



sport & recreation

Department:
Sport and Recreation South Africa
REPUBLIC OF SOUTH AFRICA

FUNDING POLICY

ISSUING DIRECTORATE: CLIENT SUPPORT SERVICES

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1. ABBREVIATIONS

SRSA

Sport & Recreation SA.

SASCOC

South African Sports Confederation and Olympic Committee.

SAIDS

South African Institute for Drug-free Sport.

BSA

Boxing South Africa.

SLA

Service Level Agreement

2. PREAMBLE

This policy is informed by the Public Finance Management Act, 1999 (Act No 1 of 1999 (PFMA), Treasury Regulations and the National Sport and Recreation Amendment Act of 2007. The aim of this document is to align SRSA's funding policy to the PFMA and to create a living document that will assist in streamlining the management of sport and recreation subsidies to improve levels of transformation and high performance sport.

The policy reflects a deliberate shift away from compliance with spending regulations on so-called "legitimate items" to a focus on outcomes. NGO, entities, national federations, recreation service providers and other clients will **have to** account for specific, agreed

upon performances that will result from the financial contribution of the State. All recipients of Government subsidies are still, however, expected to ensure compliance.

SRSA will fund clients for the purpose of enhancing SRSA's core objectives. Preference will be given to those clients whose activities clearly impact on the following government priorities:

- The empowerment/uplifting of previously disadvantaged individuals
- Advancement of women and disabled persons
- Inculcating healthy lifestyles (transformation)
- Rural development
- Urban renewal
- Moral regeneration
- Job creation
- Addressing the challenges of our time including HIV and AIDS, crime, substance abuse, etc.

3. GLOSSARY OF TERMS

Recreation

A guided process of voluntary participation in any physical activity that contributes to the improvement of the general health, well-being and skills of both the individual and society.

Sport

Any activity that requires a significant level of physical involvement and in which participants engage in either a structured and/or unstructured environment, for the purpose of declaring a winner, though not solely so; or pure relaxation, personal satisfaction, physical health, emotional growth and development.

Efficiency

Achieving outcomes successfully with the lowest input for the maximum output.

Effectiveness

Achieving outcomes that one has set out to accomplish.

Economical

The least expensive option.

Transparent

Operating in a manner that is open to (public) scrutiny.

Control Measures

Mechanisms or practices to prevent or detect irregular activity whilst assuring achievement of objectives.

Performance Measures/indicators

Yardsticks by which clients are measured to determine whether objectives are being met.

Compliance

Conformity to prescripts e.g. relevant laws, regulations, agreements, policies, etc.

Outputs

The measurable products and services produced as direct results of actions undertaken.

Outcomes

The impact of outputs on individual groups, communities and society.

Indicators

These are the measurements/yardsticks that you will use to determine your progress (whether you are achieving success or not) relative to your envisaged project output.

Business plan: prescribed format

A computer based planning document provided by SRSA in a set format that enables the client applying for subsidy to provide statistical and project planning information in a uniform manner.

Development continuum

Levels of progression of participants in sport and recreation starting with the entry/novice level and progressing through to top level, elite participation.

Elite Sport

Highly skilled athlete participation at the top level.

Macro sports bodies

Non-profit, non-governmental national umbrella sport body to which national sports federations/committees are affiliated (i.e. SASCOG).

Sports Forum

A forum comprising representatives of SRSA and SASCOG for purposes of addressing issues of mutual interest to both parties.

Government priority node

Geographic area identified by government for accelerated socio-economic development/growth through additional resources.

4. LEGISLATIVE FRAMEWORK

Public Finance Management Act, 1999 (Act No. 1 of 1999 (PFMA))

National Sport & Recreation Act, 1998 (Act No. 110 of 1998)

National Sport and Recreation Amendment Act???

Employment Equity Act, 1998 (Act No. 55 of 1998)

SA Institute for Drug-Free Sport Act, 1997 (Act No. 14 of 1997)

SAIDS Amendment Act????

South African Boxing Act, 2001 (Act No. 11 of 2001)

Skills Development Act, 1998 (Act No. 97 of 1998).

Treasury Regulations

5. IMPLEMENTATION

5.1 WHO DO WE SUBSIDISE

- Public entities
- Macro-bodies
- Agencies that utilise sport and recreation activities extensively to further Government priorities
- National sport and recreation federations catering for men and/or women
- NGOs or sport and recreation federations targeted for special/priority projects enhancing sport & recreation development
- Teams, individual athletes and coaches within the parameters of the athletes' assistance programme.

