

GREATER LETABA MUNICIPALITY



GRANTS POLICY

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1. PURPOSE OF THE POLICY

The purpose and objective of this policy is to set clear guidelines for the control and accounting of external funding received from national or provincial government or any other external party through conditional or unconditional grants received.

The objective of this policy is further to:

- Implement accrual accounting in terms of prevailing accounting standards;
- Apply grants management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

This policy therefore covers for the following financial statement disclosure line items:

1.1 Unspent conditional grants and receipts (Statement of financial position)

This is represented funds unspent at the end of the financial year on grants received from national and provincial government or any other external party that can only be spent for the condition for which it was received.

1.2 Government grants and subsidies (Statement of financial position)

This represents the funding awarded that was utilised and transferred as revenue source within a specific financial year.

2. BACKGROUND

2.1. Constitutional and legal framework

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment; and
- Encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages its grants is central to meeting the above challenges.

2.2. Accounting standards

The Municipal Finance Management Act requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice. GRAP 23: Revenue from Non-exchange transactions impacts on the recognition and measurement of grants received within the municipal environment: