



**KWAZULU-NATAL PROVINCE**

**TREASURY**  
REPUBLIC OF SOUTH AFRICA

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**PROVINCIAL TREASURY**

**STANDARD OPERATING**

**PROCEDURE GUIDELINE**

**ON**

**GIFTS, DONATIONS AND SPONSORSHIPS**

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## 1. PURPOSE

- 1.1 The purpose of this Provincial Treasury Standard Operating Procedure Guideline is to define processes and procedures relating to Gifts, Donations and Sponsorships and ensure compliance with regulatory prescripts and uniformity in application of financial norms and standards.
- 1.2 This Provincial Treasury Standard Operating Procedure Guideline must be read in conjunction with:
- Provincial Treasury Instruction Note No. 19 (Amendment no. 1 of 2023): Gifts, Donations and Sponsorships; and
  - National Treasury Standard Operating Procedure No. 15: Gifts, Donations and Sponsorships.
- 1.3 In the event of any inconsistency between this Provincial Treasury Standard Operating Procedure Guideline and related government legislation, such legislation prevails.

## 2. DEFINITIONS

In this Provincial Treasury Standard Operating Procedure Guideline, unless the context indicates otherwise, a word or expression, to which a meaning has been assigned in the PFMA and the National Treasury Regulations, has the same meaning; and

*“Accounting Officer”* means a person mentioned in section 36 of the Public Finance Management Act;

*“CFO”* means the Chief Financial Officer referred to in Chapter 2 of the National Treasury Regulations;

*“Conflict of interest”* means any financial or other private interest or undertaking that could directly or indirectly compromise the performance of an employee’s duties, or the reputation of the employee’s department in its relationship with its stakeholders, *and* may be further categorised as follows:

- (a) Perceived Conflict of Interest: where it appears that an employee’s private interests could improperly influence the performance of their duties.
- (b) Potential Conflict of Interest: where an employee has private interests that could conflict with their official duties.
- (c) Actual Conflict of Interest: where an employee is in a position to be influenced by his/her private interests when doing his/her job.

*“Delegated Official”* means an official who has been delegated powers or instructed to perform duties assigned by the Accounting Officer;

*“Donation”* means the provision by contribution, gift or bequest in cash or kind, without expectation of any benefit in return;

*“Donor”* means an individual, corporation or organisation that is a principal contributor of cash or other assets;

*“Gift”* means a token which is bestowed voluntarily and without any expectation of tangible or non-tangible in-turn-rewarded and for which no direct or indirect contractual obligations are imposed;

*“Individual Employees”* for the purposes of this standard operating procedure/guideline are deemed to include immediate next-of-kin;

*“In-kind”* means donations made to the department in some form other than money, like provision of goods, services or capital assets such as equipment, buildings, inventories and technical resources;

*“Inventory”* in the context of this standard operating procedure guideline means goods purchased for distribution to another government department for no charge;

*“Next-of-Kin”* means an employee’s closest living blood relatives such as children, siblings and parents, and persons related by law such as a spouse or adopted children;

*“PFMA”* means the Public Finance Management Act (Act 1 of 1999);

*“Sponsorship”* means a contribution of money or generally in support of government activities in return for negotiated benefits;

*“Standard Operating Procedure (SOP)”* means the method of functioning that has been established over time to execute a specific task or react to a specific set of circumstances or situation or process. Standard operating procedures document the normal or accepted methodology and help form the basis for evaluating conformance with the regularity framework; and

*“Treasury Regulations”* means the regulations issued by National Treasury in terms of Section 76 of the PFMA.

