



Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

MONITORING AND EVALUATION OF NON-PROFIT ORGANISATIONS POLICY

Registration no: 2025-03

I) TABLE OF CONTENTS**PAGE NO.**

1.	Definitions of Terms	3
2.	Acronyms	4
3.	Legislative Framework	5
4.	Preamble	6
5.	Purpose	6
6.	Objectives	7
7.	Scope of Applicability	7
8.	Principles and Values	7
9.	Policy Statement	7
10.	Policy Provisions	8-10
11.	Approval Authority	11
12.	Administration of the Policy	11
13.	Accountability and Responsibilities	11-12
14.	Effective date of the Policy	13
15.	Monitoring mechanism	13
16.	Enforcement	
17.	Policy Review	14
18.	Policy Approval	14

II) DEFINITION OF TERMS

TERMS	DEFINITIONS
Non-Profit Organizations	Means a trust, company or other association of persons established for a public purpose; the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered. mean registered in terms of the NPO Act 1997, including CBO and NGOs as all registered as NPO.
Project	A planned community-based undertaking designed to achieve certain specific objectives within a given budget and within a specified period of time.
Reporting	A mechanism where the NPO provides the Department at applicable levels with a monthly, quarterly and annual activity and financial report by a specific date of the month following end of the previous month, quarter and year.
Monitoring	The continuous or periodic surveillance of the physical implementation of a project to ensure that inputs, activities, outputs and external factors are proceeding according to plan.
Verification	The process of confirming the contents of the submitted NPO/ Projects reports and District Monitoring Tool Reports in line with applicable business plan processes and legislation.
Evaluation	The systematic collection and objective analysis of evidence on not-for profit organizations and community-based projects to assess issues such as relevance, performance (effectiveness and efficiency), value for money, impact, and sustainability and recommend way forward.
Transfer payment agreement	A written agreement entered into between the Department and an organization prior to the provision of a developmental grant from the Department to the organization concerned.
Departmental Monitoring and Evaluation Policy	Means the Eastern Cape Department of Social Development Monitoring and Evaluation Policy.
Sector Funding Policy	It provides guidance on the country's response to financing service providers in the developmental social services sector, facilitating transformation, and redirection of developmental social services and resources.

III. ACRONYMS

NPO	NON-PROFIT ORGANIZATION
NGO	NON-GOVERNMENTAL ORGANIZATION
CBO	COMMUNITY BASED ORGANIZATION
M&E	MONITORING AND EVALUATION
TPA	TRANSFER PAYMENT AGREEMENT
SFP	SECTOR FUNDING POLICY
CO-OPS	CO-OPERATIVES
SSPs	SOCIAL SERVICE PROFESSIONS

III) LEGISLATIVE FRAMEWORK

1. Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)
2. Public Finance Management Act No 1 of 1997
3. Treasury Regulations 2001
4. Non-profit organizations Act No 71 of 1997
5. Policy on Financial Awards to Service Providers
6. Sector Funding Policy 2011
7. National Evaluation Policy Framework 2011
8. Probation Services Amendment Act, 35 of 2002
9. Social Assistance Act, 59 of 1992
10. Social Service Professions Act 110 of 1978
11. White paper on Social Welfare, 1997
12. National Disability Policy, 2015
13. Older Persons Act 13 of 2006
14. Children's Act 38 of 2005
15. Domestic violence Act 116 of 1998
16. National Development Agency Act No. 107 of 1998
17. Companies Act No. 71 of 2008
18. Financial Intelligence Centre Act No. 38 of 2001
19. Integrated Service Delivery Model, 2006

1. PREAMBLE

The Eastern Cape department of Social development is committed to ensure effective monitoring and evaluation of developmental, institutional initiatives involving Non-Profit Organizations (NPOs), Non-Governmental Organizations (NGOs), Community-Based Organizations (CBOs), and Cooperatives in line with National and Provincial legal prescripts. Despite implementation of monthly and quarterly M&E systems, poor compliance with financial and performance reporting requirements are outlined in the NPO Act. This challenge is largely due to limited institutional capacity, lack of understanding regulatory obligations, inadequate training, support and weak enforcement mechanisms. To address these challenges, the department shall consider strengthening monitoring through capacity-building initiatives, standardization of reporting tools and enforce compliance with accountability measures, to ensure funded organizations operate effectively and transparently in delivering essential social development services.

