Objective

To provide guidance in all matters concerning the Nonprofit Organisations Act and related legislation to non-profit organisations in the Eastern Cape Province.

Terminology

“Accountability” - An organisation's or an individual’s obligation to demonstrate and take responsibility for performance in light of agreed expectations.

“Accounting officer” - Person managing the day-to-day accounting of the NPO who is registered in terms of section 60 of the Closed Corporations Act.

“Administrator” - Person managing the day-to-day administration of the NPO.

“Chief Executive Officer” - Person heading up an NPO’s staff.

“Constitution” - The formal document capturing the founding statement, vision and broad objectives of an NPO. In the case of registered Trusts or Foundations this includes Trust Deeds in terms of the Trust Property Control Act of 1988, and in the case of registered Section 21 Companies the Memorandum and Articles of Association by the NPO’s governing body.

“Donor” - An individual or institution who agrees to voluntarily provide resources, more often or not money, to an NPO, in support of their programmes, projects and operational costs.

“Governing Body” - The group of an NPO’s constituency representatives who are elected or invited to voluntarily serve as the constituted leadership of an NPO. The governing body can be given the title of, among others: Board, Board of Directors, Trustees, Council or Steering Committee.

“Non-Profit Organisation” - A collection of people coming together for a common purpose, agreeing to formalise a programme to fulfil this purpose. Should there be excess income after expenditure (“profit”) this excess is made available to the benefit of the purpose.

“Stakeholders” - External individuals, groups, organisations, staff members or other bodies with a stake or interest in the area or field where interventions and assistance are directed.
Responsibility/Accountability

The Director will be responsible for compliance.

Head of operations will be responsible for implementation.

Related Documents

Basic Conditions of Employment Act
Child Justice Act
Children’s Act
Codes of Good Practice for Non-Profit Organisations
Companies Act
Employment Equity Act
Financial Intelligence Centre Act
Income Tax Act
Integrated Service Delivery Model for Social Welfare
Intergovernmental Relations Framework Act
King III Report on Corporate Governance
Labour Relations Act
Municipal Finance Management Act
National Development Agency Act
Non-Profit Organisations Act
Occupational Health and Safety Act
Prevention of and Treatment for Substance Abuse Act
Skills Development Act
Victim Empowerment Programme

Supporting Documents

Template for annual reports to the Director of Non-Profit Organisations, Department of Social Development
Part 1 | Policy Statement

The Eastern Cape NGO Coalition and its members are committed to conducting their business with integrity, excellence and discipline. These values call for organisations to practice the highest standards of governance. In the spirit of the Non-Profit Organisations Act (Act 71 of 1997) and within the framework of South Africa’s adherence to the principles of a constitutional democracy committed to a free and open society, we commit ourselves to meeting the diverse needs of the population of the Eastern Cape.

1. NON-PROFIT ORGANISATIONS ACT (Act No. 71 of 1997)

(www.gov.za/documents/download.php?f=70816) The Nonprofit Organisations Act is the entry point for non-profit organisations, primarily to derive benefits from the enabling environment created in terms of the Act. Therefore the Director is responsible for-

- Ensuring the organisation is registered with the Department of Social Development.
- Ensuring that the organisation remains in good standing in terms of the Act by-
  - Keeping accounting records in line with the standards of the generally accepted accounting practice of its income, expenditure, assets and liabilities.
  - Drawing up financial statements within six months of its financial year-end which must include-
    - An income and expenditure statement, and
    - A balance sheet reflecting its assets and liabilities.
  - Compiling a written report by the accounting officer within eight months of the organisation’s financial year-end stating whether or not the organisation’s-
    - Financial statements and accounting records are consistent;
    - Accounting policies were applied with the preparation of the financial statements;
    - Financial conduct has complied with the provisions of the NPO Act and its own constitution.
  - Submitting annual narrative reports to the Directorate for Non-Profit Organisations on time. The narrative report must consist of the following three sections-
    - Section A - basic details about the organisation on the form provided;
    - Section B - the organisation’s major achievements over the year, in response to the questions provided; and
• Section C - list of important meetings held by the organisation during the year, and details of any changes to the constitution.
  ⇒ Informing the Director of NPOs within one month of-
  • Any changes to the names, or physical, business and residential addresses of the organisation’s office-bearers;
  • Any appointment or election of the organisation’s office-bearers - even if there were no changes to the office-bearers; and
  • Any change of the physical or registered address of the organisation.

