
NPO FUNDING BUSINESS PROCESS

STANDARD OPERATING PROCEDURE (SOP) EFFECTIVE FROM APRIL 2022

NPO PARTNERSHIPS AND FUNDING
APRIL 2022

NPO PARTNERSHIPS AND FUNDING

BUSINESS PROCESS & STANDARD OPERATING PROCEDURE FOR NPO FUNDING

Objective

Standard Operating Procedure

1. Background and Programmes Funded

- a) The Department has taken a strategic position of partnering with NPOs, CBOs and FBOs as part of extending its delivery network to the vulnerable citizens of Gauteng.
 - (i) The aim of the partnership with the NPO sector is to ensure equitable distribution of resources, that services are provided to the poor and vulnerable sector of the society and that no person is discriminated against based on un-affordability and/or exclusiveness of services;

b) Programs funded include;

Programme	Sub-Programme
1. Social Welfare Services	Care & Services to Older Persons
	Services to Persons with Disabilities
	HIV and Aids
2. Children and Families	Child Care and Protection
	Child and Youth Care Centres
	Care & Services to Families
3. Restorative Services	Crime Prevention and Support
	Victim Empowerment
	Prevention of Substance Abuse & Rehabilitation
4. Development & Research	Poverty Alleviation and Sustainable Livelihoods
	Youth Development
	Women Development

<p>2. Eligibility Criteria for Funding</p>	<p>In line with the Policy on Financial Awards, a service provider will only be eligible for a financial award from the Gauteng Department of Social Development if the service provider meets the following requirements.</p> <ul style="list-style-type: none"> a) be a legal persona and be registered with the appropriate authority; b) as a non-profit organisation in terms of the Non-profit Organisations Act, 1997, be affiliated to a non-profit organisation that is so registered or can provide proof that the organisation is in the process of registering under the Non-profit Organisations Act; unless the service is procured through an open tender process; c) provide services or intend to provide services for the people and specific communities in line with the Department's priorities and objectives; d) have a constitution that embraces the provision of social development services; e) where applicable, demonstrate the ability to provide effective and efficient services; f) promote equitable distribution of services, taking into account historical imbalances, including race, gender and the urban/rural divide; g) promote inclusiveness and representatively in the management and organisation of services, including the establishment of management committees that broadly reflect the communities that they serve; h) be able to account for the utilisation of financial awards made by the Department in an acceptable manner This implies that the focus should be on the efficiency, economy and effectiveness of programmes and best practice financial management; i) be legally registered in terms of any other service-specific related legislation (e.g. Child Care Act, Older Persons, etc.) that requires such registration; j) Support and commit it to share resources and transfer skills to emerging organisations.
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<p>3. Funding Application Process</p>	<p>a) Submission of the following documents by prospective organisations (both existing and new applicants) to the regional or provincial office:</p> <ul style="list-style-type: none"> (ii) Three or one year service/business plan; (iii) Copy of NPO registration certificate; <p>b) The business plan should contain at least the following information or utilizing the provincial business plan template:</p> <ul style="list-style-type: none"> (i) The biographic information of the NPO; (ii) Information on the management board, staff, volunteers and current beneficiaries (service recipients) of the NPO; (iii) Objectives, outputs and outcomes; (iv) Activity-based budgets to show the amount of funds needed and the purpose for which they will be utilised; <p>c) In addition, any other document that is legally or administratively required, including:</p> <ul style="list-style-type: none"> (i) Most recent audited financial statements; (ii) Applicable programme registration in line with relevant legislation; (iii) Constitution; (iv) Confirmation of banking details: <ul style="list-style-type: none"> a. Note: Submitted when signing service level agreement (v) Financial assurance declaration: <ul style="list-style-type: none"> a. Note: the current practice is that financial assurance declarations are submitted when signing the Service Level Agreement. b. There are two types; Declaration stating that the organisation has proper financial systems in place to ensure that money is utilised accordingly and (or) Have systems but need mentorship. (vi) Constitution of the organization; (vii) Latest Audited Financial Statements – if any or Annual financial statements prepared by the bookkeeper/treasurer and signed off by the Chairperson of the board or affidavit indicating the organisation's financial status and Bank Statement <p>d) On receipt of the above documentation, the region/province registers the application in a business plan register.</p>
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4. Assessment of Funding Applications

