



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANTS FUNDS

**CFO FORUM
20 JULY 2017**

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PURPOSE



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- To provide further guidance to municipalities with regard to the preparation for the 2016/17 unspent conditional grant and roll-over process and should also be read together with the previous budget circulars.

LEGISLATIVE REQUIREMENTS



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- Section 22 of the 2016 Division of Revenue Act requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable project, in which case the funds may be rolled over

Documents to be submitted



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- When applying to retain unspent conditional allocations **COMMITTED TO IDENTIFIABLE PROJECTS** or requesting a rollover in terms of section 22(2) of the DoRA, municipalities must supply National Treasury with the following information:
 1. A formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the DoRA. Signed by the accounting officer
 2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated and spent per project
 3. The following evidence that work on each of the projects has commenced, as applicable to the specific rollover(s):
 - a. Proof that the project tender was published and the period for tender submissions closed before 31 March ;
 - b. Proof that a contractor or service provider was appointed for delivery of the project before 31 March; or
 - c. Proof of project tender, appointment of contractor or service provider for delivery of services before 30 June in cases where additional funding was allocated during the course of the financial year of the project



Documents to be submitted Cont.....

4. A progress report on the stages of implementation of each of the projects
 5. The amount of funds committed to each project, and the conditional allocated from which funds come;
 6. Reasons why the grants were not fully spent in the year that it was originally allocated as per the DoRA
 7. Municipalities must not include previous year's unspent conditional grants as a rollover request;
 8. An indication of the time-period within which the funds are to be spent; and
 9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed
- NOTE: NO ROLLOVER REQUEST WILL BE CONSIDERED FOR MUNICIPALITIES WITH VACANT OR ACTING CFO AND MM FOR A PERIOD EXCEEDING 6 MONTHS FROM THE DATE OF VACANCY**

ASSESSMENT CRITERIA



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NT will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas

1. Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA and section 12 of then DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statement information to National Treasury by 31 August 2017;
3. Accurate disclosure of grant performance in the 2016/17 pre audited Annual Financial Statements, (clear reflection of grant receipts and spending in the notes to the statements);
4. Under no circumstances will the National Treasury approve the entire allocation of the municipality. The municipality should have spent a minimum of 50 per cent of the allocation per programme

ASSESSMENT CRITERIA CONT....



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5. Cash available in the bank (net position including short term investment) as at 30 June 2017 and in line with the cash flow statements to finance the roll-over request
6. No application will be granted for municipalities requesting roll over of the same grant for the 3rd consecutive time; and
7. Incorporation of the Appropriation Statement

RECOMMENDATIONS



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- Municipalities note:
 - The presentation
 - The requirements for the roll-over application process



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Thank you