### **3. LEGISLATIVE FRAMEWORK**

3.1 National Treasury Regulations: Chapter 21.

3.2 Public Finance Management Act: 76(1)(l).

3.3 Public Service Regulations, 2023: Paragraph 13(h).

3.4 This Provincial Treasury Standard Operating Procedure Guideline is issued in terms of Section 18(2)(i) of the PFMA.

## **4. GRANTING OF GIFTS, DONATIONS AND SPONSORSHIPS BY THE DEPARTMENT**

### **4.1 General Principles**

- 4.1.1 The Accounting Officer may approve the granting of gifts, donations and sponsorships of departmental money and other movable property if it is in the interest of the state. The approval must be in writing.
- 4.1.2 Approval for the donation of departmental assets may only be granted by the Accounting Officer or his/her delegate as part of a planned disposal process.
- 4.1.3 Gifts or donations of immovable property must be approved by the Provincial Treasury and not the Accounting Officer. The Accounting Officer must include in the submission to Provincial Treasury, the reasons for and the conditions under which the gifts or donation of immovable property are to be offered.
- 4.1.4 Employees with any interests (personal or family benefits) in an organisation benefiting from a gift, donation or sponsorship must disclose such interest and may not be part of the decision-making process.
- 4.1.5 If a gift, donation or sponsorship of cash exceeding R100 000 per case is granted to a beneficiary, prior approval must be obtained from Parliament or the relevant provincial legislature by including the item separately in the appropriation bill.
- 4.1.6 Payments may not be split to circumvent the maximum threshold of R100 000 per case.
- 4.1.7 Proper record of all gifts, donations or sponsorship must be maintained for reporting /audit purposes.

### **4.2 Procedures**

#### *Request for gifts, donations and sponsorship*

- 4.2.1 When a gift, donation or sponsorship is requested or suggested a request letter must be submitted to the Accounting Officer or delegated official.
- 4.2.2 In a case where the requestor is an organisation/entity, the request letter for gift, donation or sponsorship must be on the organisation's/entity's letterhead;
- 4.2.3 A declaration of interest form must be completed by the requestor confirming that he/she does not have an interest (personal or family benefits) in an organisation benefiting from the gift, donation, or sponsorship.
- 4.2.4 The request is dated and noted in the register and allocated to the official who will be responsible for confirming if the minimum criteria have been met and recommend the gift, donation or sponsorship.

#### *Assessment*

- 4.2.5 The delegated official in the relevant component must assess whether the gift, donation or sponsorship may be granted.
- 4.2.6 The following minimum criteria must be used to determine whether a gift, donation or sponsorship may be granted:
- (a) The organisation who will benefit must be sound, transparent and equitable;
  - (b) The application process must be transparent and justifiable;
  - (c) The true need of the individual or organisation must be addressed;
  - (d) The relationship with the institution must be clear and may not be altered as a result;
- 4.2.7 Once the criteria have been established and confirmed the responsible official must prepare a recommendation/memo for the attention of the Accounting Officer or delegated official (e.g., Divisional Head). The declaration of interest and the request letter must be attached to the recommendation/memo submitted to the Accounting Officer or delegated official (e.g., Divisional Head)
- 4.2.8 The memo must include the following as a minimum:
- (a) Brief overview of the request/recipient, including full name of the entity or individual concerned;
  - (b) Description of gift, donation or sponsorship;
  - (c) Motivation as to why it is in the interest of the department to grant a gift, donation or sponsorship; and
  - (d) Value of the gift, donation or sponsorship.
- 4.2.9 The Accounting Officer or Divisional Head will use his/her discretion to approve or decline the request in writing.
- 4.2.10 A copy of the written response must be sent to the individual or entity.
- 4.2.11 Payment of the relevant gift, donation or sponsorship shall be effected against appropriate budgetary allocation.

*Goods/Inventory to be granted in-kind*

- 4.2.12 If a department incurs expenditure; i.e., procures goods or services in relation to granting gifts, donations or sponsorships, all prescribed procurement and supply chain management processes must be followed.
- 4.2.13 The transaction must be recorded using the applicable item under “*Inventory*” or “*Consumables*”; e.g., providing school uniforms would be recorded under item “*Cons Supp: Uniforms and Clothing*” and providing groceries would be recorded under item “*Inv Food Sup: Groceries*”.

*Gifts/Donations in the form of an Asset*

4.2.14 Donations/transfers in the form of movable assets must ensure compliance with Section 42 of the PFMA.

4.2.15 The transaction must be recorded using item “Inv: Assets for Distribution”.

Transfer of Inventory

4.2.16 Inventory may be transferred from one government department to another government department for no value.

4.2.17 Adequate and appropriate supporting documentation must be retained to support the transfer and for audit purposes.