Notes:

- Provincial sport and recreation federations and clubs are funded by provincial sport and recreation departments and local/district councils respectively. SRSA may elect to fund special sport and recreation or related projects

complementing general Government priorities at any location inside or outside the South African geographical borders

- Clients receiving subsidies from SRSA must declare all other sponsorship/subsidies received. Multiple subsidies are allowed provided that they do not exceed the total cost of the project.
- For funding, budgeting, reporting and planning purposes, etc. all public entities are subject to PFMA prescripts.
- NGOs or sport and recreation federations are also subjected to PFMA with regard to the funds transferred.

5.2 CRITERIA FOR FUNDING

Clients should:

- Show the ability and potential to attract MORE PEOPLE into their fold, thereby assisting SRSA in its vision of “**Striving to create an active and winning nation**” or alternatively to -
- Show the ability and potential to win MORE MEDALS at major international events or
- Show the ability to create viable projects fostering job creation (where applicable) national identity, social cohesion and the advancement of a unified and winning nation
- Operate in accordance with a constitution/Articles or Memorandum of Association that conforms to the constitution of the RSA, the White Paper on Sport & Recreation and SRSA transformation objectives and applicable guidelines
- Actively promote free access/membership and participation in all events and organisational structures
- Be affiliated to their appropriate international federations, where relevant, and compete/operate according to rules set by the international federation

- Be a bona fide national organisation recognised by the SASCOC, with provincial structures in at least five provinces
- Provide minutes of regular annual general meeting(s)/general assembly (ies)/Board of Trustees meetings with provincial/affiliate representation (as would be relevant/applicable) at which an annual report and audited financial statements/certified income and expenditure statements (as applicable) had been presented and approved
- Hold regular executive/board meetings attended by a quorum as stipulated in its constitution
- Have organisational structures at club, provincial, national and international levels (not applicable to SASCOC and some specific NGOs like the Sports Trust)
- Have democratically elected bodies with registered/affiliated participants (as relevant)
- Be prepared to motivate as and when required by SRSA, why it deserves a State subsidy and continued financial assistance to pursue its activities
- Provide SRSA with statistics on membership and development initiatives having an impact on Government priorities and other areas of participation/operation as may be required
- Provide SRSA with names of clubs and the percentage of funding given to these clubs from NF's, SRSA grant and other sources
- Provide proof of the existence, implementation, promotion and progress of a viable and sustainable development programmes according to the signed SLA. aimed at maximising opportunities for all (where applicable)
- By means of annual audited financial statements/certified income and expenditure statements (as applicable) and prescribed quarterly progress reports and business plans,

provide proof of sound administrative, project and financial management and control systems. SRSA reserves the right to call for an audit on any client should it so wish

- Keep all financial records and substantiating documents in archives for SRSA's purposes for a period of at least 3 years following the financial year end
- Take decisive action against the use of prohibited performance-enhancing substances in accordance with the regulations of its international parent body and the SAIDS/WADA guidelines (where applicable)
- Contribute to general Government priorities such as the advancement and inclusion of women, disabled persons, the youth, rural development, disadvantaged persons and campaigns against HIV and AIDS, crime, racism, doping in sport, etc.

5.3 WHAT IS THE EXTENT OF SRSA FUNDING

The amount allocated annually to SRSA is not fixed and could be influenced by various factors including changes in Government policy and priorities. SRSA does, however, strive to lobby for a better allocation of Government resources to sport and recreation every year. Provisional transfer payment amounts are, therefore, allocated annually to prioritised clients before the commencement of any given financial year in April to allow them to draw up their proposed plans for the year. A lump sum will be allocated to the stakeholders, SRSA will specify a certain amount for administration costs, and the remaining amount will be for the stakeholders discretion as to how they would prefer to utilise the funds under more medals, more people and hosting.

5.4 WHAT DO WE SUBSIDISE

Administration

- Office operational costs
- Travel and subsistence for meetings and development
- Affiliation fees to African, Zonal and International/Continental controlling bodies

More People (Transformation)

Projects that contribute significantly towards the inclusion and sustained participation of previously disadvantaged groupings (women, youth, disabled persons, rural areas) in all spheres of sport. This includes representivity in relation to athlete participation, elected positions, team support (management and medical/scientific assistants) and other administrative staff, technical officials such as coaches, referees and umpires, as well as ground staff and facility managers.

Costs that may be credited to the More People (transformation) account include:

- Talent identification drives
 - Accommodation and travel costs within local communities/districts/regions/provinces for the purpose of training (skill enhancement) of non-professionals inclusive of volunteers, participants, administrators, coaches and technical officials at entry and more advanced levels of expertise (includes honoraria/coaches fees and competition clothing)
 - Purchasing sports specific equipment and marking of playing areas
 - Club revitalization or the establishment of new clubs

- Urban (inner city) projects that address social problems and rural (government priority node) projects
- Administrative expenditure directly related to the project.