- a) The allocated Regional/Provincial Development/Social Worker will conduct an on-site visit to verify existence of the organisation, the viability of the programme/service and its alignment to the mandate & priorities of social development.
 - a. On-site visits are conducted on all new NPOs;
 - b. For existing NPOs, they are subjected to continuous monitoring which includes on-site visits;
- b) After the site visit, the Regional/Provincial Development/Social worker will compile an assessment report based on the on-site findings & outcomes and the service plan submitted by the organisation.
 - a. The assessment report should be tabled at the regional recommendation panel.
- c) In cases where application requirements are not met, a rejection letter will be send to the applicant and the file will be closed.
 - a. In instances where additional information is required from the applicant, the Social Worker requests outstanding information. If the information is not provided, the Social Worker rejects the application for the outstanding information and the file is closed.
- d) In cases where application requirements are met, the relevant official will submit the assessment report of the funding application to the Panel for funding consideration;
- e) The assessment report to be tabled at the regional recommendation panel should be accompanied by the following documentation:
 - (i) The assessment report;
 - (ii) Copy of NPO registration certificate or confirmation that the NPO is in the process of registration;
 - (iii) For existing NPOs, verify that they are in compliant with the Act;
 - (iv) Service/Business Plan;
 - (v) Constitution of the organization;
 - (vi) Audited Financial Statement – if any;
- f) The regional recommendation panel will comprise of at least three members of the following:
 - (i) Head of NPO Partnership Unit at Deputy Director level or Social Work Manager as chairperson unless delegated to the Social Work Supervisor;
 - (ii) Regional Assistant Director or Supervisor;
 - (iii) Regional co-ordinator;
 - (iv) Regional representative from NPO monitoring unit or NPO monitoring service provider;

