

Province of the
EASTERN CAPE
SOCIAL DEVELOPMENT

SOP File Number:	DSD-NPO-02
SOP Version:	v.001
Document Owner:	DIRECTOR – NPO Management

STANDARD OPERATING PROCEDURE: NPO FUNDING MANAGEMENT PROCESS

Approval Date	7 December 2016
Commencement Date	7 December 2016
Review Date	(1 year after Approval date)
Periodical Review	Annual
Resources	Internal staff, Budget
Intent of SOP	To document the standard operating procedure (SOP) for the NPO Transfer Management Process. This document aims to assist the officials of the Department of Social Development with the day to day activities of NPO Management including registration, transfer of funds, capacity building and monitoring and evaluation. This document can be used for training of newly appointed NPO personnel.
Scope	This document applies to all Departmental officials rendering services for NPO's.
Objective(s)	The objectives of the NPO Management process are:

	<p>Establish the funding relationship between the Department and service providers that render developmental social services.</p> <p>Determine the requirements and mechanisms for registration and making financial awards to service providers rendering developmental social services.</p> <p>Develop the capacity of emerging and previously disadvantaged organisations that do not have the resources but understand and could meet the needs of the communities.</p> <p>Provide a basis for the redistribution of resources in a more equitable manner.</p> <p>Provide a basis for monitoring services rendered, utilization of funds by the NPOs, as well as compliance and impact assessment.</p>
<p>Definitions</p>	<p>NPO - Not for profit organizations.</p> <p>SAW – Social Auxiliary Workers</p> <p>SW - Social Workers</p> <p>DSD – Department of Social Development</p> <p>ACDP - Assistant Community Development Practitioners</p> <p>CDP - Community Development Practitioners</p> <p>NPSO</p> <p>NGO</p> <p>CBO</p> <p>Indicative budget</p>
<p>Key Performance Indicator</p>	<p>To establish and capacitate existing community based organisations towards improved organisational service</p>

	<p>Number of NPOs capacitated according to the capacity building framework</p> <p>Number of NPO assisted with registration</p> <p>Number of initiatives benefitted from Social Service Partnerships/Relationships</p> <p>Number of Social Service Practitioners Capacitated</p> <p>Number of Community Development structures/NPO forums supported</p>
<p>Principles</p>	<p>The following principles underpin the policy on the funding of social development service providers:</p> <p>Accessibility - Accessibility in terms of physical and geographical conditions, time, language and need.</p> <p>Accountability - Compliance with all legislative, policy and financial regulations.</p> <p>Affordability - No one must be excluded on the basis of inability to pay for the service and where fees are charged, a means test should be applied.</p> <p>Appropriateness - Responsiveness to social, economic, cultural and indigenous and political conditions.</p> <p>Efficiency and effectiveness - Achievement of objectives in a most cost-effective manner.</p> <p>Empowerment - To enhance the capacity of emerging organisations to develop so that they can meet the standards set out in this policy.</p> <p>Equity - Redistribution of resources based on need, priorities and historical discrepancies.</p> <p>Participation - Active involvement of management, clients, staff, stakeholders and community representatives in organisational programme and policy design.</p> <p>Partnership - A collective responsibility of government, civil society and the business sector to deliver services.</p> <p>Social Integration - Policies and programmes that promote social justice.</p> <p>Transparency - Access to information, openness of administrative and management procedures.</p>

Compliance Measures	Registration - Alignment with the NPO Act No. 71 of 1997 Funding - Alignment with Service Specification and Programme Policies Capacity Building – Alignment with the Capacity Building Framework National Skills Development Strategy III
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FUNDING PROCESS

