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File no.: 4/1/4 (2019-2020)
Enquiries: MJ Comer

Financial Accounting Minute: 0004/2019

To: Superintendent-General, Deputy Directors-General, Chief Directors, Directors, Heads of all subdirectorates and divisions, and all officials dealing with the granting and acceptance of gifts, donations and sponsorships

Subject: Guidelines for the granting and acceptance of gifts, donations and sponsorships by the State

1. **Purpose**

The purpose of this minute is to address important issues relating to the granting and acceptance of gifts, donations and sponsorships by the Western Cape Education Department (WCED), to provide guidelines in this respect and the reporting thereof in the annual financial statements.

2. **Legislative framework**

2.1 Section 44 of the **Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), as amended**, empowers the accounting officer (AO) of the WCED to delegate any of the powers entrusted or delegated to him/her in terms of this Act to an official in the WCED, or to instruct any official to perform any of the duties assigned to him/her in terms of this Act. Section 76(1)(l) of the PFMA also prescribes that the National Treasury must make regulations concerning gifts or donations by or to the State.

2.2 The **National Treasury Regulations (NTR)** were issued in terms of section 76 of the PFMA. NTR 21.1 applies to gifts, donations and sponsorships by the State and NTR 21.2 applies to the acceptance of same by the State.

3. **Background**

3.1 A clear distinction must be made between gifts, donations and sponsorships received by the State to be utilised for departmental purposes and gifts received by officials in their personal capacity from members of the public or suppliers as a show of gratitude/for good service rendered. The former is subject to approval in terms of the

prescripts and must be reported in the WCED's annual financial statements, whereas the latter can be accepted in a personal capacity but is subject to the *Policy on the Acceptance of Gifts by Office-Based Officials and Office-Based Educators of the Western Cape Education Department, 2019*.

- 3.2 The authority to approve the granting and acceptance of gifts, donations and sponsorships by or to the State on behalf of the WCED, has largely been delegated by the AO. The latest **Financial Delegation of Powers** by the AO is dated 22 August 2016. In terms of **financial delegation no. 15.1**, a **chief director** is authorised to **approve the granting of gifts, donations and sponsorships** by the State to a maximum of R10 000. Amounts exceeding R10 000 to a maximum of R100 000 can only be approved by the AO of the WCED. When exercising their authority, the responsible officials must take note of the remarks and conditions which must be adhered to as stipulated in financial delegation 15.1. The conditions for the granting of gifts by the State are as follows:
- a) Must be in the interests of the State.
 - b) Must be in line with the objectives of the WCED.
 - c) Must contribute to the enhancement of the image of the WCED.
 - d) Must not be used to promote the personal interests of an official.
 - e) Must only be made in extreme circumstances.
 - f) Amounts in excess of R100 000 must be approved by the Western Cape Provincial Parliament.
 - g) Amounts exceeding R100 000 per case must be included separately in the annual appropriation bill.
 - h) Provincial Treasury approval must be obtained before offering immovable property as gifts or donations.
 - i) The relevant reasons for granting immovable property as gifts or donations must be submitted to the Provincial Treasury.
- 3.3 In terms of **financial delegation no. 15.2**, the approval of the **acceptance of gifts, donations and sponsorships** to the State is delegated to a **chief director**. Note that all cash received as gifts, donations and sponsorships must be paid into departmental revenue. Donations received in kind must also be quantified and reported to the asset manager for inclusion in the Asset Register. The conditions for the acceptance of gifts to the State are as follows:
- a) All cash gifts, donations or sponsorships must be paid into the relevant revenue fund, except those donations received in terms of NTR 21.2.5.
 - b) Where it is not apparent for what purpose a gift, donation or sponsorship should be applied, the executive authority may decide how it must be utilised.
 - c) All gifts, donations or sponsorships received during the course of a financial year must be disclosed as a note to the annual financial statements of the institution.
 - d) Donor funding received in terms of the Reconstruction and Development Programme Fund Act, 1994 (Act 7 of 1994), as amended, must be dealt with as determined by the National Treasury from time to time.

- 3.4 All submissions for gifts, donations and sponsorships must be made to the applicable line managers and proof of the authorised submissions must be kept on file for record purposes.
- 3.5 As revenue received forms part of the WCED's annual appropriation, all money received from individuals or organisations paid over to the revenue fund can only be spent once the funds have been appropriated in terms of the Appropriation Act, 1997 (Act 29 of 1997).

4. **Requirements for financial reporting**

It is of utmost importance that the original authorised submissions and supporting documentation are kept on file for record purposes as all gifts, donations and sponsorships must be disclosed in the WCED's annual financial statements and interim financial statements.

All chief directors are therefore required to maintain a register, in the prescribed format attached as Annexure A, of all approvals granted in this respect and to report quarterly to the Director: Financial Accounting, i.e. for March, June, September and December of each year.

5. Any enquiries in this respect can be directed to the following persons in the Directorate: Financial Accounting:
Assistant Director – Financial Reporting: Mr MJ Comer – tel. no. 021 467 2736
Deputy Director – Financial Reporting: Mr Z Mpisi – tel. no. 021 467 2511
6. This minute replaces any previous instructions in this regard.
7. Kindly bring the contents of this minute to the attention of all officials dealing with gifts, donations and sponsorships. Your cooperation in adhering to this minute is appreciated.

SIGNED: LJ Ely

DEPUTY DIRECTOR-GENERAL: CORPORATE SERVICES

DATE: 2019 -10 - 31