	<p>(v) Representative from relevant sub-directorate from Provincial office; (vi) Any other relevant official from the Department;</p> <p>g) The deliberations and conclusions of the regional recommendation panel will be informed by the following:</p> <ul style="list-style-type: none"> (i) Assessment report based on on-site visit and analysis of the submitted service plan. Inputs from the responsible developmental/social worker on adherence of the organisation to the norms & standards of the relevant act/policy and their performance in terms of programme implementation; (ii) Inputs from the NPO monitoring unit on the compliance of the organisations with the previous service level agreement (applicable to existing NPOs only); (iii) Inputs from relevant sub-directorate from Provincial office on the alignment to priorities, targets and annual performance plan of the Department (Endorsement by Policy Unit on the assessment report); <p>h) A schedule of all qualifying organisations will be compiled in a form of a regional recommendation panel report and will be forwarded to the Regional Director for authorisation;</p> <p>i) The unsuccessful organisations will be informed in writing by the Region with recommended remedial measures.</p> <p>j) A signed hard-copy and electronic copy of the schedule of recommended organisations will be submitted to the NPO Financing unit for consolidation and budget alignment purposes.</p> <p>k) The responsible regional official will create a recommended contract on Supatsela system based on the schedule of recommended organisations and assign it to the relevant NPO Financing official.</p> <p>5. Approval for Funding</p> <ul style="list-style-type: none"> a) Signed hard-copy and electronic copies of the schedule of recommended organisations will be submitted to the Provincial NPO Financing unit for consolidation and budget alignment purposes; b) The Provincial NPO Partnership unit consolidate, analyse, align and summarise all the recommendations according to the following key objectives: <ul style="list-style-type: none"> (i) Region or service area; (ii) Programmes as outlined to the annual performance plan, sector & provincial priorities, etc (iii) Alignment to the programme voted budget; (iv) Needs as outlined by the region (wish-list);
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	<p>c) The analysed and summarised NPO budget allocation report is developed and presented at the NPO budget committee for amendment or approval;</p> <p>d) The NPO budget committee comprises of the following members:</p> <ul style="list-style-type: none"> (i) Head of Department or Deputy Director General: NPO, Welfare and Specialist Services as chairperson of the committee; (ii) Chief Financial Officer; (iii) Director: Budget Management (iv) Chief Director – NPO Partnerships & Development; (v) Chief Director – Welfare and Specialist Services; (vi) Provincial Programme Managers/Directors; (vii) Regional Directors; (viii) Director NPO Financing; and (ix) Regional & Provincial Deputy Directors: NPO Financing; <p>e) The final NPO budget allocation report based on the resolutions of the NPO budget committee will be developed for final approval by Head of Department.</p> <ul style="list-style-type: none"> (i) The budget allocation report is also signed off by the Director: NPO Financing; Chief Director: NPO Partnerships; Chief Director: Welfare; CFO; Deputy Director General and HOD. <p>f) Where programmes or services are of special/priority nature or for any other reason, the aforementioned process can be deviated by compiling a writing motivation for approval by the Head of Department and the Executive of the Social Welfare Branch;</p> <ul style="list-style-type: none"> i. Programme Managers or Regional Directors must maintain a register of all business plans submitted after call for proposal period and outline the reasons for deviation for approval;
<p>6. Distribution of Approved Individual NPO budgets for SLA signing</p>	<ul style="list-style-type: none"> a) The Provincial NPO Financing Directorate will develop a list/schedule of all approved organisations based on either the final NPO budget allocation or the approved motivation for approval and sign off by: <ul style="list-style-type: none"> (i) Director: NPO Financing or Deputy Director: NPO Financing; Chief Director: NPO Partnerships; Chief Director: Welfare; CFO; Deputy Director General and HOD.