4.2.18 The recipient department must take on the inventory at the same value as in the transferor's books.

4.2.19 The transaction must be recorded using the applicable item under “Inventory”.

Recording

4.2.20 In order to ensure proper procedure and propriety, the granting of all gifts, donations and sponsorships must be recorded in a register (Annexure B).

4.2.21 The register must contain the following information:

- (a) The source of the gift, donation or sponsorship;
- (b) Description of the gift, donation or sponsorship;
- (c) Whether the gift, donation or sponsorship was granted; and
- (d) A valuation of the gift granted.

4.2.22 All gifts, donations and sponsorship granted by the department which reaches the threshold of an asset must be added to the approved disposal list and removed from the department's asset register.

4.2.23 All inventory **granted** in-kind by the department must be removed from the department's inventory register.

Disclosure

4.2.24 All gifts, donations and sponsorships granted by the department during a financial year must be disclosed as a separate note to the annual financial statements and be reported in the annual report.

4.2.25 Inventory transferred to another government department for no value must be disclosed as “Additions-Non-cash items”.

Reporting

4.2.26 A quarterly report on the status of granted gifts, donations or sponsorships by the department must be submitted to the Accounting Officer.

## **5. ACCEPTANCE OF GIFTS, DONATIONS AND SPONSORSHIPS TO THE DEPARTMENT**

### **5.1 General Principles**

- 5.1.1 The Accounting Officer may approve the acceptance of gifts, donations and sponsorships to the Department, whether in cash or in-kind.
- 5.1.2 All gifts, donations and sponsorships to the department must be formally acknowledged by the Accounting Officer.
- 5.1.3 All gifts, donations and sponsorships received in cash **must** be deposited into the Provincial Revenue Fund, except for donations received in terms of the Reconstruction and Development Fund Act (Act 7 of 1994, as amended by Act 79 of 1998).
- 5.1.4 Money surrendered to the Provincial Revenue Fund will be dealt with in the normal budget process.
- 5.1.5 The Accounting Officer must ensure that the department is in a position to account, either internally or publicly, for all resources provided to the department by sponsors or donors.
- 5.1.6 When the purpose of a gift, donation or sponsorship is not apparent the Executive Authority may decide on the utilisation thereof.
- 5.1.7 When a donor or sponsor requests to remain anonymous, the Accounting Officer must submit to Provincial Treasury a certificate from both the Office of the Public Protector and the Auditor-General stating that the identity of the donor or sponsor has been revealed to them and that they have noted it and have no objections.
- 5.1.8 Provincial Treasury's approval shall be obtained before the department accepts any gifts or donation of immovable property.
- 5.1.9 The Accounting Officer shall submit to Provincial Treasury the reasons for and conditions under which the gift or donation of immovable property is accepted.
- 5.1.10 Proper record of all approved gifts, donations and sponsorship including gifts or donations of immovable property shall be kept for reporting /audit purposes.

### **5.2 Procedures**

#### Acceptance of gift, donation and sponsorship

- 5.2.1 When a gift, donation or sponsorship is offered to the department, the Accounting Officer must approve the acceptance of the offer in writing.
- 5.2.2 Cash donations and gifts must comply with section 13 of the PFMA.
- 5.2.3 Donations/transfers in form of assets must comply with section 42 of the PFMA.
- 5.2.4 In all instances, gifts, donations and sponsorships received in cash received by the department must be deposited into the Provincial Revenue Fund

#### Recording



- 5.2.5 Once approval of the acceptance of the offer has been obtained, the delegated official must record the gift, donation and sponsorship received by the department in the gift register (Annexure) regardless of the value thereof.
- 5.2.6 The register must contain the following minimum information:
- (a) The source of the gift, donation or sponsorship;
  - (b) Description of the gift, donation or sponsorship;
  - (c) Whether the gift, donation or sponsorship was accepted; and
  - (d) A valuation of the gift received.
- 5.2.7 If the gift or donation received is a movable asset, the asset must be recorded in the Asset Register of the department.
- 5.2.8 All inventory **received** in-kind by the department must be recorded in the department's inventory register.
- 5.2.9 All gifts, donations and sponsorship **received** by a department which reaches the threshold of an asset must be recorded in the department's **asset** register.

Disclosure

- 5.2.10 All gifts, donations and sponsorships received by the department during a financial year must be disclosed as a separate note to the annual financial statements and be reported in the annual report.