The development of NPO Monitoring and Evaluation policy is a strategic intent for ongoing developmental challenges that remain unaddressed due to weakness of internal controls and compliance processes related to planning, performance management, contract management, transfer payment agreements, reporting, and the overall monitoring of Non-Profit Organizations (NPOs), Non-Governmental Organisations (NGOs), Community-Based Organisations (CBOs), and Cooperatives. This policy aims to establish a continuous developmental process to provide regular feedback and highlights strengths and weaknesses in achieving intended results and ultimately guiding improvements in service provision. Fostering accountability and data-driven decision-making, the policy intends to enhance the quality of services provided by the NPO sector and community-based initiatives.

This policy intends to outline clear procedures, implementation processes and institutional arrangements focusing on monitoring of transfer payment agreements, adherence to service specifications, and management of financial awards. In addition, the policy aims to support departmental employees on regulatory and oversight roles by providing supportive guidance on the reinduction and orientation of staff on governance norms and standards, strengthening internal capacity to promote consistent and accountable performance within the department.

2. PURPOSE

The purpose of this policy is to provide an integrated inclusive system approach on monitoring, reporting, and evaluation systems by establishing clear principles, practices, standards and norms to be utilised by the department and funded organisations.

3. OBJECTIVES

- a. To provide guidance on systems, reporting, monitoring and evaluation tools for NPOs, NGOs, CBOs and Cooperatives.
- b. To outline institutional coordination arrangements for monitoring and evaluation at Head office and district level.
- c. To provide guidance on financial internal controls and standard and norms systems.
- d. To strengthen collaborative partnerships with NPOs, NGOs, CBOs, and Cooperatives.
- e. To ensure improved service delivery and accountability.

4. SCOPE OF APPLICABILITY

This policy is applicable to funded NPOs, CBOs, NGOs and Cooperatives supported by the department.

5. PRINCIPLES AND VALUES

- a) **Transparency:** the department, NPO's, NGO's, CBO's and Cooperatives shall maintain accessibility to information, with openness of administrative and management procedures applicable.
- b) **Accountability:** the department, NPO's, NGO's, CBO's and Cooperatives shall ensure funds allocated for shared social services welfare delivery are utilised for intended purposes and be accounted for, to the department, public and statutory bodies.
- c) **Efficiency and cost effectiveness:** the department, NPO's, NGO's, CBO's and Cooperatives shall ensure services are provided in an efficient, economic and effective manner in accordance with the departmental legislation, policy mandates and strategic objectives.
- d) **Equity:** provision and distribution of services, resources in an impartial, fairly, equitable manner without bias / preferences based on the needs, priorities agreed upon and to address historical discrepancies.
- e) **Participation:** the department, shall, where possible create opportunities for NPO's, NGO's, CBO's, Cooperatives to participate in the planning, decision-making, monitoring and evaluation of service delivery programmes of the department.
- f) **Accessibility:** accessibility in terms of physical, geographical conditions, time, language and need. Social development services are available to vulnerable groups. No individual or group denied access either of lack of resources, lack of knowledge and access services.
- g) **Affordability:** no one shall be excluded on basis of inability to pay for the service and where fees are charged, a means test should be applied.
- h) **Appropriateness:** responsiveness to social, economic, religious, cultural, indigenous and political conditions.
- i) **Empowerment:** to enhance the capacity of new emerging organisations to meet the standards set out in this policy for their inclusivity and effective delivery of services. Active involvement of management, service beneficiaries, staff, stakeholders and community representatives in the delivery of developmental social services is critical.

- j) **Partnership:** a collective responsibility of government, non-profit organisations and the business sector to deliver services.
- k) **Sustainability:** the extent to which the Non-Profit Organisations shall continue to pursue the objective after project assistance is over, ensure the achievement and long- term maintenance of desired goals.

6. POLICY STATEMENT

The department is committed on monitoring and evaluation of developmental and institutional initiatives involving NPOs, NGOs, CBOs and Cooperatives aligned with the National and Provincial legal prescripts. Ensuring effective oversight, the department shall establish a comprehensive monitoring and evaluation system. The system shall include necessary structures, processes, assessment tools and compliance performance support to NPOs, NGOs, CBOs, and Cooperatives. Transfer payments on funded organisations are subject to continuous monitoring with the relevant support and funding processes.

7. POLICY PROVISIONS

7.1. PLANNING PROCESSES

- a. The planning process of NPOs shall align with the framework on development of strategic plans, annual performance plans and incorporate best practices, tools, and development of relevant indicators.
- b. The business and operational plans shall be aligned with the department's policy priorities, foster accountability for achieving social development sector objectives by assessing processes, outputs, and outcomes.