	<p>b) The Director: NPO Financing or the delegated provincial official will then distribute the electronic schedule of all approved organisations based on the signed off schedule by Head of Department;</p> <p>c) Subsequent individual budget approvals and amendments will be developed periodically for approval and sign off by:</p> <p>(i) Director: NPO Financing or Deputy Director: NPO Financing; Chief Director: NPO Partnerships; Chief Director: Welfare; CFO; Deputy Director General and HOD</p>																					
<p>7. Signing of Service Level Agreements (SLAs)</p>	<p>a) The following officials are delegated by the Head of Department to sign service level agreements on behalf of the Department based on the approved schedule of organisations as distributed by Provincial NPO Financing unit and in line with Departmental financial delegations:</p> <table border="1" data-bbox="603 271 1129 1648"> <thead> <tr> <th colspan="3">Signing of Service Level Agreement</th> </tr> <tr> <th>Level of Official signing the SLA</th> <th>SLA Amount</th> <th>SLA Witnesses</th> </tr> </thead> <tbody> <tr> <td>1. Deputy Director or Social Work Manager (NPO Partnerships) or Deputy Director (Sustainable Livelihoods) or Deputy Director (Provincial Office);</td> <td>R0 to R1,5m</td> <td>Social Worker or Community Development Worker or official and above in the same unit</td> </tr> <tr> <td>2. Regional or Provincial Director</td> <td>R1,5m to R2,5m</td> <td>Social Worker or above</td> </tr> <tr> <td>3. Chief Director</td> <td>R2,5m to R3.5m</td> <td>Regional/Provincial Director</td> </tr> <tr> <td>4. Deputy Director General (DDG)</td> <td>R3.5m to R5m</td> <td>Regional/Provincial Director</td> </tr> <tr> <td>5. Head of Department (HOD)</td> <td>R5m and above</td> <td>Regional/Provincial Director</td> </tr> </tbody> </table> <p>b) All officials delegated to sign service level agreements (SLAs) should ensure that allocations outlined in the Service Level Agreements are in line with the NPO budget schedule as approved by Head of Department;</p> <p>c) The standard Service Level Agreement (SLA) is populated with the approved budget allocation, breakdown of NPO programmes/services and NPO registration number:</p>	Signing of Service Level Agreement			Level of Official signing the SLA	SLA Amount	SLA Witnesses	1. Deputy Director or Social Work Manager (NPO Partnerships) or Deputy Director (Sustainable Livelihoods) or Deputy Director (Provincial Office);	R0 to R1,5m	Social Worker or Community Development Worker or official and above in the same unit	2. Regional or Provincial Director	R1,5m to R2,5m	Social Worker or above	3. Chief Director	R2,5m to R3.5m	Regional/Provincial Director	4. Deputy Director General (DDG)	R3.5m to R5m	Regional/Provincial Director	5. Head of Department (HOD)	R5m and above	Regional/Provincial Director
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- (i) SLA is printed and NPO is invited to sign and advised to bring along a bank statement not older than 3 months or confirmation letter of banking details from the relevant bank.
- d) Representative of the NPOs that must sign the service level agreement:
- (i) Chairperson;
 - (ii) Treasurer;
 - (iii) Programme Manager; and One Witness;
- Note: In the absence of any of the above, the NPO must provide a signed proxy letter delegation another board member to sign on the absentee's behalf.*
- e) All signed service level agreements should be accompanied by a latest bank confirmation letter or latest statement of the organisation are submitted to Regional and Provincial NPO Financing unit for payment processing;
- f) The service level agreement should be signed in triplicates or copies should be available:
- a. One is given to the NPO, the second is submitted to the province and the third is filed at the region.
- g) The Admin Officer or Senior Admin Officer will verify the signed SLA for correctness and against the amounts reflected in the approved schedule of organisations;
- h) Irrespective of who signs the SLA in line with the above delegations, the management of the SLA, compliance thereof and service related commitments will be at the level where the service is rendered.

<p>8. Payment process (1): Creation of contracts on Supatsela</p>	<p>a) The authorised NPO financing official as per delegation below will create an approved contract on Supatsela according to the verified service level agreement and electronically assign it to the relevant financial administration official in the CFO's office:</p>										
	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="344 349 395 1599">Creation of Contracts on Supatsela as per Service Level Agreement</th> </tr> <tr> <th data-bbox="395 349 446 1599">Level of Official signing the SLA</th> <th data-bbox="395 627 446 1599">SLA Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="446 349 486 1599">1) Senior Admin Officer: NPO Financing</td> <td data-bbox="446 627 486 1599">Unlimited</td> </tr> <tr> <td data-bbox="486 349 526 1599">2) Assistant Director: NPO Financing</td> <td data-bbox="486 627 526 1599">Unlimited</td> </tr> <tr> <td data-bbox="526 349 563 1599">3) Deputy Director: NPO Financing</td> <td data-bbox="526 627 563 1599">Unlimited</td> </tr> </tbody> </table>	Creation of Contracts on Supatsela as per Service Level Agreement		Level of Official signing the SLA	SLA Amount	1) Senior Admin Officer: NPO Financing	Unlimited	2) Assistant Director: NPO Financing	Unlimited	3) Deputy Director: NPO Financing	Unlimited
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	<p>b) All signed service level agreements are verified against the schedule of all approved organisations or approved motivations for correlation and correctness;</p> <p>c) The signed service level agreement will also be forwarded to the financial administration unit for further verification before releasing of tranche payments;</p> <p>d) The bank confirmation letter or bank statement which outlines the banking details of the organisation should be verified against the database maintained by Gauteng Department of Finance for correctness and correlation;</p>										
<p>9. Payment Process (2): Subsequent subsidy payments (2nd, 3rd & 4th tranche)</p>	<p>a) Subsequent payment tranches (2nd, 3rd & 4th quarter) to an NPO will be confirmed to be released on Supatsela in line with payment confirmations or non-payment confirmations from the regional offices or the relevant provincial directorate;</p> <p>b) An authorised NPO Financing Official as per delegation below will confirm subsequent payment tranches and will electronically assign it to the relevant financial administration official in the CFO's office:</p>										