2. CODES OF GOOD PRACTICE FOR NONPROFIT ORGANISATIONS

(http://www.westerncape.gov.za/other/2010/4/good_practice.pdf) The Codes of Good Practice for Nonprofit Organisations issued by the Department of Social Development in terms of the Non-Profit Organisations Act, embodies a shared vision of what constitutes good practice in leading and managing nonprofit organisations with a particular focus on governance, administration, fundraising and the donor community.

The Director should ensure compliance with the Codes of Good Practice and specifically ensure that the organisation-

- Abides by the spirit conveyed in the codes;
- Practices an effective and efficient annual planning process;
- Has adequate resources to meet its objectives;
- Manages its resources effectively;
- Determines and monitors its programmes and services;
- Enhances its public image; and
- Communicates effectively to its internal and external audiences.

3. COMPANIES ACT, 2008 (Act No. 71 OF 2008)

(http://www.cipc.co.za/Companies_files/CompaniesAct71_2008.pdf) The purpose of the Companies Act is to-

- Promote compliance with the Bill of Rights as provided for in the Constitution, in the application of company law;
- Promote the development of the South African economy by—
  ⇒ encouraging entrepreneurship and enterprise efficiency;
  ⇒ creating flexibility and simplicity in the formation and maintenance of 45 companies; and
encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation;

- Promote innovation and investment in the South African markets;
- Reaffirm the concept of the company as a means of achieving economic and social benefits;
- Continue to provide for the creation and use of companies, in a manner that enhances the economic welfare of South Africa as a partner within the global economy;
- Promote the development of companies within all sectors of the economy, and encourage active participation in economic organisation, management and productivity;
- Create optimum conditions for the aggregation of capital for productive purposes, and for the investment of that capital in enterprises and the spreading of economic risk;
- Provide for the formation, operation and accountability of non-profit companies in a manner designed to promote, support and enhance the capacity of such companies to perform their functions;
- Balance the rights and obligations of shareholders and directors within companies;
- Encourage the efficient and responsible management of companies;
- Provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders; and
- Provide a predictable and effective environment for the efficient regulation of companies.

The Director must ensure that-

- The name of the organisation ends with the expression “NPC” (non-profit company);
- The memorandum of Incorporation is consistent with the Companies Act.
- If any changes are made to the Memorandum of Incorporation, the new version is filed it with the CIPC for registration.
- Any documents, accounts, books, writing, records or other information that a company is required to keep must be kept—
  - In written form, or other form or manner that allows that information to be converted into written form within a reasonable time; and
For a period of seven years, or any longer period of time specified in any other applicable public regulation.

The company maintains—

- A copy of its Memorandum of Incorporation, and any amendments or alterations to it, and any policy documents as approved by its governing body;
- A record of its current directors and of any person who has served as a director of the company for a period of seven years after the person ceases to serve as a director, including their full name, identity number, nationality and passport number, occupation, date of their most recent election or appointment as director of the company, the name and registration number of every other company or foreign company of which the person is a director, and in the case of a foreign company, the nationality of that company.
- Copies of all-
  - Reports presented at an annual general meeting of the company, for a period of seven years after the date of any such meeting;
  - Annual financial statements for seven years after the date on which each such particular statements were issued; and
  - Accounting records for the current financial year and for the previous seven completed financial years of the company;
- Minutes of all meetings and resolutions of directors, or directors’ committees, or the audit committee, if any, for a period of seven years after the date—
  - Of each such meeting; or
  - On which each such resolution was adopted.

Annual financial statements are prepared within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting.

4. KING III REPORT ON CORPORATE GOVERNANCE

The King Reports on Corporate Governance in South Africa established recommended standards of conduct for boards and directors of companies, including not only financial and regulatory aspects, but also advocating an integrated approach that involves all stakeholders. The third report (King III) became necessary because of the implementation of the Companies Act (Act no. 71 of 2008) and changes in international governance trends. The King III principles have largely been drafted in general terms so that all entities, including nonprofit organisations could apply these in order to measure and achieve good governance.
4.1. Integrated Sustainability Reporting And Disclosure

- Effective communication with stakeholders is essential.
- Sustainability reporting should be focused on substance over form and should transparently disclose information that is material, relevant, accessible, understandable and comparable with past performance of the organisation.
- Sustainability reporting and disclosure shall be formalised as part of the organisation’s reporting processes.
- Effective reporting shall take place at least once a year.