7.1.1. Performance indicators and targets

- a. Performance indicators and targets shall be identified and included in organisations business plan, annual performance plans to track on-going performance.
- b. Performance indicators shall be aligned to approved social development sector strategic plan, departmental annual performance plan and operational plan.
- c. Performance indicators and targets shall be set relating to the budget year in respect of programmes/objectives/activities contained business plan.

7.2. REPORTING PROCESSES

- a. The uniform system of collecting, storage, consolidating, reporting, analyzing financial and non-financial information from Non-Profit Organisations is essential for efficient public financial management.

- b. Reporting system by Non-Profit Organisation shall be aimed at improving transparency, enhancing oversight over the financial and non-financial performance of funded organisations and promoting culture of performance management.
- c. Non-Profit Organisations shall be required to report on monthly and quarterly performance and annual reporting.
- d. The report shall be signed by the accounting authority in the organisation utilizing approved format for reporting.
- e. Reports shall be accompanied by a portfolio of evidence on the work performed by the organisation.
- f. Data quality controls shall be in place to ensure reported information is valid and accurate.
- g. Verification of NPO performance shall be done monthly.

7.2.1. Monthly reporting

- a. On a monthly basis, organisations shall be required to submit performance reports at the end of each month.
- b. Monthly report shall include organisations activities during a specific month for financial and non-financial performance.
- c. Monthly reports shall be accompanied by quantitative and qualitative data captured on primary source data and secondary source data.

7.2.2. Quarterly reporting

- a. The reporting on performance indicators on a quarterly basis shall provide progress on the implementation of the organisations plans with reference to monitoring delivery against the specific quarterly performance targets set on the business plan.
- b. Quarterly reports shall be accompanied by a quantitative, qualitative data captured on primary source data and secondary source data.
- c. On quarterly basis organisations shall be required to report as follows:
 - i. **First quarter: July**
 - ii. **Second quarter: October**
 - iii. **Third quarter: January**
 - iv. **Fourth quarter: April**

7.2.3. Annual reporting

On the annual basis, organizations shall be required to submit audited financials and performance reports

7.3. REPORTING STANDARDS

The reporting standards shall be instituted to establish clear criteria for the assessment and evaluation of service performance by NPOs, CBOs and co- operatives.

7.4. PERFORMANCE REVIEWS

The performance reviews shall be conducted on a quarterly basis by organisations and NPO reports shall be certified by appropriate official within the NPO as per the approval system within the organization

7.5. MONITORING

- a. The monitoring of NPOs shall be used as a management tool to define a continuous process of systematic collection of data on specific indicators, to provide management and stakeholders of an ongoing intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated resources.
- b. Monitoring of NPOs shall be linked and aligned to the sector wide national monitoring and evaluation framework for the purpose of promoting consistency and cohere in the management of performance.

7.5.1 Monitoring criteria standards

- a. The monitoring of NPOs shall include full and complete monitoring and evaluation plan.
- b. Monitoring plan shall contain specific, measurable, attainable, realistic, timely indicators and targets linked to the approved business plan.
- c. The monitoring plan shall include activities to monitor project indicators, complete tracking tools, undertake monitoring reports.
- d. The monitoring of NPOs shall be conducted and implemented by qualified officials utilising approved integrated monitoring tools and recognised professional norms and standards guide.
- e. Monitoring of NPOs shall be conducted on monthly, quarterly basis and on ad hoc basis.
- f. Monitoring to NPOs shall be conducted through physical on-site visit and other acceptable mechanisms.
- g. Monitoring shall include financial monitoring to measure the use of financial resources within the organisation.

7.5.2. Evaluation

- a. Evaluation shall involve a systematic collection, objective analysis of evidence on NPO's, community-based projects to assess issues such as relevance, performance, value for money, impact, sustainability and recommend way forward.
- b. The evaluation plan shall contain specific, measurable, attainable, realistic and timely indicators and targets linked to the approved business plan.
- c. Evaluation plan shall include activities to monitor project indicators, complete tracking tools, undertake monitoring reports.
- d. Evaluation of NPOs shall be conducted and implemented by qualified officials utilising approved evaluation standards, and tools.

- e. Evaluation of NPOs shall be conducted annually to measure the development outcomes and impact of the NPOs within each designated area of implementation.

8. APPROVING AUTHORITY

The Head of department shall recommend to the Member of the Executive Authority for approval of this policy

9. ADMINISTRATION OF THE POLICY

The administration of this policy shall be the responsibility of the Head of department, ensure employees adhere to its provisions.