Subsequent Payment Confirmation on Supatsela	
Level of Official signing the SLA	SLA Amount
4) Senior Admin Officer: NPO Financing	Unlimited
5) Assistant Director: NPO Financing	Unlimited
6) Deputy Director: NPO Financing	Unlimited

c) The Finance Official will conduct payment reconciliation utilising SAP R3 reports to confirm payments have been made from the correct allocation to the correct organisation and correct bank account;

d) In case of any erroneous payment, Department will inform the NPO in writing to refund any amount made in error.

- i. The NPO Financing Directorate in collaboration with CFO's office will be responsible for issuing the refund letter and to confirm the recovery of funds made in error.
- ii. Records of the refund will be shared with other relevant Directorates.

10. Payment Process (3):

Authorisation for final payment (CFO's Office)


- a) Relevant official at the CFO's office will do the final checks against the service level agreement and release the funds to the approved organisation;
- b) Reports of NPOs paid will be developed and shared with NPO Financing Directorate for reconciliation purposes;
- c) The CFO's Office/Finance through a duly authorized official will process the payments as per the approved financial delegations

Recommendation: The above business process and standard operating procedure for NPO funding is hereby recommended for approval and implementation effective from April 2022.


 Mr. Themba Msimanga
 Director: NPO Financing
 Date: 30/08/2022


Recommendation: The above business process and standard operating procedure for NPO funding is hereby recommended for approval and implementation effective from April 2022.

Supported/Not Supported/ Supported with Amendments



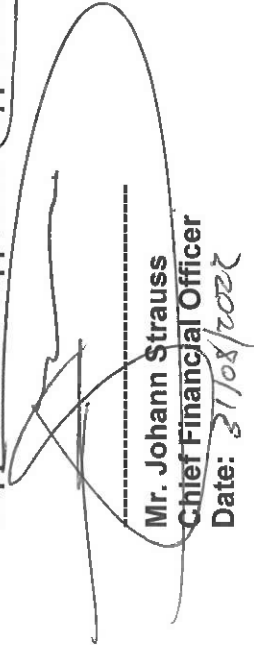
Mr. Solly Ndweni
Chief Director: NPO Partnerships, Development and Research
Date: 31/08/2022

Supported/Not Supported/ Supported with Amendments



Ms Tebello Mkhonto
Chief Director: Social Welfare & Specialized Social Services
Date: 31/08/2022

Supported/Not Supported/ Supported with Amendments

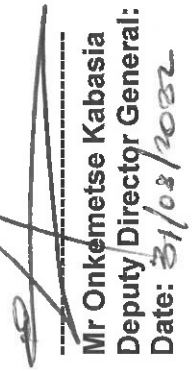


Mr. Johann Strauss
Chief Financial Officer
Date: 31/08/2022

* To Ensure inclusion of SAP CRM 7
PROCESS
* Ensure m&E Documents aligned to SAP CRM 7 (Annex A)

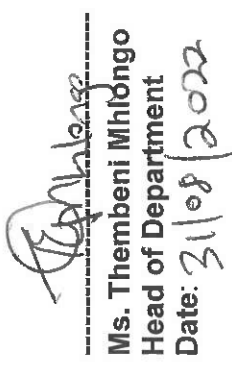
Recommendation: The above business process and standard operating procedure for NPO funding is hereby recommended for approval and implementation effective from April 2022.

Supported/Not Supported/ Supported with Amendments



Mr Onkemetse Kabasia
Deputy Director General: Welfare Services
Date: 31/08/2022

Approved/Not Approved/ Approved with Amendments



Ms. Thembeni Mhlongo
Head of Department
Date: 31/08/2022