4.2. Board of Directors

The Board shall act as the focal point for corporate governance. The Board shall-

- Ensure that the organisation acts as and is seen to be a good and responsible corporate citizen;
- Cultivate and promote a corporate culture of ethics;
- Appoint the Chief Executive Officer/Executive Director and establish a framework for the delegation of authority;
- Be responsible for the process of risk management, including an effective risk-based internal audit process;
- Act in the best interest of the organisation;
- Manage conflicts of interest;
- Ensure the integrity of financial reporting;
- Ensure that the organisation makes full and timely disclosure of material matters concerning the organisation;
- Ensure that internal and external disputes are resolved effectively, expeditiously and efficiently;
- Ensure that the organisation implements an effective compliance framework and effective processes;
- Commence rescue proceedings as soon as the organisation is financially distressed.

4.3. Composition of the Board of Directors

- The Board shall comprise a balance of executive and non-executive directors, with a majority of non-executive directors.
- The Board shall comprise of no less than three (3) directors.
The Board shall be led by an independent non-executive Chairperson who shall not be the Chief Executive Officer/Executive Director of the organisation. Directors must be appointed through a formal process.

4.4. Board Committees

The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities, including:

- An Executive Committee comprising of suitably skilled and experienced persons responsible for developing and operationalising a Strategic Plan, developing and adopting an annual budget, and approving expenditure.
- An Audit Committee comprising of suitably skilled and experienced independent non-executive Directors, who shall oversee stakeholder reporting including financial reporting and integrated sustainability reporting, as well as the internal audit function. The Audit Committee is responsible for recommending the appointment of the external auditor and the oversight of the external audit process.
- Ad Hoc Committees appointed as and when needed, including a Remuneration Committee and a Risk Committee.

4.5. Chairperson

The Chairperson of the Board is elected by the Board at its General Meeting. He/she-

- is the leader of the Board;
- ensures good governance of the organisation;
- ensure that the meetings are duly constituted and convened;
- provides support and advice to the Chief Executive Officer;
- represents the Board; and
- acts as the spokesperson for the Board.

4.6. Chief Executive Officer

The Board of Directors must appoint a Chief Executive Officer to-

- Implement Board decisions by virtue of the values and approved policies;
- Ensure that adequate operational processes are established and deployed to govern and enforce organisational values; and
- Ensure that adequate resources are engaged and deployed in support of the operational processes.
The Chief Executive Officer is obligated to:

- Assume the highest operational authority;
- Delegate in writing, any part or all of his/her authority;
- Influence organisational strategy;
- Provide effective leadership; and
- Engage committees of the Board to perform duly.

During periods of absence of the Chief Executive Officer, he/she will in writing appoint an acting Chief Executive, who must act in his/her absence and has the full signing authority of the Chief Executive Officer.

5. LABOUR LEGISLATION


5.1. Basic Conditions of Employment

The Basic Conditions of Employment Act (as amended) applies to all employers and workers and regulates leave, working hours, employment contracts, deductions, pay slips, and termination. The Basic Conditions of Employment Act does not apply to unpaid volunteers working for charity. Also, the sections of the Act that regulate working hours does not apply to:

- Workers in senior management;
- Sales staff who travel and regulate their own working hours;
- Workers who work less than 24 hours in a month;
- Workers who earn more than R115 572 per year; and
- Workers engaged in emergency work are excluded from certain provisions.

The Director must ensure that the organisation complies with all the provisions of the Act, and specifically with the following aspects.

5.1.1. Regulation of Working Time

Employees will not be required or permitted to work more than—
∙ Fortyfive hours in any week;
∙ Nine hours in any day if an employee works for five days or less in a week;
∙ Eight hours in any day if an employee works on more than five days in a week; or
∙ Twelve hours on any day.