STEP BY STEP GUIDE					
NPO FUNDING PROCESS					
Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
1	Needs identification	<ul style="list-style-type: none"> • Conduct needs analysis • Conduct awareness campaign, door to door campaigns, community dialogues and household/community profiling. • Compile a report • Submission of community needs. • Analysis and compilation of report. • Alignment of the identified needs to demographic information. • Prioritisation of district needs including MEC Pronouncements 	Social Workers CDP ACDP Social Auxiliary Workers Service Office Manager	<ul style="list-style-type: none"> • Profiling form (SW8) • Participatory Rural Appraisal 	3 months
2	Development of service specification	<ul style="list-style-type: none"> • Identify the legislative priorities for the year. • Align the district needs to the priorities. • Analyse the indicative budget in line with the identified needs. • Develop funding modalities. • Craft the draft service specification document <p style="text-align: center;">Draft Service specification</p> <ul style="list-style-type: none"> • Consult the NGO sector on the draft service specification document and other funding tools. • Consolidate the inputs from the NPO sector. <p style="text-align: center;">Consult NGO Sector</p> <ul style="list-style-type: none"> • Consult the NGO sector on the draft service specification document and other funding tools. • Consolidate the inputs from the NPO sector. <p style="text-align: center;">Finalize and submit service specification for recommendation</p> <p style="text-align: center;">Finalisation and approval of the service specification document.</p>	Provincial Programme Manager District Programme Manager	<ul style="list-style-type: none"> • Specification template • Indicative Budget • Draft specification • Attendance register <p style="text-align: center;">Consolidated input</p> <p style="text-align: center;">Finalized service specification</p>	3 weeks

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
		<p align="center">Recommend Service Specification</p>	<p align="center">GM Social Services</p>	<ul style="list-style-type: none"> Recommended service specification 	<p align="center">1 week</p>
		<p align="center">Approve Service specification</p>	<p align="center">Superintendent General</p>	<ul style="list-style-type: none"> Approved service specification 	<p align="center">1 week</p>
3	<p align="center">Call for proposals</p>	<p align="center">Prepare call for proposal</p> <ul style="list-style-type: none"> Prepare an advert Translation of advert into different languages. 		<ul style="list-style-type: none"> Prepared advert Memo 	<p align="center">1 week</p>
		<p align="center">Source quotations and perform procurement for the advert</p> <ul style="list-style-type: none"> Source quotations from media agencies. Perform Procurement for the issuing of the advert. 	<p align="center">Provincial and District NPO Management Office</p>	<ul style="list-style-type: none"> Received Quotations Signed Order 	<p align="center">1 week</p>
		<p align="center">Advertise on local newspapers, posters e-mail and website</p> <ul style="list-style-type: none"> Advertise the call on newspapers and local radio stations. Conduct sensitization sessions for communities through Imbizos and other platforms. Pasting of posters in public spaces. Post the information on the website. Send Email to provincial and local NPO structures with a hyperlink to the advert published on the website 	<p align="center">Director NPO Management NPO Coordinator</p>	<ul style="list-style-type: none"> Advert Specimen Poster Issuing Register 	<p align="center">1 week</p>

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

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4	Submission of Applications	<p align="center">Conduct Road shows</p> <p align="center">Receive Business Plans</p>	<p align="center">Local Service delivery centre Service Office District</p>	<ul style="list-style-type: none"> • Acknowledgement receipt • Signed submission register 	
		<ul style="list-style-type: none"> • Identify submission points in all local offices. • Identification of officials to mend the submission process. • Receiving of business plans and issuing of acknowledgement of receipt letters. <p align="center">Develop Service Area Masterlist</p>		<ul style="list-style-type: none"> • Developed Masterlist 	
		<ul style="list-style-type: none"> • Craft Masterlist of submitted business plans at service area. • Consolidate and submit registers to the Local Service delivery centre. <p align="center">Consolidate Local Service delivery Centre Masterlists</p>		<ul style="list-style-type: none"> • Consolidated Masterlist 	
		<ul style="list-style-type: none"> • Receive service areas Masterlists • Consolidate received Masterlists from Local Service delivery centres. • Submit registers to the District <p align="center">Appoint Onsite verification teams</p>		<p align="center">Appointment letters</p>	
5	<p align="center">Appointment of District Assessment teams</p>	<p align="center">Conduct onsite verification and finalize reports and Masterlist</p>		<ul style="list-style-type: none"> • Finalized Onsite verification report. • Consolidated recommended Masterlist • Evaluation Grid 	
		<ul style="list-style-type: none"> • Conduct onsite verification exercise. • Finalise Onsite verification reports and consolidate recommended master lists. 			

