

Kareeberg Municipality



Donation policy

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DONATIONS, SPONSORSHIP, AND GIFTS POLICY

1. POLICY AS DEFINED

A donation is a gift given by natural or legal persons, typically for charitable purposes and/or to benefit a cause. A donation may take various forms, including cash offering, services, new or used goods including clothing, toys, food, and vehicles. It also may consist of emergency, relief or humanitarian aid items and development aid support. Donations are given without return consideration.

2. DEFINITIONS

“Act” means the Local Government: Municipal Finance Management Act (no. 56 of 2003).

“CFO” Chief Financial Officer

“Constitution” Constitution of Republic of South Africa, 1996

“Council” means elected council of the Kareeberg Municipality.

“Councillor” means an elected member of the council.

“Donation” in the context of this policy, it means monetary consideration, goods, services, immovable property, or any other item of value.

“KLM” Kareeberg Local Municipality

“MFMA” Local Government: Municipal Finance Management Act 2003, Act No. 56 of 2003

“Official” means any person in the employment of the Kareeberg Municipality.

“Structures Act” means Local Government: Municipal Structures Act 1998, Act No. 117 of 1998

3. INTRODUCTION

The Council has an obligation to comply with its internal and external audits, financial management reporting and to be accountable to the community for its expenditure on donations. This policy framework is not intended to be exhaustive in coverage, but aim to identify principles and provide guidelines when the accounting officer decides to grant donations.

4. PURPOSE

The purpose of this policy is to define the framework for donations and the mechanism for solicitation, acceptance and deposit as well as to provide general principles and guidelines in relation to the acceptance and administration of donations.

This policy will assist to structure donations/grants of municipally owned resources in limited amounts to non-profit organizations within the municipality for purposes related to the well-being of the community and the growth and/or recognition of individuals in the community.

5. FORMS OF DONATIONS

The Municipality may receive various forms of donations, sponsorship or gifts. This may include:

- (i) Donations to fund operational projects or
- (i) Sponsorships to fund sports, culture and recreation

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

6. FINANCIAL SERVICES

The financial department shall be responsible for the arrangement of the payment to the beneficiaries.

7. COUNCILLOR

The Mayor shall be present to assist in the allocation of donations as well as observing the fairness of the procedures.

8. ACCEPTANCE OF DONATIONS, GRANTS, REWARDS, AND GIFTS

The Municipality should not simply accept all donations, sponsorship, and gifts offered to Council, but should consider all the implications of acceptance of the donations, sponsorship and gifts before accepting it.

The Supply Chain Regulations section 49 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 by a municipality, may either directly or through a representative or intermediary promise, offer or grant.

- a) Any inducement or reward to the municipality for or in connection with the award of a contract or
- b) Any reward, gift, favour or hospitality to-
 - (i) Any official of the municipality or
 - (ii) Any other role player involved in the implementation of the supply chain management policy of the municipality.
 - (iii) The accounting officer of a municipality must promptly report any alleged contravention of sub-regulation (i) to the national treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the national treasury's database of persons prohibited from doing business with the public sector.
 - (iv) Sub-regulation (i) does not apply to gifts less than R350.00 in value.

9. 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:

- Whether the sponsorship or donation creates an expectation of further work, contracts, support, etc to the organization or person making the sponsorship or donation;
- Whether the sponsorship or donation is within the ambit of the Supply Chain Management policy section 49 and 50;
- Whether the sponsorship or donations infringes the ethical standards set in section 48 of the Municipal 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 section 48 of the Municipal Supply Chain Management policy, the donation or sponsorship must not be accepted.

All donations or sponsorship offered or granted to the Municipality must be submitted to the Accounting Officer for approval.

No person other than the Accounting Officer may authorize the acceptance of donations or sponsorship on behalf of the municipality.

All donations or sponsorship offered or granted to the Municipality must be declared to National Treasury and the provincial treasury in terms of section 50 of the Municipal Supply Chain Management policy.

10. **REWARDS, GIFTS, FAVOURS, HOSPITALITIES OR OTHER BENEFITS DIRECTLY OR INDIRECTLY OFFERED TO STAFF MEMBERS.**

- 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 R350.00 from any provider or potential provider of good and/or service,
- Notwithstanding the above, the relevant staff member must declare details of any reward, donations, favour, hospitality or other benefit promised, offered or granted to him/her or to any close family member, partner or associate of him/her;
- The finance Department must maintain a register where rewards, donations, favours, hospitality or other benefits that are offered and / or accepted by staff members are recorded,
- These abovementioned register must be available for inspection by the Accounting Officer and internal audit.