The organisation will not require or permit an employee—

∙ To work overtime except by an agreement;
∙ To work more than ten hours’ overtime a week;
∙ Overtime must be paid at 1.5 times the employee’s normal wage or an employee may agree to receive paid time off;
∙ An employee may agree in writing to work up to 12 hours in a day without receiving overtime pay, but this agreement may not require or permit an employee to work—
  ⇒ more than 45 ordinary hours in any week;
  ⇒ more than ten hours’ overtime in any week; or
  ⇒ more than five days in any week.
∙ A collective agreement may permit the hours of work to be averaged over a period of up to four months. An employee who is bound by such a collective agreement may not work more than—
  ⇒ an average of 45 ordinary hours in a week over the agreed period;
  ⇒ an average of five hours’ overtime in a week over the agreed period.
∙ An employee must have a meal interval of 60 minutes after five hours work. A written agreement may—
  ⇒ reduce the meal interval to 30 minutes;
  ⇒ dispense with the meal interval for employees who work fewer than six hours on a day.
∙ An employee must have a daily rest period of 12 consecutive hours and a weekly rest period of 36 consecutive hours, which, unless otherwise agreed, must include Sunday;
∙ An employee who occasionally works on a Sunday must receive double pay, while an employee who ordinarily works on a Sunday must be paid at 1.5 times the normal wage. Paid time off in return for working on a Sunday may be agreed upon;
∙ Employees who work at night between 18h00 and 06h00 must be compensated by payment of an allowance or by a reduction of working hours and transport must be available;
Employees who work regularly after 23:00 and before 06:00 the next day must be informed—
- of any health and safety hazards; and
- the right to undergo a medical examination.

Employees must be paid their ordinary pay for any public holiday that falls on a working day;
- Work on a public holiday is by agreement and paid at double the rate;
- A public holiday may be exchanged with another day by agreement.

5.1.2. Leave

- Employees are entitled to 21 consecutive days’ annual leave or by agreement, one day for every 17 days worked or one hour for every 17 hours worked;
- Leave must be granted not later than six months after the end of the annual leave cycle;
- An employer must not pay an employee instead of granting leave except on termination of employment;
- An employee is entitled to six weeks’ paid sick leave in a period of 36 months;
- During the first six months an employee is entitled to one day’s paid sick leave for every 26 days worked;
- An employer may require a medical certificate before paying an employee who is absent for more than two consecutive days or who is frequently absent;
- A pregnant employee is entitled to four consecutive months’ maternity leave;
- A pregnant employee or employee nursing her child is not allowed to perform work that is hazardous to her or her child;
- Full time employees are entitled to three days paid family responsibility leave per year, on request, when the employee’s child is born or sick, or in the event of the death of the employee’s spouse or life partner, or the employee’s parent, adoptive parent, grandparent, child, adopted child, grandchild or sibling;
- An employer may require reasonable proof.

5.1.3. Employment And Remuneration

- An employer must supply an employee when the employee commences employment, with the following particulars in writing—
  - full name and address of the employer;
  - name and occupation of the employee, or a brief description of the work;
  - various places of work;
⇒ date of employment;
⇒ ordinary hours of work and days of work;
⇒ wage or the rate and method of calculating;
⇒ rate for overtime work;
⇒ any other cash payments;
⇒ any payment in kind and the value thereof;
⇒ frequency of remuneration;
⇒ Any deductions;
⇒ leave entitlement;
⇒ period of notice or period of contract;
⇒ description of any council or sectoral determination which covers the employer’s business;
⇒ period of employment with a previous employer that counts towards the period of employment;
⇒ list of any other documents that form part of the contract, indicating a place where a copy of each may be obtained.

❖ Particulars must be revised if the terms of employment change;
❖ A statement of employees’ rights must be displayed at the workplace in official languages used at the workplace;
❖ Every employer must keep a record containing the following information-
  ⇒ employee’s name and occupation;
  ⇒ time worked;
  ⇒ remuneration paid;
  ⇒ date of birth if under 18 years of age; and
  ⇒ any other prescribed information.
❖ The following information must be given in writing when the employee is paid-
  ⇒ employer’s name and address;
  ⇒ employee’s name and occupation;
  ⇒ period of payment;
  ⇒ remuneration in money;
  ⇒ any deduction made from the remuneration;
  ⇒ the actual amount paid; and
  ⇒ if relevant to the calculation of that employee’s remuneration-
     • employee’s rate of remuneration and overtime rate;
     • number of ordinary and overtime hours worked during the period of payment;
number of hours worked on a Sunday or public holiday during that period; and

if an agreement to average working time has been concluded, the total number of ordinary and overtime hours worked in the period of averaging.

An employer may not deduct money from an employee’s remuneration unless—

⇒ The employee agrees in writing to the deduction of a specific debt;
⇒ The deduction is made in terms of a collective agreement, law, court order or arbitration award.

A deduction in respect of damage or loss caused by the employee may only be made with agreement and after the employer has followed a fair procedure;

Employers must pay deductions and employer contributions to benefit funds to the fund within seven days;

Wages are calculated by the number of hours ordinarily worked;

Monthly remuneration or wage is four and one-third times the weekly wage;

If calculated on a basis other than time, or if the employee’s remuneration or wage fluctuates significantly from period to period, any payment must be calculated by reference to remuneration or wage during—

⇒ the preceding 13 weeks; or
⇒ if employed for a shorter period, that period.

