



# **Acceptance of Grants, Sponsorships, Gifts and Donations Policy**

**1 JULY 2017 – 30 JUNE 2018**

**MSUKALIGWA LOCAL MUNICIPALITY**

**(MP 302)**

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## **1. PREAMBLE**

The Msukaligwa Local Municipality may receive various forms of Grant Funding which includes;

- a) Grant funding for capital projects (e.g. MIG, PHB, etc.);
- b) Donations to fund operational projects (e.g. HIV/Aids projects, etc.);
- c) Sponsorships to fund mayoral projects (e.g. Mayoral sports day);
- d) Other sponsorships (e.g. marketing projects, etc.);
- e) Other ad hoc sponsorship and/or donations.

These grants and donations need to be managed effectively and efficiently to ensure that the desired outcomes are met. In addition to grants, donations and sponsorships offered to the municipality, individuals (staff members and councillors) are offered rewards, gifts, and favours.

### **1.1 Communication**

All correspondence with regard to this Policy shall be addressed to the Municipal Manager

### **1.2 Responsibility**

The Chief Financial Officer shall be the custodian of this Policy, and shall be responsible for its implementation, monitoring and evaluation.

### **1.3 Availability**

A copy of this Policy and other relevant documentation is available on the Municipality's website.

### **1.4 Review**

This policy document shall be reviewed when necessitated by a change in legislation, and submitted as part of the budget approval process.

### **1.5 Effective Date**

The Acceptance of Grants, Sponsorships, Gifts and Donations Policy will come into effect from \_\_\_\_\_ as per Council resolution \_\_\_\_\_.

Municipality	Means the Msukaligwa Local Municipality.
Municipal Manager	Means a person appointed by the Municipality in terms of section 82 of the Municipal Structures Act and who are the Head of Administration and also the Accounting Officer for the Municipality.
Chief Financial Officer	Means a person appointed by the Municipality and who is the Head of the Financial Department within the Msukaligwa Local Municipality.
Employee	Means any other personnel appointed by the Municipality on post levels 2 to 19.
MFMA	The Municipal Finance Management Act, no 56 of 2003, as amended.
Consideration	Includes money, value-in-kind or a combination of money and value-in-kind.
Gift	Means a monetary contribution to the Msukaligwa Local Municipality for which there is no reciprocal commercial benefit expected, or required, from the Municipality;
Asset	Include an Municipal-owned property, complex, structure, building, or portion thereof

## **1.6 Definitions**

## **2. OBJECTIVE OF THE POLICY**

This policy is intended to create a framework for accepting sponsorship. The purpose of the policy, as outlined, is to:

- 1) Enhance municipal programs, events and services without additional cost to the taxpayer;
- 2) Provide employees with corporate guidelines and procedures based on best practices;
- 3) Ensure fairness, transparency and accountability of the sponsorship process.

### **2.1 Scope**

#### **2.1.1 This policy applies to:**

- a) Council and all Municipal Departmental business units;
- b) All arrangements entered into between the Municipality and persons or bodies corporate that involve consideration for sponsorship rights.

#### **2.1.2 This policy does not apply to:**

- a) Funds obtained from the Provincial or National Government;
- b) Third parties operating an HRM asset under a management agreement, facility lease agreement or memorandum of agreement; and
- c) Municipal grants or contributions to third parties which may, as a condition of approval, include a requirement that Municipality's support be acknowledged;
- d) Municipal Grants-in Aid of third parties' activities, in terms of the approved Grant-in Aid Policy.

## **3. PRINCIPALS**

### **3.1 Acceptance of grants, donations, sponsorships and gifts**

The Municipality should not simply accept all grants & donations offered to Council, but should consider all the implications of acceptance of the grants before accepting it. The MFMA and Municipal Supply Chain Management Regulations, subject to SCM regulation 47, does not prohibit sponsorships or donations (in money or kind) to the municipality as such but prescribes that such action must be disclosed if it was promised, offered or granted by a provider or prospective provider of goods and services or a recipient or prospective recipient of goods disposed of or to be disposed of. In deciding whether to accept the abovementioned, due regard must be given to the Supply chain Management Policy.

#### **3.1.1 Capital Grants**

Capital grants must be evaluated in terms of the IDP priorities. Council will firstly implement projects to satisfy community need in terms of the IDP before other projects are implemented, however, capital projects not included in the IDP must be considered in terms of a comprehensive business plan that must contain the following pertinent information.

- 1) Description of Project;
- 2) Link to existing projects and projects planned by other departments;
- 3) Staffing requirements – redeployment of current staff (appointed staff, not vacant position on structure) or appointment of additional external staff(including both number of staff members and level);
- 4) Impact on future operational budgets, including both income and expenditure –all expenditure items must be included, staff cost, operational overhead costs, municipal services, etc.);
- 5) Any additional information available;
- 6) What the impact on service delivery will be if the project is not implemented;
- 7) Comments on capacity to implement.