11. **DONATIONS AND SPONSORSHIPS FROM THE MUNICIPALITY**

11.1 **OBJECTIVE OF DONATIONS POLICY**

- 11.1.1 One of the objectives of donations policy is to provide a framework within which the municipality can grant donations.
- 11.1.2 To promote and maintain an effective system of granting donations in an ethical, compliant and consistent manner with relevant legislations and other approved council policies.
- 11.1.3 To instill a sense of accountability regarding the number or keeping database of donations received and made for reporting purpose.
- 11.1.4 To ensure that granting of donations is spread evenly in the Municipal jurisdiction area.

12. **POLICY STATEMENT**

There are occasions when the Accounting Officer receives requests from various members of the community, organizations for donations. As with all other expenses, the Accounting Officer and the Chief: Financial Officer must exercise prudent business judgment in considering proposed expenditure in relation to the granting of donations, based on the specific request and the availability of funds.

13. BACKGROUND

The Council has an obligation to comply with its internal and external audits, financial management reporting and to be accountable to the community for its expenditure on donations.

This policy framework is not intended to be exhaustive in coverage, but aim to identify principles and provide guidelines when the Accounting Officer decides to grant donations.

14. PROCEDURAL PROVISIONS WHEN MAKING DONATIONS

Requests for donations will be done in a prescribed format approved by council. All requests for donation shall be directed to the accounting officer of the municipality.

15. CLASSIFICATION OF DONATIONS

For the purpose of this policy framework, the following organizations and bodies will be classified as follows, and are eligible to request donations:

- a) Institutions of learning
- b) Special institutions e.g the DPOSA (Disabled People of South Africa)
- c) Religious institutions
- d) Co-operatives
- e) Social clubs
- f) Community –based organizations
- g) Section 21 companies (not for gain companies)
- h) Sporting clubs
- i) Cultural organizations
- j) Human Rights organizations

16. CONSEQUANCES OF NON-COMPLIANCE

Any donation granted contrary to the provisions of this policy; constitute unauthorized, irregular or fruitless and wasteful expenditure and as such will amount to serious misconduct.

17. REPORTING

The act may require that an organization or institution granted a donation, must report to the Accounting Officer on the actual expenditure against the donation;

Failure to report to the accounting officer as requested shall automatically disqualify the organization or institution for further donations.

Where appropriate, to comply with financial management and auditing requirements as may be stipulated.

A list of donations granted, with particulars of the organizations/groups must be submitted to Council bi-annually for noting.

The Chief Financial Officer shall report all donations of cash to the Financial committee on a quarterly basis.

The report shall include:

- All requests for donations received
- All requests for donations declined
- All requests for donations approved
- The financial status of the expenditure vote.

Note: i) Occur only expenditure on savings of equitable share.
ii) Section 12 of the Supply Chain Management policy applicable for cash donations above R2000.00

18. PROCEDURE FOR APPLICATIONS FOR DONATIONS

- ❖ An eligible organization wishing to apply for a donation shall apply in writing for such donation.
- ❖ Every such application shall be addressed to the Accounting Officer and shall be either:
 - ❖ posted to the Municipality's address or
 - ❖ Delivered by hand to the municipality offices
- ❖ Each such application shall include the following:
 - ❖ The full name of the applicant;
 - ❖ The name of the applicant's contact person;
 - ❖ The postal, physical and e-mail addresses of the applicant;
 - ❖ The telephone number of the applicant;
 - ❖ The registration number, income tax number and fund-raising number of the applicant where applicable;
 - ❖ A list of the names of the members of the board of directors or governing body of that organization.
- ❖ A copy of the financial statements of the applicant, if any.
- ❖ The amount or nature of the donation requested;

- ❖ The identity and location of the community which it is intended will benefit from the donation;
- ❖ The nature of the activity or project which is intended to be funded by the donation;
- ❖ The manner in which such activity or project is expected to benefit the community;
- ❖ A business plan showing in detail how the activity or project is to be implemented and sustained where applicable;
- ❖ Any other information which the applicant considers relevant to the application;
- ❖ An acknowledgement by the recipient that it is familiar with and understands the provisions of this policy.

19. AGREEMENT

- (i) The terms and conditions attaching to any donation shall be reduced to a written agreement which will be signed by a representative of each of the Municipality and the recipient.
- (ii) Unless and until such agreement is signed, no asset which is the subject of a donation shall be transferred to the recipient and the recipient shall have no claim to such assets.
- (iii) If such agreement is not signed within thirty days of the Accounting Officer having approved the application, such approval shall lapse and be of no further force and effect, and the recipient shall have no claim against the Municipality.

20. NON ADHERENCE TO POLICY

Any political office bearer, management and personnel of the municipality who does not strictly adhere to the provision of this policy commits and act of misconduct.

ACCEPTED: 27 OCTOBER 2016