Employers and employees should consult a schedule published in the Government Gazette to determine whether a particular category of payment forms part of an employee’s remuneration for the purpose of calculations made in terms of this Act.

5.1.4. Termination Of Employment

A contract of employment may be terminated on notice of not less than—

⇒ one week, if the employee has been employed for six months or less;
⇒ two weeks, if the employee has been employed for more than six months but not more than one year;
⇒ four weeks, if the employee has been employed for one year or more, or if a farm worker or domestic worker has been employed for more than six months.

A collective agreement may shorten the four weeks notice period to not less than two weeks;

Notice must be given in writing except when it is given by an illiterate employee;

The notice on termination of employment by an employer in terms of the Act does not prevent the employee challenging the fairness or lawfulness of the dismissal in terms of the Labour Relations Act, 1995 or any other law;
An employee dismissed for operational requirements or whose contract of employment is terminated in terms of section 38 of the Insolvency Act, 1936 is entitled to one week’s severance pay for every year of service; On termination of employment an employee is entitled to a certificate of service.

5.1.5. Prohibition Of Employment Of Children And Forced Labour

It is a criminal offence to employ a child younger than 15 years of age. Children under 18 may not be employed to do work inappropriate for their age or that places them at risk. Causing, demanding or requiring forced labour is a criminal offence.

5.1.6. Who Is An Employee?

A person who works for, or provides services to, another person is presumed to be an employee if –
⇒ their manner or hours of work are subject to control or direction;
⇒ they form part of the employer’s organisation;
⇒ they have worked for the other person for at least 40 hours per month over the previous three months;
⇒ they are economically dependant on the other person;
⇒ they are provided with their tools or work equipment; or
⇒ they only work for, or render service to, one person.

If one of these factors are present, the person is presumed to be an employee until the employer proves that he or she is not.

5.2. Employment Equity

The purpose of the Employment Equity Act is to achieve equity in the workplace by –

⇒ Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
⇒ Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

For organisations with 50 or more employees, or whose annual income is more than R5 million for companies in the Community, Special and Personal Services sector, the Director must-
Promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice;

In consultation with employees and after proper analysis and planning, implement affirmative action measures;

Ensure that employment equity reports are filed according to schedule.

5.3. Labour Relations

The Labour Relations Act applies to all employers, workers, trade unions and employers’ organisations and aims to promote economic development, social justice, labour peace and democracy in the workplace by-

- Giving effect to and regulating the fundamental rights conferred by section 27 of the Constitution;
- Giving effect to obligations incurred by the Republic as a member state of the International Labour Organisation;
- Providing a framework within which employees and their trade unions, employers and employers’ organisations can-
  - collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest; and
  - formulate industrial policy;
- To promote-
  - orderly collective bargaining;
  - collective bargaining at sectoral level;
  - employee participation in decision-making in the workplace; and
  - the effective resolution of labour disputes.

5.4. Occupational Health and Safety

The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and of persons in connection with the activities of persons at work.

ECNGOC has an obligation to provide a safe working environment as far as reasonably practicable. ECNGOC will therefore take reasonable measures to minimise occupational hazards in the workplace, including practicing basic workplace safety measures and
following best practice guidelines at all times. Therefore the Director must ensure that as far as is reasonably and practicably possible-

- Systems of work, plant and machinery are safe and without risks to health;
- Such steps be taken to eliminate or mitigate any hazard or potential hazard to the safety or health of employees;
- Arrangements be made to ensure the safety and absence of risks to health in connection with the production, processing, use, handling, storage or transport of articles or substances;
- It is established what hazards to the health or safety of persons are attached to any work which is performed and what precautionary measures should be taken with respect to such work, and provide the necessary means to apply such precautionary measures;
- Such information, instruction, training and supervision is provided as far as may be necessary to ensure the health and safety of employees at their place of work;
- All such measures as may be necessary in the interest of health and safety be enforced; and
- Ensure that the work of the company is done in such a way as to ensure that persons other than employees who may be directly affected by such work are not thereby exposed to hazards to their health and safety.

5.5. Skills Development


The Director must ensure compliance with the act.

6. INCOME TAX ACT (Act No. 58 of 1962)

[http://www.into-sa.com/uploads/download/file/12/Income_Tax_Act__1962_.pdf] Income Tax Act (as amended) makes provision for voluntary registered NPOs to register as public benefit organisations, entitling such organisations to a broad range of tax benefits, including income tax exemption. PBOs may also apply for the right to receive tax-deductible donations.