Reporting

- 5.2.11 A quarterly report on the status of accepted gifts, donations or sponsorships by the department must be submitted to the Accounting Officer.
- 5.2.12 Money surrendered to the Provincial Revenue Fund will be dealt with in the normal budget process.

## **6. ACCEPTANCE OF GIFTS, DONATIONS AND SPONSORSHIPS TO INDIVIDUAL EMPLOYEES**

### **6.1 General Principles**

#### **Approval of Head of Directorate**

- 6.1.1 For the purposes of this standard operating procedure guideline "Individual employees" are deemed to include the immediate next-of-kin.
- 6.1.2 Gifts with a retail value of less than R500 such as flowers, chocolates, pens and calendars, may be accepted by individual employees, subject to notifying the Head of Directorate.
- 6.1.3 The Head of Directorate may instruct that the gift be returned, if the acceptance thereof is deemed prejudicial to the Department or gives rise to a potential conflict of interest.

- 6.1.4 Should employees receive gifts, donations and sponsorships because of their positions, they must be declared and if inappropriate, returned in order to prevent the appearance of a conflict of interest, which may, even if substantiated or not, be sufficient to compromise the employee.
- 6.1.5 An employee in a position to significantly influence the procurement of supplies or items of equipment and services, **may not under any circumstances** accept sponsorships, gifts, prizes, or inducement from commercial sources.
- 6.1.6 Disciplinary processes must be instituted, where applicable.
- 6.1.7 The Head of Directorate may grant approval to sponsor employees participating in sporting activities.
- 6.1.8 The Department must be indemnified against any loss or injuries incurred whilst participating in such activities.
- 6.1.9 The approval to attend such activities are subject to cost containment measures.

Recording

- 6.1.10 A register must be maintained of all gifts, donations and sponsorships accepted by individual employees.

**Approval of Accounting Officer**

- 6.1.11 The Accounting Officer must approve the acceptance of gifts, donations and sponsorships with a nominal value exceeding R500 (to the cumulative value of R500 per year) to individual employees.
- 6.1.12 An invitation for employees to attend an external function must be referred to the Accounting Officer or the delegated official.
- 6.1.13 The Accounting Officer, when considering granting approval to attend a function, must determine whether:
  - (a) The invitation is due to the employee's official position or is a social gathering of acquaintances, and/or
  - (b) Attendance may be perceived as a benefit that may influence or impact on commercial dealings between the organisation hosting the function and the Department.
  - (c) Approval should only be granted for employees attending in their official capacity.
  - (d) Approval should not be granted where any doubt exists regarding potential influence or benefit.

Recording

- 6.1.14 Any gift, donation and sponsorship to the Accounting Officer must be formally acknowledged by the Executive Authority.

6.1.15 A register must be maintained of all gifts, donations and sponsorships accepted by the Accounting Officer.

6.1.16 The register must contain the following minimum information:

- (e) The source of the gift, donation or sponsorship;
- (f) Description of the gift, donation or sponsorship;
- (g) Whether the gift, donation or sponsorship was accepted; and
- (h) A valuation of the gift received.

## **7. EXAMPLES OF GIFTS, DONATIONS AND SPONSORSHIPS**

7.1 Examples of gifts, donations and sponsorships are attached as Annexure A.

7.2 It must be noted however, that the acceptance of any gift, donation or sponsorship in conflict with the general principles specified in this SOP and Paragraph 4 of Provincial Treasury Instruction Note 19: Gifts, Donations and Sponsorship, or which is deemed inappropriate, should be returned to prevent any conflict of interest, which may, even if substantiated or not, be sufficient to compromise an employee.

## **8. COMPLIANCE CHECKLIST**

8.1 Compliance checklists ensure consistency in application of procedural requirements and financial norms and standards and facilitate compliance monitoring with regulatory requirements, policy and procedural frameworks.

8.2 The compliance checklist, attached as Annexure C, should be implemented or adapted, where applicable, to support departmental requirements.