### **3.1.2 Operating Grants**

Operating grants should be considered on an ad hoc basis. All grants that aim to further the objectives of the Msukaligwa Local Municipality should be considered for acceptance. The following broad principles should be applied when considering whether or not to accept a grant:

- 1) Grant funding should not result in recurring operating expenditure.
- 2) The conditions of the grant funding should not place an undue administrative burden on Council.
- 3) The vision and mission of Council should not be compromised in any way by accepting grant.
- 4) The conditions of the grant funding should not compromise Council's authority and decision-making powers in any way.
- 5) The Executive Mayor may use his discretion when being offered grants on the acceptance thereof.

### **3.1.3 Donations and Sponsorships to the Municipality**

The acceptance of donations and sponsorships must, at all time, be done in such a manner that it maintains and promotes sound financial management, public accountability, transparency and good governance. When donations or sponsorships are offered to the municipality, the following must be considered:

- 1) Whether the sponsorship or donation creates an expectation of further work, contacts, support, etc. to the organization or person making the sponsorship or donation.
- 2) Whether MFMA training sponsorship complies with MFMA Circular 9 in that the training providers must be validated by the National Treasury. (This applies only to training on the MFMA and not any other training courses.)
- 3) Whether the sponsorship or donation is within the ambit of the Supply Chain Management Regulation 47 and 48.
- 4) Whether the sponsorship or donations infringes the ethical standards set in regulation 46 of the Supply Chain Management Policy.

If it is found that the offered donation or sponsorship is offered or granted with the intention of being an inducement or reward for the awarding of any form of bid, or that it infringes on the ethical standards in Regulation 46 of the Supply Chain

Management Policy, the donation or sponsorship may not be accepted. All donations or sponsorship offered or granted to the Municipality must be submitted to the Municipal Manager for approval. No person other than the Municipal Manager may authorize the acceptance of donations or sponsorship.

All donations or sponsorship offered or granted to the Municipality must be declared to National Treasury in terms of Section 48 of the Supply Chain Management Regulations.

### **3.1.4 Rewards, Gifts, Favours, Hospitalities or other Benefits directly or indirectly offered to Staff members.**

- 1) No staff member may accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including any close family member, partner or associate of the staff member, of a value more than R350 from any provider or potential provider of good and/or service.
- 2) Notwithstanding the above, the relevant staff member must declare details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to him/her or to any close family member, partner or associate of him/her.
- 3) Each Head of Department must maintain a register where rewards, gifts, favours, hospitality or other benefits that are offered and / or accepted by staff members in his/her department are recorded.
- 4) The abovementioned register must be available for inspection by the Municipal Manager and the Head of Internal Audit Department.

## **3.2 Reporting to Council on Grant Funding for Capital and Operating Projects**

(i) It is the responsibility of the department receiving the grant to report to Council on the following matters upon receiving confirmation of the grant;

- a) Description of grant Received;

- b) Amount received;
- c) Purpose of grant;
- d) Conditions of grant;
- e) Implementation plan;
- f) Expected outcomes.

Abovementioned will only be applicable to ad hoc grants received during the year and not capital projects budgeted for as part of the approved IDP Capital Investment Programme.

(ii) After completion of the project / programme, the department will be required to report to Council on the following matters;

- a) Date of receiving of physical cash payment;
- b) Date of implementation;
- c) Actions performed, programmes implemented;
- d) Amount of actual expenditure incurred;
- e) Report back on conditions of the grant was met;
- f) Final outcome of project / programme;
- g) Taking conditions of grant into consideration, how any unspent funds must be used.

### 3.3 Other reporting requirements

(i) Departments are responsible to adhere to all reporting requirements in terms of the conditions of the grant. Grants received from National and Provincial government must be reported on in terms of the conditions of the Division of Revenue Act.

(ii) The duties of the receiving officer (department receiving the grant) are detailed as follows in the Division of Revenue Act. "A municipality shall, within 10 days after the end of each month, submit a report to the relevant transferring national or provincial officer. The report must set out –

- 1) The amount received by the municipality, up to the month reported on.
- 2) The amount of funds delayed or withheld from the municipality, up to the month reported on.
- 3) The actual expenditure by the municipality up to the month reported on;
- 4) The extent of compliance with the conditions of an allocation and with the Act;
- 5) An explanation for any material problems or variances experienced by the municipality , regarding an allocation which has been received and a summary of the steps taken to deal with such problems or variances, and
- 6) Such other issues and information as the National Treasury may determine."

(iii) If any variance is detected and it is not of a financial nature, the department in question should refer the problem to their Portfolio Committee Meeting for consideration. A Summary of the steps taken to deal with such problems or variances should be reported on to Council.

(iv) In an event of not complying with the rules and regulations as set out in the Division of Revenue Act, the department in question should take the necessary action to rectify the fact that they were non-compliant.

(v) The chief Financial Officer must disclose, to National and Provincial Treasury on an annual basis, all sponsorships promised, offered or granted, whether directly or through a representative or intermediary, by any person who is;

- a) a provider or prospective provider of goods or services, or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

(vi) To enable the Chief Financial Officer to comply with (v) above, all Heads of Departments must, by no later than 15 July annually, report to the Chief Financial Officer on all sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is;

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed

### **3.4 Banking**

All grants, donations, sponsorships, etc. must be paid into the Primary Bank Account of the Msukaligwa Local Municipality.