The Director must ensure that the organisation maintains its registration as a public benefit organisation.
7. NATIONAL DEVELOPMENT AGENCY ACT (Act No. 107 of 1998)  
The National Development Agency Act promotes partnerships between government and civil society to eradicate poverty by implementing programmes and projects. The National Development Agency (NDA) was created in terms of the Act to be the key channel for funding from government, as well as other national and international donors to NPOs.

The Director must ensure that the organisation fulfills all administrative criteria to receive funding from the National Development Agency, and specifically ensure that all reports, including audited financial statements are submitted according to schedule.

8. INTEGRATED SERVICE DELIVERY MODEL FOR SOCIAL WELFARE  
The Integrated Service Delivery model for Social Development aims to set a comprehensive national framework clearly defining the nature, scope, extent and level of social services. The Model acknowledges that social services are the collective responsibility of various role-players, including government, NPOs and the private sector.

9. INTERGOVERNMENTAL RELATIONS FRAMEWORK ACT (Act No. 13 of 2005)  
The purpose of the Intergovernmental Relations Framework Act is to establish a framework for the national government, provincial governments and local governments to promote and facilitate intergovernmental relations; to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and to provide for matters connected therewith.

The Act does not directly influence the functioning of Nonprofit Organisations in general, and the organisation in particular.

10. MUNICIPAL FINANCE MANAGEMENT ACT (Act No. 56 of 2003)  
The purpose of the Municipal Finance Management Act is to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government.

The Director must ensure that the organisation fulfills all administrative criteria to receive funding from the local sphere of government, and specifically ensure that all reports, including audited financial statements are submitted according to schedule.
11. **FINANCIAL INTELLIGENCE CENTRE ACT (Act No. 38 of 2001)**

The purpose of the Financial Intelligence Centre Act is to establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities; to impose certain duties on institutions and other persons who might be used for money laundering purposes and the financing of terrorist and related activities; to amend the Prevention of Organised Crime Act, 1998, and the Promotion of Access to Information Act, 2000; and to provide for matters connected therewith.

A board of executors or a trust company must formulate and implement internal rules concerning:

- The establishment and verification of the identity of a person or persons whom the institution is establishing a business relationship or concluding a single transaction with;
- The nature of the business relationship and any records with respect to the transactions concluded in terms of that business relationship;
- The safekeeping of any information with respect to business relationships and or transactions, which must be kept on record for a period of five years;
- The manner in which and place at which such records must be kept; and
- The steps to be taken to determine when a transaction is reportable to ensure the institution complies with its duties under this act.

Trusts must:

- Provide training to its employees to enable them to comply with the provisions of the Act and the internal rules applicable to them;
- Appoint a person with the responsibility to ensure compliance by-
  - The employees of the institution with the provisions of the Act and the internal rules applicable to them; and
  - The institution with its obligations under this Act.

12. **CHILD JUSTICE ACT (Act No. 75 of 2008)**

The purpose of the Child Justice Act is to-
Establish a criminal justice system for children in conflict with the law, in accordance with the values underpinning South Africa's Constitution and international obligations;

Expand and entrench the principles of restorative justice for children in conflict with the law, while ensuring their responsibility and accountability for crimes committed;

Recognise the need to be proactive in crime prevention by placing increased emphasis on the effective rehabilitation and reintegration of children to minimise the potential for re-offending;

Balance the interests of children and those of society, with due regard to the rights of victims.

The Director is responsible to ensure that the organisation complies with all aspects of the Child Justice Act in dealing with children in conflict with the law.

13. CHILDREN'S ACT (Act No. 38 of 2005)

The purpose of the Children’s Act is to-

- Promote the preservation and strengthening of families;
- Give effect to the constitutional rights of children, and specifically-
  - Family care, parental care or appropriate alternative care when removed from the family environment;
  - Social services;
  - Protection from maltreatment, neglect, abuse or degradation; and
  - The best interests of a child, which is of paramount importance in every matter concerning the child;
- Give effect to South Africa’s international obligations concerning the well-being of children;
- Make provision for structures, services and means for promoting and monitoring the sound physical, psychological, intellectual, emotional and social development of children;
- Strengthen and develop community structures which can assist in providing care and protection for children;
- Protect children from discrimination, exploitation and any other physical, emotional or moral harm or hazards;
- Provide care and protection to children who are in need of care and protection;
- Recognise the special needs that children with disabilities may have; and
- Generally, to promote the protection, development and well-being of children.