The following items may not be credited to the More People budget:

- Expenditure related to council/executive committee meetings only if directly related to more people projects
- Office rental/expansion/general operational costs
- Conferences/meetings not associated specifically with transformation initiatives

More Medals (International events)

Events in which representative teams from South Africa and other countries participate in a sport/recreation competition/activity in South Africa or outside its borders. Priority should be given to Zone VI and continental events and competitions/qualifiers in preparation for major international events i.e. Olympics/Paralympics, World Games, Commonwealth Games, All Africa Games. Zone VI.

Hosting

Major international events taking place in South Africa. Bids for international events must comply with the regulations for bidding for, and hosting international events obtainable from SASCOG. No client may bid for hosting any international event if prior written approval was not received from the joint SASCOG/SRSA committee in accordance with the bidding/hosting regulations. Approval, however, does not imply that funds will be granted for the staging of such an event but logistical support may be given.

SPECIAL PROJECTS

This funding is budgeted for school sport codes with the intention of preparing teams for international participation

6. PROCEDURAL MATTERS

6.1 WHAT YOU MUST DO TO ACCESS GOVERNMENT SUBSIDIES

Before the payment can be made to stakeholders, stakeholders must submit a:

- **Original signed** business/strategic plans in the prescribed format (obtainable from SRSA), reflecting outputs according to stated performance measurements. Customised business plans formats are also applicable to NGO's as well as identified entities specifically targeted for effecting projects/programmes contributing towards the achievement of Government priorities.
- **Original signed** annual reports as approved at a board/annual general meeting. within 3 months after the federation's/organisation's financial year end
- **Signed** 4th quarter reports and/or invoice from the previous financial year
- audited financial statements as approved and signed in the original at the board/annual general meeting within 3 months after financial year end (for entities with a total annual income of R100 000 or less, audited financial statements may be substituted for its latest certified income and expenditure statement for the year, subject to approval by the Director-General

- original authorisation certificate (for signing of contracts and other official documentation) attached to, minutes of a meeting or on a federations letterhead stipulating the person(s) who have signing powers
- SRSA banking details form reflecting bank details, ***original*** bank stamp (no faxes/photocopies) accompanied by a request for payment of subsidy on an official (original) letterhead and duly signed by an authorised representative
- internal financial control questionnaire
- latest constitution / constitutional changes or articles/memorandum of association (where applicable)
- cash flow projection (public entities and others, as applicable) if adjusted since previous submission
- written assurance that the entity implements effective, efficient and transparent financial management and internal control systems.

After quarterly payment has been made:

- **Signed** project reports and pro forma invoices, as applicable, followed by final invoices substantiating expenditure on international events/meetings and equipment (may not be applicable to ad hoc/once off projects)

NOTE:

The beneficiaries/clients must ensure that the relevant coordinator or sub-unit member signs for all documentation sent to SRSA, so that there is proof that the document has been received. Coordinators will furthermore acknowledge receipt of documentation in writing. Should the client not receive acknowledgement of receipt as contemplated above, the onus rests with the client to direct the necessary enquiries to the SRSA.

6.2 WHAT WILL WE DO WHEN YOU SUBMIT

When all the above-mentioned documentation has been received the following will take place:

- A Memorandum of Agreement (where applicable) will be sent to the beneficiary for completion.

Please ensure that the MOA is completed as follows:

- Use a black pen when initialing or signing the contract
- Ensure that the bank details are accurate
- Sign in full next to all clauses where changes/additions are made
- Initial ALL pages save for the last that must be signed in full
- Provide the official street address and not the postal address under domicilium et executandi
- Only the officially designated representative(s) of the beneficiary (as nominated on the authorisation certificate) may sign the contract
- The authorisation certificate must be signed by at least two elected office bearers (excluding the nominee) of the beneficiary
- A copy of all contracts must be forwarded by the beneficiary to its designated auditor
- Written assurance must be provided by the beneficiary on the SRSA prescribed internal control tick list (Annexure B) that it implements effective, efficient and transparent financial management and internal control systems.
- By signing the agreement the person authorized to sign on behalf of the Beneficiary, binds himself/herself and the executive members of his/her federation in solidum (jointly and severally) regarding any claim, which may arise from entering into this Agreement.