10. ACCOUNTABILITY AND RESPONSIBILITIES

10.1. PROVINCIAL NPO MANAGEMENT UNIT

- a. The unit shall be responsible for development of monitoring and evaluation systems. Coordinates ad hoc monitoring visits, analyse monitoring findings, and formulates recommendations for improvement.
- b. NPO management unit shall be responsible for development of data collection and performance reporting tools for Non-Profit Organisations (NPOs) and monitoring of their performance in line with approved plans.
- c. The unit shall facilitate the development of monitoring tools, validates NPO-reported performance on a quarterly basis, and conducts quarterly monitoring visits. Analyse monitoring and evaluation findings, conduct recommendations and monitors the implementation of improvement plans.
- d. The unit shall facilitate evaluations of NPO performance in relations to services rendered. Facilitates capacity-building initiatives for NPOs on performance information requirements and assess the availability of standard operation procedure for services provided.
- e. NPO unit shall monitor service implementation aligned with SOPs and organise integrated monitoring and evaluation feedback for forum sessions.
- f. The unit shall facilitate quarterly review sessions with NPOs and the department to communicate key findings and recommendations on continuous improvement.

10.2. FINANCIAL MANAGEMENT SERVICES

- a. Financial management unit shall be responsible for financial oversight and supports risk management related to funded organisations.
- b. The unit monitors financial performance of organisations through scheduling inspection visits or performance reviews as part of ongoing financial accountability measures.

10.3. DISTRICT COORDINATION LEVEL

- a. The district shall support implementation of monitoring and evaluation systems and related policies.
- b. Conduct ad hoc monitoring visits, analyse monitoring findings, and contribute to the development of improvement plans.
- c. Districts shall coordinate integrated M&E feedback sessions to promote continuous improvement and accountability.

10.4. LOCAL SERVICE OFFICE IMPLEMENTATION LEVEL

- a. The local service office shall be responsible for development and implementation of integrated monitoring plans.
- b. LSOs shall conduct monthly monitoring visits to NPOs utilising a standardised monitoring tool and facilitate quarterly monitoring and evaluation forum reviews.
- c. LOS's shall support NPOs on development of cash flow projections for implementation of NPO plans, based on funded programmes.
- d. The LOS's shall support NPOs on preparation of income and expenditure reports for accountability compliance.

10.5. PROVINCIAL NPO FORUM

- a. The NPO forum shall be responsible for deliberating on monitoring findings and making recommendations to address identified challenges.
- b. The forum shall provide feedback to affected parties, ensure adherence to established guidelines, legislatives and maintain meeting resolutions.

10.6. LEGAL SERVICES

- a. Legal services shall be responsible for vetting of transfer payment agreements (TPAs) to ensure legal compliance and integrity.
- b. The unit shall provide guidance on corrective measures in cases of non-compliance with terms of TPAs.

10.7. CONTRACTS MANAGEMENT

- a. The unit shall manage TPAs and facilitate signing of contracts between department and NPOs.
- b. Contract management shall provide guidance on corrective measures in cases of non-compliance with the terms of TPAs.

11. EFFECTIVE DATE OF THE POLICY

This policy shall take effect from the date of approval by the Head of Department and the Member of the Executive Council.

12. MONITORING MECHANISM

Monitoring and evaluation forum shall be established at local service office, district, and provincial levels to support the implementation of and adherence to this policy, in alignment with departmental planning processes. This policy shall enable the department to monitor organizations in the areas of governance, compliance, financial management, adherence to norms and standards, service performance, and customer satisfaction. Monitoring mechanisms shall include scheduled and unannounced (ad hoc) visits. The organisations shall maintain accounting practices in accordance with provisions of transfer payment agreement. Funded organizations shall be monitored quarterly. The NPO forum members co-opted when necessary to support the monitoring process. Contingency measures, such as teleconferencing and virtual engagements, shall be implemented to ensure continuity of monitoring during disasters or emergencies. Group monitoring approaches shall be applied where appropriate, to enhance efficiency and effectiveness with more focus on areas of income and expenditure.

13. POLICY REVIEW

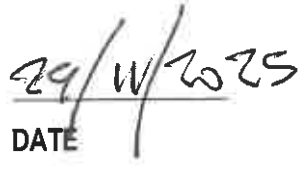
This policy shall be reviewed after three years of its effective date of approval or when necessary, changes in legislation.

14. POLICY APPROVAL

RECOMMENDED/ NOT RECOMMENDED



HEAD OF DEPARTMENT: DEPT. OF SOCIAL
DEVELOPMENT

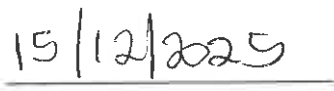


DATE

APPROVED/ NOT APPROVED.



MEMBER OF THE EXECUTIVE (MEC): DEPT. OF SOCIAL
DEVELOPMENT



DATE