The Director is responsible to ensure that the organisation complies with all aspects of the Children’s Act, specifically to ensure that:

- Any interventions of the organisation with respect to children will be done in the best interest of the child as defined in the act; and
- The organisation promotes child participation in the design and execution of children’s programmes as and where appropriate.

14. Victim Empowerment Programme

(www.issafrica.org/crimehub/uploads/vep-policy-guidelines.pdf) The National Policy Guidelines for Victim Empowerment issued by the Department of Social Development provide direction for the empowerment of all victims of crime and violence. Victim empowerment aims to restore the loss or damage caused by criminal acts and their consequences through a variety of actions intended to empower the victim to deal with the consequences of the event, to leave it behind and suffer no further loss or damage. It is premised upon the belief that individuals, families, and communities have the right to privacy, safety and human dignity, and that victims should play a more central role in the criminal justice process.

The Director is responsible for ensuring that the organisation supports and promotes the National Policy Guidelines for Victim Empowerment.

15. PREVENTION OF AND TREATMENT FOR SUBSTANCE ABUSE ACT


- Combat substance abuse in a coordinated manner;
- Provide for the registration and establishment of all programmes and services, including community based services and those provided in treatment centres and halfway houses;
- Create conditions and procedures for the admission and release of persons to or from treatment centres;
- Provide prevention, early intervention, treatment, reintegration and after care services to deter the onset of and mitigate the impact of substance abuse;
Establish a central drug authority to monitor and oversee the implementation of the national drug master plan;

Promote a collaborative approach amongst government departments and other stakeholders involved in combating substance abuse; and

Provide for the registration, establishment, deregistration and disestablishment of halfway houses and treatment centres.

The Director is responsible for ensuring that the organisation supports and promotes the objectives of the Prevention of and Treatment for Substance Abuse Act.
Part 2 | Policy Review Process

1. Purpose

The purpose of the policy review process is to document how existing policies, procedures or guidelines, which have been approved by the Board of Directors, are reviewed.

Amendments to existing policies should generally be subject to the same review and approval process as for new policies.

2. Responsible Person(s)

A review can be initiated by-

- The Board of Directors;
- A member of the Board of Directors;
- The Director/CEO of the organisation; or
- A member of staff so directed by the Director.

3. Frequency of Review Process

A review must happen-

- As soon as changes in the regulatory environment requires it;
- At any other time that circumstances require; and/or
- At least annually as part of the organisation’s annual planning cycle.

4. Review Methodology

The Director must identify how the review will be conducted. More than one review methodology may be used. Examples of review methodologies include, but are not limited to, a-

- Desk-top review;
- Consultation with stakeholders;
- Spot-check;
- Checklist of questions;
- Consultation with the people who perform procedural tasks;
- Internal audit; and/or
- External audit.
5. Review Process

During the policy review process, the responsible person or persons should consider whether a policy-

- Is still needed;
- Reflects the organisation’s strategic direction;
- Uses current terminology;
- Is up-to-date;
- Aligns with related policies;
- Takes account of changes in the external environment;
- Is efficient and effective;
- Is compliant with legislation;
- Is working or not working;
- Is operating as designed;
- Requires amendment based on changed practice;
- Requires corrective action to align practice with the requirements of the policy;
- Requires amendment based on changes in the regulatory environment;
- Has been operationalized and whether-
  ⇒ People are aware of it;
  ⇒ People comply with it;
  ⇒ Anything is missing; and/or
  ⇒ Anything can be removed.

6. Finalization

Once the required changes has been made to the policy or procedure, the draft document should be-

- Submitted to stakeholders for comment if appropriate;
- Submitted to the Board of Directors for approval.

On approval by the Board, the Director should ensure that-

- The revised policy document is published;
- The published document is accessible to staff and stakeholders;
- Changes is communicated to staff and stakeholders; and
- Supporting documentation to assist implementation is developed.
Part 3 | Supporting Documents

1. ANNUAL REPORTS TO THE DIRECTORATE OF NON-PROFIT ORGANISATIONS

The accompanying guideline will help registered Non-profit organisation office bearers (Chief Executive Officers, or governing body Chairpersons, or both) prepare and submit their annual narrative and financial reports to the Department of Social Development’s Non-profit organisation’s Directorate.

