



INGQUZA HILL LOCAL MUNICIPALITY

**POLICY ON THE
ACCEPTANCE OF GRANTS, GIFTS,
DONATIONS
AND SPONSORSHIPS**

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1. Introduction

Ingquza Hill Local Municipality receives various forms of grants and donations. This includes:

- a) Grant funding for capital projects, as per the DORA (e.g. MIG, INEP, STR, etc.)
- b) Grant funding to fund operational projects, as per the DORA (e.g. FMG, MSIG etc);
- c) d) Other sponsorships;
- e) Other ad hoc donations and gifts.

These grants, donations, sponsorships and gifts need to be managed effectively and efficiently to ensure that the desired outcomes (or prescribed outcomes in the case of conditional grants) are met.

In addition to grants, sponsorships and donations offered to Ingquza Hill Local Municipality, individuals (employees and councillors) are offered rewards, gifts and favours.

2. Acceptance of grants, gifts, donations and sponsorships

Ingquza Hill Local Municipality should not simply accept all grants, gifts and donations offered to Council, but should consider all the implications of acceptance of the grants before doing so.

The Municipal Finance Management Act, Act 56 of 2003 and the Municipal Supply Chain Management Regulations, subject to SCM Regulation 47, do not prohibit sponsorships or donations (in money or kind) to the municipality as such, but prescribe 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.

2.1 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 – re-deployment of current employees (appointed staff, not vacant positions on the staff structure) or appointment of additional external employees (including both the number of employees and the designation / salary levels);

4. Impact on future operational budgets, including both income and expenditure – all expenditure items must be included, (e.g. remuneration cost, operational overhead costs, municipal services, etc.);
5. Any additional information available, inter alia: What the impact on service delivery will be if the project is not implemented; and comments on capacity to implement.

2.2 Operating Grants

Operating grants should be considered on an ad hoc basis. All grants that aim to further the objectives of the Ingquza Hill 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 for Ingquza Hill Local Municipality;
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 the grant;
4. The conditions of the grant funding should not compromise Council's authority and decision-making powers in any way; and
5. The Mayor may use his/her discretion when being offered grants and acceptance thereof.

2.3 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 and sponsorships are offered to the municipality, the following must be considered:

1. Whether the sponsorship or donation creates an expectation of further work, contracts, support, etc to the organisation or person making the sponsorship or donation;
3. Whether the sponsorship or donation is within the ambit of the Supply Chain Management Regulations 47 and 48; and
4. Whether the sponsorship or donation infringes the ethical standards set in Regulation 46 of the Supply Chain Management Policy.

5. Whether the donation or sponsorship may have financial, operational or reputational consequences to the municipality in the future, and where it is foreseen whether it is desirable to incur such consequences.
6. Whether the donation or sponsorship is desirable. If it is found that the 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 sponsorships offered or granted to Ingquza Hill Local Municipality must be submitted to the Municipal Manager for approval. All relevant donations or sponsorships offered or granted to Ingquza Hill Local Municipality must be declared to Treasury in terms of Section 48 of the Supply Chain Management Regulations.

2. Reporting to Council on Grant Funding for Capital and Operating projects

It is the responsibility of the department receiving the grant to report to Council on the following matters upon receiving confirmation of the grant:

1. Description of the grant received;
2. Amount received;
3. Purpose of the grant;
4. Conditions of the grant;
5. Implementation plan; and
6. 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 Program.

After completion of the project/programme, the department will be required to report to Council on the following matters:

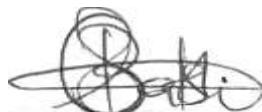
1. Date of receiving of physical cash payment;
2. Date of implementation;
3. Actions performed, program implemented;
4. Amount of actual expenditure incurred;
5. Report back on conditions of the grant that was met;
6. Final outcome of project/programme; and
7. How any unspent funds must be used, taking conditions of the grant into consideration.

5. General

- All monetary grants, donations, sponsorships, etc. must be paid into the Primary Bank Account of Ingquza Hill Local Municipality.
- All gifts, sponsorships, donations received by political office bearers and municipal officials by virtue of holding offices shall be recorded in the gifts register.
- The register for gifts, donations or sponsorships received by officials shall be maintained by the Accounting Officer.
- The register for gifts, donations or sponsorships received by political office bearers shall be maintained by the Honourable Speaker.
- All gifts, donations, sponsorships in excess of R350 shall be recorded in the municipal gifts register.

ADOPTION OF THE POLICY

Policy adopted by Council of Ingquza Hill Local Municipality for implementation.



S.B. Vatsha
Honourable Speaker

Date: 30 May 2023