial support by the Municipality, which will be determined annually when the municipal budget is approved by the Municipal Council.
- 4.6 No late applications received, in response to an advertisement as contemplated in clause 4.1 and 4.2 above will be considered and processed by the Grant Committee.

## **5. OBLIGATIONS OF THE ORGANISATION/BODY**

- 5.1 The head of the organisation/body must acknowledge in writing to the Municipal Manager that the money allocated was received in its bank account and that the money will be utilised in accordance with the completed and signed MOA, the submitted application and this Policy.
- 5.2 The organisation/body shall submit monthly reports on actual expenditure against such transfer, the ward within which activities are conducted as well as the number of people benefiting from the activity to the Municipal Manager.



## 6. RIGHTS OF THE MUNICIPALITY, CONTROL AND MONITORING

- 6.1 The Municipality shall be entitled, at any reasonable time from time to time, to verify and inspect the existence and activities of the organisation/body. The Municipality has the right to physically visit the premises where the organisation/body or funded project is based, to peruse the budgets and any progress report related to the project.
- 6.2 The Municipality shall manage the service delivery agreement entered into between the Municipality and the organisation/body by *inter alia* receiving and considering monthly reports, inspecting financial records including audited financial statement.
- 6.3 If the organisation/body fails to comply with the terms and conditions of its service delivery agreement with the Municipality, the Municipality may terminate the agreement with reasonable notice after the organisation/body was granted an opportunity to rectify the breach.
- 6.4 The Municipality has the right not to give a Grant to any or all organisations/bodies applying for such Grants. Having been awarded a Grant previously does not give an organisation/body the right to receive a Grant again.
- 6.5 The Municipality shall ensure that those organisations or bodies, who have received Grants in terms of this Policy:-
  - 6.5.1 comply with all the provisions of the completed and signed MOA;
  - 6.5.2 comply with all reporting, financial management and auditing requirements as stipulated in the MOA;
  - 6.5.3 report at least monthly to the Municipality on actual expenditure against such transfer;
  - 6.5.4 promptly, or no longer than 3 months after the end of their financial year, submit their audited financial statements; and
  - 6.5.5 implement effective, efficient and transparent financial management as well as internal control systems to guard against financial misconduct.

6.6 The requirements in paragraphs 6.5.1 to 6.5.4 above shall not apply to organisations where the transfer does not exceed the prescribed limit (to be prescribed by regulation in terms of section 67(4)(a) of the MFMA), provided the Accounting Officer takes all reasonable steps to ensure that the targeted beneficiaries, as identified by the organisation or body in their application, receive the benefit of such grants and it certifies that compliance by that organisation or body with 6.5.1 to 6.5.4 above is uneconomical; or unreasonable.

## **7 GRANT COMMITTEE**

- 7.1 A Grant Committee consisting of at least the Municipal Manager, the Chief Financial Officer and one director of the Municipality, as well as any other official whom the Municipal Manager may include, shall evaluate all applications received in response to the local advertisement.
- 7.2 The Grant Committee will have the power to make final appointments and financial allocations.
- 7.3 The Grant Committee must submit a report on its decisions to the Council.
- 7.4 The Grant Committee shall, in terms of the Systems Act, establish a programme for community consultation and information dissemination regarding the appointment of the organisation/body and the contents of the service delivery agreement will be communicated to the local community through the media prior to service delivery agreement being entered into between the Municipality and the organisation or body.
- 7.5 No payments in terms of the allocation will be made to any organisation/body until a service delivery agreement in the form approved by the Municipality has been signed by the respective parties.
- 7.6 No payment can be made to an organisation/body until it has submitted its audited financial statements as contemplated in this Policy and a

statement certified by its auditor that it has fully complied with its agreement with the Municipality.

7.7 Payments may be allocated as a once off amount or in tranches as determined by the CFO.

## **8 Funding acknowledgement of the Municipality**

Successful applicants will be required to acknowledge the Municipality as the provider of Grant funding in their funding record as well as any public record in respect of Grants received in order to confirm that these transfers of funds are also part of the Municipality's endeavours to meet its strategic objectives and to assist it in carrying out its constitutional powers and functions.

## **9 COMMENCEMENT**

This Policy called the **FINANCING OF EXTERNAL BODIES PERFORMING MUNICIPAL FUNCTIONS POLICY** and takes effect on the date on which it is adopted by the Council.