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**MR N. PRICE**

**DIRECTOR: NORMS AND STANDARDS**

**28/02/24**

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**DATE:**

**ANNEXURE A**

<b>EXAMPLES OF GIFTS, DONATIONS AND SPONSORSHIPS</b>		
<b>CRITERIA</b>	<b>EXAMPLE</b>	<b>DESCRIPTION</b>
<ul style="list-style-type: none"> <li>Conformance with prescriptive requirements.</li> <li>Conformance with Provincial Treasury Instruction Note No. 19: Gifts, Donations and Sponsorships.</li> <li>Conformance with Provincial Treasury Standard Operating Procedure Guideline on Gifts, Donations and Sponsorships.</li> </ul>	Gratification	This includes but is not limited to favours, donations, gifts, grants and sponsorships that directly or indirectly benefit an employee.
	Donation	Aid offered for charitable purposes or to benefit a cause.
	Hospitability	Food, drink, entrance to events, accommodation or entertainment provided free of charge or heavily discounted and for which no direct or indirect contractual obligation is implied.
	Mementos	This is a gift intended as an innocent keepsake and/or innocent reminder of a business interaction and attendance at a meeting, event or function.
	Promotional Gift	This refers to advertising material provided to public servants, such as caps, pens and diaries during official occasions. Such gifts may or may not have logos displayed thereon.
	Sponsorship	This refers to either cash and/or in-kind fee paid on behalf of an employee.
	Gift	This is a token bestowed voluntarily without any expectation of tangible compensation and for which no direct or indirect contractual obligation is imposed.
	Tokens	This can be offered or accepted within normal standards of courtesy or protocol by any entity.

	Civility	This constitutes non-alcoholic liquid refreshments and food offered to someone as this is considered polite and appropriate (This excludes any form of entertainment).
	Corporate Gift	This refers to gifts bearing the logo of the company offered at conferences and other official functions and events either organised by the company or which the company is sponsoring, including gifts presented to or by foreign delegations or departments.

**ANNEXURE B****DEPARTMENT OF .....****GIFTS, DONATIONS AND SPONSORSHIPS REGISTER  
FOR INDIVIDUALS AND DEPARTMENT**

Accepted/Granted		Gifts, Donations and Sponsorships *	Date item/s Accepted/ Granted	Item/s received from (Company details)	Nature of business/ relationship	Contact person	Tel No.	Description of item/s	Value of item/s	Permission granted		Name of person granting approval	Signature
Name & surname	Persal No. (where applicable)									Yes	No		

\* Identify in column with the relevant letter if a Gift (G), Donation (D) or Sponsorship (S) was received.

## ANNEXURE C

### COMPLIANCE CHECKLIST: GIFTS, DONATIONS AND SPONSORSHIPS

PROCESS		Y/N
<b>Granting of Gifts, Donations and Sponsorships</b>		
1.	Approval of Provincial Legislature for cash amounts exceeding R100 000 per case.	
2.	Approval of Accounting Officer prior to granting gifts, donations and sponsorships.	
3.	Gifts, Donations and Sponsorships Register updated.	
4.	Asset Register updated, where applicable.	
5.	Inventory Register updated, where applicable.	
<b>Acceptance of Gifts, Donations and Sponsorships</b>		
	<b>Individual Employee</b>	
6.	Approval by Head of Directorate for gifts less than R500.	
7.	Approval by Accounting Officer for gifts exceeding R500.	
8.	Formal acknowledgment of Executive Authority for acceptance of gift, donation or sponsorship by Accounting Officer.	
9.	Gifts, Donations and Sponsorships Register updated.	
	<b>Immovable Property</b>	
10.	Prior approval of Provincial Treasury obtained for offer or acceptance of immovable property.	
11.	Submission to Provincial Treasury under signature of Accounting Officer.	
12.	Gifts, Donations and Sponsorship Register updated.	
13.	Asset Register updated.	

PROCESS		Y/N
	<b>Disclosure</b>	
14.	Gifts, donations and sponsorships disclosed as a separate note to the annual financial statements and reported in the annual report.	
15.	Gifts, donations and sponsorships received/granted reaching threshold of asset recorded in asset management register	
16.	Inventory granted and received in-kind recorded in the departments inventory register.	
17.	Gifts, donations and sponsorships received in cash deposited into Provincial Revenue Fund.	
	<b>Reporting</b>	
18.	Report issued quarterly to Accounting Officer on status of gifts, donations and sponsorships.	