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
		<p align="center">Submit Masterlist to District</p> <ul style="list-style-type: none"> Submit verified onsite reports and consolidated recommended Masterlist to the District in electronic and hard copy format. <p align="center">Appoint District Assessment teams</p> <ul style="list-style-type: none"> Appointment of panels for the assessments. Present recommended organisations to the district assessment panels. 		<ul style="list-style-type: none"> Masterlist Business plans 	
6	Application assessment	<p align="center">Asses District Business Plans</p> <ul style="list-style-type: none"> Receive Local Service delivery Centres Masterlists Consolidate the received master lists for each programme. Compile recommended and non-recommended business plans. Prepare recommended business plans for provincial moderation. Consolidate approved organisations into a provincial master list. Masterlist should be presented to each district for verification before the HOD approval. District Manager should append their signature on the verified Masterlist. <p align="center">Submit verified Masterlist to Finance for Budget alignment</p> <ul style="list-style-type: none"> If the budget does not align, re-asses the District business plans. <p align="center">Capture Business plans and Number of Beneficiaries on MIS</p>	<p align="center">Local Service delivery centre Service Office District</p>	<ul style="list-style-type: none"> Recommended Masterlist. Non-recommended Masterlist. District assessment minutes. 	2 Months
			Provincial NPO Deputy Director / Provincial Programmes	Budget report	Captured Business Plan

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

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	<ul style="list-style-type: none"> If the budget aligns with the Masterlist, capture business plans and number of beneficiaries on MIS. Develop and Dispatch allocation Letters. 	<p>Convene provincial Moderation Committee</p> <ul style="list-style-type: none"> Invite committee members. Conduct Provincial moderation exercise in all District business plans. 	<p>Provincial NPO Deputy Director/ Provincial Programmes</p>	<p>Invited committee members</p>	
	<p>Present Recommended Business Plans to the Committee</p> <ul style="list-style-type: none"> Present district recommended business plans to the moderation committee 	<p>Consolidate and recommend business plans</p> <ul style="list-style-type: none"> Combine all the recommended business plans into one Masterlist 	<p>District NPO Programme Manager 2,3 and 4</p>	<p>Presented recommended Masterlist</p>	
	<p>Verify and submit Masterlist for approval by SG</p> <ul style="list-style-type: none"> Verify Consolidated Masterlist Sign verified Masterlist 	<p>Provincial NPO Deputy Director/ Provincial Programmes</p>	<p>Recommended Masterlist of Business plans.</p>	<p>Signed verified Masterlist</p>	

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
7	Approval of Masterlist	<p align="center">Approve Masterlist</p>	<p align="center">Superintendent General</p>	<p align="center">Approved Masterlist</p>	
8	Contracting	<p align="center">Prepare contract Template</p> <ul style="list-style-type: none"> • Draft Service Level Agreement template. • Despatch the template to the NPO sector and programmes for inputs. • Programmes and NPO submit inputs. • Submit draft SLA to Contract Management 	<p align="center">Provincial NPO Deputy Director Contract Manager NPO</p>	<p align="center">Draft Service Level Agreement template Issuing Register / Dispatched template</p>	<p align="center">1 Month</p>
		<ul style="list-style-type: none"> • Send Draft SLA template to Contract Management in electronic and hard copy format. • Finalize the draft template, including feedback from the districts, programmes and NPO sector. 	<p align="center">Provincial NPO Deputy Director Contract Manager NPO</p>	<p align="center">Submitted Draft SLA Template</p>	
		<p align="center">Distribute SLA template to District</p> <ul style="list-style-type: none"> • Send finalized SLA template to district in electronic and hardcopy format. 	<p align="center">Provincial NPO Deputy Director Contract Manager NPO</p>	<p align="center">Finalised SLA template Signed Issuing Register</p>	
		<p align="center">Populate SLA template using Masterlist</p>	<p align="center">District Program Manger</p>	<p align="center">Populated SLA</p>	
		<p align="center">Sign SLA</p>	<p align="center">District Director</p>	<p align="center">Signed SLA contract</p>	