- Narrative Report, describes the organisation’s activities over the previous twelve months, and includes the following sections-
  => Section A - Basic details about the organisation on the form provided;
  => Section B - The organisation’s major achievements over the year, in response to the questions provided; and
  => Section C - List of important meetings held by the organisation during the year, and details of any changes to your constitution.

- Financial Report to be completed by a registered accounting officer or an auditor. The financial report includes the following sections-
  => Section A - The organisation’s income and basic accounting details on the form provided; and
  => Section B - A copy of the organisation’s most recent Annual Financial Statements, which include a Balance Sheet and an Income and Expenditure Report.

Together the two reports together tell the story of the organisation’s activities, and its income and expenditures for the past year. The reports must reach the Directorate within nine (9) months of the organisation’s financial year-end.

1.1. NARRATIVE REPORT

1. Section A: Basic details about the Organisation:
   1.1. Organisation name:..............................................................
   1.2. Non-profit Organisation Registration Number:............................... 
   1.3. The twelve-month period this Report covers:...................................
   1.4. Contact persons (Two office bearers nominated by the Organisation):
       1.4.1. Contact person .............................................................
1.4.1.1. Contact person’s title in your organisation ..............................................
1.4.1.2. Telephone number (…) .................................................................
1.4.1.3. Fax number (…) .................................................................
1.4.1.4. Cell phone number .................................................................
1.4.1.5. E-mail address .................................................................

1.4.2. Contact person ........................................................................
1.4.2.1. Contact person’s title in your organisation ..............................................
1.4.2.2. Telephone number (…) .................................................................
1.4.2.3. Fax number (…) .................................................................
1.4.2.4. Cell phone number .................................................................
1.4.2.5. E-mail address .................................................................

1.5. Organisation’s physical address: ..............................................................

1.6. Organisation’s postal address (if different to 1.5): ..............................................................

1.7. Organisation’s Office Bearers (Persons who hold positions of authority and responsibility within the Organisation. These are the members of your Governing Board or Controlling Committee.) If the form does not have enough spaces for all your office bearers please add the rest on a sheet of paper, and attach.

<table>
<thead>
<tr>
<th>Name</th>
<th>Office title</th>
<th>Work/Home Address</th>
<th>Postal Address</th>
<th>Telephone (incl dialing code)</th>
<th>ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.8. Fill in the following details on your organisation about each staff member’s job title, whether they are female or male, their race group and the skills they have.

<table>
<thead>
<tr>
<th>Job title of staff member</th>
<th>Gender</th>
<th>Race</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.9. Basic skills or services of the Organisation: Broadly describe the service activities of the Organisation (i.e: nursing, counseling, monitoring, activism, managing, fundraising or community development).

2. Section B: The Organisation’s major achievements over the past year:
2.1. List the Organisation’s planned objectives set at the beginning of the past year (the measureable activities you planned to achieve);

2.2. Indicate which of the Objectives listed in 2.1 you achieved or partly achieved;

2.3. Explain how you achieved, or partly achieved, the Objectives indicated in 2.2. Try to keep your explanations to 100 words or less for each of the Objectives.

2.4. Give a general description of the ways in which beneficiaries (individuals/groups/communities/social or economic or environmental condition) benefited from your Organisation’s programme, projects or services during the past year. Try to keep your description to 100 words or less.

3. **Section C: List of important meetings held by the Organisation during the past year, and details of any changes to your Constitution.**

3.1. List the number of meetings your Organisation held during the past year. Use the following headings (if applicable):

<table>
<thead>
<tr>
<th>Type of meeting</th>
<th>Number of meetings held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual general meeting</td>
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</tr>
<tr>
<td>Special general meeting</td>
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<tr>
<td>Management meeting</td>
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<tr>
<td>Board meeting</td>
<td></td>
</tr>
<tr>
<td>Executive meeting</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
</tr>
</tbody>
</table>

3.2. Give the date of your Annual General Meeting – and indicate if this was held at the time stated in your Constitution or not. If not, give the reason for delay or advance.

3.3. If the Organisation held a Special General Meeting, or Meetings, during the past year, give a short explanation for this.

3.4. Did the Organisation make any change or changes to its Constitution during the past year? (Yes or no). If yes please attach the following to the report:

3.4.1. A copy of the resolutions to change the constitution; and

3.4.2. A copy of the changed constitution.
## Document Information

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Policies Governing the NGO Sector</th>
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<tr>
<td>Version number</td>
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<tr>
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### VERSION HISTORY

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<tbody>
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<td>May 2014</td>
<td>D du Preez</td>
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