Changes to contracts:

- Changes to contracts can only be effected via addendums to agreements signed by the authorized parties involved in the original agreement.
- Subsidies may then be paid out according to the cash flow signed by the designated representative. Cash flow projections should be updated quarterly if changes were effected to the business plan. This projection is generated automatically for prescribed electronic business plans.
- ALL expected income and expenditure (e.g. sponsorships) must be reflected in administration/project budgets.
- The cash flow must never reflect a deficit
- The residual of subsidies requested but not spent by the end of the reporting period (quarter) may be deducted from the request for the new period unless sufficient motivation is provided by the beneficiary about why that should not be the case.
- At least 5 working days must be allowed from the final processing for a payment to when it appears on a bank statement. Proof of payment is mailed to all beneficiaries

6.2 OTHER CONDITIONS/REQUIREMENTS

- You may not transfer funds received from SRSA to another entity including a club or province. You must spend it yourself.
- Utilising subsidies for items/purposes not approved on the business and/or strategic plan without requesting and receiving prior approval from SRSA in writing.
- Approval from SRSA must be given if funds are deferred to the beneficiary's next financial year.
- Applications from sports federations forming part of recognised composite bodies (e.g. where diving is a discipline of Swimming SA)

will not be considered separately from the composite body's application, except where the composite body consists of independent structures (own set of financial accounts and controlling procedures) serving separate male and female clientele

- An application received by SRSA does not constitute a promise or a commitment to subsidise any project/item
- Changes to project plans, business and/or strategic plans with regard to allocations already approved:
 - May only be submitted by persons authorized by the Executive Committee/Board of the beneficiary. This does not detract from existing accountability arrangements
 - All such requests must be done on the beneficiary's federation's official letterhead
- All subsidies allocated for a particular financial year may be revoked in total/partially if no prior approval is sought for deviations from the Memorandum of Agreement and supporting plans.
- Beneficiaries not displaying a sound financial position may not be subsidized. However, the Director-General may institute special measures to allow for continued funding, if deemed necessary and should sufficient proof, certified by the beneficiary's auditor, be provided that the beneficiary is in a position to operate as a going concern
- Annual audited financial statements, as approved at the Board/annual general meeting (AGM), and signed by the president and treasurer/designated signatory must be submitted to SRSA within 3 months after a beneficiary's financial year end
- Pages of the audited report where SRSA funds are reflected must be audited. Furthermore the notes must stipulate that all SRSA subsidies received have been utilised in accordance with the specifications of the SLA. Allocated funds expended for other purposes will be recovered from the federation

- No SRSA funds may be deposited into trust accounts. Beneficiaries may be requested by SRSA to pay their annual grant into a separate banking account to facilitate more effective and efficient monitoring. All accounts of the client must, however, form part of the audited financial statements
- An auditor's opinion must be expressed on the statement and his/her opinion must cover the entire statement, including notes. All SRSA funded projects and/or sub projects must be clearly disclosed IN FULL in either the audited financial statements or notes thereto
- A full audit must be de done that covers all the terms and stipulations reflected in the SRSA Memorandum of Agreement
- Only financial statements audited by auditors registered with the Public Accountant's and Auditor's Board shall be acceptable
- All Agreements and Addendums to Agreements entered into with SRSA must be submitted to the federation's auditors in order to certify compliance in the auditors report.
- Requests for a change in banking details should be made on an official and original letterhead (no faxed copies) by the authorised representative and must be accompanied by the official electronic payment request, an Addendum to the original MOA (see Annexure D) as well as the minutes of the board/executive meeting where the change in bank particulars was approved
- Subsidies for international meetings/events and equipment will be subject to proof of payment submitted with project reports after the event
- SRSA will be primarily responsible for financial and performance monitoring of events/projects subsidised through Government grants. SRSA may appoint other service providers to assist with monitoring
- All information/records referred to in the SLA/Performance Agreement entered into between the beneficiary and SRSA must be made available on request to parties authorized by SRSA

- SRSA is not obliged to give advance notice of monitoring visits
- Clients will be provided with copies of monitoring reports on request.
- Subsidised parties must give public recognition to SRSA for support via announcements or clear displays of the entities' logo and/or name on banners, flags, official programmes, letterheads or other suitable means that would enhance the SRSA public/corporate image
- The recognition/acknowledgement should be in accordance with the significance of the total government subsidy to the federation/entity in relation to that of other sponsors and printed matter should be cleared with SRSA before publication.
- Provisional allocations of subsidies to beneficiaries shall be announced at the SRSA Annual Conference
- Matters of mutual concern may be addressed at this conference
- Workshops relevant to government's subsidy of beneficiaries or other matters of importance impacting on the sports environment may form part of the SRSA Annual Conference.

7. POLICY REVIEW

The Client Support Services sub- unit will review this policy annually and/or as directed by legislation changes.

8. DATE AND SIGNATURE OF APPROVAL

This policy is approved and signed on _____ of _____
and is effective from _____