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
9	Pre-implementation training	<p align="center">Conduct pre-implementation training for approved organizations</p> <ul style="list-style-type: none"> • Submit training presentation to the District Manager • Conduct pre-implementation workshops for approved organisations in line with the Master List. The training should include management of funds and SLA training. 	District Programme Managers	<ul style="list-style-type: none"> • Pre-implementation training report • Pre-implementation training presentation • Attendance Register 	1 Month Ongoing
10	Capacity Building Workshops (including SLA training)	<p align="center">Conduct Capacity building</p> <ul style="list-style-type: none"> • Conduct training workshops for implementation and procurement plans • Identification of beneficiaries and participants • Linking of approved organisations for capacity building programme as per need. 	NPO / CBS	<ul style="list-style-type: none"> • Attendance Register • Training Report • Procurement plans • Implementation plans • Skills audit template 	1 Month Ongoing
11	Disbursement of funds	<p align="center">Capture Business Plan in MIS</p> <ul style="list-style-type: none"> • Capture business plans on MIS. • Conduct procurement as per Procurement Process (Below R500 000) <p align="center">Print payment advice via MIS</p> <ul style="list-style-type: none"> • Print payment advice from MIS • Submit payment advice to the NPO • Sign payment advice 	<p>Area office District office NPO NGO Payment Clerks Director – Payments NPO payment section</p>	<ul style="list-style-type: none"> • Captured Claims • Payment Advice 	

**STEP BY STEP GUIDE
NPO FUNDING PROCESS**

Nr	Task Name	Task Procedure	Responsibility	Supporting Documentation	Service Standard
		<ul style="list-style-type: none"> Receive signed payment advice from NPO Receive and submit signed quarterly claims to NGO Payments office 		<ul style="list-style-type: none"> Received signed payment advice 	
		Capture and process payment		<ul style="list-style-type: none"> Captured payment 	
12	Monitoring and evaluation	<p align="center">Perform Monitoring And Evaluation Quarterly Assessment</p> <ul style="list-style-type: none"> Implement monitoring and evaluation framework. Perform Monitoring & Reporting and DQA Assessments. Perform NGOs evaluation. 	District Programme Coordinator NPO Coordinators District Programme Managers Social Workers ACDPs	<ul style="list-style-type: none"> Monitoring and Evaluation Framework 	Quarterly
13	Approval of claims	<p align="center">Approve Claim in MIS</p> <p align="center">Effect payment</p>	District Director	<ul style="list-style-type: none"> Approved claim 	Quarterly
			Payment clerk	<ul style="list-style-type: none"> Approved claim Approved payment Paid claim Payment stub 	Quarterly






PROCESS RISKS

Process Name	Risk Description	Probability (H/M/L)	Impact (H/M/L)	Control Description	System / Manual
NPO Management	Non-availability of resources for the NPO unit and no clear reporting lines in terms of budget and performance. This leads to inefficiencies in performing the NPO function.	H	H	Accounting officer to fast track the establishment and resourcing of NPO Management Unit. Reviewal of the current organogram in line with the roles and responsibilities as outlined in the NPO Management Business Process.	Manual
Capacity Building	Pre-implementation workshop – trainers need to be capacitated	L	L	Programmes to take responsibility of the pre-implementation workshops and training guidelines. Process:	Manual
Funding	Pre-mature introduction of the quarterly payment process. Non alignment between the payment (Quarterly) and the SLA (1 month)	H	H	Correct implementation of the new process including approval, communication, change management and training. System: Make the necessary enhancement in the system to accommodate the new process.	Manual System
Funding	NPO Data Integrity – not all paid organisations are reflected on the Expenditure report	M	M	Request the systems development team to investigate and ensure that the payment reflects in the report	System
Funding	Transfer of funds to non-compliant organisations. This leads to irregular expenditure and audit findings	H	H	An interface between the MIS and Online Registration system needs to be developed to facilitate validation of organisations and avoid payment of non-compliant organisations.	Manual
Monitoring and Evaluation	Non-existence of NPO monitoring and evaluation component as per approved DSD M&E Framework. As a result there are no monitoring and evaluation tools and no dedicated resources.	H	H	Approval of the Monitoring and Evaluation Draft Policy by the HOD Change monitoring period from monthly to quarterly.	Manual

LEGISLATION, POLICIES, PROCEDURES, LEGISLATION & OTHER DOCUMENTATION (i.e. SOPs)

Document Name	SECTION	Effective Date (if applicable)
Constitution of South Africa	Section 27	
PFMA	Section 38 1 (j)	Act No. 1 of 1999
NPO Act	Chapter 2 Section 3	Act No. 71 of 1997
Policy on Financial Awards to Service Providers (PFA)		2011
NPO National Financing Guideline		2011
National Skills Development Strategy III		

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Distribution and Use of SOP	District Directors, Corporate Service Deputy Directors, Service Deputy Directors, Area Deputy Directors, Assistant Directors.		

